

CHAPTER II

CAUSES OF CONFLICTS: INSTITUTIONAL AND PERSONAL

This chapter analyses the power relations between the *Tatmadaw* and Military Intelligence on both institutional and personal levels. Based on the theory that conflicts inevitably arise between the military-as-institution and the military-as-government, how could the power relations between Military Intelligence and the *Tatmadaw* and the eventual downfall of Military Intelligence be explained? This chapter first details the role, structure and functions of Military Intelligence within the *Tatmadaw* and analyzes what military power it held within the *Tatmadaw* institution. It depicts signs of institutional rivalry between Military Intelligence and the other intelligence apparatus of the Army which is the core of the *Tatmadaw*. It also analyzes how Military Intelligence functioned as a government within the government by presenting a case of a unit which oversaw the economic affairs. Second part focuses on the aspect of mindset. Khin Nyunt, who led Military Intelligence for two decades, was a man of negotiation. It analyzes what affect this might had in the power relations with the rest of the military leadership, drawing to a conclusion that there were ample causes of possible conflicts between the *Tatmada* and Military Intelligence.

2.1 Cause of Conflicts: *Tatmadaw* as Institution

2.1.1 *Tatmadaw* as the Sole Power Institution

The *Tatmadaw*, the armed forces of Myanmar, is the “only present institution of power within the state”¹, according to Steinberg. It played the key role for the country’s independence of 1948 and has ruled the nation since 1962 when Gen. Ne Win staged a coup d’état. The 1990 general election brought the landslide victory to NLD but the *Tatmadaw* refused to step down. According to the *Tatmadaw*’s interpretation of the event, the *Tatmadaw* “ saved the nation from the danger of losing independence in

¹ Steinberg, *Burma*, p52

1988”.² At the time of writing, the most senior officer in the military is Than Shwe (the one and only Senior General in the *Tatmadaw*), who holds the position of Commander-in-Chief of the Defence Services. He is the Head of the State and concurrently holds the political position of the top collective decision making body, SPDC Chairman and Defence Minister. The second in line is Vice Senior General Maung Aye, who is Deputy Commander-in-Chief and Commander-in-Chief of Army. Among the three forces of Army, Navy and Air Force, Army is by far the largest in size. “It has played the most prominent part in Rangoon’s military struggle against the 40 or more insurgent groups which have challenged central rule since 1948. After the 1962 coup the army effectively dominated all political processes in the country”,³ and this domination of the country’s government continues to this day.

The current total number of the *Tatmadaw*-men is not known. In 1988 it stood at 198,681 of which 92% belonged to the Army.⁴ Since then the *Tatmadaw* has expanded its size and capabilities.⁵ The number is currently estimated around 350,000.⁶ Based on previous force allocations, it is likely that the Army alone has more than 320,000 soldiers, making it one of the largest standing Army in Southeast Asia, second to Vietnam.⁷ The doctrine of the *Tatmadaw* emphasizes total obedience to its command and the unity of the military; “Every *Tatmadaw* member must have five basic attributes, namely, morale, discipline, loyalty, unity and three capabilities (military, organizational and administrative capabilities).”⁸

2.1.2 Definition: Military Intelligence of Myanmar

What is *intelligence*? According to *Military Intelligence, 1870-1991: A Research Guide*, it is “the product of systematic efforts to collect, confirm, evaluate, and

² *The New Light of Myanmar*, 23 March 2004

³ Selth, *Burma’s Armed Forces*, p155

⁴ Maung Aung Myo, *Military Doctrine and Strategy in Myanmar: A Historical Perspective*, working paper No. 339 (Canberra:1999) p.13

⁵ See Selth, *The Burmese Armed Forces Next Century: Continuity or Change?*, Working Paper No. 338, (Canberra:1999) and *Burma’s Defence Expenditure and Arms Industries*, Working Paper No. 309, (Canberra: 1997)

⁶ Selth, quoting SPDC Spokesman in *Burma’s Armed Forces* that the armed forces stood at “not over 350,000”, p80.

