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A Comparative Study of State-Led Development in Myanmar (1988–2010) and Suharto's Indonesia: An Approach from the Developmental State Theory

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Abstract: This article explores the institutionalization of state-led development in Myanmar after 1988 in comparison with Suharto's Indonesia. The analysis centres on the characteristics and theory of developmental states that emerged from the studies of East Asian countries like Japan, South Korea, and Taiwan. In Southeast Asia, Suharto's Indonesia was perceived as a successful case and was studied by scholars in line with the characteristics of the developmental state. The *Tatmadaw* (military) government in Myanmar was believed to follow the model of state-led development in Indonesia under Suharto where the military took the role of establishing economic and political development. However, Myanmar has yet to achieve its goal of building a successful state-led development. Therefore, this paper argues that implementing an efficient and effective institutionalization is essential for a successful state-led development (developmental state) in Myanmar.

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Introduction

The *Tatmadaw* government in Myanmar came to power in 1988 and introduced a state-led development process in which the military was involved in both political and economic affairs of state. This attempt to expand the role of the military in sectors other than military affairs was similar to the dual function of the Indonesian army under Suharto's regime. In Indonesia, the dual function (*dwifungsi*) doctrine gave the army two roles. The first was "a non-military role: to control the developments inside society in ideological, political, social, economic, cultural and religious fields" and the second was "a military role: the defence of the country against external and internal threats" (Broke and Amok-Maritiem 1997: 11). One motivation for introducing the military into politics was because it was perceived as an institution capable of providing stability and unity, contributing to the welfare of the state, and having "a legitimate role to play as a social-political force" (Jenkins 1984: 4-5).

There was evidence suggesting Myanmar intended to follow the example set by Indonesia. For example, a large delegation led by General Khin Nyunt, the first secretary of the State Law and Order Restoration Council (SLORC), visited Indonesia in December 1993, and the visit was perceived as an attempt to get first-hand experience of how the involvement of the Indonesian army under Suharto's New Order worked alongside the constitutional order. The visit was made at a time when the National Convention (NC), whose job was to draft a new constitution, was still taking place (Sundhaussen 1995: 768-69). In June 1995, Senior General Than Shwe visited Indonesia and, in turn, Suharto visited Myanmar in January 1997. There was also information circling that the constitution of Indonesia was translated into Burmese and studied by the government (ခေတ်ပြိုင် ရွာနယ် *The New Era Journal* 2010). After meeting with the *Tatmadaw* government in March 2008, Ibrahim Gambari, the UN special envoy to Myanmar, revealed that Myanmar had been "looking for a model closer to Indonesia where there was a transition from military to civilian rule and ultimately to democracy" (Uusjiio 2008). While Indonesia has been transformed into a democratic state and is recognized by the international community, Myanmar is still heading towards a political structure similar to the one under Suharto's regime. This means that military-dominated state-led development will be a feature in the future developmental process of Myanmar.

Since the processes of development in both Myanmar and Indonesia under Suharto are categorized as state-led development, discussing the concept of the developmental state (DS), a kind of successful state-led development, will be productive. The comparison of Myanmar and Indonesia

under Suharto aims to explore commonalities and differences in the institutionalization processes of the two countries. This comparison may have some implications for the state-led development process in Myanmar. One may argue that this comparison is irrelevant given the difference in time of the cases compared. However, this difference is also a factor for the failure of development in Myanmar since the state has failed to receive a major amount of aid from the international community that required countries to introduce widely accepted liberal ideas into their development processes. Being in the Cold War period when the major concern of the US and the West was to contain communism, Suharto's Indonesia managed to receive a major amount of aid for development under an undemocratic authoritarian rule influenced by the military. Another factor is that Indonesia has been transformed from military-dominated politics into the most democratic nation in Southeast Asia; since the transition in Myanmar has similarities in that regard, comparing Myanmar with Suharto's Indonesia is useful. As a matter of fact, it is also important to find out what foundations from the New Order paved the way for a successful democratic transition in Indonesia. Therefore, studying the pros and cons of the case of Suharto's Indonesia will benefit the case of Myanmar in its efforts to transform the country toward what the *Tatmadaw* government called a "disciplined democracy" and a more developed country.

Understanding of the Developmental State

Developmental state (DS) is a state-led development model that was practised by countries like Japan, South Korea under General Park, and Taiwan under the Kuomintang Party. It is different from the socialist-style state-led development where the role of the state was too strong and the roles of the opposition, private sector and market forces were lacking. Most socialist states used their power to foster their own interests and extract rents rather than to promote national development (Fritz and Menocal 2006). However, an ideal type DS is one that demonstrates a determination and ability to stimulate, direct, shape and cooperate with the domestic private sector and arrange or supervise mutually acceptable deals with foreign interests. It is a state that has a developmental vision and allows or makes institutionalized channels for other stakeholders' involvement in the development process. Although the power of the state is strong in a DS, there are also other political and economic actors functioning under the regularized channels (e.g. in Indonesia under Suharto). A DS evinces a clear commitment to a national development agenda that has solid capacity and reach and that seeks to provide growth as well as poverty reduction and the

provision of public services (Leftwich 2000: 4, 167-68). Therefore, DS is a phenomenon that is understood as a state that has the capacity to influence, direct and lead the development (state-led development) of a nation by cooperating with other stakeholders for national development.

