

# THE BURMA ROAD TO POVERTY: A SOCIO-POLITICAL ANALYSIS<sup>1</sup>

MYA MAUNG

The recent political upheavals and emergence of what I term the "killing field" in the Socialist Republic of Burma under the military dictatorship of Ne Win and his successors received feverish international attention for the brief period of July through September 1988. Most accounts of these events tended to be journalistic and failed to explain their fundamental roots. This article analyzes and explains these phenomena in terms of two basic perspectives: a historical analysis of how the states of political and economic development are closely interrelated, and a socio-political analysis of the impact of the Burmese Way to Socialism<sup>2</sup>, adopted and enforced by the military regime, on the structure and functions of Burmese society. Two main hypotheses of this study are: (1) a simple transfer of ownership of resources from the private to the public sector in the name of equity and justice for all by the military autarchy does not and cannot create efficiency or elevate technology to achieve the utopian dream of economic autarky and (2) the Burmese Way to Socialism, as a policy of social change, has not produced significant and fundamental changes in the social structure, culture, and personality of traditional Burmese society to bring about modernization. In fact, the first hypothesis can be confirmed in light of the vicious circle of direct controls-evasions-controls whereby military mismanagement transformed Burma from "the Rice Bowl of Asia," into the present "Rice Hole of Asia."<sup>3</sup> The second hypothesis is more complex and difficult to verify, yet enough evidence suggests that the traditional authoritarian personalities of the military elite and their actions have reinforced traditional barriers to economic growth. Indeed, I argue that Bur-

---

Mya Maung, born in Kyaiklatt, Burma, is currently professor of finance at Boston College's School of Management.

1. This study is an outgrowth of my basic interest in the interrelationships, which I had pursued and researched in the 1960s and 1970s, between the cultural values and economic change in Burma. This interest has been greatly revitalized in the 1980s as a result of my personal contact with the Burmese civil servants who were curiously sent to study and receive training in the United States from my native land by the military regime of Ne Win. I wish to express my deepest thanks to Professor E. E. Hagen for reading and commenting on the first draft of this paper and the inspiration he has given me throughout my academic career. Special thanks are due to U Kyaw Win of the US Department of Commerce and my life-long friend U Than Tin of New York, for providing me with relevant information and discussion.
2. Upon taking power in 1962, the Revolutionary Council adopted this official policy from which all subsequent economic, social, and political policies were derived.
3. For a detailed analysis of this, see Mya Maung, "The Burmese Way to Socialism: Beyond the Welfare State," *Asian Survey* (June 1970).

mese society for the last twenty-six years under military management of its economy and body politic has become *more* traditional.<sup>4</sup>

Both the civilian and the military governments since Burmese independence in 1948 have pursued socialism as the most effective, quickest, and benevolent path to economic development. Both considered the tenets and goals of socialism to be equitable and compatible with the tenets of Buddhism and the traditional cultural values of the Burmese.<sup>5</sup> The obsession of the civilian and military political elite with socialism has the same roots in the socio-political and psychological traumas experienced under British colonial rule and its form of capitalism on one hand, and the traumas experienced in the authoritarian personality formation of the traditional Burmese society on the other.<sup>6</sup> Socialism satisfies the aggressive needs of the tradition-directed Burmese political elite, especially the military, in two ways: the need for aggression and the need for dominance (more correctly, the dominance-submission need). Outlets for these needs can be found in various development programs, policies, and administration of uniquely Burmese ways to socialism, to be elaborated later in my socio-political analysis. For now, I will undertake a historical analysis of the interrelationships of political and economic events during the last twenty-six years of military autarchy to shed light on the question of how a country such as Burma, with rich factor-endowment in natural resources and relatively low population pressure has managed to attain the status of one of the poorest nations of the world today.

#### A HISTORICAL ANALYSIS OF THE DOUBLE DUAL ECONOMY OF BURMA (1962-88)

The main hypothesis I advanced soon after the March 1962 coup directed by General Ne Win was

that a simple transfer of ownership and control of resources from the private to the public sector in the name of equity and justice does not automatically create efficiency or elevate technology, and that inefficiency may emerge due to the inflexibility of large-scale public programs, bureaucratic delays, institutional disruption of the market mechanism, inaction and conflict among the governmental agencies, loopholes and evasion associated with a system of direct controls, and the disincentive effects of socialization.<sup>7</sup>

4. I will use the term "traditional" as Professor Hagen defined: "A society is traditional if ways of behavior in it continue with little change from generation to generation." Other characteristics of such a society which he described include governance of behavior by custom rather than law, hierarchical social structure, and low economic productivity. See E. E. Hagen, *On the Theory of Social Change: How Economic Growth Begins* (Homewood, Ill.: The Dorsey Press, 1962), 55-6.

5. For a detailed account, see Mya Maung, "Socialism and Economic Development of Burma," *Asian Survey* (December 1964).

6. For details, see Hagen, Chapter 8.

7. Mya Maung, "Burmese Way to Socialism," 533-34.

Economically, the vicious circle of direct controls-evasions-controls has been the foundation for the structure and functioning of the Burmese economy for the last twenty-six years under the policy of the Burmese Way to Socialism. This process of creating an ideal socialist economy coupled with military mismanagement of the Burmese economy are exemplary of what Ludwig von Mises termed "a planned chaos." The net effect of total nationalization of the economy by the military regime has been the emergence of what I term the "double dual economy" of Burma with respect to its structure and functions.

The command economy of the Ne Win military regime is a doubly dual economy in the sense of J.S. Furnivall's classic dual economy: an economy whereby a small modern sector with modern technology exists side by side with a large traditional sector with primitive technology. This structure is superimposed by another dual economy of a nominal, superficial government sector coexisting with a real giant private sector infested with black market activities. This unique structure and function of the double dual economy of

---

*The nationwide black market, known cynically as "Trade Corporation 23," became the real foundation of the Burmese economy, accounting for more than two-thirds of internal and external trade.*

---

Burma was generated by the military regime's political and economic strategies whereby a period of tightening controls was followed by a period of relaxation of controls and then by another period of tightening controls. This cycle of strategies itself was a function of the vicious circle of restraints generated by the process of gross mismanagement of the economy. The uncontrollable problem of loopholes associated with a system of large-scale controls, managed by a host of unskilled military and civilian managers of the Burma Socialist Programme Party (BSPP), was most prominent in the operations of the Peoples' Stores Corporation (PSC). Particularly, the misallocation and disappearance of goods procured and distributed by People's Stores emerged soon after the massive nationalization of the economy. Ne Win himself acknowledged them as early as 1965 when he spoke of the disastrous operations of the PSC at the BSPP Seminar. The following excerpts from his speeches testified to the evidence of the vicious circle of controls:

Like rain on the river they send oil to Magwe [which was the wrong town]. This may be due to dishonest intentions or lack of skill. . . . We are unskilled people assembled. The skilled people we ask are not really that skilled. They do not know how to deal

in foreign trade. We have tried two or three persons. I selected one myself . . . I shall tell you what he did later.<sup>8</sup>

Ne Win said of this person, "I had to have him removed. That is why I should like to ask whether what they are skilled in is theft."<sup>9</sup> Indeed, stealing goods from government shops, buying depots, factories, and storage houses for the black market became daily rituals in the economic life of Burmese throughout the country. The nationwide black market, known cynically as "Trade Corporation 23,"<sup>10</sup> became the real foundation of the Burmese economy, accounting for more than two-thirds of internal and external trade. It has also been the substratum for the political survival of the dictatorship of Ne Win as well as the very economic survival of the Burmese people in general. The political and economic events in the 1960s, 1970s, and 1980s revealed that the cyclical patterns of the military regime's policies and strategies were a direct result of the vicious circle of controls which reached its apex in 1988 with the emergence of the killing field.

