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Jack Daulton
Charlotte Reith
Donald Seekins
Julian Wheatley
San San Hnin Tun
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THE NORTH WIND AND THE SUN
Japan’s Response To The Political Crisis in Burma, 1988-1998

Donald M. Seekins

Japan’s response to the political crisis in Burma after the establishment of the State Law and Order Restoration Council (SLORC) in September 1988 reflected the interests of powerful constituencies within the Japanese political system, especially business interests, to which were added other constituencies such as domestic supporters of Daw Aung San Suu Kyi’s struggle for democracy and those who wished to pursue ‘Sun Diplomacy,’ using positive incentives to encourage democratization and economic reform. Policymakers in Tokyo, however, approached the Burma crisis seeking to take minimal risks—a “maximin strategy”—which limited their effectiveness in influencing the junta. This was evident in the February 1989 “normalization” of Tokyo’s ties with SLORC. During 1989-1998, Japanese business leaders pushed hard to promote economic engagement, but “Sun Diplomacy” made little progress in the face of the junta’s increasing repression of the democratic opposition.

Introduction
Japanese parents often tell their children Aesop’s fable about the North Wind and the Sun, in which these two contest between themselves to see who can make a traveler take off his coat. The North Wind blows cold gusts on the traveler, but the harder he blows the more tightly the unfortunate man clutches the coat around his body. The Sun then pours down his warm rays, and in that way easily succeeds in getting the man to doff his garment.

The moral of the fable is that it is easier to get people to do what you want them to do through warmth and encouragement than through harshness. As a lesson in human relations, the story

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therefore teaches tolerance, patience, and acceptance rather than the "cold" measurement of human behavior against the standards of universal ethical principles. These sentiments resonate strongly with the cultural-ideological values of contemporary Japan, where non-judgmental, results-oriented consensus-building is emphasized and the exercise of raw power minimized (or, perhaps more accurately, concealed) in the interests of social harmony. This fact helps explain the fable's enduring appeal among the Japanese.

It is not surprising, then, that Japanese diplomats and journalists during the mid-1990s drew upon the imagery of the North Wind and the Sun to illustrate their government's approach to the ongoing political crisis in Burma. As one participant at an Amnesty International symposium in Tokyo commented: "It is said that Japanese policy is not to say 'stop ODA [official development assistance] in the manner of the North Wind's blowing, but to resolve matters little by little by warming things up like the Sun" (Amnesty International-Japan Branch 1995:68). The allusion here is to Japan's use of "quiet diplomacy" (shizuka na gaikō) or "quiet dialogue" (shizuka na taiwa) to nudge SLORC (the State Law and Order Restoration Council), little by little, in the direction of democratization and respect for human rights.¹

This approach differs markedly from the sharp criticisms and economic sanctions leveled against SLORC by the United States and Europe, and when Daw Aung San Suu Kyi was released in July 1995 after nearly six years of house arrest, Japanese diplomats were quick to attribute the action to the superior effectiveness of their government's "sun diplomacy" (taiyō gaikō) (Asahi Shimbun 1995). Still, critics both within Japan and abroad have frequently accused the government of using "quiet dialogue" as a front for a "business as usual" status quo. That this skepticism persists is no doubt partly because business, bureaucratic, and political elites are so closely intertwined within the domestic political system. It is often difficult for outside observers to track the decision-making process and to discover precisely who advocated a given policy, and for what reasons.

But while it is true that economic interests have been top priority in Japanese foreign policy since the end of World War II, when an "economics first" strategy was deemed essential to national

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¹ In November 1997, the State Law and Order Restoration Council (SLORC) changed its name to the State Peace and Development Council (SPCD).

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survival and prosperity, the political crisis in Burma has nonetheless inspired a genuine debate (of a scope perhaps unequalled in the nation's postwar history) concerning the proper nature of Japan's international responsibilities. In particular, Japan's leaders have found it necessary to modify "economics first" in light of ongoing events involving Aung San Suu Kyi, whose image has catalyzed a heightened awareness of international human rights issues that previously had generated little interest within Japan's characteristically inward-looking society.

This debate, then, explains the ambiguity in Tokyo's Burma policy since 1988 and the coexistence of at least three identifiable Burma policy "constituencies" within the political system. The first of these, the human rights constituency, consists of progressive journalists, intellectuals, lawyers, certain members of the Diet, domestic non-governmental organizations (Amnesty International-Japan, the People's Forum on Burma), and Burmese expatriate organizations in Japan (such as the Burma Youth Volunteer Association-Japan), all of whom take a critical position vis-à-vis SLORC and advocate censuring the regime through means similar to those adopted by many governments in the West. Although limited in resources and popular support, this constituency cannot be ignored because of its policy affinities with some of Japan's major trading partners.

The business constituency, which includes government agencies (especially the Ministry of International Trade and Industry), business associations (such as Keidanren or "Federation of Economic Organizations," the most important business association in Japan), individual corporations, and a coterie of powerful conservative politicians, has far greater influence within Japan than does the human rights constituency. Even so, for several reasons business has not yet gotten what it wants in Burma—the large-scale resumption of loan projects, including new projects. First, although Japanese leaders view Burma as important in terms of economic potential and geographical proximity, it is less central to the nation's interests than are China and the more developed ASEAN states, whose business environments are much less risky. (Vietnam in particular has competed successfully with Burma to attract Japanese capital during the early and mid-1990s.) A second reason is that SLORC has failed to effectively manage its unpaid yen-denominated debt, an understandable concern for Japan's foreign policy makers. A third and final reason is that the international stature of Daw Aung San
Suu Kyi makes it impossible for the Japanese government to reward SLORC with full economic engagement. Despite these negative (to business) aspects, however, Tokyo’s Burma policy does ensure Japan a significant yet relatively low-risk economic presence inside the country, thus allowing the private sector to be poised for full engagement as soon as political conditions change for the better.

Between the human rights and business factions (and especially inside the Japanese Ministry of Foreign Affairs) stands the Sun Diplomacy constituency, which in 1989 succeeded in normalizing relations with Burma and resuming committed ODA funds in an attempt to buy time within which SLORC and the democratic opposition could work out their differences. This process constitutes the main focus of the present article, and my analysis therefore recounts in detail the events surrounding normalization, including the important roles played by Japanese business interests on the one hand and Daw Aung San Suu Kyi on the other. In addition, I will consider the following specific questions:

(1) To what extent do Burma-Japan relations since 1988 represent a departure from the “economics first” approach that has dominated Japan’s foreign relations since the end of the Pacific War?

(2) Has Sun Diplomacy been successful? What alternative policy might have been, or in future could be, more effective in modifying SLORC’s behavior?

I conclude by summing up the two principle themes inherent in Japan’s Burma policy and speculating on the prospects for resolution of the ongoing political crisis in Burma.

The February 1989 Normalization of Relations
Closing, then Reopening, the ODA Pipeline

Nineteen eighty-eight, the “year of rage,” caught most foreign observers in Burma by surprise. Much of the Tarmadaw’s (Burma’s armed forces) violence against the largely unarmed demonstrators in August and September of that year took place in the central districts of Rangoon, where modest numbers of foreign diplomats were posted. Among those on the scene who disapproved of the military’s actions was Ohtaka Hiroshi, Japan’s ambassador to Burma. In
protest, Ohtaka later joined the ambassadors of the United States and of several Western European countries in boycotting the regime’s celebration of Independence Day on 4 January 1989 (Lintner 1989). SLORC already held Ohtaka responsible for Tokyo’s September 1988 decision to suspend flows of official development assistance (ODA) to Burma; now in early 1989 the Japanese government assumed an even more critical stance toward the junta and moved for disengagement.