Studying the developments of Japan, Taiwan and South Korea, scholars like Chalmers Johnson, Peter B. Evans, Atul Kohli, Ziya Onis, Mark Beeson, Gordon White, and Adrian Leftwich have developed the theory of DS through observing the development of the state under strong or authoritarian rule. This kind of study makes sense for a case study of a state whose history is full of authoritarianism. It helps scholars understand the transformation or transition of an authoritarian state towards a more developed country or a more open society since other liberal theories may not be immediately appropriate for the study of such a transformation or transition. These DS scholars pay more attention to how strong states work or must work for development and how states try to maintain or transform the position of power-holders in the state's affairs. Their analytical tools become the study on the structure of the state, state apparatus, bureaucracy, state–society relations, the legacy of the past, legitimacy, and political arrangement or political institutionalization (Johnson 1995; Kohli 1994; Leftwich 2000). Therefore, for the convenience of the comparative study of Myanmar and Suharto's Indonesia, I will discuss the important characteristics of the developmental state from two perspectives: economic and political.

Characteristics of the Developmental State

The first component of a DS is the existence of a competent bureaucracy. The economic technocrats and bureaucrats within the bureaucracy play a major role in fulfilling development goals and functions (Onis 1991). The technocrats are those who pay more attention to the achievement of national development and play a role in adjusting the self-interests of the power holders into the interests of the state. Moreover, they are perceived as apolitical. On the other hand, the developmental elites, including political leaders, create "political stability over the long term, [maintain] sufficient equality in distribution to prevent class or sectoral exploitation" and "set national goals and standards that are internationally oriented and based on non-ideological external referents" (Johnson 1987: 142).

Another characteristic of a DS is that development plans are considered rational. According to Johnson, development processes were guided by the state in the direction that the state wanted them to go. However, it was not as if the state was solely responsible for economic achievements, or that the state behaved like the state in command economies in assigning tasks and duties to the people. Johnson rejects the views of those who saw that

economic development in a DS, especially in the case of Japan, was due to 1) getting the price right and 2) the introduction of socialism that "would soon begin to show signs of Soviet-type misallocation of resources and structural rigidities". The market was not pure "market-rational", as the American ideology maintained it should be. A developmental state outperformed "both the plan-ideological economies of the Leninist world and the market-rational" (Johnson 1995, 1999). For Onis, development plans in a DS are defined "in terms of growth, productivity, and competitiveness" and they are prioritized as the foremost and single action of the DS (Onis 1991: 110-111).

Another feature of a DS is the practice of market economy. All the East Asian developmental states embarked on market economies with different approaches. The economic system was centralized in South Korea, decentralized in Taiwan and oligopolistic and highly competitive in Japan. On the other hand, they enjoyed eminent support from the US in terms of technologies, capital, market, etc. (Pempel 1999: 149-55). Although different approaches to industrialization were adopted as strategies for economic revival, their main objectives were to establish catching-up economies. One of the motivations for adopting industrialization was the lack of natural resources in these countries. Therefore, the technological advancements of the US became a strong impetus to adopt an economic strategy of catching up. The state still played a major role in driving industrial development and it, however, encouraged private sector development to engage in the industrial sector (Shin 2002: 10-12; Kohli 1994: 1270).

An important feature of a DS is the existence of what Peter Evans (1995) calls the embedded autonomy of the stakeholders in implementing development policies of the state. State bureaucracy should be embedded in the private sector and autonomous of its particularistic interests "in order to achieve domestically based industrial transformation and further economic development" (Lim and Jang 2006: 5). The practice of meritocratic recruitment and long-term career rewards in the bureaucracy enables commitment of stakeholders and a sense of corporate coherence, and this corporate coherence is gained from "a concrete set of social ties that binds the state to society and provides institutionalized channels for the continual negotiation and renegotiations of goals and policies". In this sense, state, society and the business sector work together and have the individual autonomy to implement common development goals and policies. Evans writes that "only when embeddedness and autonomy are joined together can a state be called developmental" and he asserts that "only the ascension to power of a group with strong ideological convictions and close personal and organizational ties enables the state to regain its autonomy" (Evans 1995: 12, 52).

Regarding the political aspect of the DS, the developmental states in East Asia were authoritarian, and the processes of political institutionalization were assumed to be undemocratic (Kimura 2006: 64). However, there were some features that could be seen as elements of democracy, such as elections, a level of inclusiveness or participation, the existence of oppositions, a market economy, the pursuance of legitimacy (performance legitimacy), etc. In the cases of Brazil and South Africa, democratization and a greater developmental orientation were the features that coexisted in the state-building processes (Fritz and Menocal 2006: 9). In fact, development projects in many developmental states were widely believed to be the result of consultations with other major stakeholders (Leftwich 2000: 4), and had "an institutional, long-term perspective that transcends any specific political figure or leader" (Fritz and Menocal 2006: 4).

In the classic DS, developmental progress was considered a driving factor to gain legitimacy for the regime while, politically, state-building was considered achievable only through evolutionary means (Leftwich 1998: 62). This kind of legitimacy is called performance legitimacy and is gained through efficient and effective service delivery by the state in its state-building efforts (OECD 2008). If a state can produce successful outcomes such as increased prosperity, economic development, social stability, and physical security of the state and individuals, it can gain performance legitimacy (Stubbs 2007).