⁷ International Institute for Strategic Studies, *The Military Balance 2000/2001* (IISS and Oxford University Press, London: 2002) p217 cited in Selth’s *Burma’s Armed Forces*, p172

⁸ “Hailing the 61st Anniversary of the Armed Forces Day” *The New Light of Myanmar*, 23 March 2006



correlate information from a variety of sources. The resulting conclusions are often subjective and tentative, representing the best informed estimate of the analysts involved. By contrast, *information* is just that, unevaluated reports of every description.”⁹ *Military Intelligence* is “concerned primarily with the armed forces of enemy or potential enemy powers, but also includes analysis of the terrain, weather, industrial production, weapons development, local diseases, and many other factors that affect military operations quite as much as the enemy force in the field”.¹⁰ Military Intelligence can be categorized in three levels; Strategic Intelligence, Operational Intelligence and Tactical (Combat) Intelligence.

Military Intelligence for the *Tatmadaw*, had much broader operational scope than this general definition. First, the targets of intelligence exist inside the country as much as outside. This forms a stark contrast to the West; U.S. Joint Forces Command, for instance, defines intelligence as “the product resulting from the collection, processing, integration, analysis, evaluation, and interpretation of available information concerning *foreign countries or areas*”.¹¹ The *Tatmadaw* believes that there are just as many potential domestic enemies. One of the slogans of SPDC illustrates this point: “Oppose those relying on external elements, acting as stooges, holding negative views; oppose those trying to jeopardize stability of the State and progress of the nation; Oppose foreign nations interfering in internal affairs of the State; crush all internal and external destructive elements as the common enemy.”¹² This doctrine of the *Tatmadaw* gave Military Intelligence the mandate of intelligence operations within the country with the same – or even deeper – level of that in outside.¹³

Second, in Myanmar, even though it was called Military Intelligence, it was not only responsible for intelligence operations within the limited scope of military but all non-military intelligence, ranging from the political and diplomatic activities of a

⁹ Jonathan M. House, *Military Intelligence, 1870-1991: A Research Guide* (Westport: Greenwood Press, 1993) p2

¹⁰ Ibid., p3

¹¹ Stressed by the author. Definition by U.S. Joint Forces Command, cited on *The Information Warfare Site* at <http://www.iwar.org.uk/signit/> on 27 February 2006

¹² This slogan appears on sign boards in many corners of the country. Cited from Ministry of Information, *Magnificent Myanmar(1988-2003)*, (Yangon: 2005) top page.

¹³ Historical explanation for the making enemies in the process of state-building was well presented in Callahan’s *Making Enemies*.

foreign government, the economic capabilities and interests of foreign governments to purely domestic socio-economic issues. This is because the government has been run by the *Tatmadaw*, Military Intelligence's sphere of responsibilities was much larger than conventional military affairs, covering all areas that a normal government would function.

2.1.3 Military Intelligence – Weak Military Power

While the scope of intelligence was much bigger than the general definition of *military intelligence*, the military power of Military Intelligence in Myanmar was weak, almost negligible. Military Intelligence did not have any combat troops. When the purge took place, it was not confrontational. There was no clash, no bloodshed. Military Intelligence staff were "put under office arrest" for a month and were interrogated at the office. In December 2004, they were all "permitted" to retire. Military Intelligence had such little power within the military in terms of force. ¹⁴