### THE COUP

Immediately following the military coup of March 1962, the Revolutionary Council Government of General Ne Win instituted harsh measures and tight controls to manage the Burmese economy and body politic. On July 7, 1962, there occurred the killing and arresting of hundreds of Rangoon University students as well as the destruction of the Student Union Building — the national symbol of political protest and independence movement against British colonial rule. This incident was to become the most guilt-ridden political scar for Ne Win and his associates in later years.<sup>11</sup> The massive arrest of civilian politicians, including the deposed Premier U Nu, nationalization and suppression of free press, and jailing of newsmen and owners of private newspapers, such as the *Nation* and the *Mirror*, culminated in the virtual isolation of Burma from the rest of the world. The purging of various political dissenters, including Brigadier Aung Gyi from the Revolutionary Council in 1963, took place in establishing a tight rein politically, manned by the Military Intelligence (MIS), which was to become the most feared arm of General Ne Win.

8. The Burma Socialist Programme Party, Central Organizing Committee, *Party Seminar 1965* (Rangoon: Sarpay Beikman Press, 1966), 192.

9. *Ibid.*

10. See, for an excellent account of the daily black market rituals, Ron Moreau, "Burma: On the Road to Ruin," *Newsweek*, March 1976, 46. In the 1960s, observers of Burma called the nationwide black market "Corporation No. 24", since there were 23 government corporations. Apparently, in the 1970s a new name of "Trade Corporation 23" was given to the black market operations after phasing out the infamous Peoples' Stores Corporation by the removal of its first Minister of the Ministry of Trade Council, Brigadier Tin Pe. See, for the account of "Corporation No. 24", Robert Keatly, "Burma's Sticky Way to Socialism," *The Wall Street Journal*, 16 September 1968.

11. A detailed account of those responsible and involved in this incident was given by Brigadier Aung Gyi in his 42-Page Letter addressed to Ne Win and his military regime on May 9, 1988 (in Burmese).

*Economic Consequences of the Coup*

In the economic arena, sweeping measures of nationalization were undertaken by the installation of a totalitarian command economy managed by the military commanders. By 1965, the nationalization of almost 90 percent of trade, industry, and banking was accomplished with the birth of the nationwide black market. The twenty-three state corporations, various departments, and ministries formed the government superstructure of the double dual economy of Burma. In the latter part of the 1960s, the problem of loopholes generated by the gross mismanagement of the governmental superstructure led to ineffectual plugging of the created loopholes and the removal of some of the managers. Brigadier Tin Pe, whose name was associated with the notorious PSC, was removed from his post as Minister of Trade Council. Thakin Ba Nyein along with some of the leftist National United Front (NUF) political party's members were also sacked. It should be noted here that the model of socialist economy adopted by the Revolutionary Council Government was what the ousted Brigadier Aung Gyi labelled as the Tin Pe-Ba Nyein

---

*According to The Wall Street Journal, in August 1976, the export of goods in general by the black market sector exceeded the official exports by some \$30 million.*

---

plus (NUF) model<sup>12</sup>, designed after the Sino-Soviet model. Meanwhile, the chaotic and stagnating Burmese economy, overrun by black marketeering, produced frustration and despair among the urban Burmese, whose rage was cleverly diverted by Ne Win to the Chinese minority when the Cultural Revolution of the People's Republic of China spread to the Chinese students and communities inside Burma in 1967. The result was the bloody Sino-Burmese riot producing tensions in China-Burma foreign relations. The incident was shrewdly exploited by Ne Win as a springboard to elevate his popularity as a national hero by invoking nationalism and deep-seated xenophobia of traditional Burmese.

Thus, the decade of 1960 was a period of tight controls and plugging loopholes. There emerged little success in the economic arena. The average annual rate of growth of gross domestic product in real terms was less than 0.5 percent compared with an average rate of almost 6 percent in the 1950s. The external account deteriorated further when, in 1968, a huge deficit in

---

12. *Ibid.*, 34.

the balance of merchandise trade appeared. Indeed, the balance of payments suffered a continuous deficit from 1965 to 1970, e.g., \$18.2 million in 1965 and \$77.2 million in 1970.<sup>13</sup>

The decade of 1970 began with some signs of both loosening economic controls and opening the economy when the Revolutionary Council Government was forced to seek out bilateral and multilateral aid, loans, and investments. Of course, these policy changes were made under the mounting pressures of dwindling foreign exchange reserves and inflation due to shortage of goods as well as the full-bloomed emergence of the black market. In 1970, a rigorous launching of cooperative movements and formation of various types of cooperatives occurred in the name of private and peoples' ownership. Thousands of consumers' and producers' cooperatives were formed under the direct control of the Council of State, Cooperative Councils, Ministry of Cooperatives, and Department of Cooperatives, which were directly linked to the command and policies of the BSPP during 1971-74. They were used as the new channels for the procurement and distribution of goods throughout Burma in superseding the unpopular Peoples' Stores. By 1974, 16,400 cooperatives were formed to take over the functions of procurement, distribution, and trading of agricultural and manufactured products of state and private enterprises.<sup>14</sup> At the same time, however, the giant superstructure of government enterprises and controls was kept intact in all sectors of the economy. Unfortunately, the cooperatives simply replaced the Peoples' Stores as the new and bigger outlets for the continued flourishing of the nationwide black market. Indeed, the Concos, or Consumers' Cooperatives, were historically and cynically known as *Konkbos* (stealers of goods) in the civilian government's era.

The first four-year plan, launched in 1971-72, was terminated after its failures in 1973. The second four-year plan was launched in April 1974 along with the twenty-year plan. Despite rigorous attempts at economic reforms beginning in 1972, which included greater incentives to increase production, the doubling of official agricultural procurement prices, and other workers' incentives programs, the performance of the Burmese economy remained poor. The economic crises of the early 1970s up to 1974 were primarily attributable to the inefficiency of management and ineffective reforms in the procurement and distribution of goods rather than to any other natural factor. The natural conditions were highly favorable for the production of paddy and rice. Production, claimed the government, was the highest in its history in 1973-74. Despite the bumper year, the government could procure only 60 percent of the production due to farmers' withholding for black marketeering purposes.<sup>15</sup> It should also be noted that in 1974, for the first time, the government raised

---

13. International Monetary Fund, *International Financial Statistics*, May 1972 (Washington D.C.: IMF, 1972), 70-71.

14. BSPP, *A Short History of the Revolutionary Council's Actions* (Burmese), (Rangoon: Government Printing and Publishing Corporation, March 2, 1974), 46.