As democracy, rule of law, participation, human rights, market economy, etc., become the widely accepted norms in the political system of a country, scholars examine whether the DS, which is a form of a strong state, is still an option for states to embrace in order to drive their development (Hayashi 2010: 45). However, there are still evidences of state-led development processes in the world today in countries such as China, Singapore, Malaysia, Vietnam, etc., and the evidence in these countries shows that the state still has a vital role in guiding and maintaining required actions to sustain development.

Dominant political actors in these countries are still resisting adopting the liberal democratic idea into their political systems and, hence, they stick to maintaining the strong state by adjusting reluctantly to the changing global context. This is because of the belief that their countries still have problems such as the threat of separation of territory, ethnic issues, corrupt or incapable politicians, the potential to be externally influenced and threatened, etc., that will only be amendable through state guidance and control. Myanmar is no exception. Alamgir (1997: 336), in his study about authoritarianism in Myanmar, argues that "the structural source of the authoritarianism is instabilities and dislocation in the context of modernization".

Scholars perceive that "the nature of governance and constitutional politics in Myanmar will not emulate the orthodoxy suggested by liberal democratic traditions" because the military leaders in Myanmar perceive that the surrounding conditions – especially problems of unity and stability of the country – are fundamental in framing a political design (Than 2007: 393). Than suggests that "the Indonesian New Order State appears to be an attractive model for Myanmar's forthcoming political configuration despite its collapse after Suharto's regime", and the *Tatmadaw* government sees "a strong state led by a nationalist political leader" as acceptable to it and essential for national unity (Than 2007: 393). This is a concept that sees the military as a saviour of the nation and as an institution required to take part in politics and economy. The Indonesian army under Sukarno and Suharto shared that perception (Jenkins 1984: 2-5).

Within the nature of domestic politics in many developing countries, there are studies that aim to explore the solutions for the coexistence or compatibility of state-led developmental regimes and a minimal level of democracy. Gordon White considers countries like Indonesia, Singapore and Peru to have experienced the combined nature of authoritarianism and limited elements of democracy, i.e., the nature of a democratic developmental state. He predicts that this is a trend of state-building processes likely to continue or become resurgent in many developing countries (Robinson and White 1998: 1). Therefore, for a state like Myanmar to embark on a state-building process similar to a developmental state, many fundamental requirements need to be met. Though this study is not arguing that Myanmar is heading towards a democratic developmental state, it is likely that such a state, if it is careful with its implementation processes, can exist in the future under current political conditions.

According to White, democracy can be built from small parts or fragments and this introduction of elements of democracy will become an incentive for the additional elements. His idea is to introduce democratic institutions gradually and these gradually established political institutions will play a role "in shaping processes of democratic politics and influencing policy outcomes" (Robinson and White 1998: 32-33). However, it is important not to locate democratic institutions in a DS in a strict sense.

A democratic state is the delivery state where "effective democratic governance means better service delivery" and the government is the one that "knows what the people want" (Fakir 2005). This view sees the state as the facilitator of development. On the other hand, a DS is a state that guides the process and implementation of development projects with the cooperation of other developmental elites (Chang 2003). The DS is, however, somehow synonymous with the "delivery state" in the sense that it focuses on

managerial effectiveness, technocratic efficiency, and streamlined procedures and processes for the delivery of public goods and services. For Fakir (2005), a DS in today's world must have the capability of coexisting with the idea of a democratic state and of bettering the lives of the poor and marginalized. It must also create the institutional design that supports the state transformation to democracy. Therefore, institutionalization of a state-led development must involve the process of introducing certain elements of democracy such as establishing procedures and institutions for the reach and inclusion of other stakeholders and also establishing acceptable rules of the game as the only possible option for maintaining a long-term development of the country.

For Huntington, institutionalization is "a process by which organizations and procedures acquire value and stability" (1965: 394). A state must be adaptable and not rigid in its organizations and procedures in order that it be able to adjust to the changing environments (Huntington 1965, 2006). Under the pretext of political institutionalization, a state is better off not focusing on only one particular group's interests but on the political process that welcomes other social groups under "the established political organizations and procedures" for a wider national interest (Huntington 2006: 20-21).

For Scalapino, institutionalization is

> the process whereby a political structure is made operational in accordance with stipulated rules and procedures, enabling regularized, hence predictable, patterns of political behaviour, minimal trauma in power transfer, and a foundation for the effective development of policies as well as the application of justice (1984: 59).

The culture of a strong state under personalized rule will be eliminated by the successful evolutionary political institutionalization process (Scalapino 1984). Therefore, I will discuss this approach of institutionalization in the case of Myanmar in comparison with Indonesia under Suharto below. The characteristics of the DS discussed above will be the areas explored.

