

CHAPTER III

HISTORICAL BACKGROUND: STRUCTURAL DEVELOPMENT OF BOTH COUNTRIES

Thailand and Myanmar relations have always been founded upon complex sets of factors. To begin to understand such complexity, we need first to explore the development of both countries step by step. More specifically, at this point it is necessary to describe the structural developments of the two countries and to analyze the structural differences, which have contributed to the problems during this present time.

At first there were many similarities. Both countries were considered traditional states. Both used to be two of the major powers on mainland Southeast Asia. In the early 19th century, both were contacted by Westerners in the same period. In the second half of the century both were exposed and linked to the world of capitalism through ties of trade and commerce. Newly created rice paddy fields in the Irrawaddy river basin in the central part of Burma and trade agreements between Burma and the East India Company, as well as the British Bowring agreement with Thailand happened during the same period of time. Burma gained her position as the largest rice export country in the world, and Thailand, more or less, achieved the second place.

But there were also very important differences the development process of the two countries. Colonization was the key. There might have been similarities in the patterns of external trade and commerce. But Western colonialism involved more than economic integration into the world of capitalism. It also brought far-reaching political and social changes.

The fact that Thailand could retain her independence but Burma could not is a crucial difference. One heritage of the British colonial ruler was the disintegration of the plural society in Burma. This had an adverse impact upon the democratization process in Burma, which constituted one of the structural differences with Thailand.

Democratization process cannot be effective unless there is co-existence among different racial and ethnic groups making up the state. Fighting for one's own autonomy meant fighting for one's own culture and heritage, not one's nation or the nation's democratic system, thus impeding democratization process. Under colonial governance, two senses of national unity were developed in Burma, one in Burma proper and other in the frontier areas, among ethnic minorities. On the other hand, Thailand was never subjected to colonial rule and, under the reform in the administration of King Rama V and his successors, was able to establish a sense of national unity, which was later transformed after 1932 into a strong sense of nationalism.

Different senses of national unity were critical eminent factors affecting the democratization and economic development processes of the two countries. For Thailand, a strong sense that Thailand could establish and retain national unity strengthened its political, economic and social development, while Burma was faced with wars with ethnic minority groups, which were fighting for their own independence soon after the end of World War II. This civil war caused political, economic and social dislocations. Ne Win took the power in the name of military, which was perceived by its supporters to be the only institution that could hold a fragile country together. Moreover, the Cold War led to the isolation policy of Burma, separating Thailand and Burma into different worlds. Thailand became a fully-fledged ally of the US and an active participant in world affairs, while Burma chose neutrality and virtual isolation.

Interestingly, the end of the Cold War broke down the concrete wall of ideological conflict. A new chapter was opened in the relations among nations. Countries, once divided by ideological differences, were able to contact each other directly. Thailand and Myanmar were no different. They began to interact more than before. But the two countries had to face broad discrepancies in terms of political, economic and social development, and since the beginning of 1990s many problems and conflicts arose from these conditions.

Burman and Thai Kingdoms

The structure of development process of Thailand and Myanmar began with the emergence of prosperous traditional kingdoms in the 18th century, Konbaung and Bangkok. Both traditional states could be considered as the two of major kingdoms on the mainland Southeast Asia. The Konbaung dynasty could extend its royal kingdom from the Irrawaddy Delta through out the western area to Arakan, today's Indo-Myanmar border. On the other hand, Bangkok conquered as far as the Mekong Delta or today's Cambodia. Therefore, there were two big powerful kingdoms lying on either side of the Tanaserim mountain range. The nature of political and social organization in the traditional state was substantiated by a leader's ability. Administrative control was diffused, leaving effective power control outside the core of the state, while economic activities were oriented towards self-sufficiency, until both the Burman and the Thai traditional kingdoms were similarly affected by the expansion of a new world order, capitalism.¹ Particularly in the second half of 19th century, the political authority of both traditional states faced the new trend of economics. The competition of the colonial powers to extend their power for its territorial annexation began due to the apex of industrial revolution in Europe. The abundant and rich national resources in the Southeast Asian region became the main incentive for such expansion. Both the Burman and the Thai kingdoms were unavoidably affected.