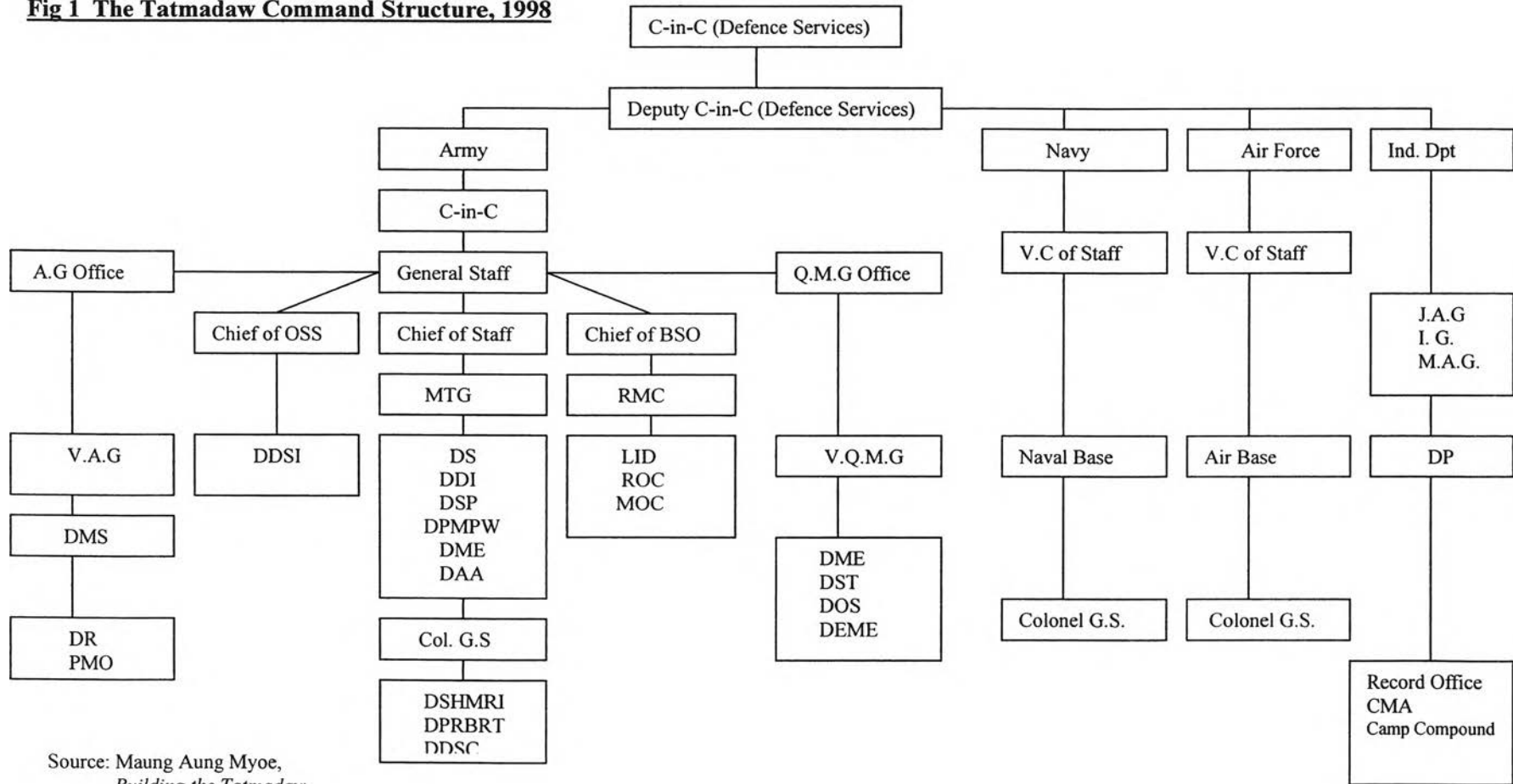
Figure 1 shows the command structure of the *Tatmadaw* of 1998. As noted earlier; the *Tatmadaw* soldiers are estimated to count around 350,000 of which the Army stands over 320,000. In contrast, Military Intelligence in the command structure is indicated as Chief of OSS (Office of Strategic Studies), which was Khin Nyunt, and under him there was DDSI (Directorate of Defence Service Intelligence). ¹⁵ There is no written document on the size of personnel under Military Intelligence. According to the research, Military Intelligence had around 2,000 personnel in 1988 which expanded up to 3,000 at its height which was at the time of the dismantle. (Approximately 2,700 of them were forced to retire on 14 December 2004, all on the same day. ¹⁶ In the clarification made by Thura Shwe Mann, about 200 personnel were announced to be detained.) Comparing the sizes of the forces under the command of Khin Nyunt and Maung Aye, the sheer difference is obvious. Khin Nyunt's men did not even stand at one percent of the whole Army forces.