Background of State-Led Development in Myanmar and Indonesia

In Myanmar, the strong state has been continuous since independence in 1948. After independence, the state was centralized in nature although it was technically a parliamentary democracy (Guyot 1966: 129). Since power of administration rested with the political bases that occupied the highest positions in the bureaucratic hierarchy, the bureaucrats were not able to represent the people and had little autonomy in controlling their works (Taylor

2009: 268; Tinker 1957: 129-30). The consequence was the incapability of the lower bureaucracy to decide required actions in times of urgency since the bureaucrats were uncertain about their authority. A centralization of bureaucratic procedures existed in the process of administration (Tinker 1957: 131-33). With the government's inability to maintain law and order and to steer the economy, the state was thus in a chaotic situation, and this allowed the military to take power in 1962. The Revolutionary Council under General Ne Win then prepared the foundation for the establishment of a socialist state in response to the failure of the state under the parliamentary government (Badgley 1962: 25).

The consequence was the establishment of the socialist state in 1974. A more centralized administrative system was introduced by the socialist government. The direct military rule of the Revolutionary Council, however, was transformed into the indirect military rule where the Burmese Socialist Programme Party (BSPP) became the single party in state affairs (Islam 1996: 186-87). The military involvement in power politics was buttressed by the BSPP, and the bureaucracy became a combination of civilians and military-related persons. The technocrats were only the followers of the BSPP and their competency was dubious as they had no authority and little power (Than 2007: 311-13). Therefore, the economic policies under the Burmese Way to Socialism and the mismanagement of the economy under the military initiative for 26 years made it impossible to create a strong state structure and to steer the economic development (Mutebi 2005: 149-50; Than 2007: 227). The economy was deteriorating gradually since the socialist policies were executed without professional expertise, and this finally forced the BSPP government to ask the United Nations to assign the country Least Developed Country status in 1987. The consequence was the political upheaval in 1988 that saw the state unable to control the situation and the bureaucratic machinery (Taylor 2009: 379). This welcomed another direct military intrusion in 1988.

Similar to Myanmar, Indonesia had been colonized for centuries; but unlike the British rule in Myanmar, the Dutch in Indonesia had an adjustment rule that allowed the continuity of traditional Indonesian administrative patterns that had "effects on the performance and skills of subsequent regimes in [...] Indonesia" (Islam 1996: 184). The majority of the Dutch-trained bureaucrats continued to work for Indonesia after independence (Emmerson 1978: 86).

A federal state system was practised after independence in 1945. However, Sukarno claimed that the federal state was the idea of the Dutch to continue their divide-and-rule policy in Indonesia and he therefore formed a centralized unitary state in 1950. Although parliamentary democracy had

been a feature from 1950 until 1957, Indonesia was neither a bureaucratic state nor a genuine democratic state under the leadership of Sukarno. The bureaucratic administration was assumed to be under the authoritarian state that neglected the importance of other stakeholders in the system. On the other hand, the state at that time was not able to establish good relations with the military and other actors in society. During the 1950s, the military revolution and other regional revolts occurred and the 1958 civil war was the result.

Therefore, Sukarno perceived the Western-style parliament and its party system as unsuitable for Indonesia and chose to adopt a guided democracy, or, "*gotong rojong*" (mutual cooperation) government. The idea was to have a collaboration of all major political groups – nationalists, communists and religious parties – for the common good of the country. As in Myanmar, the state in the parliamentary system became the socialist state in practice. It was no longer able to steer the development course because of the internal instability caused by the civil war and because of the bureaucrats, whose "fundamental loyalties were typically to nation, ideological groupings, paramilitary organization, local community, and so forth" (Kroef 1958: 242, 248; Anderson 1983: 482-483).

Later, Sukarno began to perceive the communists as a threat to his power and he therefore aligned with the military to suppress them. The army became an important actor of the state in early 1960s (Lev 2009: 21; Crouch 1988b: 161), most notably after it successfully suppressed the communist rebels in 1965. Many generals were given immense powers in the economic system and regional governments and regularized roles in the political process. Political parties were controlled, and, therefore, the prominent parties like the NU (*Nahdlatul Ulama*) and the PNI (*Partai Nasional Indonesia)* were required to seek favour from the power-holders (Bhakti, Yanuarti, and Nurhasim 2009: 6; Liddle 1992: 446).

Myanmar and Indonesia shared a similar history regarding the beginning of the state-led political transition under the leadership of the military. In both cases, it was the internal instability that led to the welcoming of the military intrusion. However, the later developments of the state-led development process under the military leaderships of both countries tell a different story. This study aims to not only explore this difference, but also to define the implications for the state-led development in Myanmar.

Bureaucracy, Economic Technocrats, and Economic Development in Myanmar after 1988 and in Suharto's New Order

In Myanmar, the *Tatmadaw* government came to power in 1988 by claiming that the military was necessary to maintain security problems that would lead to national disunity (Prime Minister General Khin Nyunt 2003). The direct military rule was reintroduced and the state council (SLORC) controlled the executive, legislative and judicial powers. The bureaucratic structure was controlled by the military officers and some trusted civil servants. It was formed under the intensely hierarchical and command-driven military structure of state. The military's belief in the civilian bureaucrats was so low that they were not given influential policy roles (Steinberg 2001: xxvii, 36). The SLORC was renamed the State Peace and Development Council (SPDC) in 1997.

Since then, the *Tatmadaw* government has reaffirmed its role in "managing a dual transition towards multi-party electoral democracy and a market-oriented economy" (Than 2007: 339-40), and it perceived that it was important to achieve a development level recognized by the people since this would enable the government to gather support (performance legitimacy) for the nation-building process (Brigadier General Kyaw Hsan 2008). The state, however, took a dominant role in policy-making and policy implementation, where centralization, controls and intervention had attained a place in political and economic affairs (Tin Soe 2008: 3-4).