This action was in line with similar responses by other industrialized democracies (Lintner 1989a:195), and many foreign observers were impressed by how decisive it appeared. But it may not have been as decisive as many believed. U.S. State Department sources have told this writer that, Ambassador Ohtaka’s influence notwithstanding, Tokyo was reluctant to halt its aid flows to Burma and did so only after considerable pressure from Washington (personal communication, Okinawa, Japan, September 17, 1992). If this is true, then Tokyo’s unexpected (for many observers, at least) decision on 17 February 1989 to rescind the policy of disengagement and restore normal relations with SLORC is not surprising. As explained by a Foreign Ministry spokesman in Tokyo, the February 1989 move for normalization was predicated on two legal considerations: 1) SLORC enjoyed effective control over most of the country (actually a questionable premise, since minority insurgencies in the border areas remained strong); and 2) it had broken no international laws or treaties. The same spokesman further claimed that official recognition of SLORC would enable Japan to open a channel of communication to the junta through which it could encourage democratic reform in the government and liberal reform in the economy (personal communication, Tokyo, 6 February 1991).

Other Japanese officials explained normalization in terms of Japan’s practice of conducting foreign relations on a “government-to-government” rather than “state-to-state” basis. By this they mean that when a foreign government changes due to extralegal means, such as a coup d’état, the Japanese government must make an explicit decision about whether the new regime should be recognized and normal diplomatic relations restored.² According to

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²This explains why, when talking with SLORC officials in late 1988 urging political stabilization, Ambassador Ohtaka was careful to emphasize that their discussions did not constitute Tokyo’s formal recognition of SLORC (Biruma Joohoo, 1988).

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these sources, the United States and the countries of Europe, which operate on the “state-to-state” basis, never had to make such a decision in the case of Burma since normal diplomatic ties remained in place.

In the wake of normalization, the Japanese government resumed disbursement of ODA for six grant projects worth a total of ¥9.1 billion and 19 loan projects totaling ¥125.0 billion (Satô 1992:23). Between 1989 and 1994, no new aid projects were approved apart from debt-relief grants and small-scale humanitarian aid (see Table 1, Japanese Aid Projects in Burma, 1989-1994). But by releasing formerly committed ODA, Tokyo broke ranks with the other industrialized democracies, which had frozen virtually all ODA disbursements. Germany, for example, had been Burma’s second-largest donor of ODA (after Japan) through the 1970s and 1980s, yet Bonn shut down all projects except for three small technical cooperation programs that reached completion in 1993 (correspondence from the Institut fur Asienkunde, Germany, April 28, 1994).

As might have been expected, Japan’s normalization of ties with SLORC evoked considerable international criticism. One Western diplomat described the move as “shocking and capricious,” adding that it “just proves you cannot trust Japan to behave responsibly” (Richburg 1989:A20). Aung San Suu Kyi, at the time a relatively unknown figure outsider her own country, expressed similar disfavor, commenting simply that “I think it would have been so much better if people could put human rights issues above economic issues, especially in a country like Burma where the human rights issue is so pressing” (Foreign Broadcast Information Service 1989:39-40).

<table>
<thead>
<tr>
<th>Year</th>
<th>Yen Loan Category</th>
<th>Grant Category</th>
<th>Technical Cooperation Category</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Trainees accepted: 1, 536 persons</td>
<td>Specialists sent: 548 persons</td>
<td>Trainees accepted: 1, 536 persons</td>
</tr>
<tr>
<td></td>
<td>Project tech. coop.: 12 cases</td>
<td>Development surveys: 25 cases</td>
<td>Project tech. coop.: 12 cases</td>
</tr>
</tbody>
</table>

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Table 1, continued

<table>
<thead>
<tr>
<th>Year</th>
<th>Yen Loan Category</th>
<th>Grant Category</th>
<th>Technical Cooperation Category</th>
</tr>
</thead>
</table>
| 1990 | none              | Debt relief grant: ¥35 oku | Trainees accepted: 22 persons
|      |                   |                 | Specialists sent: 46 persons
|      |                   |                 | Evaluation groups sent: 11 persons
|      |                   |                 | Machinery donated: ¥1.0 oku
|      |                   |                 | Project tech. coop.: 3 cases
|      |                   |                 | Funds for tech. coop.: ¥3.7 oku |
| 1991 | none              | Debt relief grants (2): ¥50 oku | Trainees accepted: 16 persons
|      |                   |                 | Specialists sent: 20 persons
|      |                   |                 | Evaluation groups sent: 9 persons
|      |                   |                 | Machinery donated: ¥1.4 oku
|      |                   |                 | Project tech. coop.: 2 cases
|      |                   |                 | Funds for tech. coop.: ¥3.9 oku |
| 1992 | none              | Debt relief grants (2): ¥40 oku | Trainees accepted: 10 persons
|      |                   |                 | Specialists sent: 17 persons
|      |                   |                 | Evaluation groups sent: 4 persons
|      |                   |                 | Machinery donated: ¥1.4 oku
|      |                   |                 | Project tech. coop.: 2 cases
|      |                   |                 | Funds for tech. coop.: ¥4.1 oku |
| 1993 | none              | Debt relief grants (3): ¥62 oku
|      |                   | Grass-roots project grants (3): ¥18 million | Trainees accepted: 11 persons
|      |                   |                 | Specialists sent: 14 persons
|      |                   |                 | Evaluation groups sent: 7 persons
|      |                   |                 | Machinery donated: ¥1.0 oku
|      |                   |                 | Project tech. coop.: 2 cases
|      |                   |                 | Funds for tech. coop.: ¥3.2 oku |
| 1994 | none              | Debt relief grants (3): ¥120 oku
|      |                   | Aid for increasing food production: ¥10 oku
|      |                   | Grass-roots project grants (6): ¥42 mil. | Trainees accepted: 45 persons
|      |                   |                 | Specialists sent: 18 persons
|      |                   |                 | Evaluation groups sent: 35 persons
|      |                   |                 | Machinery donated: ¥0.4 oku
|      |                   |                 | Project tech. coop.: 2 cases
|      | Total funds allocated by 1994: ¥4,030 oku | Funds for tech. coop.: ¥4.0 oku |
|      |                   |                 | Trainees accepted: 1,640 persons
|      |                   |                 | Specialists sent: 663 persons
|      |                   |                 | Inspection groups sent: 1,341 persons
|      |                   |                 | Machinery donated: ¥45 oku |
|      |                   |                 | Total funds allocated by 1994: ¥166 oku |
|      | Total funds allocated by 1994: ¥1,259 oku | Funds allocated 1989-94: ¥318 oku |

* at ¥100 = US$1.00. ¥100 million (ichi oku) is US$1.0 million. Oku (100,000,000) is a commonly used unit in Japanese accounting.