¹⁴ Author's interview with a former military officer, January 2006.

¹⁵ OSS and DDSI merged in 2001 to form DSIB.

¹⁶ Author's interview with a former military officer, January 2006.

Fig 1 The Tatmadaw Command Structure, 1998



Source: Maung Aung Myoe,
Building the Tatmadaw

Abbreviations for Fig. 1

C-in-C	=	Commander-in-Chief	DME	=	Directorate of Military Engineers
OSS	=	Office of Strategic Studies	DAA	=	Directorate of Armours and Artillery
A.G.	=	Adjutant General	DST	=	Directorate of Supply and Transport
Q.M.G	=	Quartermaster General	DOS	=	Directorate of Ordnance Services
V.A.G	=	Vice Adjutant General	DEME	=	Directorate of Electrical and Mechanical Engineers
V.Q.M.G	=	Vice Quartermaster General	DP	=	Directorate of Procurement
BSO	=	Bureau of Special Operation	PMO	=	Provost Martial Office
RMC	=	Regional Military Command	DR	=	Directorate of Resettlement
G.S	=	General Staff	DPRBRT	=	Directorate of Public Relations and Border Troops
LID	=	Light Infantry Division	DDSC	=	Department of Defence Services Computer
ROC	=	Regional Operation Command	DSHMRI	=	Defence Services Historical Museum and Research Institute
MOC	=	Military Operation Command	CMA	=	Central Military Account
M.A.G	=	Military Appointment General	Camp Commd	=	Camp Commandant
I.G	=	Inspector General			
J.A.G	=	Judge Advocate General			
MTG	=	Military Training General			
DMS	=	Directorate of Medical Services			
DDSI	=	Directorate of Defence Services Intelligence			
DS	=	Directorate of Signal			
DDI	=	Directorate of Defence Industries			
		Directorate of Security			
DSP	=	Printing			
DPMPW	=	Directorate of People's Militias and Psychological Warfare			

However, Military Intelligence had a vast intelligence network. Figure 2 shows the intelligence apparatus of the military government. Apart from Office of Strategic Studies and Directorate of Defence Services Intelligence, which formed the core of Military Intelligence, other parts of intelligence operatives were under Khin Nyunt.

This was made possible when National Intelligence Bureau (NIB) was created by NIB Law (*Pyinthu Hluttaw Law* No. 10) in 1983.¹ Khin Nyunt was Director General of NIB that oversaw intelligence agencies such as Criminal Investigation Department (CID), Special Investigation Department (SID) and Bureau of Special Investigations (BSI) under Ministry of Home Affairs, Ministry of Foreign Affairs (such as political department and overseas embassies), and the smaller intelligence arms that belonged to Customs Department (Ministry of National Planning and Development) and Immigration Department (Ministry of Immigration and Population). Khin Nyunt had the control over intelligence gathered through these ministries, too.