The dynamism of change led both traditional states to adjust. The two kingdoms were similarly integrated into new capitalist trade and commerce systems, mainly founded by the British in the 1850s. Changes were evident, if one looks at the pattern of economic activities in both kingdoms, particularly rice cultivation and trading. In Burma, after the second annexation of the British in 1852, the production of rice was the central economic activity. The new economic settlement of the British was founded in order to supply the source of rice for the needs of its Indian colony, the Civil War in the United

¹ Robert E. Elson, "International commerce, the state and society: Economic and social change," in *The Cambridge history of Southeast Asia. Volume II, Part I*. (Cambridge: Cambridge University Press, 1999), p.128.

States, as well as commerce to the world economy.² The ban on rice export and the system of large landholding of Burman Royal Court were replaced by lifted trading restrictions and opportunities for small village rice cultivation. According to Elson, “Reflecting the influence of prevailing liberal ideas, the British also decided that the most efficient and reliable way of organizing rice production was to encourage Burman smallholder rice producers rather than employ a system of large landholding. This was accomplished by means of a system of land taxation based on small village cultivation, and tenure laws which sought to maximize the possibility of smallholder ownership.”³ Moreover, the British provided rice cultivation infrastructure especially irrigation works and transport infrastructure. The transformation of economic activities in the Irrawaddy brought about by the British led the Kingdom to the position as the world’s largest rice-exporter. Rice production increased from 162,000 tons in 1850 to 2 million tons in 1905.⁴ Similarly in Thailand (Siam), the world of capitalism and the new international economic order reached the kingdom during the reign of King Rama IV. The starting point for political and economic changes was when the Bowing Treaty was signed in 1855. The consequence of an unequal agreement between Siam and the British was a transformation of Siam’s economy. The self-sufficient economy was destroyed and replaced with market-oriented economy like in Burma. Rice production was promoted in order to serve external demand. The volume of Siam’s rice exports grew more than twenty-five times between about 1860 and 1930.⁵ The most important change was not the economic achievement of both countries in exporting rice as such, but that both Burma and Siam were brought into the international economic system.

Changes in the political and social conditions of the two countries occurred with the impact of colonial economic expansion; these were the beginning of differences in the

² Ibid., p.139.

³ Ibid.

⁴ Chanvit Kasetsiri, Myanmar: History and politics. The Foundation for the Promotion of Social Science and Humanitarians Textbooks Project, (Bangkok: Thammasat University Press, 2001), p.53.

⁵ Robert E. Elson, “International commerce, the state and society: Economic and social change,” in The Cambridge history of Southeast Asia, Volume II. Part I, p. 142.

structural development of the two countries. Between the 1850s and 1880s, both Burma and Siam tried to adjust themselves to colonial economic expansion. Both Royal Courts realized the necessity of the countries' modernization. In Burma, King Mindon launched a series of reforms by centralizing political decision-making. According to Taylor, "Mindon also attempted to centralize judicial function, to group provinces into larger units, to expand the use of cash taxes in both lowlands and hills, to develop a variety of commercial monopolies, and to rationalize military affairs and communications along Western lines".⁶ The centralization policy and the omni-directional foreign policy were efforts to keep the country together and create a balance of power to counter the British. In the end King Thibaw could not contain British expansion, and the British annexed Burma in 1886.*

In Siam, the vision of modernization was fundamentally established since the reign of King Rama IV. The Bowring Treaty played a crucial role. While foreigners were granted economic and legal privileges, the centralization policy proceeded along the western lines. A number of reforms were designed to modernize the judiciary, state finances, political structure as well as the educational reform in order to display the King's modern sentiments and intentions to the outsiders. The centralization process in the state of Siam began under the model of European government. The formation of a cabinet of twelve equal ministers was adopted.⁷ According to Wyatt, "the central government finally was able to move effectively to strengthen its control over outlying provinces, particularly in the former vassal or tribute state."⁸

⁶ Robert H. Taylor, *The state in Burma* (London: C.Hurst & Company, 1987), p. 65.

* According to Chanvit Kasetsiri, the centralization and foreign policy of King Mindon and his successor, King Thibaw could not stop the flow of industrialization and imperialism from Europe after the opening of the Suez canal. Needs of natural resources, cheap labors, market as well as the by pass to China brought Myanmar to face third Anglo-Burman War. (Chanvit 2001: 41-43).