Source:

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The Smoking Gun
The Japanese government's motives for re-establishing ties with Burma were placed under considerably more scrutiny when it was discovered that the Japan-Burma Association (Nihon-Biruma Kyōkai, now known as the Nihon-Myanmar Kyōkai, or Japan-Myanmar Association, to reflect the change in the country's official name in 1989) had submitted a petition to the prime minister on 25 January 1989 requesting normalization and a resumption of aid flows. The petition emphasized that Japanese companies were liable to sustain huge losses on procurement of goods and services if ODA remained frozen. Drawing on the rhetoric of Burma's "historic friendship" with Japan, the petition also pointed out that non-recognition of SLORC would make it impossible for Burma to send an official representative to the funeral of the Shōwa Emperor, Hirohito, scheduled for February 24, 1989 (Nihon-Biruma Kyōkai 1989).

According to Japanese Ministry of Foreign Affairs sources, the close timing between the Japan-Burma Association's petition and the government's decision to recognize SLORC was purely coincidental (personal communication, Tokyo, 6 February 1991). For critics of Japan's foreign policy, however, the petition was a "smoking gun" that illustrated how Tokyo prioritizes economic interests above all else in its foreign policy-making. The Association's corporate members at the time constituted a veritable business constituency honor roll, including many of Japan's largest trading and manufacturing companies (See Table 2, Membership of the Japan-Myanmar Association in 1995), and to think that the petition did not play a part in the decision to normalize relations seemed naïve to critics. Moreover, that the decision might have been motivated by economic interests at a time when Burma was under international scrutiny for human rights violations irked the ethical sensibilities of many observers. Japanese Burma specialist Professor Saitō Teruko, for instance, commented in a 1992 article that the Japan-Burma Association petition incurred the ire of Burmese people struggling for the realization of democracy in their homeland. An appeal to the Japanese government dated March 1, 1989, from the Association of Burmese in Japan, spelled out the reasons for opposing the Japanese stance. At a time when the military junta was suppressing human rights
under martial law conditions, withholding, not granting, recognition and aid would help and encourage the Burmese people, the group said. . . . Finally, the group claimed, the aid was not for the Burmese people but was to protect the interests of Japanese companies involved (Saitō, 1992:22, 23).

Whatever the blend of motives behind normalization, it seems clearly to have been a product of “quiet dialogue.” According to a report in the *Far Eastern Economic Review*, an “unofficial mission” from Tokyo, including a representative from the Ministry of International Trade and Industry (MITI, the agency most closely tied to business interests), visited Rangoon in early February 1989 and held talks with Ohn Gyaw, a high-ranking official in Burma’s Ministry of Foreign Affairs (Holloway 1989:21). So low profile was the mission that its activities were apparently unknown even to the Japanese embassy in Rangoon. The delegation gained Ohn Gyaw’s assurance that SLORC would publish a draft multiparty election law by early March. SLORC apparently held true to Ohn Gyaw’s word, for the day before normalization was announced it released to the public a schedule for holding these elections (Holloway 1989:21). This was cause for optimism in Tokyo, for the prospect of new elections made it appear that Sun Diplomacy was helping to resolve Burma’s political and humanitarian crises while still allowing Japan an effective economic presence in the country.
TABLE TWO: Membership Of The Japan-Myanmar Association
(formerly the Japan-Burma Association), 1995

<table>
<thead>
<tr>
<th>Person or Company Name</th>
<th>Type of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advisor</td>
<td>former prime minister</td>
</tr>
<tr>
<td>Suzuki Zenkô</td>
<td></td>
</tr>
<tr>
<td>Chairperson</td>
<td>member of parliament</td>
</tr>
<tr>
<td>Ohtaka Yoshiko</td>
<td></td>
</tr>
<tr>
<td>Deputy Chairpersons</td>
<td></td>
</tr>
<tr>
<td>Otabe Ken'ichi (position not recorded)</td>
<td></td>
</tr>
<tr>
<td>Tanaka Yoshinori, chairman Nichimen</td>
<td>general trading company</td>
</tr>
<tr>
<td>Managing Director/Trustee</td>
<td></td>
</tr>
<tr>
<td>Suzuki Toshibo</td>
<td></td>
</tr>
<tr>
<td>Trustees: High-ranking officers of the following companies</td>
<td></td>
</tr>
<tr>
<td>Nichimen</td>
<td>general trading company</td>
</tr>
<tr>
<td>Kashima Kensetsu</td>
<td></td>
</tr>
<tr>
<td>Kanematsu</td>
<td>general trading company</td>
</tr>
<tr>
<td>Mitsui Bussan</td>
<td>general trading company</td>
</tr>
<tr>
<td>Mitsubishi Shōji</td>
<td>general trading company</td>
</tr>
<tr>
<td>Nishoo Iwai</td>
<td>general trading company</td>
</tr>
<tr>
<td>Nippon Kōei</td>
<td>engineering consultants</td>
</tr>
<tr>
<td>Sumitomo Shōji</td>
<td>general trading company</td>
</tr>
<tr>
<td>Kinshō Mata'īchi</td>
<td>general trading company</td>
</tr>
<tr>
<td>Mitsubishi Heavy Industry</td>
<td>manufacturing—heavy machinery</td>
</tr>
<tr>
<td>Daimaru</td>
<td>department store</td>
</tr>
<tr>
<td>Tōmen</td>
<td>general trading company</td>
</tr>
<tr>
<td>Tsukishima Machinery</td>
<td>builder of turnkey plants, factories</td>
</tr>
<tr>
<td>Auditors</td>
<td></td>
</tr>
<tr>
<td>Fuji Bank</td>
<td>financial</td>
</tr>
<tr>
<td>Bank of Tokyo (now the Tokyo-Mitsubishi bank)</td>
<td>financial</td>
</tr>
<tr>
<td>Honorary Trustee</td>
<td></td>
</tr>
<tr>
<td>Isogai Minoru (position not recorded)</td>
<td></td>
</tr>
<tr>
<td>Corporate Members</td>
<td></td>
</tr>
<tr>
<td>Hino Motors</td>
<td>manufacturing-trucks</td>
</tr>
<tr>
<td>Overseas Cargo Inspection Kubota</td>
<td>cargo inspection services</td>
</tr>
<tr>
<td>Japan Air Lines</td>
<td>manufacturing-farm and electrical equipment</td>
</tr>
<tr>
<td>Mazda</td>
<td>air transportation</td>
</tr>
<tr>
<td>Kokusai Denshin/Denwa (KDD)</td>
<td>manufacturing-automobiles</td>
</tr>
<tr>
<td>Toyota Motors</td>
<td>communications</td>
</tr>
<tr>
<td>Toda Construction</td>
<td>manufacturing-automobiles</td>
</tr>
<tr>
<td>Burma Oil Development</td>
<td>construction</td>
</tr>
<tr>
<td>Tōfuku</td>
<td>energy resources (Buddhist temple)</td>
</tr>
<tr>
<td>Satake Manufacturing</td>
<td>manufacturing—food processing machinery</td>
</tr>
<tr>
<td>Ohbayashi Gumi</td>
<td>construction</td>
</tr>
<tr>
<td>Mitsubishi Motors</td>
<td>manufacturing—vehicles</td>
</tr>
<tr>
<td>Dai Nippon Engineering</td>
<td></td>
</tr>
</tbody>
</table>