With the appointments of military officers "in senior positions, blocking promotion based on merit and seniority", civilian officers started to lack the incentive to work out policies and development projects with their expertise. In addition, because of the fear of committing errors that might result in the loss of their jobs, civilian officers started to avoid taking any responsibility and to eschew projects that required innovation and the agreement or approval of senior officers (Englehart 2005: 635). Economic decision-making networks became very weak since even minor decisions were passed up to the higher authority because of the lack of confidence of bureaucrats under the highly centralized bureaucratic system (Taylor 2009: 379). Both innovation and an infusion of values from civilian bureaucrats in the implementation of development projects and plans were minimal because the bureaucrats themselves lacked autonomy. This resulted in low bureaucratic capacity and then constituted the weakness of the state capacity.

In the open-door economy, the dominance of the military was visible in many major economic sectors (Maung 1997: 505, 514). For industrialization, the focus was on the development of agro-based industry, and domestic and

foreign entrepreneurs were invited to invest in the country (Hon. U Khin Maung Thein, Governor of the Bank for Myanmar 1999: 3). With the reform process, Myanmar witnessed economic growth during some of the years between 1990 and 2000 (Fujita, Mieno, and Okamoto 2009: 24). Between 1992–93 and 1995–96, the country achieved an average growth rate of 7.5 per cent annually (Than 2007: 365).[1] However, this growth was not sustained, according to the statistics issued by international organizations.[2] One reason for this was the influence of political considerations on economic activities (Than 2007: 352). Economic decisions were often changed because of the perception of the security threat. This shows that the government was trapped between the desire to maintain stability and to promote economic development. Both subjects were important and required simultaneous attention given the situations the country was facing. Therefore, its efforts on state-building were a mixed result of political and economic policies.

There was no information about the inclusion of economic technocrats in the policy decision-making processes. Even now, most military officers in the state council have not been trained in the economic building of a nation since military training for officers is mainly related to military operations and military commands. Although economic studies is included in the curriculum of the National Defence College that aims to produce military officers to participate in the higher state affairs, subject matters are closely related to security affairs (Aung Myoe 2009: 156-57). This is different from Suharto's Indonesia, where the military officers were trained at the Army Staff Command School (SESKOAD) and were sent to study in the US while other economic technocrats provided regular teachings at the SESKOAD. Teaching subjects included "the skill for maintaining a huge economic, as well as military, establishment, with everything from business administration and personnel management" (Ransom 1970). Suharto himself had been a student at the SESKOAD (Crouch 1975: 522). Without the economic technocrats and developmental elites like the officers in Indonesia, development plans in Myanmar were considered irrational by many. An example of this is the instruction of the *Tatmadaw* government to implement the plan to plant vast acres of physic nut in order to produce fuel, a plan which, in the end, was widely seen as a failure. It is also unknown whether this plan resulted from consulting with technocrats or with the business sector (*Reuters* 2008).

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1   The growth at this point was also recognized by the IMF and the World Bank.
2   The annual growth rate of more than 10% was announced by the government between the years 1999 and 2005 while other international financial organizations told a different story. See Taylor 2009: 456.

In Indonesia, Suharto established a strong bureaucracy by reforming the one left by Sukarno's regime, making the administration more loyal and more active. He recruited new officers who were loyal to him and framed the bureaucracy "with an exoskeleton of military command". He replaced those who had party politics backgrounds "with civilians whose lack of outside base made them more susceptible to central conditions" (Emmerson 1978: 82-83).

A distinctive factor in the change initiated by Suharto was the appointment of high-ranking civilian bureaucrats who had doctoral degrees, largely in economics, from foreign countries. Using these highly educated technocrats was the precondition for the US to start its assistance to Indonesia. In 1968, Suharto formed a development cabinet mainly with economic technocrats trained in the US (Ransom 1976). They played an important role in formulating development policies and strategies. With the support from Suharto, they were independent in their judgement on policy matters. They might seek advice from external experts; however, they adjusted this advice and selected the relevant bits to implement in Indonesia (Glassburner 1978: 28). This creation of competent bureaucracy enabled Suharto to establish economic development. The bureaucrats believed that the increase in gross national product, made possible by a set of rational policies, would reduce the poverty level. Importantly, the means they took were not intrinsically apolitical. They worked at the discretion of the president and enjoyed professional autonomy. They were given influential roles in the early years of the New Order (Lipsky and Pura 1978: 246-48). Although the military was dominant in government, there was still the consensus decision-making process which could be seen as the acceptance of advice (inclusiveness) from other stakeholders by the dominant political actors. The state in Indonesia was in the hands of a group of bureaucrats and politicians who were loyal to Suharto and there was no cohesive class at the heart of the state (Halldorsson 1991: 196). All this reflects the idea of achieving embedded autonomy, suggested by Evans. However, there were still problems of crony capitalism in both Myanmar and Suharto's Indonesia. Both governments granted business opportunities to their close circle and family members (Taylor 2009: 455; Rieffel and Pramodhawardani 2007: 33).