15. *Far Eastern Economic Review: 1975 Yearbook* (Hong Kong: Far Eastern Economic Review, 1975), 139.

the procurement price by 50 percent with very little effect on the supply of rice to government shops.

The year 1974 was a very critical year for the military regime whose efforts at economic reforms were shattered by the workers' strikes of May and June at state factories in major cities across Burma and by the natural disaster of August-September storms and floods, unparalleled in Burma's modern history. Thousands of homes and over one million lives as well as acres were wiped out. So too were the military reformers' hopes of reviving the dying economy wiped out for the rest of 1970s. Political unrest and economic crises continued for three consecutive years. By 1976, the black market activities reached their peak in outperforming the state enterprises in internal and external trade. According to *The Wall Street Journal*, in August 1976, the export of goods in general by the black market sector exceeded the official exports by some \$30 million. Black market exports averaged around \$150 million relative to the average official export of \$120 million per year. Massive arrests of black

---

*The years 1975 and 1976 further witnessed political turmoil and unrest among workers, students, monks, and urban civilians as well as the Defense Services personnel. Killing, arresting, and purging became regular rituals of Ne Win's regime.*

---

marketeers were made and they were sent to "Moscow," the colloquial Burmese term for "jail." The average annual rate of inflation in the second half of the 1970s was estimated to be between 30 and 40 percent. This alarming deterioration of the economy forced the military regime to turn westward for rescue in seeking loans, investments, and aid.

Toward the end of the decade, negotiations and contact with the Western world were launched to generate short-term and long-term capital inflows to finance various development projects. Both the World Bank and the International Monetary Fund assessed the effects of economic reforms by the military regime as candid, successful, and hopeful in their confidential reports in 1978. Both of them concurred that "economic deterioration has been arrested and the process to resuscitate the economy is now underway."<sup>16</sup> Thus, in the 1979-80 period the international consortium of the Aid Group, which met first in 1976 at Tokyo, made up of Western countries and the international

---

16. *Far Eastern Economic Review* (Hong Kong: Far Eastern Economic Review, January 18, 1980), 36.

organizations, poured millions of dollars into Burma in the form of concessory loans, development project loans, and other aid. The most prominent donor nations throughout the late 1960s and 1970s were Japan and West Germany, while in the late 1970s many Western industrial countries, including the United States, participated actively in providing private and public investments and loans.<sup>17</sup> Offshore oil drilling projects received the most vital attention.

The decade of the 1970s ended with an economic structure in which the state enterprises took on the challenge of making profits against the thriving "Corporation 23" with the willing help of foreign national and multinational organizations. The net result, of course, was to fuel the functioning of the so-called "parallel private sector" of the economy as well as unprecedented hyperinflation.

### *Political Consequences of the Coup*

The political fortunes of the Ne Win regime also suffered serious downturns which were closely intertwined with the economic miseries generated by the Burmese Way to Socialism in the 1970s. Political reorganization efforts began in 1971 with the convening of the First Party Congress (Meeting) of the BSPP to establish a new socialist state with a new political structure.<sup>18</sup> In 1972, the army uniforms were discarded by General Ne Win and his Revolutionary Council Members when they assumed the civilian titles of "Us" to engage in full-time politics. With the drafting of a new constitution and restructuring of the BSPP to establish electorates and hold a general election for the presidency and ministers, Burma's political future seemed to be promising. Some Western scholars and observers hailed these efforts.<sup>19</sup> In reality, these efforts were undertaken to solidify the political base of Ne Win's dictatorship. Indeed, in 1973, at the Second Party Congress, both Ne Win and the second-in-command, San Yu, secured their own status as the political bosses of the BSPP and rulers of Burma. Thus, in 1974, a nationwide election of preselected BSPP candidates was completed, whereby Ne Win named himself as the president of Burma, or the chairman of the Council of State, and San Yu as the secretary of the BSPP's Central Committee, in the governance of the newly named Socialist Republic of Burma. The executive power of this new socialist state was nominally divided between the Council of State and the Council of Ministers or Cabinet, while in reality the chairman of the Council of State, Ne Win, was the supreme commander-in-chief. The BSPP was declared the only legal political party for future elections. A fake Parliament of the People, Pyithu Hluttaw, was installed.

---

17. *Ibid.*, 36-38.

18. See, for details, Mya Maung, "Burma's Surpluses of Rice and Rebels," *Pacific Community: An Asian Quarterly Review* (October 1972).

19. See articles in Joseph Silverstein, ed., *The Future of Burma in Perspective: A Symposium* (Athens: Ohio University Center for International Studies, 1974).

Beneath the charade of political reorganization, power struggles within the military echelon and political turmoil plagued the Socialist Republic of Burma for the remainder of the 1970s. Between 1974 and 1977, the political reign of Ne Win was at stake amidst a series of workers' strikes, student protests, and an assassination attempt. The outcome, of course, was the ruthless rule of force and purges of potential enemies within the inner circle of the military elite. Following the workers' strikes of 1974 which began in Upper Burma and spread to Rangoon and other cities in Lower Burma in May and June of 1974, the most crucial political event sprung up on the Rangoon University campus — connected, again, with the issue of the burial of U Thant, the deceased ex-Secretary General of the United Nations. In December 1974, the students seized U Thant's body and buried it at the site of the Student Union Building, which had been blown up by the Revolutionary Council Government on the eve of the military *coup* of 1962. The student demonstrators and leaders were arrested and slaughtered once more for igniting protests by students, Buddhist monks, and civilians throughout Rangoon. At that time, General Tin Oo, one of the present opposition leaders, was the chief of staff and the defense minister of Ne Win's government.

The years 1975 and 1976 further witnessed political turmoil and unrest among workers, students, monks, and urban civilians as well as the Defense Services personnel. Killing, arresting, and purging became regular rituals of Ne Win's regime. In 1976, for the first time in the prolonged reign of Ne Win, an assassination attempt was made on Ne Win's life by a group of young low-ranking officers, supposedly under the advice of senior officers. A coup attempt was also made. The rise and demise of the senior officer, General Tin Oo, took place in association with that attempt, costing him his post and a jail term. Captain Ohn Kyaw Myint, the leader of the assassination group, was sentenced to death in 1977. In the same year, Ne Win dissolved the entire Council of Ministers by purging its prime minister, Brigadier Sein Win.<sup>20</sup> Thus, the tightening of political screws in a power struggle within the ruling elite of the BSPP was the hallmark of the political drama during most of the 1970s. This drama, of course, was conditioned and caused by rampant corruption, deterioration, and chaos in the economic arena, where the so-called economic reforms of 1975 failed to improve the economic lot of the masses. After the successful political purges, Ne Win and San Yu were re-elected to their respective positions at the Third Congress of the BSPP in 1977 to usher in another era of military autarchy.<sup>21</sup>

#### BURMA IN THIS DECADE

The decade of the 1980s opened with further loosening of direct controls of the economy instituted in the late 1970s under the guidance and help of

---

20. Note that most of the purging of the political rivals of Ne Win and San Yu was done by direct or indirect indictment for corruption and black marketeering. General Tin Oo was removed for his wife's alleged black marketeering.