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**Japan's Response to the Political Crisis in Burma**

| Corporate Members, cont. | warehouses, harbor transport
| Nissei | construction
| Taisei Construction | engineering consultants
| Nyū Jekku | architectural consultants
| Yamashita Sekkei | manufacturing-electrical goods
| Matsushita Electrical | general trading company
| Kashū | trading company
| Daishin Jitsugyō | general trading company
| Tokyo Maruichi Shōji | research
| CRC Research Center | port transport, intermodal transport
| Nisshin | construction equipment, heating/cooling equipment
| Taisei Equipment | energy resources
| Japan Oil Development | research

**Associate Corporate Members**

| Mūtsui Bussan Trade and Economic Research Center | research
| Gendai Bunka Research Center | research

**Individual Members**

| also listed, numbering 52 persons |

Sources:


**Normalization as a Maximin Strategy**

Perhaps the best way of viewing normalization is as Tokyo's "maximin strategy," to adopt American philosopher John Rawls's term for the process of ranking alternatives by their worst-case scenarios so as to adopt the one whose "worst possible outcome . . . is superior to the worst possible outcome of the others" (Rawls 1971:152, 153). When applied to Japan's policy alternatives vis-à-vis Burma, this strategy reveals the following schema:

<table>
<thead>
<tr>
<th>Policy Alternative</th>
<th>Worst Case Scenario</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normalization but no ODA funds</td>
<td>Significant loss of influence inside Burma; Japan replaced by Asian competitors in Burmese markets</td>
</tr>
<tr>
<td>&quot;Business as Usual&quot;</td>
<td>Misuse of funds on inappropriate ODA projects; a new, disruptive issue in Japan's relations with Western countries</td>
</tr>
<tr>
<td>Normalization and flow of committed ODA resumed</td>
<td>Partial but not complete loss of influence inside Burma; limited criticism of Japan by Western countries</td>
</tr>
</tbody>
</table>

The first policy alternative (normalization but no ODA funds) was found unacceptable on several counts. First, the commercial
markets and political influence that would be put at risk had been patiently built up over the thirty-four years since the signing of the Burma-Japan peace treaty and war reparations agreement in 1954, and they were much too valuable to jeopardize. Moreover, Japan’s business constituency warned that the cancellation of all aid projects in Burma not only would cause large losses to important Japanese companies but also would set a worrying precedent for policy toward other recipient countries in Asia—especially China and Indonesia—with far larger markets. Finally, a firmer policy toward SLORC likely would be most effective only immediately, during the junta’s first few years in power, when it was both organizationally weak and starved for cash. Within that time, Japan might possibly ease the regime into a more flexible posture by withholding all aid pending democratic reforms, but even that would involve major risks, since SLORC’s xenophobia, coupled with the ready availability of economic support from neighboring countries, might make the regime more resistant to Japan’s assertive intrusion into its domestic affairs.

The second, “business as usual,” alternative was also unacceptable. For one thing, such a policy would doubtless arouse strong criticism from Japan’s Western allies. Perhaps more significantly, however, Japan’s aid program in Burma already had been subject to critical scrutiny within the government even prior to 1988. Disbursements of loan funds for new major projects had in fact ceased in 1986 (Ministry of Foreign Affairs, Japan, 1995: vol. 2, 157), and many policymakers questioned the overall ability of Ne Win’s socialist economy effectively to utilize large-scale ODA. During a visit to Japan on the eve of the political crisis in March 1988, Burmese deputy prime minister U Tun Tin was advised by Japan’s prime minister and minister of finance that basic economic reforms were in order. According to economist David I. Steinberg, this “remonstrance” of U Tun Tin was a “major event in Burma’s contemporary economic history” and set a “precedent” for Japan. “Perhaps never before,” says Steinberg, “had Japan unilaterally laid down the requirement for policy changes on the part of a recipient” (Steinberg 1990: 67). That Tokyo’s concern for the bottom line persisted through the period of normalization is clear from the comment of one Ministry of Foreign Affairs official to this writer in 1991 that the Ministry of Finance was becoming increasingly concerned lest more government funds be poured into a country that already by the late 1980s was unable to pay back an estimated
US$5.0 billion foreign debt (personal communication, Tokyo, February 6, 1991).

The third policy option, normalization with release of already committed ODA, therefore represented a compromise between two alternative policies, each of which would have had high costs for powerful interests within Japan’s political system. By rejecting them and adopting instead the plan for re-establishing normal relations and reopening the pipeline of committed aid, Japan hoped to retain considerable residual influence in Burma while SLORC consolidated its hold on power and embarked on a promising policy of economic liberalization. At worst, no further funds would be committed, and criticism from the West would be kept within manageable proportions.

Japan’s Economic Presence in Burma after 1988

Foreign Aid
From 1979 until the political turmoil and subsequent stoppage of ODA in 1988, Burma was consistently one of Japan’s “top ten” aid recipients. For the 1980-1988 period, for instance, Japanese loans and grants constituted 64.9 percent of all OECD Development Assistance Committee (DAC) bilateral disbursements, with totals averaging US$157.8 million annually. Although no major new aid projects were initiated after normalization, Japan remained Burma’s largest aid donor after 1989, contributing an average US$71.6 million of aid per annum for the period 1989-1993, a figure accounting for 81.8 percent of all DAC disbursements to Burma. Much of this aid took the form of debt relief, and from 1990 to 1994 the Japanese government awarded Burma with debt-relief grants amounting to ¥30.7 billion (approximately US$300.0 million at US$1.00=¥100), with additional monies being given after that time. Following United Nations guidelines concerning Least Developed Countries, debt from Japan serviced by SLORC was converted by the Japanese government into grants for use by the regime (Amnesty International-Japan Branch 1995:77, 78). As a result of these programs, and despite the continued freeze on new projects, in 1991 Burma had again become one of the “top ten” recipients of Japanese aid (ranked tenth; see Table 3, Japan’s Bilateral Official Development Assistance to Burma, 1979-1993).

As the figures above and in Tables 1 and 3 suggest, the amount of post-normalization grants and prior-existing ODA was
<table>
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<tbody>
<tr>
<td><strong>Total ODA</strong></td>
<td>259.1</td>
<td>231.3</td>
<td>203.4</td>
<td>208.0</td>
<td>215.7</td>
<td>148.7</td>
<td>253.2</td>
<td>307.7</td>
<td>240.7</td>
<td>332.7</td>
<td>89.9</td>
<td>83.1</td>
<td>105.9</td>
<td>82.7</td>
<td>77.3</td>
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<tr>
<td><strong>Japan ODA</strong></td>
<td>178.0</td>
<td>152.5</td>
<td>125.4</td>
<td>103.9</td>
<td>113.4</td>
<td>95.4</td>
<td>154.0</td>
<td>244.1</td>
<td>172.0</td>
<td>159.6</td>
<td>71.4</td>
<td>61.3</td>
<td>84.5</td>
<td>72.1</td>
<td>68.6</td>
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<tr>
<td>% total ODA</td>
<td>(68.7 )</td>
<td>(65.9)</td>
<td>(61.7)</td>
<td>(50.0)</td>
<td>(52.6)</td>
<td>(64.2)</td>
<td>(60.8)</td>
<td>(79.3)</td>
<td>(71.5)</td>
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<td>(79.4)</td>
<td>(73.8)</td>
<td>(79.8)</td>
<td>(87.2)</td>
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<tr>
<td>% of total</td>
<td>(9.0 )</td>
<td>(7.6 )</td>
<td>(5.5 )</td>
<td>(4.4 )</td>
<td>(4.7 )</td>
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<td>(4.0 )</td>
<td>(1.0 )</td>
<td>(0.9 )</td>
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<td>Japan ODA</td>
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<tr>
<td>Burma's rank as recipient</td>
<td>4</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>6</td>
<td>7</td>
<td>5</td>
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<td>15</td>
<td>13</td>
<td>10</td>
<td>12</td>
<td>14</td>
</tr>
</tbody>
</table>