⁷ David K. Wyatt, *Thailand: A short history* (Bangkok: Silkworm Books, 1998), p.200.

⁸ Ibid.

At this point, what had been initiated and implemented by Burma's and Siam's Kings was similar. They tried to use the centralization policy to bring provincial and local government mechanisms under the centralized control of the state through means, which had also been utilized under the western model of government. The centralization in Burma was stopped by the third Anglo-Burmese war in 1886, which led to the annexation of the whole of Burma. The interesting point was not the loss of independence of Burma but that the British took control of the disintegrated social and cultural complexity of Burma. On the other hand, Siam's independence was not as important as the fact that its national unification policy could continue to function.

Changes brought about by colonialism in Burma became a fundamental problem for its long-term political and social development. In Burma, when the British rule was introduced from India, the civil administration was restructured along line of the Indian system without regard to prior patterns of local government.⁹ The British introduced the "divide and rule policy", which mainly attempted to divide Burma into two parts under two separate administration models. In the lowland area called Burma proper, the administration was the introduction of township officers as a new kind of officials administering in between the high level of administration, the Deputy Commissioner of district, and the administration below, the headmen in the lowland Burma. Village headmen or township officers, who had responsibility for about a hundred of villages, functioned as sub-district officers. The primary duty of the headmen mainly focused on collecting revenue. The new system of administration imposed direct rule on Burma's local society in order to abolish traditional rule. The model of administration also emphasized the strength of colonial power by using external source of military power and administrative organization gained from Britain and India.¹⁰ Moreover, the mutual trust between the British and the Burmans soon began to wear thin because of new migration of Indian and Chinese. These Indian and Chinese moved into central Burma in order to

⁹ Carl A. Trocki, "Political structures in the nineteenth and early twentieth centuries," in The Cambridge history of Southeast Asia volume II. Part I (Cambridge: Cambridge University Press, 1999), p.115.

¹⁰ Robert H. Taylor, The state in Burma, p.115.

serve British economic expansion. This labor movement was the consequence of free and unrestricted internal and external commerce occurring in Burma's agricultural production, rice, timber, and foreign trade.¹¹ The problematic consequence of this situation is the large-scale extension of credit to peasants. The great expansion of rice economy caused Burmese peasants to own land for growing rice. Provision of credit came to be dominated by Indian moneylenders. Unfortunately, the incapacity of the small holders to repay debt due to the declining yield and adverse market condition after the World War I resulted in the loss of land to non-agriculturist owners, dominantly the Indians.¹² Hatred among the Burmans towards foreigners in the central part of the country inspired the nationalism against the British to take root.

Moreover, while the lowland or Burma proper area was under direct administration with new immigrants, the highland people's sense of national consciousness was being strengthened. The diverse society of Burma became more fragile when relations between the British and non-Burma ethnic groups started improving. In the colonial period, in Shan, Karen and Kachin areas, local elites and aristocrats were usually able to maintain their traditional authority and social structure. It meant that the territory amounting to about half of the land area being left as it was, as the case of Shan State for instance. During the 1880s, the leader of Shan state following British military expeditions to pacify the territories signed agreements establishing a political arrangement that left most administrative, judicial and revenue affairs in the hands of local chiefs. Local chiefs were the people who still had responsibilities over the area. Moreover, the English language was encouraged among the officers of the new regime in order to set modern values of the modern administration.¹³ British policy generally favored minority peoples. Interestingly, the British also trained Karen and Kachin regiments who garrisoned the Burman areas. For instance, the Karens had been included in the British Army fighting with Burman since the 1st and 2nd Anglo-Burmese

¹¹ Ibid., p. 76.

¹² Ibid., p. 141.

¹³ Ibid., p. 84.

Wars.¹⁴ Western education system was also widely introduced in the highland areas. As a result, some of the ethnic minorities were also converted to Christianity and taught English. It was not only the failure to centralize the state by Burma's pre-colonial government, but also the role of the British divide-and-rule policy, which intensified the diversity and complexity of Burma's society. The policy might have served colonial rule well by strengthening the colonial power and weakening the colonized. But at the same time it also caused the Burman society to deteriorate and collapse. The more the plural society was disintegrated by the British divide-and-rule policy, the more fragile the Burman society became.