2.1.4 Signs of Institutional Rivalry

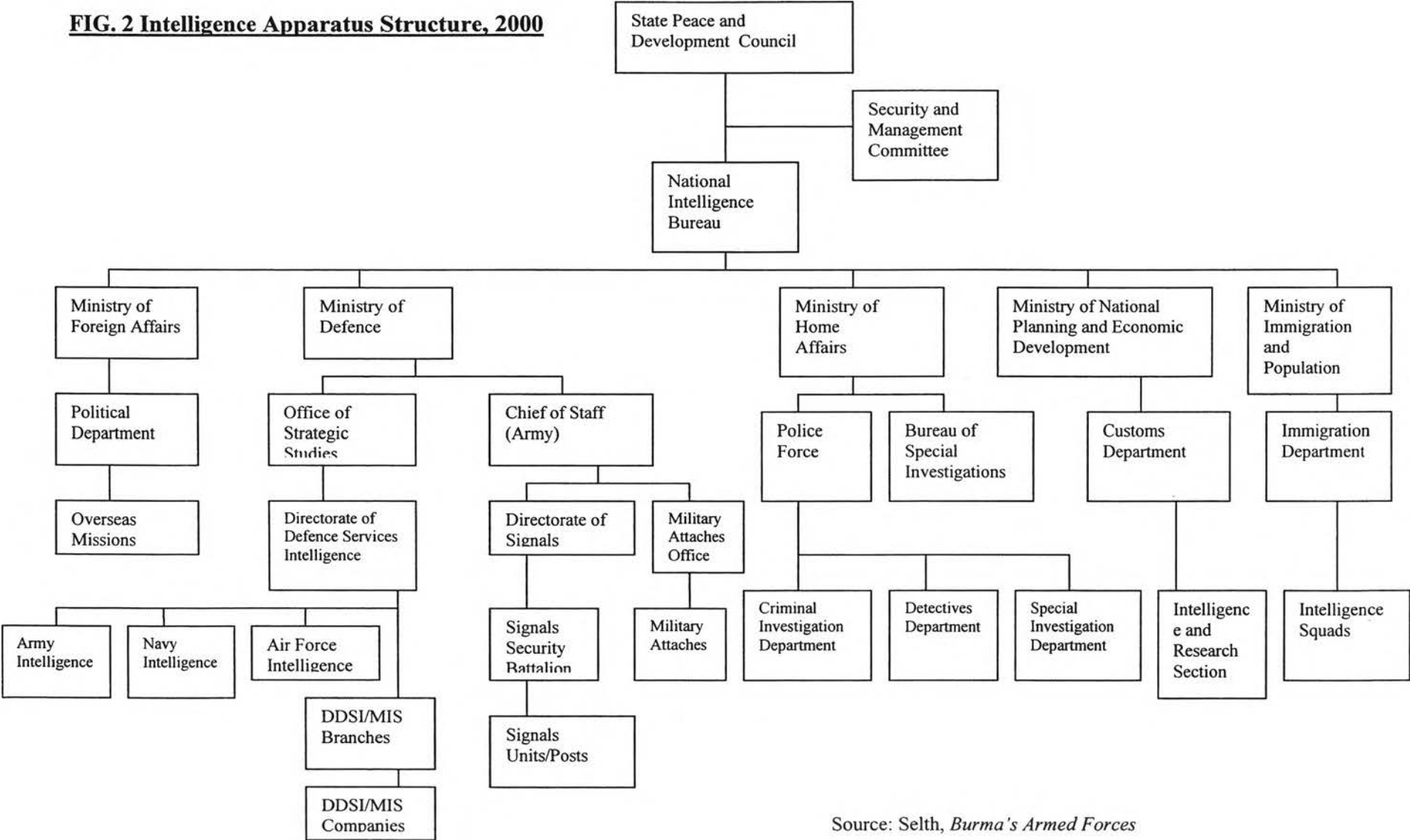
Even though Military Intelligence's network was vast, it was rather a thin crust, and even within the intelligence, the research findings suggest that there seemed to be signs of institutional rivalry between the Army's Intelligence and Military Intelligence. This contradicts the widely shared conception among observers that the whole Intelligence apparatus was under Khin Nyunt's influence. Desmond Ball, for instance, wrote that DDSI was "the most powerful intelligence and security organ in Burma. All of the other agencies are firmly under its control".² In reality, however, this was not the case. According to Selth's chart of the *Tatmadaw's* intelligence apparatus, the Army's intelligence arms came under Khin Nyunt's NIB. (Fig. 3) But he also pointed out that there have been suggestions that Maung Aye was trying to develop his own intelligence capabilities, so that he is not dependent for information and gossip on an apparatus that owes its first loyalty to his rival (Khin Nyunt).³

¹ The repeal of this law was announced on 22 October 2004 took effect immediately on the day, to dissolve the National Intelligence Bureau. *The New Light of Myanmar* announced on the day; "The National Intelligence Bureau Law is no longer suitable for the welfare of the public to be in conformity with the changing situations and with a view to ensuring security and peace, the SPDC promulgated the Law Repealing the National Intelligence Bureau Law and dissolved the NIB".