1. total net bilateral official development assistance disbursed by counties of the OECD's Development Assistance Committee (D.A.C.)
2. grant and loan funds disbursed by the Japanese government to Burma
3. Japan's ODA to Burma as percentage of D.A.C. total to Burma
4. ODA to Burma as percentage of Japan's total bilateral ODA
5. Ranking in top fifteen of Japan's ODA recipients

considerable and contributed significantly to the SLORC-era economy. This fact is corroborated by Burmese government reports, which show that Japan remained the largest single-country source of imports in the post-1988 period, accounting for 40.3 percent of imports in FY1987-88, 16.3 percent in FY1990-1991, and 28.6 percent in FY1992-1993 (Economist Intelligence Unit 1995:94). Japan’s continued importance as an exporter to Burma seems to reflect in large measure the procurement of goods in Japan by contractors seeking materials for on-going aid projects such as the Ngawun Bridge, located near Rangoon and completed in June 1991. Originally funded by a ¥1.5 billion grant in 1986, the bridge was described in a 1992 article in the Japan Times as a successful example of technology transfer, since Burmese rather than Japanese engineers played the major role in its construction. However, a comment made by one of these engineers suggests that the project was also very dependent upon material imports: “(b)ecause there are many rivers in our country, we have to construct many more bridges. If we can get construction material from Japan, we are confident that we can build longer bridges” (Japan Times 1992, my italics). A second pre-existing project for which funds were released was the Nawin Dam, located near the city of Prome (Pyay) in central Burma and originally funded by ¥8.0 billion in Japanese loans. In June 1992 work on the dam resumed, and construction was eventually completed in 1995 (Japan Times 1995a).

**Japanese Companies in Burma**

During the 1989-1994 period, private Japanese companies operating in Burma could be divided roughly into two categories: 1) small firms that operated outside the Japanese business mainstream and dared to enter a high-risk business environment, and 2) large-scale general trading companies, known as sōgō shōsha, that existed at the heart of the business establishment but were adapted to high-risk, low-profit markets such as those in Burma. An example of the smaller, non-mainstream type of firm is Daichi, a signboard manufacturer that joined with SLORC in the early 1990s to establish the Myanmar-Concord Development Organization (MCDO). According to the Bangkok Post, MCDO’s intent was to build “an entire new city” in the Rangoon area, including a new airport, “almost 4,000 man-made lakes,” resorts, a highway system, and high technology telecommunications systems. Total capital investment over 15 years was estimated at US$15.0 billion, and the new city was
projected to reach up to four million in population by the year 2001 (Bangkok Post 1990). Although MCDO established an office in the plush Akasaka district of central Tokyo, by 1992 its ambitious plans had evaporated and the office was closed. Another small company, MCG (Mimatsu Construction Group), played a central role in the 1989-90 sale to Japanese buyers of land belonging to the Burmese Embassy in Tokyo, thus securing an estimated ¥60.0 billion in revenues for the cash-starved SLORC regime (Tokyo Broadcasting System 1994; Dawn 1990:13). In 1990, MCG also entered into a joint venture contract to build a US$45.0 million hotel in Rangoon (Burma Action Group 1996:44).

The most important role in Burma-Japan economic relations, however, has traditionally been played by the sōgō shōsha, one example of which is the Marubeni trading firm, which holds a major share of the procurement contracts for the ¥27.0 billion Mingaladon Airport modernization project. The sōgō shōsha, which regularly act as intermediaries for generally risk-averse Japanese manufacturing firms, are ideally positioned to obtain procurement contracts linked to Japanese ODA. According to one observer, these companies enjoy excellent access to local powerholders and sources of information and are therefore able to act as “an unofficial proxy for the Japanese government, which for political reasons cannot cooperate too closely with the ruling junta” (Sender 1996:48). Having adopted a “watch and wait” attitude on future ODA projects after 1988, by the mid-1990s the sōgō shōsha were lobbying energetically for new projects funded by yen loans. Many of these companies were corporate trustees of the Japan-Myanmar Association (see Table 2).

Although not entirely reliable, figures for the SLORC era indicate that, contrary to what one might expect, Japanese companies have invested less, not more, heavily in Burma than have companies of other nations, including those in the West. Statistics for the period from 1988 to mid-1995, for example, reveal that Japan’s total private investment of US$107.0 million ranked a modest seventh among foreign investors and fell below the levels of Britain, France, and the United States. French and American oil companies in particular invested heavily in Burma during these years (Economist Intelligence Unit 1995:41).

In 1994, however, Keidanren, Japan’s Federation of Economic Organizations, stepped up pressure for full economic engagement by sending a special mission of some fifty business leaders to Rangoon on June 15-18 (Tokyo Broadcasting System 1994; Myanmar
Headed by Marubeni chairman Haruna Kazuo (an appropriate choice as chief delegate, since Marubeni wanted a re-start of ODA for the Mingaladon Airport modernization project), the mission met with top SLORC and other government leaders, including Khin Nyunt, Than Shwe, and David O. Abel, and was quite successful in promoting the interests shared by the business constituency and SLORC.

Following this initial success, a number of high-profile Japanese companies sent their own investigative groups to Burma, or at least made commitments to investing in the country. The first of these were financial firms. In late 1994, for instance, Daiwa Securities, one of Japan’s “big four” securities trading houses, signed a memorandum of understanding with SLORC to assist in the establishment of a Rangoon stock exchange (Far Eastern Economic Review 1994a:65). In March 1995, the Bank of Tokyo (now Tokyo-Mitsubishi Bank, Japan’s largest) became the first Japanese bank to reopen its Rangoon office (closed since 1984), and later that year Fuji Bank followed suit.

Soon companies of other kinds became interested in pursuing business opportunities in Burma. In February 1996, for example, the sōgō shōsha Mitsui Bussan (Mitsui Trading Company) made an agreement with Burma’s Ministry of Construction to build a 9,600 square meter industrial park north of Rangoon (Sender 1996:48), while in April the same firm joined the American and French oil companies Unocal and Total, respectively, in signing a memorandum of understanding with SLORC to exploit the Yadana natural gas field in the Andaman Sea. The planned joint venture was budgeted at US$700.0 million and included three interrelated projects: construction of a 250 kilometer pipeline to southern Burma; connection of the pipeline with an electric power plant; and construction of a urea fertilizer production facility (Asahi Shimbun 1996; Economist Intelligence Unit 1996:19).