21. According to private sources, Ne Win actually came in third in that election, but he quickly installed himself as the chief of state after annihilating the Central Committee of the BSPP.

the World Bank, the International Monetary Fund, the United Nations Development Programme, the Asian Development Bank, and a host of Western industrial nations along with Japan and Australia. As early as 1976, the so-called Burma Aid Group had been performing the tasks of surveying and diagnosing the economy as well as negotiating loans and grants to provide massive external financing. In 1979 alone, the Burma Aid Group promised over \$400 million of economic and technical assistance.<sup>22</sup> Among the industrial nations, which had continuously given economic and technical aid to Burma since the military *coup*, Japan and West Germany were most prominent. The United States' aid program was renegotiated late in the 1970s and formalized

---

*The basic aspects of traditional Burmese society, like many other traditional societies, include authoritarianism, egotism, ascriptiveness, and extreme deference.*

---

in the early 1980s. Since 1973, of all the international organizations, the Asian Development Bank (ADB) has granted the most loans and technical assistance to Burma. The ADB's loans, mostly in the form of project loans, amounted to more than \$137 million between 1973 and 1977. Thus, in the 1980s, the short- and long-term capital inflows into Burma in the form of investments and concessionary loans averaged over \$500 million — ten times the average annual inflow of the previous two decades.<sup>23</sup> This external pump-priming attempt to revitalize the dying Burmese economy provided a short-lived remission period of three years, when the average annual rate of growth of real net output showed an upward movement of about 4 percent between 1982 and 1985. However, the preceding two years of 1981 and 1982 showed a negative growth rate of over 3.5 percent. The downward trend of growth rate accelerated in the post-1985 period up to the present, reaching below 1 percent in 1988-89.<sup>24</sup> Additional problems of the Burmese economy in the 1980s related directly to international indebtedness and rapid rises in the debt-service ratio in the external account of more than 40 percent.<sup>25</sup> In fact,

---

22. See, for details, W.L. Scully and F.N. Trager, "Burma 1979: Reversing the Trend," *Asian Survey*, (Berkeley: University of California, 1980), 168-171.

23. *Far Eastern Economic Review* (18 January 1980), 38.

24. The source of this computation comes from the Burmese government's reports which may not be totally reliable. Yet, the results of my calculations seem to indicate the true path of economic growth. See *Report to the Pyithu Hluttaw on The Financial, Economic and Social Conditions for 1988-89* (Rangoon: Ministry of Planning and Finance, 1988), 31-41.

25. US Embassy Sources.

most of the Japanese loans had to be written off with the onslaught of the political turmoil in 1988. Meanwhile, the basic structure of the double dual economy of Burma remained unaltered in spite of all the so-called economic reforms and external economic therapies. The downward spiral of the Burmese economy after 1985 has widened the breadth of the so-called "parallel private sector,"<sup>26</sup> which is *de facto* the nationwide black market.

For the purpose of this study, a detailed description and analysis of the origin, functioning and growth of Burma's black market are not possible. A brief account, however, is sufficient to show how the natural forces of a highly efficient illegal market perform to sustain the economic survival of the Burmese in an inefficient command economy. Over-the-counter black markets of Burma cover rural, urban, and border areas where virtually all kinds of produce are bought and sold in the streets, regular community bazaars, and door to door. The participants in these markets include everybody, even the corrupt government officials. It should be mentioned here that the role of the elites' wives and the Burmese women in general in the functioning of the nationwide black market has been of vital importance in sustaining the economic survival of the entire population of Burma during the twenty-six years of economic chaos and stagnation.

The most obvious example of the military mismanagement of the economy is to be found in the black market activities of what the Burmese considered historically the golden fruit — rice or paddy. The enormous price differential between the official and black market prices of rice indicates the economic plight of urban wage-earners, whose wages were kept frozen by the military rulers throughout their reign. Low quality rice such as *Nga Sein*, which average-income families had never consumed prior to 1962, averaged around 2 *kyat* (K) per *pyi* in the late 1970s and during the 1980s at government cooperative shops, while the average black market price was K4.5 per *pyi*. Lower-income urban families were forced to consume this brand of rice, while the middle-and-upper income families would buy it from the government shops at the low official price and resell in the black market. Higher quality rice such as *Nga Kywe*, which rarely appeared at government shops, was officially set at K2.2, while the black market prices averaged over K8 per *pyi* in the first half of the 1980s and reached a high of K18 per *pyi* in December 1988.<sup>27</sup> The worst price differentials are found in pharmaceutical products, for which the black market price averaged 21 times the official price, and gasoline and kerosene, the prices for which occasionally topped 37 to 40 times the government rate.<sup>28</sup>

In the political arena, the first half of the 1980s may be viewed as a period of relative calm and stability with respect to the military stranglehold of the people and internal power struggle within the BSPP. The period began with the appeasement of civilian political opponents of the military regime by

---

26. This term is employed by the Shadow Surveys of the US Embassy.

27. These computations are made from US Embassy sources.

28. These calculations are made from the sources of US Embassy. For details of the price differentials between 1962 and 1988, see *Aung Gyi's 40-Page Letter*, 34-35.

offering them amnesty and state Medals of Honor (1st class) in 1981. The award, which carried a US \$4,200 lump-sum gratuity and a US \$85 monthly life pension, was bestowed upon 66 "patriots" including the deposed Premier U Nu and Thakin Soe, former leader of the Stalinist Communist Party of Burma. U Nu returned to Burma in 1980 after his unsuccessful attempts to overthrow Ne Win's regime from Thailand in the early 1970s and was later self-exiled in India. By August 1981, the Fourth Party Congress of BSPP had refortified its military autarchy. On November 9, 1981, it elected U San Yu as the president of the state and the military-dominated Council of Ministers. Ne Win voluntarily stepped down by not running for the election, while maintaining the chairmanship of the Central Committee of the BSPP. Indeed, this symbolic and nominal switch of political throne to San Yu did not fool many observers of Burma, for Ne Win continued to dictate and formulate every single socio-political and economic policy of the military regime.<sup>29</sup> The newly elected San Yu's regime waged a war on black marketeering, drug trafficking, and insurgency, targeting particularly the Burma Communist Party in 1981-82.<sup>30</sup> Since 1974, the United States had given military hardware to the military regime in its war against the opium trades, which originated

---

*The government, of course, insisted the 1985  
demonetization was not based on astrological advice.*

---

in the famous Golden Triangle and flourished in the border states of Burma. For the next three years up to the end of 1985, when the Fifth Congress of the BSPP was held, the political power structure of Burma remained unchanged with the election of San Yu as the figurehead, the president, and Ne Win as the real man, the chairman of the Central Committee, at the helm of the sinking ship of the Socialist Republic of Burma. After a series of inappropriate and ineffective economic measures, such as the demonetization of certain notes, the introduction of new notes, and ruthless measures against black marketeers in 1985, the challenge of the oppressed people of Burma to the longest dictatorship of Southeast Asia prevailed in 1988.