On the other hand, that Siam was able to retain her independence was not as important as the emergence and continuity of nation building. In Siam, the country has a plural society. However, such characteristic could not be eliminated but could be lessened by many centralization processes, particularly, in terms of the education system. The centralization of the state also developed together with the education reform under the responsibility of Ministry of Education, called "Thammakarn". The King thought that education did not only form a part of the nation-building, but was also a mechanism for building the same sense of belonging and loyalty in all races of people in the country.¹⁵ His idea was to put a new term of "nation-state" in the place of traditional autonomy or principalities. A national curriculum was established and sent throughout the country as a pattern.

Moreover, Buddhism also continued as the official religion of the country under the royal protection. Buddhism became a means to help sustain Siam as a part of the educational system. Elson interestingly wrote: "This (the *sangdha* or monkhood) created a channel of communication from the king to the village that did not rely on political or

¹⁴ Pompimon Trichote, The Myanmar government and the ethnic minority groups, The Foundation for the Promotion of Social Science and Humanitarians Textbooks Project (Bangkok: Thammasat University Press, 1999), p.20.

¹⁵ Likhit Dhiravegin, The development of Thai politics and government (Bangkok: Thammasat University Press, 2003), p.106.

administrative channels. The traditional educational role of the village monasteries was vital in spreading the standardized script and literature of 'Bangkok Thai' as well as Western-style mathematics and science."¹⁶ It means that the same sense of nation, central Thai language, history and culture were used to integrate the differences among ethnicities, cultures and values into one nationality as Thais. As a result, the traditional state, which was loosely gathered and inhabited by many different races, emerged as a Thai nation state.

The impact of British colonialism on Burma's plural society gradually impeded the development of national unity in the country. Centralization is usually important for the development of national unity in the sense that it can convey the single pattern of social integration, in order to achieve people's common loyalty. The end to the centralization process of Burma after 1886 meant that it lost the pattern of social integration. Instead, the process was replaced by new rules and regulations by the British called 'divide and rule'. The main objective of such a policy was to obstruct social integration in British Burma as well as to lessen the chance of British Burma to emerge and resist the colonial power. Such a policy was separated into two parts and was implemented in two different kinds of area. Inevitably, it developed two senses of national unity in British Burma. One is Burman, and the other ethnic. During World War II, Burmese nationalists formed resistance to the British while ethnic minorities who were more closely attached to the British, as the cases of the Shans and the Karens both in terms of social and education aspects, maintained loyalty to the British and fought against Japan. On the contrary, Siam could proceed with her centralization without any interruption from the colonial annexation. It meant that the strong sense of there being one country and loyalty to one country was established. The other significant difference of national unity between Thailand and Myanmar is that national unity of the two countries was developed in very different periods. Thailand started developing Thai national unity since the late 1880s in the reign of King Rama V. On the contrary, the

¹⁶ Carl A. Trocki, "Political structures in the nineteenth and early twentieth centuries," in The Cambridge history of Southeast Asia volume II. Part I, p. 121.

sense of national unity of Myanmar could only be molded when the country had regained its independence in 1948.

Democratization and Economic Developments

Not until the civil war broke out did the consequences of the disintegration of Burma's plural society during British rule become clear. The war stagnated the development of Myanmar in terms of both political and economic progress. Burma experimented with parliamentary democracy under the first Prime Minister after independence, U Nu, but the attempt was overshadowed by problems of ethnicities and ethnic insurgencies.¹⁷ His policy and government under the 1947 constitution of independent Burma, delineating a federal state structure, could not cope with the country's numerous crises, including a communist insurgency, secessionist wars with hill tribes and rampant government corruption. In 1958 this failure led to its replacement by a caretaker government under Ne Win, who finally took over the country in 1962.¹⁸ Diversity of races in the country became the fundamental cause of tension weakening the state and aggravated the problem of elite distemper.¹⁹

The essential obstacle to democratization in Burma unexpectedly occurred when Ne Win overthrew the civilian government of U Nu in 1962. After the coup, General Ne Win and his Revolutionary Council immediately set about imposing order by implementing a new national policy. The *Myanma Hsoshelt Lanzin* or the Burmese Way to Socialism was issued as a policy declaration by the Revolutionary Council on 30 April 1962.²⁰ Tin Maung Maung Than said that "the Burmese Way to Socialism, inspired by the *Do Bama* socialist tradition of the pre-independence nationalists, denounced bureaucratic practices, repudiated parliamentary democracy and promised to develop a

¹⁷ Robert H. Taylor, *The state of Burma*, p. 227.