A Departure from ‘Economics First’?
Apart from the alliance with the United States, which placed postwar Japan within the anti-communist camp during the Cold War, Japanese foreign policy has generally focused on economic interests, with foreign aid being the primary policy instrument. So important was foreign aid that by the early 1990s Japan had surpassed the United States as the world’s largest donor, in monetary terms, of ODA. The implication of this strong economic
orientation in aid policy is that generous loans or grants could be given to governments such as those of Ne Win’s Burma, Marcos’ Philippines, or Suharto’s Indonesia despite their corrupt or authoritarian nature. Soon after the establishment of SLORC, a leading Japanese economist reflected this view in commenting on the importance of keeping politics out of aid policy:

This is a difficult problem. I may be misinformed, but because aid is a part of diplomatic relations between countries, there is no other alternative but to work with the existing political regime. For example, there was criticism that aid to the Philippines supported the Marcos dictatorship. But there was a flood in Manila, and without pumps donated by Japanese ODA, the downtown areas of the city would have been inundated. This was an important issue no matter who the leadership was in terms of the people’s livelihood and health. (Gaikō Forum 1988:34, 35)

However, the 1989-1996 period did see a partial disengagement from “economics first” in Japan’s Burma policy. This was done through the implicit promise to resume ODA on the generous levels of the 1980s should SLORC begin political reform or at least take a softer line vis-à-vis the democratic opposition. Furthermore, the government of Prime Minister Kaitō Toshiki announced in 1991 guidelines that included democratization and basic human rights as factors to be taken into consideration in formulating aid policy toward specific countries (Japan Times 1991). These guidelines, formally adopted the following year as the “Fundamental Principles of ODA” (Seifu kaihatsu enjo Teikō), stipulate that, with respect to ODA allocations,

1. environmental issues as well as economic issues in the recipient country be considered;
2. ODA not be used for military purposes or for the promotion of international conflicts;
3. full consideration be paid to the recipient country’s military spending, procurement of weapons of mass destruction, development/production of missiles, and export/import of weapons; and
(4) full consideration be paid to the possibility of promoting a democratic government, a market economy, and the observance of basic human rights in the recipient country (Ministry of Foreign Affairs, Japan 1995: vol. 1, 46-51).

Skeptics regarded the Fundamental Principles, especially the one dealing with democratization and human rights, as little more than window-dressing designed to placate Japan’s Western allies. This indeed seems to have been the case in the mid-1990s, for two of Japan’s largest recipients of ODA during those years—the People’s Republic of China and Indonesia—had notoriously repressive governments. Despite that fact, Japan had been the first country to resume large-scale aid to China after the June 1989 Tiananmen Massacre; and the East Timor crisis, including a November 1991 incident in which as many as 180 unarmed demonstrators were killed by the Indonesian army outside a Timorese Catholic church, only minimally impacted on the flow of ODA funds between Tokyo and Jakarta.

These issues highlight a significant problem with the Fundamental Principles—that being the lack of clearly defined guidelines for their application. At the aforementioned Amnesty International symposium in Tokyo, an official of Japan’s Ministry of Foreign Affairs hinted at the equivocal nature of the Principles as follows:

Although the Fundamental Principles of ODA have four points, these are not necessarily a ‘negative checklist’. Should [a recipient country] not meet one criterion, this doesn’t mean that ODA will be stopped. Rather, a decision is made comprehensively, taking all factors into consideration. (Amnesty International-Japan Branch 1995:69)

Such statements help explain Japan’s official position with respect to SLORC’s qualifications for ODA under the Four Fundamental Principles. In the face of criticism that Tokyo’s stance was excessively optimistic, even easy-going, government spokesmen argued that SLORC’s economic liberalization policies justified some form of continuing ODA engagement, since this would encourage the regime to move further toward a free market economy. Tokyo
also saw fit to interpret the National Convention of January 1993, convened by SLORC for the purpose of drafting a new constitution, as a sincere gesture towards transfer to civilian rule, thus legitimating certain foreign policy concessions.

Still, the wisdom of Tokyo’s leniency toward SLORC remains questionable given the regime’s high levels of military spending. In terms of proportion of total government spending, Burma’s defense budget is one of the largest in the world, and by the mid-1990s the Burmese land army was the second largest in Southeast Asia, next only to that of war-battered Vietnam. Such facts seem clearly contrary to the spirit of the Four Principles of ODA funding and suggest that the business constituency’s influence on the conduct of relations with Burma remains strong.

**Aung San Suu Kyi as a Factor in Burma-Japan Relations**

For most Japanese citizens who followed world affairs in the 1990s, Aung San Suu Kyi was a charismatic and attractive figure. Because she is Asian, they may have identified with her more easily than with other internationally prominent human rights advocates such as Bishop Desmond Tutu of South Africa or Rigoberta Menchu of Guatemala, who both share with Daw Suu Kyi the distinction of having won the Nobel Peace Prize. The fact that Suu Kyi’s father, Aung San, had a close historical association with Japan, made the connection between Suu Kyi and the Japanese public even more direct.

After her house arrest, and especially after she received the Nobel Peace Prize in October 1991, a number of books were written about Suu Kyi in Japanese. In addition, a collection of her writings, *Freedom from Fear*, was translated into Japanese and published in 1991, and a translated collection of her speeches was published in 1996 (Aung San Suu Kyi 1991; Aung San Suu Kyi 1996). In 1994, she even made it into the world of manga (Japanese book-length comics) when one manga publisher came out with the story of her life, *Aung San Suu Kyi: Tatakau kujaku* [Aung San Suu Kyi: The fighting peacock] as part of its “Super Nobel Prize Stories” series (Akazu 1994). In the comic, Suu Kyi and her husband, Michael Aris, are portrayed as examples of the bishōnen (beautiful young people) types popular with Japanese readers (see Figure 1).

The Japanese news and broadcast media, including the state-run television network, NHK, gave Suu Kyi fairly extensive coverage. In a 1991 historical program on wartime Japanese
assistance for the Burmese independence movement, she was mentioned as Aung San’s daughter, implying that she is the inheritor of his patriotic legacy (Nippon Hōsō Kyōkai 1991). Commercial television stations also featured her activities in programs such as the TBS (Tokyo Broadcasting System) Sunday evening news analysis program, Jōhō Tokushū [News special edition]. Japanese newspapers, and especially the more liberal dailies like the Asahi Shim bun and the Mainichi Shim bun, paid more attention to her than did their counterparts in the West (the New York Times, for example), which were preoccupied by developments in the Middle East and Eastern Europe. After Daw Suu Kyi’s release from house arrest in July 1995, the Mainichi Shim bun published her weekly “Letter from Burma” in Japanese, with the English-language version appearing in the Mainichi Daily News. In 1996, the series won an award from the Japan Publishers and Editors Association (Mainichi Daily News 1996b).

On several occasions, members of both houses of Japan’s parliament, the Diet, petitioned for Daw Suu Kyi’s release from house arrest. In April 1994, the Japan Times reported that more than half the Diet membership, 403 out of 763 persons, signed such a petition, which was then addressed to the secretary-general of the United Nations in coordination with similar petitions from other countries (Japan Times 1994). Certain members of the Diet, including Eda Satsuki and Hatoyama Yukio, also organized a “Parliamentary Coalition to Seek the Release of Aung San Suu Kyi,” whose agenda included holding study sessions on the Burma crisis and coordinating activities with parliamentarians in other countries (Amnesty International-Japan Branch 1995:85, 86).