Ne Win's resignation from his chairmanship of the BSPP in July 1988 and three successive turnovers of political power resulted in the emergence of a killing field unparalleled in the entire history of modern Burma. The impact of the Burmese Way to Socialism on the structure and functions of the

---

29. *Far Eastern Economic Review: Asia 1982 Yearbook* (Hong Kong: Far Eastern Economic Review, 1982), 122-123.

30. *Ibid.*

traditional plural society of Burma proves crucial to explain why and how the military dictatorship of Ne Win lasted more than a quarter of a century.

#### A SOCIO-POLITICAL ANALYSIS OF THE DUAL SOCIETY OF BURMA

The impact of the Burmese Way to Socialism on the social structure and functions of the Burmese society cannot be analyzed without an understanding of the traditional societies of Burma in light of their historical evolution. Pre-British traditional society was a plural society with no foreign elements in its structure. It was a plural society characterized by heterogeneity of ethnic groups, dual or triple social structure, and a mixture of people. As Furnivall pointed out in 1872, "there is possibly no country in the world where the inhabitants are more varied in race, custom, and language than those of Burma."<sup>31</sup> Despite this plurality of races, the traditional society of pre-colonial Burma was simply a dual (or triple) society which is defined by Hagen as consisting "on the one hand of villages and on the other hand of some larger towns plus one or more central cities" occupied respectively by "the simple folk" and "the elites."<sup>32</sup> The third group of "traders-financiers" was very small in that society. The colonial policy and practice of the British for almost a century in Lower Burma and more than a half century in Upper Burma produced a unique plural society or a doubly colonial society.<sup>33</sup> The most distinct social character of such a society was described by Furnivall:

A plural society is a form of social organization in which several distinct races or classes live side by side but separately with no common interest except in making money.<sup>34</sup>

I suggest that such a society reemerged in the Socialist Republic of Burma with a new social structure. In colonial Burma, the plural society had three distinct social layers or groups, the British administrators occupying the top, the foreign Orientals (Indians and Chinese) the middle, and the entire Burmese population at the bottom (there were some native Burmese individuals in the top two layers). In any event, the basic social structural change brought about by the civilian and military governments' socialist programs has resulted in the destruction of the top two layers. With the gaining of independence in 1948, the British rulers were replaced by the Burmese nationals as political elites, while ruthless measures were taken to get rid of the middle social layer of the foreign Orientals. The process of social change in independent Burma can be viewed simply as domestic or indigenous groups' substitution for alien groups with respect to socio-political roles and economic status. In terms of fundamental changes of the Burmese social system, it is sufficient to infer

31. J.S. Furnivall, *Colonial Policy and Practice* (New York: New York University Press, 1956), 102.

32. Hagen, 58-9.

33. E.E. Hagen, *The Economic Development of Burma* (Washington D.C.: National Planning Association, 1956), 21.

34. J.S. Furnivall, *The Economy of Burma* (Rangoon: Privately Published Pamphlet, January 28, 1952), 3.

that a process of reconstruction of the ancient or precolonial traditional society has been the essence of the Burmese Way to Socialism.

The basic aspects of traditional Burmese society, like many other traditional societies, include authoritarianism, egotism, ascriptiveness, and extreme deference. Authoritarianism pervades the personalities of both the elite and the simple folk. That is, "to a member of the elite, in short, as to one of the simple folk, the phenomena of the physical world are a limiting and threatening force against which he is almost helpless."<sup>35</sup> Of course, the formation of such a personality is to be discerned in the childhood training as well as in the value system of Burmese Buddhism. The fact that "as a child the authoritarian individual acquired no perception of the phenomena around him as elements in systems whose operation is amenable to analysis and responsive to his judicious initiative" produces two basic perceptions of the world: arbitrariness and supernatural determinism.<sup>36</sup> The pains and anxieties generated by authoritarian upbringing of a Burmese child produce aggressive behavior as well as submission to authorities by the simple folk and the elite alike. The value system of traditional Burma and the philosophy of Buddhism reinforce the dominance-submission need, while the traumas of Burmese childhood ignite the need aggression throughout the history of Burma.<sup>37</sup> The social structure and character of independent Burma under the civilian and military governments manifest themselves in the two tradition-directed authoritarian personalities of U Nu and General Ne Win.

The whole history of the *Pyidawtha* era of Burma (1952-62) under the government of U Nu may be thought of as the process of resurrection of the ancient Burmese kingdom in the traditions of Asoka and Anawryadha. These kings were most famous for their benevolent acts of constructing pagodas and giving alms to the Buddhist monks and the needy. The statism of socialism, be it the *Pyidawtha* type or the Burmese Way to Socialism, satisfies the aggressive needs of both U Nu and Ne Win. Ne Win's personality and views of the world are much more aggressive than those of U Nu, whose incessant preoccupation with Buddhism and building of pagodas can be simply explained:

Rather than rely on his own analysis to solve problems of the physical world or his relations to other individuals, he avoids pain by falling back on traditional ways of behavior . . . .<sup>38</sup>

Evidence shows that throughout his political career, U Nu found refuge in meditation, monkhood, and Buddhist scripture. Despite his failures in the mundane world of practical politics, U Nu's *Pyidawtha* era was less violent, authoritarian, and ruthless in the governance of the Union of Burma. The extreme deference and respect shown him by the majority of the Burmese,

---

35. Hagen, *Theory of Social Change*, 75.

36. *Ibid.*, 97.

37. Ruthless rampages, killings and destructions of enemies and villagers were recorded in the centuries of Burmese Kingdom to support this need aggression.

38. Hagen, *Theory of Social Change*, 97.

including Ne Win, are manifestations of the social character of pre-colonial traditional Burma. Of course, his submission to the will of the military dictator in 1981 by accepting the Medal of Honor and gratuity itself reflects the basic trait of submission by an authoritarian personality.

The twenty-six years of the Burmese Way to Socialism and the military dictatorship of Ne Win reflect a different aspect of the authoritarian personality in a romantic journey back to the ancient Burmese kingdom. The rule of force, conquest, and ruthless measures against enemies inside and outside Burma exemplify the tradition of warrior kings such as Kyansittha, Alaungpaya, Sinyathurathiri and the entire Konbaung Dynasty. Indeed, there are enough stories of Ne Win's behavior in the private Burmese circle which support this thesis. The defense or outlet for his need aggression was sought out not in religion or pious acts, as in the case of U Nu, but in rageful acts, womanization, and astrology. The high degree of need aggression in the authoritarian personality of Ne Win can be confirmed in his physical and verbal attacks on spouses, subordinates, foreign diplomats, newsmen, teachers, and students.<sup>39</sup> The intense anxiety and pain suffered by such a personality call for the solution of problems, personal or national, by invoking supernatural spirits (*nats*) and by holding magical rites. Ne Win's personality and behavior fit amazingly the following description of an authoritarian personality:

He comes to believe in the rightness of authoritarian behavior, in the spiritual forces, and in the wrongness of transgression on their authority with a belief that transcends reason and makes reason unnecessary. . . . In the technology of production his efforts become concentrated not on technical explorations which the modern world terms rational but on methods of appeasing the spirits and assuring their favor.<sup>40</sup>

In short, the classic dichotomy of Sir James George Frazer's priestly and soldierly functions of a benevolent king is epitomized in the two personalities of U Nu and Ne Win via their construction of a modern socialist society, nominally, and their resurrection of the pre-colonial traditional society of the Burmese Kingdom, emotionally.