¹⁸ *Ibid.*, p. 113.

¹⁹ Tin Maung Maung Than, "Myanmar democratization: Punctuated equilibrium or retrograde motion?" in *Democratization in Southeast and East Asia*, ed. Anek Laothamatas, Institute of Southeast Asian Studies (Chiang Mai: Silkworm books, 1997), p.173.

²⁰ *Ibid.*, p. 179.

non-exploitative planned socialist economy”.²¹ The mechanism for implementing this new socialist policy was named Burmese Socialist Program Party or BSPP. The terms “unity”, “stability”, and “equity” were emphasized by the government to be the keys to improve political problems that the Burma society had to face before 1962. General Ne Win started implementing his socialist policy by replacing approximately 2,000 civilian members of the country’s administration with military personnel.²² Security and administrative councils were also set up at the divisional, township and village levels.²³ Ethnic states lost their autonomy under the new security regime and were subjected to harsh suppression by the state as well. It meant that these military-guided councils were the primary structures for controlling the country. One does not have to mention the rights of people because the people were not allowed to have them. The government totally rejected the fundamental rights of people in the country.

The Burma government also used its socialist policy to construct a socio-economic system. After taking full control, General Ne Win absolutely imposed his “Burmese Way to Socialism” policy on the country, including an economic plan. Ne Win’s economic policy reflected his strong desire to move the country on the socialist path modeled by the Soviet Union.²⁴ The policy was mainly a mixture of socialism, inward-looking strategy of self-reliance, and Burmanization.²⁵ In effect, banks, businesses, and industries were nationalized and foreign trade also became a monopoly of the state. The government started nationalizing with Imperial Chemical Industries in 1962, Burma Oil Company in 1963. In February 1963, banks, both domestic and foreign-

²¹ Ibid.

²² Christina Fink, Living silence: Burma under military rule (Bangkok: White Lotus, 2001), p. 32.

²³ Ibid.

²⁴ M.L. Bhansoon Ladavalya, Myanmar: Economic and political development. Research series: Economic and political development in Southeast Asia, ed. Sida Sonsri (Bangkok: Thammasat University Press, 1999), p.34.

²⁵ Myat Theun and Mya Than, “Transition economy of Myanmar,” in Asian transitional economies, eds. Seiji Finch Naya and Joseph L.H. Tan (Singapore: Institute of Southeast Asian Studies, 1995), p. 212.

owned, became the state's, and the People's Store Cooperation and Defense Service Institute were established to look after the state enterprises at the end of 1963.²⁶ The nationalization of both external and internal businesses had a significant consequence. Indian and other foreigners, who used to be owners of various trading corporations, were forced out of the economy. It is estimated that between 125,000 to 300,000 Indians and Pakistanis left the country in 1963-65.²⁷ It meant that the foreign economic sector, which used to hold Burma economy together, was wiped out without being replaced by home-based professional and technical expertise. Most of those taking over were military officers, who were not experts in the businesses they were asked to run. The system became fragile. Moreover, the government also rejected the opportunity to link up with the external economic system. According to Taylor, "these consequences are possible causes of Burma's relatively slow rate of economic development compared to many of its neighbors in Southeast Asia, and of the growing incentives for black market economic activity on the part of significant proportion of the population."²⁸ Moreover, avoiding involvement with foreign investment and economic cooperation, Burma had to sustain her economy with domestic sources of investment. But here there was a shortage, resulting in a low rate of growth in the economy. In the mid 1960s, the gross domestic product of Burma grew at 4.9 percent in 1962-5 and 2.2 percent in 1966-69.²⁹ The main reason for the poor performance of the economy was the government's egalitarian policy of maintaining low and stable consumer prices by keeping prices of agricultural outpost low and unchanged.³⁰ The economy became worsened when the population growth rate

²⁶ M.L. Bhansoon Ladavalya, Myanmar: Economic and political development. Research series: Economic and political development in Southeast Asia, p.40.

²⁷ Robert H. Taylor, The state of Burma, p. 341.

²⁸ Ibid.