The Diet’s influence over Japan’s foreign policy was (and remains) very limited compared to that of the executive agencies of government and the Liberal Democratic Party. But even senior LDP politicians and elite bureaucrats could ill afford to ignore Aung San Suu Kyi. In a meeting with SLORC chairman Saw Maung in August 1990, Watanabe Michio, a powerful LDP faction leader within the Diet and the first Japanese legislator to visit Burma after the SLORC takeover, urged both the transfer of power to civilians and the release of Aung San Suu Kyi. Similar requests were made when Daw Suu Kyi was awarded the Nobel Peace Prize in October 1991. Japanese officials also expressed their concerns to other Asian leaders. In December 1991, for instance, Prime Minister Miyazawa Kiichi brought up Aung San Suu Kyi and the Burmese political crisis.

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in his discussions with Prime Minister Mahathir Mohamad of Malaysia. The following month, Watanabe Michio, newly appointed foreign minister, broached the same issues with Chinese deputy prime minister Wu Xueqian in Beijing (Seekins 1992:36).

In Japan as elsewhere, Aung San Suu Kyi’s emergence as a figure of international stature had two somewhat contradictory consequences. First, her determined opposition to SLORC made it possible to keep the Burmese crisis in the international limelight. Without a charismatic leader, the Burmese democracy movement would probably have slipped into obscurity. Aung San Suu Kyi’s prominence before both domestic and international audiences meant that Japanese officials had to give her at least symbolic support even if they hoped to conduct business as usual. But as Aung San Suu Kyi herself became the central focus of quiet dialogue, Tokyo’s official concern for her personal welfare drew attention away from more deeply rooted problems, such as the junta’s systematic and widespread denial of human rights, both in Burman and in ethnic minority areas. In a sense, then, Aung San Suu Kyi’s detention under house arrest actually simplified Japan’s task of negotiating with SLORC, as she became a bargaining chip in SLORC’s efforts to secure a bigger slice of the Japanese ODA pie.

In the months leading up to Daw Suu Kyi’s release, Sun Diplomacy seemed to be working. In February 1994, United States Congressman Bill Richardson was allowed to meet with Suu Kyi. More significantly, leaders from within the regime itself met with her on two occasions, first in September and then again in October. To reward SLORC for these minor concessions, the Japanese government announced late in the year that it would approve US$10-20 million in new humanitarian aid (Far Eastern Economic Review 1994:13). For the whole of fiscal year 1994 (April 1994-March 1995), Tokyo gave Burma a total of three debt relief grants worth a cumulative ¥12.0 billion, twice as much as in the previous year (See Table 1).

In March 1995, while the Ministry of International Trade and Industry quietly restored financial risk guarantees for Japanese companies investing in Burma (Far Eastern Economic Review 1995:12), the government announced a new grant, valued at ¥1.0 billion (US$10.0 million, the largest allocation of new aid since 1988), to be used to increase food production in Burma’s border areas. Foreign Minister Kono Æ-hei downplayed the significance of this action, saying that “[The government] decided on the grant aid as
humanitarian assistance. Therefore, there is no change in our aid policy” (Japan Times, 1995). However, the Japan Times also cited Kono as saying that “Japan hopes that the military junta will take the aid as Tokyo’s political message that Tokyo wants to see improvements in human rights in Myanmar” (Japan Times 1995). In May 1995, ¥4.0 billion in additional debt relief grant monies was given, presumably with the same or similar implied conditions with respect to human rights issues (Lintner 1995:15).

Aung San Suu Kyi’s release on 10 July 1995 represented a milestone victory for the advocates of Sun Diplomacy, and Japan was the first foreign government to be informed of her release, a fact one Western journalist claimed “seems to indicate that Tokyo must have played an important behind-the-scenes role in the whole affair” (Lintner 1995:15). It appeared to Japanese diplomats in the late summer of 1995—as it had in February 1989, when relations were normalized and the junta announced a schedule for holding multiparty elections—that a resolution to the political crisis in Burma was within reach.

As a further inducement to good behavior, therefore, the Japanese cabinet approved in October an allocation of ¥1.6 billion for the renovation of a nursing college in Rangoon (Masaki 1995:3). This was followed up by a visit from SLORC deputy chairman General Maung Aye to Japan on October 30-November 8. Together with Economic Planning Minister David O. Abel, General Maung Aye toured various private companies and queried Japanese Foreign Ministry staff about future ODA funding (Masaki 1995a:19; Myanmar Nyūsu 1995-96:4, 5). SLORC most likely hoped the visit would lead to a full reopening of ODA, but Tokyo remained noncommittal in its public statements on the matter. In the words of one Japanese official in February 1996: “So far as aid to Myanmar is concerned, our policy is to decide case by case in consideration of the current situation, its democratization and protection of basic human rights” (International Herald Tribune 1996).

The Limits of “Sun Diplomacy”
With normalization, the Sun Diplomacy constituency envisioned its role as that of a middleman between Aung San Suu Kyi and SLORC, encouraging the two sides to engage in dialogue that might lead to political settlement. But continued friction between the two sides frustrated this attempt at mediation. After her release from house arrest, Daw Suu Kyi called for open dialogue with SLORC but
gained no response. Tensions escalated when the NLD announced its boycott of the November 1995 National Convention, and then finally boiled over in May 1996 when the junta detained 262 NLD representatives in order to prevent a party convention on the sixth anniversary of the May 1990 general election. As a result, there was no more hope of reconciliation at the end of 1996 than there had been after the general election of May 1990.

Sun Diplomacy was therefore a failure insofar as SLORC persisted in—and even intensified—its oppressive actions. On 9 November 1996 the cars of Aung San Suu Kyi and other NLD leaders passing through the streets of Rangoon were attacked by a mob of club-wielding men, apparently recruited by elements within SLORC. The incident resulted in no serious injuries, but it did arouse fears that SLORC hard liners were plotting to eliminate the NLD. These fears seemed justified the following month when the junta responded to renewed student demonstrations by placing Daw Suu Kyi under what appeared to be de facto house arrest and by arresting and jailing still more NLD party members. Human rights abuses against the general population also, if anything, intensified. This is particularly true with respect to ethnic minorities, as shown in the Tatmadaw’s harsh pacification of central Shan State after the January 1996 surrender of Khun Sa’s Mong Tai Army (Seekins 1997).

As these events transpired, the Japanese government not surprisingly began to hedge in its policy of quiet diplomacy so as not to appear too solicitous to the junta at a time when it was being so openly oppressive. In a public statement on 22 May 1996, for instance, Prime Minister Hashimoto Ryutaro said that SLORC was “going against the democratization process” in detaining NLD members. Hashimoto warned that he was “closely following developments” (Daily Yomiuri 1996). Chief Cabinet Secretary Kajiyama Seiroku, too, shifted his rhetoric to be more critical of SLORC, especially when it was reported in June that the regime planned to arrest Aung San Suu Kyi. “If [Suu Kyi] is arrested,” Kajiyama was quoted as saying, “the government should do more than just call on the Burmese [Myanmar] government for moderation” (Mainichi Daily News 1996a). Nor was Japan’s response to the arrests merely rhetorical. In early 1996, the four agencies responsible for ODA policy—the Economic Planning Agency together with the three ministries of Finance, Foreign Affairs, and International Trade and Industry, respectively—had come close to a consensus on unfreezing committed funds for the Mingaladon
Airport modernization project; as a result of SLORC’s crackdown on the NLD, however, these agencies reconsidered and decided again to postpone the project (Asahi Shimbun 1996b).