Against the foil of these two personalities, the events leading up to the massive slaughter of students, monks, and civilians during the period of March through September 1988 come into focus. The origin of the killing field in 1988 began some three years earlier when Ne Win decided to introduce the demonetization of K100, K50, and K20 notes between November 11 and December 31, 1985 as a result of astrological advice. In 1964 a similar demonetization was introduced. Apparently, these notes were, on occasion, reintroduced before 1985. The government, of course, insisted the 1985

---

39. An interesting account of his paranoia against foreigners, his rageful booting of an American diplomat, as well as other ruthless acts was given by Sterling Seagrave, the son of a famous surgeon of Burma, in his "Burma on the Edge," *Geo: A New View of Our World* (New York: Gruner & Jahr USA Inc., May 1979).

40. Hagen, 151.

demonetization<sup>41</sup> was not based on astrological advice. In any event, this measure had a far more serious and damaging effect on the public.

To begin with, the Burmese financial system since 1962 has become more cash-oriented. Even the middle and upper income classes rarely keep deposit accounts with state banks due to inefficiency and bureaucratic delays in the withdrawal of funds. The 1985 demonetization incorporated many clauses that affected the financial well-being of the Burmese. This haphazard act, intended to wage war against "those who engaged in the unscrupulous economic activities" for their tax evasions and caused high prices, rang true with respect to the military rulers' inability to control "black money" and black marketeering.<sup>42</sup> The provisions of this act stipulated maximum amounts to be deposited for exchange, as well as penalties for depositing and exchanging

---

*These events were exposed inside and outside Burma as violations of human rights for the first time in the history of the military dictatorship. The killing of the RIT student, Maung Phone Maw, became a freedom symbol . . .*

---

other persons' notes. As in the case of the 1964 demonetization measure, these provisions were easily violated by methods impossible to detect in a financial system of inefficient accounting records. During the same month, new K75, K35, and K25 were circulated as legal tender. This move made absolutely no sense as an anti-inflationary monetary measure or as a simplified unit of account. According to private sources, Ne Win adopted these obviously contradictory monetary policies of replacing demonetized with new monetized notes, leaving the supply of money virtually unchanged, in order to stabilize his political power and reign under the advice of Burmese astrologers, *baydin sayahs*. It seemed as the dictator aged, he began to take refuge in traditional superstitions and rely more and more on ancient magical rites to avert the dangerous omens and threats to his life and his power.<sup>43</sup>

#### THE BREAKING POINT

The year 1987 may be viewed as the year of the final straw that broke the back of the impoverished people of Burma, who were thrown into a state of

41. See for details, *The Guardian*, November 6, 1985.

42. See for details, *The Guardian*, November 7, 1985, 1-3.

43. An interesting story concerning these actions relates to Ne Win's construction of *Mabah Wizaya Pagoda*, near the site of the famous *Shwe Dagon Pagoda*, which he deliberately left unfinished in construction due to the fear that his power would wane as soon as it was completed. There are many other stories which may emerge in the near future.

shock, confusion, and rage by a host of irrational and contradictory actions of the military regime. On October 9, 1987, at the second-day session of the seventh meeting of the Central Committee, Chairman Ne Win announced new policies of liberalization of internal trades in certain agricultural products, including the golden fruit, along with increased reliance on private enterprise. An excerpt from his speech at that meeting highlights his reasons:

Although Burma became politically independent, the economy of the country was not in the hands of the Burmese. The Burmese had only a little share in retail business. An independent nation may be politically independent but its independence is not complete if we cannot decide for ourselves economic matters and if we cannot control it ourselves.<sup>44</sup>

Ne Win went on further to narrate how the Revolutionary Council Government succeeded in putting the economy back into the hands of the Burmese via stage-by-stage nationalization. Similar to the speech he gave at the 1965 Party Seminar, he attacked foreign economic advisers for giving incorrect economic advice:

After we had regained independence, our Burmese government was patriotic. However, since we had no experience and since we did not know how to go about in economic matters, we had to ask for advice from others [foreign advisers in particular] . . . . When we heard that there would be a fall in the value [of] pound sterling, we informed London because some of the pound sterling we had was in London. We instructed the trading bank . . . to sell our pound sterling. The advisor who was a foreigner, . . . mixed up the word "buy" with the word "sell." Therefore "to sell" became "to buy." If we had sold the pound sterling, we would not have been affected by the fall in the value of the pound sterling, but instead of selling, they bought more pound sterling and we were doubly affected because the value of the pound sterling we bought also fell. We did not realize the profit we could have had . . . .<sup>45</sup>

The moral of this fascinating tale, of course, was "never trust the foreign advisors." More truthfully, the intricate mechanism of international finance involving hedging and performing foreign exchange arbitrage is simply beyond inexperienced military rulers. In the same speech, Ne Win went on to lay down the rules and guidelines of who should be free to operate in the decontrolled internal trade of agricultural products. These were labelled "pure Burmese,"<sup>46</sup> "full-fledged citizens," and "guest citizens." The last two are

44. *The Working People's Daily*, Rangoon: 10 October 1987.

45. *Ibid.*, 1-2. To any intelligent Burmese familiar with foreign trade and finance, this story is full of holes which may not appear so to simple folk. It also confirmed the fact that an authoritarian elite shuns away trade and finance as demeaning in a traditional cultural setting.

46. It should be pointed out here that the term "pure Burmese" or pure blood has always haunted Ne Win's racial background. His original name, Shu Maung, indicates Chinese blood to most Burmese. Indeed, there are many Sino-Burmese in the elite classes including the military regime. For example, San Yu, Aung Gyi, and Tan Yu Saing, all leaders with Chinese blood, were original members of the Revolutionary Council.

those with foreign blood who became legitimate Burmese citizens in accordance with the military government's ordinances of 1982.

During the previous month, some inexplicable measures of demonetization of K75, K35, and K25 notes, introduced in 1985, and the monetization of curiously denominated K90 and K45 were made.<sup>47</sup> The demonetization was made without compensation, wiping out whatever little savings the Burmese people might have accumulated with their blood, sweat, and tears. Meanwhile, contrary to the moral of Ne Win's tale, the military regime sought and obtained massive foreign, economic and technical aid from the World Bank, the United Nations Development Programme, the Asian Development Bank, Finland, Japan, West Germany and the United States, whose AID grants and military training averaged over \$7 million a year in the late 1980s. These apparently contradictory actions of the military regime may be considered as direct violations of the Burmese traditional standards and cultural sanctions against "begging" for help. I suggest that they were the immediate cause of Ne Win's resignation from the BSPP chairmanship on July 23, 1988. In the words of Professor Hagen:

The fact that Burmese will not beg even if literally starving testifies to the power of inhibitions against one type of interpersonal relationships.<sup>48</sup>

The violation of this cultural injunction combined with unelite-like behavior, such as the performance of magical rites and neglect of the economic well-being of the masses, ignited rage, protest, and disrespect for Ne Win both as unfair despot and common dictator during 1987 and 1988.