Under the New Order development, Indonesia had also witnessed an average annual GDP growth rate of 7 per cent between 1965 and 1997 (Thee 2007: 266) and it had also been transformed "from an agrarian economy into a 'newly industrializing economy' (NIE) along with Malaysia and Thailand" (Thee 2007: 264).

Political Institutionalization and Political Development

The governments in Suharto's Indonesia and Myanmar after 1988 realized they had to establish stability and unity in order to emend the situations inherited from their former governments. However, they pursued different political arrangements given the different political situations.

Before the present *Tatmadaw* government came to power, people were disappointed by the former socialist regime. When the opportunity presented itself in 1988, they staged a nationwide demonstration for democracy. Since the socialist state was no longer able to control the escalating situations, the *Tatmadaw* government came in and dealt with the chaos by repression, and then it promised to sponsor a democratic election (Burma Watcher 1989). The government then "took actions on a broad front that clearly were intended by its authors to be perceived internationally as new policies of liberalization" (Steinberg 1993: 175). This was an effort of the government to gain legitimacy by letting the world know that they were working toward democracy. However, later developments by the government received criticism from the international community.

As promised, a free and fair multi-party election was held in May 1990. Against the hope of the rulers who believed that the military-backed the National Unity Party (NUP) – which was transformed from the BSPP – would win the election, the National League for Democracy (NLD) led by Aung San Suu Kyi won in a landslide victory with 81 per cent (392) of the seats. The NUP won only ten seats (Aung Myoe 2007: 13).

As a result, the SLORC denied the transfer of power to the NLD by claiming that a constitution was required to be in place before the transfer of power. This led to the stringent relations between the government and the NLD. Therefore, the government tried to convene a state-sponsored NC in 1993 in an effort to ensure the transfer of power took place systematically and in accordance with the law (Aung Myoe 2007). With the perception that institutionalization was the *sine qua non* for building a modern, developed democratic nation, the *Tatmadaw* government had stayed the course in ensuring the dual functions of the military since the beginning of their rule (ဗညားအောင် (Ba Nyar Aung) 2009). The idea was to perceive the military as an actor ensuring a stable political environment and peaceful transition towards democracy (Senior General Than Shwe 2010).

Since the 1947 constitution was not applicable given the provision that allowed the ethnic groups to secede from the Union and since the 1974 constitution was socialist in nature, a constitution needed to be drafted that reflected the desires of both the *Tatmadaw* and the people. However, the

political institutionalization process in Myanmar had not been easy compared with Suharto's Indonesia. Although all major stakeholders (including the NLD and other ethnic representatives from the 1990 democratic election) participated in the 1993 session of the NC, most of them left when it became clear that their demand for reviewing the basic principles for convening the NC – which included a principle that enabled the military to participate in the political process – was not fulfilled (Hlaing 2005: 243). Therefore, the NC had to be adjourned and reconvened later. It took four sessions (1993, 2004, 2006, 2008) to finish drafting the constitution. Since then, the main task of the government has been to gain recognition through its performance in the state-building process (performance legitimacy) and through constitutional means (constitutional legitimacy). With the adoption of the new constitution in May 2008, the military became a political actor with the constitutional right in future Myanmar (Section 6 (f) of the 2008 constitution). This is an effort of the *Tatmadaw* government to regularize a political system that guaranteed military participation in the decision-making process.

Compared to the Myanmar case, Suharto's government had gained legitimacy to the extent that it could support the stability of the state with no major opposition group in the early years of its rule. Suharto's regime came to the leading political scene with the intention of creating a new political order under a constitutional system. Similar to Myanmar's case, the idea was to give the military legitimate authority in the social and political sectors of the state. The army was thus interested in returning to a representative government. On the other hand, Suharto could mobilize other political actors, including the religious groups and the students, in his attempt to eliminate the communists (Pauker 1967: 509, 512).

Therefore, the legitimacy of his early military-dominated regime was based on the fact that they were required to fight the communists and get rid of Sukarno's power base. The civilian politicians accepted the stance of the military in politics. Therefore, constitutional legitimacy was achieved by re-installing the 1945 constitution that gave the state more power and allowed the military to take part in other sectors. Suharto simplified and reorganized the entire system of political institutions with a commitment to modernization and development. The initial objectives of the New Order were to revive the economy, to attract foreign capital and to integrate into the world trading system; it did not initially tend to serve as a means to structure politics (Halldorsson 1991: 150-151; Wanandi 1986: 188). Therefore, Suharto could achieve constitutional legitimacy in this way, and with the economic development under the New Order, performance legitimacy was also achieved.

As a political move, Suharto's government established the state's political platform based on the five principles of *Pancasila*: belief in one God, humanitarianism, national unity, consultative democracy, and social justice (Shin 1989: 102). The principles were used as a device to unite the people and to stylize Islamic groups. The political parties were stylized and subordinated under this state ideology of *Pancasila*, and therefore democracy became the secondary concern. Political Parties including the United Development Party (PPP) accepted the *Pancasila*. However, the NU accepted the *Pancasila* only with conditionality. Nevertheless, ideological conflicts ended with the introduction of the *Pancasila* (Wanandi 1986: 189). Suharto even claimed that "the democracy that we practise is *Pancasila*" (Schwarz 2000: 24).