²⁹ Myat Theun and Mya Than, "Transition economy of Myanmar," in Asian transitional economies, pp.212-213.

³⁰ Ibid.

increased while agricultural production was still stagnant. Both exports and revenue declined. Reduction in imports, investment, and overall supply, in turn, led to inflation.³¹

Moreover, one very vital condition greatly affecting the structural development of Burma was that the middle class structure was destroyed by the new military system. Due to the nationalization policy, the private sector was emasculated by the state's regulations on private ownership. Tin Maung Maung Than noted, "The withering away of private capital during the RC (the Revolutionary Council) era completely undermined the continuity of the residual entrepreneurial class which developed during the closing years of parliamentary rule."³² What was happening in those days could not provide the chance for political momentum to emerge and move forward to democracy in Myanmar today. The military remained an unchallenged institution.

Unlike Myanmar, even though Thailand during the late 1950s and the 1960s was under an authoritarian regime, control was fully implemented only in the political arena. Interestingly, Field Marshall Sarit Thanarat started building a modern, developed economy for the country, and the process was continued by his successors, Field Marshalls Thanom Kittikachorn and Praphat Charusathien. This factor unintentionally brought so many things into Thai politics, particularly the sense of pursuing democracy in Thailand in the following decade. One of the vital factors stimulating Sarit to pave the way to modernization was the threat of communist expansion. The United States, which played the most prominent role in countering communism, inevitably influenced both Thailand's domestic and foreign policy.*

31 Ibid.

32 Tin Maung Maung Than, "Myanmar democratization: Punctuated equilibrium or retrograde motion?," in Democratization in Southeast and East Asia, p.180.

* In 1960s, Thailand accepted US assistance in many aspects in order to protect the country from communist expansion. In military and security terms, US gave \$US60 million to Thai government as well as establishing a US military base in Thailand. \$US46.7 million was allocated for economic assistance as well. (Pornpimon 1995: 22).

Economic development, begun during the Sarit regime, can be considered a main factor that moved Thai politics and democratization in a different direction from that of Myanmar. For the process also led to the expansion of education and the creation of educated and middle classes, which contributed towards the student uprising in the next decade.

The first Economic and Development Plan (1961-1965) was issued as a core economic policy of Sarit's government. The primary objective of the plan was to increase and improve people's standard and quality of life.³³ The government attended to rural needs through many infrastructures, highway construction, irrigation, rural electrification and agricultural research. The plan also combined with liberal promotion of private and foreign investment. Development of the education system was brought about as a supportive factor to the economic development, leading to expanded vocational training and increased number of universities, for instance.

In addition, social and political developments were a result of economic expansion. During the 1960s, population increased from 23 million in 1960 to 36 million in 1970. This considerably affected society, particularly the urban community. As a result, the large economic scale and rapid economic development during 1960s to early 1970s resulted in the expansion of communities in the middle class, labors and educated people. Those who were affected by the economic expansion of the government in rural areas began to move into urban areas and started looking at things in a critical way. The middle class and students flourished all around the country and who later became strong social and political movements criticizing the policy of the government in next few years.

While they were to be more prominent later in the 1980s and 1990s, contributing to conflicts and confrontations between the two countries, structural differences between Burma and Thailand were already evident in the early 1970s. This was particularly true where the role of the middle class and the level of capitalist development were

³³ Likhit Dhiravegin, The development of Thai politics and government, p.173.

concerned. The milestones were Thailand's 1973 student uprising and Burma's 1974 constitution.

The student uprising in October 1973 can be considered as one of the milestones in Thai politics towards democratization. The incident stimulated the democratization process in the country. This period marked the break-up of a strong alliance between the military and capitalism which, in turn, allowed the intellectuals and the middle class to emerge as strong political actors in the polity.³⁴ Intellectuals and the middle class grew up as the reflection of economic expansion in Thailand during the 1960s-1970s. They reconsidered their role in the polity and asked questions of the authoritarian regime. Accusing the military of having grown self-interested and corrupt, a student movement was formed and later became a catalyst for a mass demonstration, which tried to break the vicious circle of military rule.

At the same time that Thailand began to move forward with economic development giving people a chance to have their rights, Burma's rulers tried to find more rules and regulations to hold power over the state. Opportunities for the middle class and student to rise up and criticize the state were far more restricted.