A brief account of the incidents between March and September 1988 should be sufficient to verify my hypothesis in explaining the prolonged reign of Ne Win and its impact on the social structure and functions of the dual society of Burma. The so-called March Affair of 1988 began at the Sanda Win teashop involving two students from the Rangoon Institute of Technology (RIT), one of whom was stabbed by the son of the teashop owner. The police force's unfair handling of the attempted murder case and the government's blaming of the students as unruly ignited protests and demonstrations by RIT and Rangoon University students from March 13 through 17. The net result was the assault, arrest, torture, and killing of students by the military regime. These events were exposed inside and outside Burma as violations of human rights for the first time in the history of the military dictatorship.<sup>49</sup> The killing of the RIT student, Maung Phone Maw, became a freedom symbol reminiscent of another famous student, Bo Aung Gyaw, who died in the Rangoon University Students' Strike in the 1930s. For the next three months,

---

47. The Burmese believe the number 9 brings good fortune and security in life's ventures. Notice that numbers 90 and 45 of these notes add up cumulatively to the value of 9 respectively. The Burmese term for obtaining this value in the performance of magical rite is Konawin Kyay. I suggest that Ne Win performed this rite in the introduction of these peculiar notes.

48. Hagen, *Theory of Social Change*, 440.

49. A detailed account of inhumane and ruthless torture and killing of student demonstrators by the military regime was given by Aung Gyi in his letter to Ne Win dated June 6, 1988.

political demonstrations and unrest continued calmly but precariously. The explosion came when the resignation of Ne Win was announced to the surprise of many, and political power was passed on to the most despised military leader, General Sein Lwin, whom the Burmese called the "butcher" for his lifelong record of ruthless killings of students. For seventeen days, from July 26 to August 12, President Sein Lwin declared martial law and slaughtered thousands of innocent Burmese throughout Burma. There emerged a killing field which Burma had never seen in its entire modern history.

At this juncture, it should be noted that Ne Win did not assume direct responsibility for the two infamous affairs, the 1962 July Affair and the 1988 March Affair. In fact, in his lengthy resignation speech of July 23, he denied giving orders to destroy the Rangoon University Student Union. He charged

---

*The most intriguing development in the economic arena has been the present military regime's legalization of trade, particularly the border trade with Thailand and the People's Republic of China.*

---

Brigadier Aung Gyi as the culprit for that incident.<sup>50</sup> This guilt-laden affair and the March Affair also accounted for the seventeen day presidency of General Sein Lwin. The next president, Dr. Maung Maung, a high-ranking civilian official in Ne Win's government, did not survive under the mounting pressure of full-blown protests and strikes during the month of September. He remained in power from August 19 to September 18. By September 18, relatively unknown Defense Minister General Saw Maung ousted Maung Maung by staging a successful military coup and shedding more pools of blood in the killing field. During the month of October, General Saw Maung quickly dissolved the BSPP and removed hundreds of government officials who were involved in the previous demonstrations. At the same time, he reorganized the BSPP by renaming it the National Unity Party and the Socialist Republic of Burma was given a new name: the Union of Burma. The two important organizations he established were the Commission for Holding Democratic Multi-party Elections and the State Law and Order Restoration Council.

### *The Opposition*

The sketch of the political developments so far covers only the process of succession to the political throne. The struggle for leadership at the opposite

---

50. This was brought on by Aung Gyi's 42-Page Letter in which he also denies responsibility by holding Ne Win as indirectly responsible.

end of the political spectrum has been equally fascinating in affirming the traditional authoritarian personality and social character of Burmese politics. The basic weaknesses of the traditional society and its body politic resurged with new names and twists in the process of struggle for leadership among the opposition groups. The members of the opposition groups, of course, are the disparaged individuals of certain social groups such as the students, monks, deposed civilian politicians, government officials, purged military commanders, and other deviant Western-educated individuals. The minority insurgents, however, are the real opposition groups throughout the military government era. The weaknesses of civilian politicians and various opposition groups include factionalism, egotism, disorganization, and authoritarianism. Soon after the resignation of Ne Win, struggle for leadership among the opposition groups began. Personal feuds, mistrust, and disagreement have pervaded the entire opposition movement. For example, in September of 1988 alone four

---

*The managerial, entrepreneurial, and achievement-driven incentives for technological development have been damaged severely by the military autarchy.*

---

basic personalities in Rangoon stood ready to take over the leadership. U Nu formed his own organization of the Democracy Party, while Aung Gyi came out with his own League for Democracy. (For a short time, the rumor was that ex-Brigadier Tin Oo was supposed to be a member of U Nu's Party, and later it was revealed that Tin Oo did not join U Nu.)

A third interesting personality emerged in Daw Aung San Suu Kyi, the daughter of the legendary General Aung San, whose accidental political career<sup>51</sup> as an opposition leader to the military regime seemed to have captured the imagination of students and people of Burma. The real reason for her fame, of course, is not due to her previous political activities but to the image of her father, General Aung San, whose name as a hero of liberation from unjust foreign rule has been the strongest political force in contemporary Burmese politics. Her success indirectly reflects that there has not been any single powerful and new leadership comparable to Andrei Sakharov of Russia or Fang Lizhi of Red China during the course of the last twenty-six years. The political impotency of the civilian politicians has been one of the reasons for the military regime's strength and its prolonged dictatorship.

---

51. Aung San Suu Kyi is truly an accidental tourist politician since her interest and involvement with the revolt against the military regime started when she visited Burma from England to take care of her ailing mother, the wife of General Aung San, who passed away recently.

At the beginning of the political upheavals of 1988, the final personality evolved. The National League for Democracy (NLD), which was formed as a coalition of Aung Gyi, Tin Oo, and Aung San Suu Kyi, lasted in unity for two months or so until Aung Gyi was expelled after a personal feud with Aung San Suu Kyi over the issue of communist-leaning members in the NLD. Aung Gyi formed his own United National Democratic Party and registered it with the election commission. Meanwhile, along the Thai border and in the minority Karen-occupied areas, the Democratic Alliance of Burma, involving thirty-five different opposition political organizations was formed. At the same time, the student organization called the All Burma Federation of Students' Union with its own leader, Min Ko Naing (Conqueror of Kings), has been operating separately. The clearest evidence of factionalism can be discerned in the phenomenal number of political parties registered to run for the forthcoming May 1990 election. As of March 24, 1989, 233 separate political parties had registered. Election registration was closed on February 28. Within the students' organization itself, there has been dissent with respect to the strategy of opposing Saw Maung's regime. On March 13, 1989 (the occasion of the commemoration of the death of Maung Phone Maw), there was a communiqué by the militant faction of the All Burma Federation of Students' Union indicting Aung San Suu Kyi and the NLD for pursuing incorrect strategies and popularity campaigns.<sup>52</sup> Of course, there are important minority insurgent leaders such as Brang Seng of Kachin Independence Army and Bo Mya of Karen National Union along with the Burma Communist Party leaders. The factionalism reaches far beyond the shores of Burma, as shown by various fragmented groups of overseas Burmese in the United States, England, Australia, and West Germany. The tragedy of all this factionalism and lack of a united opposition force is the persistence and presence of a highly organized military elite and its followers inside Burma. So far the elite perpetuates its political longevity by playing the waiting game and governing Burma via divisiveness in terms of military force and outside economic help. Indeed, Saw Maung's government has now established strong economic ties with Japan, Thailand and China via trade agreements.