On the other hand, the state under indirect military rule tried to respond to a particular social group and to suppress ethnic, religious and geographical antagonisms, and restricted popular participation in politics. Moreover, order or stability was perceived as a consequence of enforcing the government's selective rules. Therefore, the New Order principles were portrayed as the defenders of both normality and the rule of law and as the basis for interaction (rules of the game) among social forces. These perceptions of the Suharto government gained support from civilian politicians, liberalists, journalists, intellectuals, businessmen and religious groups, who were all felicitous to see the elimination of the communists (Schwarz 2000: 28-29).

The government party Golkar (Golongan Karya, the Functional Group), backed by the military, was established in 1964 (Indrayana 2008: 112-13). It comprised three groups: the bureaucracy, the military and non-civil servants. However, the party system became hegemonic under the overwhelming strength of the Golkar. The opposition parties played a limited role in the power politics. Civil servants were required to pledge their loyalty to the Golkar. Golkar represented the interests of "the military and the *abangan* Javanese rather than the *santri* [and] it was secular rather than Islamic" (Suryadinata 2007: 334-35). It also became the government-sponsored party to stand in the elections, which subsequently ensured the Suharto regime's legitimacy. However, Suharto tried to exclude or weaken the ten political parties by forcing them to merge into two parties, namely the *Partai Persatuan Pembangunan* (PPP – United Development Party) and the *Partai Demokrasi Indonesia* (PDI) (Suryadinata 2002: 27, 31). Although this political arrangement can be seen as politics of exclusion and repression, on the other hand, it stylized and institutionalized the political situations into the level that could be handled by the new regime, and this resulted in political stability. Suharto allowed local elections for selecting local heads, and the

local parliaments were allowed to draft a list of candidates for the positions of governor, district heads, and mayor. However, the final approval rested on the reserved power of the president (Mietzner 2010: 175). Therefore, Suharto was criticized for his political arrangement. Robison contends that far from providing channels for political participation by the major social groups, the New Order had chosen to repress and exclude them (Robison 1981: 4).

The Golkar was civilianized later (Crouch 1988a: 161, 171). From 1978 on, Suharto tried to reduce military influence by appointing more technocrats to ministries. This was an attempt to weaken the role of the army in his administration since he believed a stronger military role might threaten his power control (Grant 1979: 142).

In Myanmar, the *Tatmadaw* government also created a government party – the Union Solidarity Development Party (USDP) – in June 2010. It was transformed from the Union Solidarity and Development Association (USDA), which had some similarities to the Golkar in Suharto's era, as it had also been a functional group that later changed into a government political party. In Myanmar, government officials are not allowed to take part in party politics. However, the majority of members of the USDA were government servants and military personnel. Therefore, after the election laws were announced, many officers were civilianized. Those ministers who were concurrently enjoying military positions were required to resign from them in order to take part in the election under the umbrella of the USDP. This was believed to be an attempt to increase the number of representatives attached to the 25 per cent of the military representatives in the parliament. The USDP had the largest number of candidates (over 1,000) competing in the November 2010 election. Although the NUP was previously perceived as the government-backed party, the creation of the USDP weakened this perception. The NUP has also claimed that it is not an ally of the USDP, and it sees the USDP as its main competitor in the coming elections (Salai Han Thar San 2010).

After the 1990 election, only the NLD, and to some extent the Shan National League for Democracy, remained the major opposition parties to the *Tatmadaw* government, and the agreement to install the military into the constitution has even now yet to be reached. This made it difficult for the government to handle the situation at their will. Since the NLD had won the support of domestic and international society, it would be difficult to remove the NLD from the political scene. Therefore, the *Tatmadaw* government politically convened the NC as a means to unite the country and to gather support from society (စိုးမြကျော် (Soe Mya Kyaw) 2006: 6-7). The government described the NC as the only channel for state policy discussion

since it was attended by the ethnic groups, the political parties, farmers, workers, etc. (ဝညားအောင် (Ba Nyar Aung) 2009: 73). However, after the NLD and other elected representatives left the NC, in the 2006 session, only 1 per cent of the elected delegates were from the NUP or the *Khami* National Solidarity Organization (ALTSEAN BURMA 2007: 4). A deadlock occurred in the absence of agreed-upon rules of the game, resulting from the politics of reach and inclusion. Due to considerations of space and relevancy, I will not discuss the details of the agreed-upon terms and conditions.

For the *Tatmadaw* government, the opposition and other stakeholders – including the ethnic groups – were required to participate in the NC and accept it as a genuine ground for achieving political agreements and political development. All segments of society were expected to have a say in it (H. E. U Khin Maung Win 2004: 5).

For the opposition, the NC was merely a process to allow the military to cement its role in politics legally, and if the NC were to continue to be credible, the opposition needed to ask the government to make adjustments in the prescribed principles of the NC. The NLD reasoned that the NC had

> precluded achieving its professed aim of allowing elected officials to draw up a constitution democratically [and it could not] assist in achieving national reconciliation, a genuine multi-party democracy or a state constitution (McClellan 1995).

It also consistently asked the government to engage in dialogue and to make adjustments in the 2008 constitution for the purpose of national development (The National League for Democracy 2009). Although meetings between Aung San Suu Kyi and Senior General Than Shwe (and between the former and other generals) had been held, a visible outcome/ agreement was not reached (Clark 2003: 172). Without any outcome from the meetings, the acceptable terms for a workable national reconciliation process were unknown.