As before, however, the signals from Japan remained equivocal, and several decidedly pro-engagement actions were taken. On May 24, the Ministry of Transportation accepted a petition from All Nippon Airways (ANA), one of Japan’s two international carriers, to open a direct flight between the new Kansai International Airport and Rangoon (Asahi Shimbun 1996a). Approval of the route was a symbolically important move, for the Ministry of Transportation might well have chosen to delay its decision in light of the tense atmosphere in Burma. Meanwhile, business interests sought to assure the SLORC that for them the policy of “economics first” was alive and well. Keidanren, for instance, strongly advocated the resumption of large-scale loan projects to Burma and to that effect announced on May 28 that its informal study group on Burma would become the more official “Japan-Myanmar Economic Committee,” a redesignation one association official characterized as badly timed but necessary since, in his words, “there’s no turning back [from increased economic engagement with Burma]” (Mainichi Daily News 1996). A final questionable issue concerns a letter dated 14 June 1996 and sent by Aung San Suu Kyi to Prime Minister Hashimoto through the Japanese embassy in Rangoon. In the letter, Suu Kyi first thanked both the prime minister and the foreign minister for their moral support following SLORC’s detention of NLD representatives. She then went on to ask that Japan, in concert with other members of international society, use its economic influence to promote democratization as prescribed in the fundamental principles of ODA adopted by the Japanese government. The prime minister sent no reply (Asahi Shimbun 1996c).

Between late 1996 and early 1998 no major changes took place in Burma-Japan relations. An important development was an increase in friction between Tokyo and Washington over Burma policy. The passage of selective purchasing laws by the state of Massachusetts and a number of United States cities—laws which penalize American and foreign companies doing business with the junta—is being challenged by the Japanese government and the European Union before the World Trade Organization on the grounds that the laws constitute restraint of trade. In June 1998, veteran LDP leader and former foreign minister Mutō Kabun
established the “Parliamentarians’ Group to Support the Myanmar Government,” consisting of twenty LDP Diet members.

Several other significant developments have taken place with respect to foreign aid policy. On 11 March 1998, the Japanese Foreign Ministry officially announced the release of ¥2.5 billion (US$29.2 million) in loan funds for the Mingaladon Airport modernization project, funds that had been frozen since 1988 (Asahi Shimbun, 1998). The Ministry explained that the loan constituted “humanitarian” aid since the funds would be used to repair the dilapidated runway and thereby contribute to airport safety (Masaki, 1998). Since loan funds for projects such as the Nawin Dam have been disbursed quietly ever since 1988, these restored allocations do not imply a new policy but rather an subtle affirmation of Sun Diplomacy. Significantly, in announcing the March 11th decision to Burma’s ambassador in Tokyo, Foreign Ministry Political Affairs Vice Minister Kōmura Masahiko emphasized that political conditions were not suitable for the reopening of regular aid and that the new loan was made conditional on the initiation of dialogue between the junta and Aung San Suu Kyi. The exact nature of this conditionality remains unclear, however, as does the manner in which it will be enforced if no dialogue takes place.

Finally, in the private sector, Japanese business interests have kept up the pressure for full economic engagement with Burma. In February 1998, the Japan Chamber of Commerce and Industry, one of the country’s most important business organizations, signed a memorandum of understanding with its Burmese counterpart to establish a bilateral Business Cooperation Committee in order to assist Japanese private investment (Reuters 1998). The Committee held its first joint meeting on 20 November 1998. Japanese Prime Minister Obuchi Keizō sent his “heartfelt congratulations” to the meeting, expressing his hope that future Burma-Japan business cooperation would be successful (Information Sheet 1998). Meanwhile, pro-business spokesmen such as popular commentator Ohmae Ken’ichi have engaged in “Suu Kyi bashing” and “America bashing” (depicting Aung San Suu Kyi as an instrument of U.S. policy) as a way of tarring the Burmese democracy movement with the brush of American “hegemonism,” a perceived phenomenon that is widely resented in Japan (Ohmae, 1997). This reflects the

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3 A proposal to release ¥7.0 billion for this purpose had been opposed by the United States government in the summer of 1997.
unfortunate tendency for the political crisis in Burma to become a sideshow in Japan-United States economic frictions, a situation made worse by the financial crisis in Southeast Asia.

Conclusion
Japan's Burma policy since 1988 has had two themes: the pursuit of traditional economic interests as dictated by the business constituency, and the creation of a new "global" role for Japan that transcends purely economic concerns in order to promote democracy and peace. As to the question of whether there has been a departure from "economics first," it is apparent that the post-normalization maximin strategy, although taking business constituency interests largely into account, requires concessions on both sides of the foreign policy issue. On the one hand, Japan's limited economic self-restraint (no new loan projects) has frustrated elements within the business sector that want fuller engagement with SLORC. Yet the Sun Diplomacy constituency's aspirations have also been disappointed, since the small allocations of new grant aid during 1994-1995 failed effectively to moderate SLORC's oppressive behavior, as reflected in the crackdown on the NLD in May 1996 and the violent attack on NLD leaders in November, probably instigated by hardline elements within the junta.

The suggestion here is that, given the Tatmadaw's mindset, the problem of solving the Burma policy issue is more fundamental than merely discovering the right deal to satisfy everyone. In the first place, SLORC's generals are unanimous in their belief that Aung San Suu Kyi, the NLD, and the ethnic minority oppositionists threaten Burma's fragile domestic integrity almost as much, if not as much now as when they placed Suu Kyi under house arrest in July 1989. The regime's self-assumed role as the defender of national unity—really its sole claim to legitimacy—makes compromise difficult, if not impossible. Secondly, the generals' behavior shows that they view politics as a zero-sum game of absolute winners and losers rather than a consensus-building process that includes, or can include, almost everyone.

That the consensus-oriented Japanese elites in Tokyo may not fully comprehend the harshness of SLORC's zero-sum, winner-take-all approach to domestic policy may explain the failure of Sun Diplomacy to deal effectively with either SLORC or the democratic front. The junta readily accepts any small "carrots" Tokyo sends in its direction, but in doing so it resists making any major political
concessions, such as releasing political prisoners, allowing the NLD to carry out effective party-building, or halting brutal attacks on ethnic minority populations. On the other hand, Daw Suu Kyi has become increasingly critical of Japan’s foreign policy in Burma. In 1995 she opposed the giving of aid as a reward for her release, and since then has spoken out against all ODA on the grounds that it does little to improve the livelihood of most of the people (Fairclough 1995:26; This Is Yomiuri, 1996:204, 205).

Because of the ongoing internal fractiousness in Burma, a much-needed political settlement will likely be a long time coming despite even the most enlightened policies on the part of foreign countries. This does not mean that international support for the democracy movement is futile; it means rather that Burma has become one of the many seemingly intractable crisis areas of the world, like Northern Ireland, Israel/Palestine, and Cambodia, where the road to peace is long and hard.

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