² Desmond Ball, *Burma's Military Secrets: Signals Intelligence (SIGNIT) from 1941 to Cyber Warfare*, p75

³ Selth, *Burma's Armed Forces*, p263

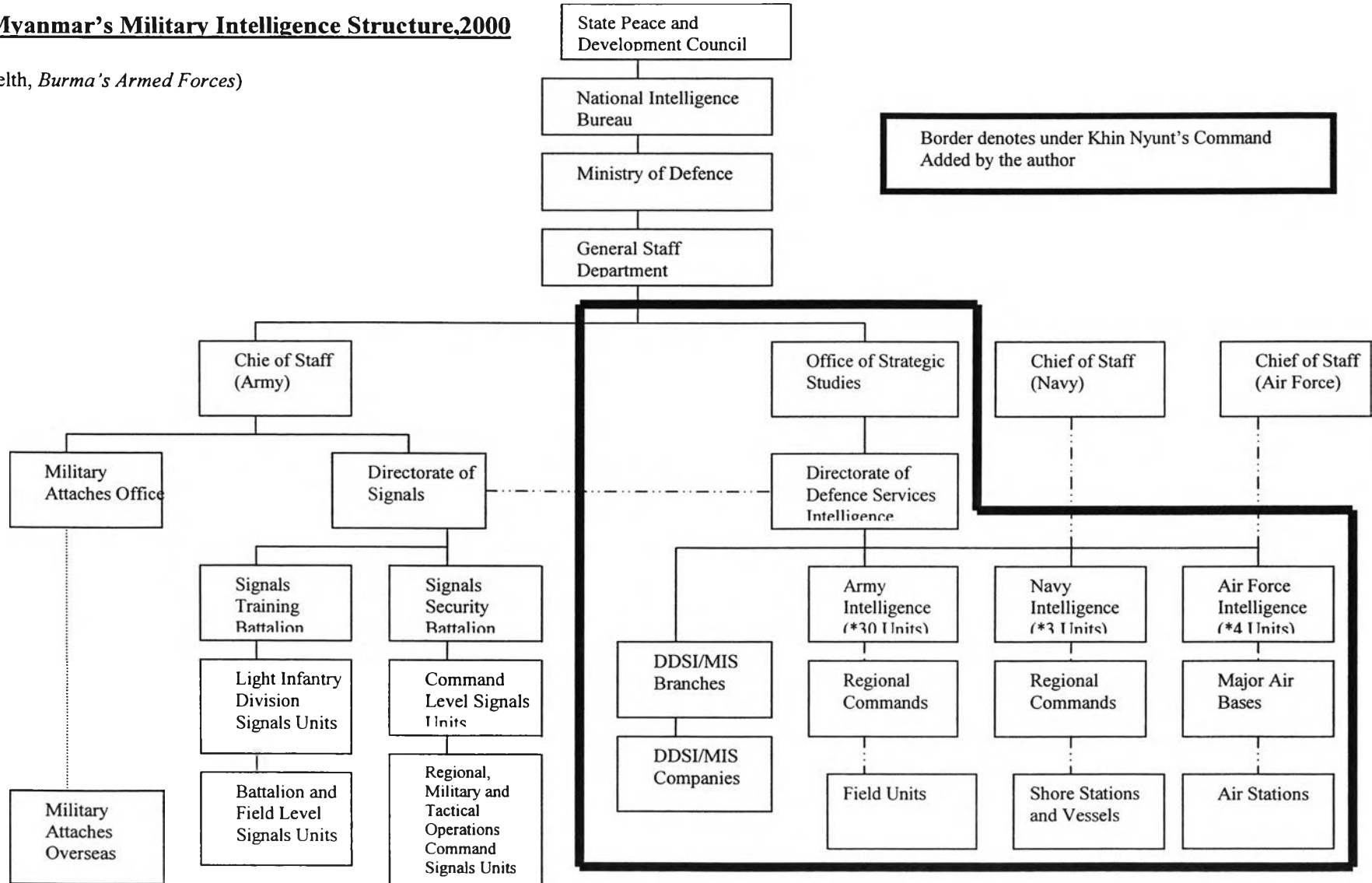
FIG. 2 Intelligence Apparatus Structure, 2000