The Burma government emphasized strong rules and regulations to control the people from the society's grassroots when a new constitution was promulgated in 1974, the same year that Thailand got its new democratic constitution. Despite the general election in 1974, the political arena was still dominated by one party, BSPP. It can be said that the new political order was predicated upon the BSPP's centralized control, pervasive authority and sole legitimacy.³⁵ Every political route in the country led towards the central government.

³⁴ Surin Maisrikrod, "The making of Thai democracy: A study of political alliance among the state, the capitalists, and the middle class," in Democratization in Southeast and East Asia, ed. Anek Laothamatas, Institute of Southeast Asian Studies (Chiang Mai: Silkworm Books, 1997), p. 148.

³⁵ Tin Maung Maung Than, "Myanmar democratization: Punctuated equilibrium or retrograde motion?," in Democratization in Southeast and East Asia, p. 181.

Conducting this authoritarian rule was a trinity of institutions. Tin Maung Maung Than noted, “The trinity of institutions managing Burma shared a common ethos in their military heritage and a penchant for societal control. Politics resembled a triangle of accommodation in which the party assumed the pre-eminent position though relying on the military for support in realizing its goals through the state apparatus”.³⁶ Burma wished to emphasize to the world that having a strong military can avoid the kind of obstacles and problems that a democratic regime has to face. This trinity of state domination was consolidated throughout the 1970s and 1980s and succeeded in imposing political stability and ensuring regime security during this period.

One can say that, under the conditions existing in Myanmar, neither a new political super-structure, in the forms of a different constitution and a different type of government, nor a new political infrastructure, such as local government, could emerge. More seriously, an intermediate structure like middle class, which can push for political and democratic momentum forward, was not allowed to exist. There was no middle class as the connecting factor between society and state in Myanmar as in the case of Thailand. Such groups as businessmen, labor as well as students are needed in a political system particularly in a democracy. Myanmar’s military regime curtailed the creation and development of all those groups by using such means mentioned earlier.*

Structural differences became even more pronounced in the 1980s. The key was the level of capitalist development and industrialization in Thailand. The successful integration of its plural society and the emergence of political change provided Thailand with an opportunity for benefiting from favorable external factors in the late 1980s. In 1985, the Plaza Accord was signed, requiring Japan to lift up her exchange rate. In effect, it caused many foreign businesses in Japan, Singapore and Hong Kong to expand its economic operations to Thailand, which had more than 70 percent of total foreign

³⁶ Ibid., p. 182.

* Likhit Dhiravegin has explained the effectiveness of democracy which comprises of three component-political super structure, intermediate structure and infrastructure. All these three parts have to be connected by one another in order to pursue a full circle of democratization process. Political parties must play a connecting role in linking all three parts together. (Likhit Dhiravegin 2003: 248-265).

investments.³⁷ Apart from that, Thailand initiated many economic projects to increase economic growth, such as the Eastern Seaboard project which had been initiated in the Fifth Economic and Social Development Plan in order to expand infrastructural development out to outlying provinces. These factors stimulated the export of manufactures, which grew at an average rate of 30 per cent a year from 1986. The share of manufactures in total exports increased from 36 to 81 percent, the share of manufacturing in GDP value-add increased from 22 to 29 percent, on the contrary, the trend of the share of agriculture in GDP dropped from 21 to 11 percent.³⁸ As the result, from the late 1980s, growth in the labor intensive industries were replaced by the growth in medium and high tech products, such as computer component, electronics, automobile parts and electronic goods.

During the days of the “Changing Battle Field into Market Place” policy towards Indochina of Prime Minister Chatichai Choonhavan, from 1987 to 1990, GDP recorded real annual growth rates of 9.5, 13.2, 12.2 and 11.6 percent respectively. High economic growth during the late 1980s and high per capita income growth from \$US754.16 in 1985 to \$US1,528 in 1990 earned Thailand’s reputation as Asia’s new industrialized country.³⁹ By the mid-1990s, Thailand belonged to the club of Newly Industrialized Economies (NIEs), with computer and electronic parts topping the list of export products.⁴⁰

On the other hand, the economic system in Burma in the mid 1980’s began to decline after the forth Five Year Plan ended due to the stagnation in the agricultural sector, decline in export earnings, and fuel shortages.⁴¹ For the second time, a demonetization 100 Kyat Banknotes was implemented in November 1985 order to reduce

³⁷ Somchai Phakhaphatwiwat, Thailand: Economic and political development. Research series: Economic and political development in Southeast Asia, p.71.