A party registration law was announced in March 2010. The law prohibits the inclusion of any person who is under the charge or in the process of a petition to become a party member (Union of Myanmar 2010). Since Aung San Suu Kyi is under house arrest, she is not eligible to become a party member, and this means that the NLD would have to exclude her from the party if it wanted to register under the existing law. Therefore, the NLD decided not to register the party (U Win Tin 2010).

Against this backdrop in its relations with the NLD, the SPDC, nevertheless, was able to initiate remarkable ceasefire agreements with the 17 ethnic insurgency groups during the period between March 1989 and April 1997. Credit should be given to the *Tatmadaw* government for reaching such

ceasefire agreements because no previous governments had been able to do so. Most of the ethnic groups, including the Shan, the Mon, the Karen, etc., formed political parties and participated in the 1990 general election. Therefore, for political stability and unity, and in order to build a developed nation, it is important for the state to win the trust and support of these ethnic groups and political parties. Only two major ethnic insurgent groups, the Karen National Union and the Shan State Army (South), have yet to reach agreements, while many others joined in the peace talks and political process implemented by the government (South 2007: 3). There were 37 parties registered to stand in the November 2010 election.

However, even the ethnic groups who joined the *Tatmadaw* government are still confused about their future. They are concerned about so-called "Burmanization". Therefore, many ethnic groups and political parties asked the government to implement a genuine democracy that can protect and promote their culture and political status in the union. This focus on maintaining their culture and the distrust towards the government still prevail in many ethnic groups (International Crisis Group 2003). However, the *Tatmadaw* government denied the accusation of using racial discrimination (Senior General Than Shwe 2005: 8).

Different than in Myanmar, Indonesia did not experience major divides along ethnic lines. Although there was the problem of a disproportionate domination of Javanese culture vis-à-vis Indonesian culture as a whole, these types of ethnic issues did not pose a major problem to Suharto's regime (Robison 1981: 12). Although there was dissatisfaction in the Islamic and student communities with Suharto, these communities were mollified after Suharto made some concessions to satisfy them. The Islamic community felt that Suharto's government had taken actions that undermined Islam and its political support. Recognizing this criticism, Suharto tried to bring more non-Javanese (Sumatrans) into his cabinet, and this reduced the tension between the Islamic community and his government. However, Suharto had to step down in 1998, and this was the start of a new era in Indonesia. More or less, there are still legacies of the New Order in Indonesia.

Ufen argues that

> the degree of institutionalization of [the contemporary political] parties [in Indonesia] depends, among other things, on their rootedness in species milieus and their recent history, that is, whether they had already existed under the New Order regime (Ufen 2008: 340).

Golkar remains "the largest political party following the 2004 elections". Mietzner argues that the electoral system of the New Order has caused an increase in the "self-confidence and maturity of the electorate" in Indonesia and "this constitutes a significant step forward in Indonesia's democratic

transition" (Mietzner 2010: 174). An interesting legacy of Suharto's New Order electoral mechanism is the influence of the former New Order's "bureaucrats, rich businesspeople and retired security officers[, ... who] emerged as the top contenders for the nominations" in the early elections after Suharto's downfall. This was due to

> many voters [believing] that such figures would be better positioned to provide stability, economic benefits and bureaucratic efficiency than inexperienced politicians, grassroots leaders or academics" (Mietzner 2010: 177-178).

This can be seen as the New Order's legacy of development-oriented politics.

Conclusions

This study demonstrates the differences and similarities in the processes of state-led development in Myanmar and Suharto's Indonesia. The study argues that implementing an efficient and effective institutionalization is essential for a state-led development in Myanmar.

In the economic sector, Suharto formed a bureaucracy consisting of competent bureaucrats and developmental elites. This is a condition required to be fulfilled by the state in Myanmar. Using economic technocrats and producing the developmental elites to support the goal of building a developed nation is essential. Therefore, there should be a system to produce the developmental elites such as the SESKOAD in Indonesia. Moreover, there must be a kind of embedded autonomy in the process of executing rational economic policies and plans by the stakeholders, as discussed above. Without competent bureaucracy and the inclusion of the other stakeholders, development plans have been accused of being irrational, and the goal of becoming a modern developed nation has not yet been achieved. This, on the other hand, caused the state to fail to obtain the performance legitimacy it needed.

In the political sector, the state in Indonesia could achieve constitutional legitimacy and the support of the society for the New Order development. Eliminating the communists became the common goal for the state and the people. But Myanmar still needs to achieve a common goal relating to national development. This may be the goal of constructing a developed nation. Since the state wants to introduce a state-led development process or the disciplined democracy that is similar to the democratic developmental state in Myanmar, introducing elements of democracy such as elections, regularized channels for discussions, consensus-based goals, rules of the game, etc., is essential for political development. Therefore, the state needs

to focus on a political process that would welcome other stakeholders to join in the discussion of development goals and projects. This means that there is a need to achieve agreed-upon rules of the game. All major stakeholders need to work together to find a solution for national development. Since the new constitution has already been adopted and parties will come onto the political scene again after the November 2010 election, a kind of development-oriented politics is required.

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