The most intriguing development in the economic arena has been the present military regime's legalization of trade, particularly the border trade with Thailand and the People's Republic of China. This nominal action allows former traders to operate freely without being harassed or jailed along the Burmese borders, provided they pay taxes to the government. The Saw Maung government set up check points along the borders for tax collection purposes and gave concessions to Thai companies and Chinese merchants. On the importance of this legalization measure, the *Nation*, of Bangkok, observed:

Burmese leader Saw Maung appears to have been trying to gain control of a big chunk of illegal trade, said to be as much as 50 percent of Burma's total trade turnover. Illegal trade practices are

---

52. *Asia Week* (24 March 1989), 28. According to this source the student organizations have now severed relationships with the front-running opposition party, NLD, and there are six different coalition groups.

currently in the hands of Burmese ethnic groups rebelling against Rangoon. . . . The source seems to be saying that the concession-trade is only an illusion created by the Burmese government, which is hoping for political results without having to take responsibility for any failures. The source implies that the "true" trade is the black market.<sup>53</sup>

The so-called open economic policies of present military regimes are *de facto* nominal attempts at free trade and real attempts at capturing foreign economic and political support to maintain its political grip. It is ironic that Burma's former colonial ruler, Japan, was the first to recognize the Saw Maung regime as the legitimate government of the people of Burma. By the same token, the former historical enemy of Burma, Thailand, whose ancient capital, Ayuhtiya, was destroyed by Burmese kings, supported the economic ventures of the present regime. These two countries, of course, have the greatest economic interest and stake in the future developments of Burma.

#### CONCLUSION

Based upon my analysis of the Burmese economy and society, a number of conclusions may be drawn with respect to the economic and political future of Burma. Two basic hypotheses advanced in this study have been confirmed historically in terms of two models of economic growth and social change: the double dual economy and the dual society of Burma. That is, the Burmese economy for the past twenty-six years has been *prima facie* a totalitarian command economy of the Sino-Soviet type, but *de facto* a double dual economy which emerged out of the process of planned chaos and military mismanagement. The present military regime's attempts at liberalization and legalization of border trades are abortive exercises in subduing the basic structure and functioning of the giant black-market economy which supercedes the governmentally controlled sector of the economy in terms of importance and performance. The military arsenal of fifty-five state economic enterprises, departments, ministries, councils, cooperatives, and trading corporations still controls both internal and external trades of Burma. In view of this historical continuation of the basic structure of the double dual economy, the economic future of Burma looks unpromising.

There have been a number of speculations in many newspapers and magazines about the future potential and performance of the Burmese economy. One of the repeatedly emphasized themes has been the possibility of an economic miracle once the military regime is overthrown or democracy is restored. This utopian dream is often based upon the richness of Burma's natural resources relative to its population pressure, as well as the fact that the Burmese economy has operated at undercapacity under the military dictatorship. I will disagree, emphatically, with this optimistic appraisal on two

---

53. *Foreign Broadcast Information Service* (Washington D.C.: US Government Publication Office, February 13, 1989), 66-7.

counts. First, the damage done to the Burmese economy by the military managers may have left the rich natural resources for potential development intact for a bright economic future. However, the damage done to the socio-economic infrastructure far outweighs this potential, as is evident in the decay of transportation, communication, health, education, and energy. Second, the damage done to human resources for development has been deep and enormous, although not necessarily visible to the naked eye. The managerial, entrepreneurial, and achievement-driven incentives for technological development have been damaged severely by the military autarchy. The modern technological base, although small in size, that was built by the previous civilian government, has been shattered by deliberate and discretionary policies of the military government. The severe "brain drain" induced and encouraged by the military elite is evident in the exodus of intellectuals (Western-educated and trained Burmese, as well as young and bright domestically-educated Burmese), doctors, engineers, and businessmen, including Chinese and Indian minorities.

As my analysis of the dual society of Burma indicates, the policies and actions of the Burmese Way to Socialism have reduced the traditional Burmese social structure and character to a model of elite at one end and simple folk at the other end of the social strata. That is, under the Burmese Way to Socialism, Burmese society has returned, basically, to a two-class model of an all-powerful military elite occupying the top social layer and some lesser elite clinging onto the coattails of the military commanders, while simple folk retreat and survive in the base layer as subscribers to the capricious laws and dictates of the military rulers. This can be considered as the determinant of why and how Ne Win's military regime has lasted over a quarter of a century. In the words of Professor Hagen:

In a traditional society it is surely a mistake to picture the simple folk as held in a condition of grinding misery by the coercive power of the classes above them. This view is not consistent with the great stability of social structure of traditional societies. Powerful elite might hold a large mass of people in hated peonage for a generation or two, but that the elite class could have held their positions by force for centuries and millennia, as has been true in many traditional societies, is inconceivable. One must conclude that the hierarchical structure of authority and power in traditional societies has been so stable because the simple folk as well as the elite accepted it.<sup>54</sup>

Doubtless, the success of Ne Win and his military rulers lies in their ability to force their will on the lesser folk and obtain acceptance by the simple folk simply because the military elite shares with them a common heritage of traditional authoritarian personality. This view may be supplemented by another factor of Ne Win's effectiveness as a saboteur and clever player in

---

54. Hagen, *Theory of Social Change*, 71.

foreign relations. His training as a commander of the Sabotage Group among the Thirty Comrades under the tutelage of the Minami Kikan, the Japanese army's intelligence service during World War II, has served him very well in the art of fascist torture, intimidation, and causing mistrust and fear among his political foes. His connections with Japan, West Germany, Israel, China, and even the United States helped his survival as the longest dictator in Southeast Asia. These legacies are now in the hands of the present military regime which seem to be using them rather effectively.

Although my diagnosis and analysis of the Burmese economy and society may seem harsh and gloomy, the truth of the matter is that it is always far easier and quicker to destroy what one has built in life than to construct new or reconstruct dilapidated things. The reconstruction of Burma and the effort to restore law, order, and peace as well as the goal of democracy present no exception to this rule. Despite this gloom that darkens the horizon of present and future Burma, there has been a glow of light which may be tiny but bright enough to show that the people of the Golden Land share in common with the rest of the world the desire and love for "freedom."