³⁸ Pasuk Phongpaichit, “The Thai economy in the mid-1990s,” Southeast Asian Affairs (1996): 370.

³⁹ The World Bank, Thailand: Key Indicators of Developing Asian and Pacific Countries, 2003.

⁴⁰ Pasuk Phongpaichit, “The Thai economy in the mid-1990s,” Southeast Asian Affairs: 370.

⁴¹ Myan Than, “Myanmar in 1986: The year of the snake,” Southeast Asian Affairs (1987): 127.

the price in the market. However, the price of most basic consumer goods remained relatively high. Moreover, most of the economic activities still relied on the black market. The United Nations Development Program estimated that \$US200 million worth of goods crosses the border from all point of the compass.⁴² Due to the continuous economic stagnation in the late mid-1980s, the military government began to adjust and applied to the United Nations for Least Development Country status in order to widen their chance to earn more foreign assistance which had reduced since 1981. On 11 December 1987, Burma was declared one of the least developed countries.

The new status necessitated reform. The initial package was accepted in September 1987. The government announced it would throw open domestic trade in rice and several other grains to private sectors.⁴³ However, just a few days later, 25-, 35-, 75-kyat notes were demonetized for the third time. Moreover along with political discontent, GDP growth in the second half of the 1980s showed a declining trend, earnings fell from \$US0.31 billion in 1985/86 to \$US0.15 billion in 1989/90. Reduction in export earnings resulted in a decline in foreign currency reserves down to less than \$US30 million in 1988.⁴⁴ These forced the government to borrow more money from external sources and thus Burma's foreign debt rose from \$US1 billion on 1979 to more than \$US4 billion in 1988/89.⁴⁵ Economic deterioration caused widespread sentiments against the regime. The social and political situation brought the Burmese people to stage a mass demonstration against the military. Unfortunately, the demonstration was suppressed by the military regime, which was later transformed into another reincarnation under the name of the State Law and Order Restoration Council (SLORC).

⁴² James F. Guyot, "Myanmar in 1988: Pareto with military face," Southeast Asian Affairs (1989): 116.

⁴³ Ibid.

⁴⁴ Mya Than & Joseph L.H. Tan, "Optimism for Myanmar' economic transition in the 1990s?," in Myanmar dilemmas and options : the challenge of economic transition in the 1990s, eds. Mya Than & Joseph L.H. Tan, ASEAN economic research unit (Singapore: Institute of Southeast Asian Studies, 1990), p. 4.

⁴⁵ Ibid.

All these factors are very essential factors that need to be looked at if one is to understand the relations between Thailand and Myanmar, particularly in terms of their conflicts and confrontations. The conflicts and confrontation between Thailand and Myanmar have resulted, in some respects, from the structural differences between the two countries, which have been rooted since the historical times and are concerned with national unity; democratization process and economic development. All three factors cannot be considered individually because all of them are connected. The differences became obvious after the Cold War had ended. Before, the two countries were largely unacquainted with each other's situation. The end of Cold War period broke the ideological barriers and provided conditions for the two countries to interact more frequently. The deterioration of Myanmar's economic situation pushed Myanmar to reach out to members of the world community, which immediately responded and, of course, Thailand was one of them.

But, while ideological barriers disappeared, structural differences did not. There were many new problems, arising from these differences, which became fundamental problems in Thailand-Myanmar relations since the late 1980s. For instance, structural differences brought about a flow of refugees from Myanmar, who fled from poverty and uncertainty in their homeland to Thailand, a land of perceived opportunities for a better life. The question of border demarcation became an issue, when the central authority of Myanmar for the first time reached the border areas, which used to be controlled by ethnic minorities. The projection of central Myanmar power also brought about problems of border intrusion, narcotics, natural resource exploitation, causing mutual distrust and misunderstanding, which have remained until today. Therefore, the study of relationships between Thailand and Myanmar needs to consider these factors as a set of fundamental factors that have an impact on the relations. Domestic conditions of the two countries are also very important and will now be examined in the following pages.