Source: Selth, *Burma's Armed Forces*

FIG. 3 Myanmar's Military Intelligence Structure, 2000

(source: Selth, *Burma's Armed Forces*)



Evidences suggest that Intelligence apparatus of the Army under Directorate of Signals were (still are) reporting to Chief of Staff of the Army, Maung Aye, and not working side by side with the Military Intelligence.¹ Military Intelligence had the main SIGINT office in a building on U Wisara Road in Yangon where agents tapped telephone conversations. Indications suggest that Military Intelligence SIGINT unit (which was under Counter Intelligence Department) and Army's Signals Corps were working independent of each other and did not share information.

This point was corroborated by an American businessman who was previously based in Yangon and operating a business in satellite communication equipments. He recalled that the Military Intelligence and the Army each had "a different unit of VSAT (Very Small Aperture Terminal) through which they had internet connection totally independent of each other".² There were also recounts of struggles between the two agencies over computer communication. Each agency monitored the others' movements including access to websites and free mail accounts usually forbidden to the public.³

Finally, the units that took over the offices of Military Intelligence in raids that started on 18 October 2004 belonged to the Army's Signals Corps.⁴ Army's Signal Corps did not seem to even know the places where the offices of Military Intelligence. On the day of the arrest of Khin Nyunt, as a staff member of Military Intelligence recalled, "We knew right away what happened (to Khin Nyunt) but nothing was new at our office on U Wisara Road."⁵ The following day, we came into office again, did our job as normal as if nothing had happened. The Army seemed not to know whereabouts of our office. Finally after two days, a soldier from Burma Signals Corps came in and asked who we were. We replied that we belonged to Military Intelligence. Finally they came in and took our office."⁶

These evidences support that there was in fact an institutional rivalry between within the intelligence apparatus of the *Tatmadaw*. Military Intelligence under Khin Nyunt and Signals Corps under Maung Aye appeared to be working independently of

¹ Author's interview with a former military personnel, January 2006.

² Author's interview with Pat James, 3 February 2006, Thailand.

³ Author's interview with a former military personnel, February 2006. He recalled a few conversations by internet messenger on computer screen with a person who claimed to be from "Maung Aye's camp" trying to persuade the agent to "join the other side".

⁴ Same as above

⁵ Apart from the HQs at Yangon City Hotel building, Military Intelligence had another office on U Wisara Road. A part of IT department and counter intelligence department occupied a part of the building.

⁶ Author's interview, January 2006.

each other, reporting to the respective command. In addition, based on Steinberg's theory that the power in Myanmar is highly personalized, it could be argued that these signs of institutional rivalry could be translated as personal rivalry, too, if institutional power and personal power were so inseparable.

2.1.5 Coercive Power against Civilian Society

As Steinberg avers, Myanmar society has developed into two layers, military and civilian.⁷ Within the military, Military Intelligence had the task to monitor, gather intelligence, torture or arrest, if necessary, the civilians. In this sense, Military Intelligence was the contact point between the *Tatmadaw* and the civilian society. Although within the military, Military Intelligence had little power of might, Military Intelligence exerted its coercive power against its own citizens, carrying out the will of the *Tatmadaw*.

The primary source of intelligence gathering for Military Intelligence was human intelligence.⁸ Intelligence gathering by technical means, such as telephone tapping was not effective due to the underdeveloped communication infrastructure.⁹ Thus, Military Intelligence controlled large number of paid and unpaid informers across the country¹⁰ to infiltrate every corner of the society.

Since the socialist time, a community-based intelligence gathering system called *Htane Chan Mhu*, through which community members were required to report to the higher authority if they happened to witness something strange. If failed to report, citizens could be charged as accomplice in case any crime had been involved. This system has been used much more frequently and seriously used since 1988, when Khin Nyunt and Military Intelligence shifted attention to "internal and external destructive elements", i.e. the political oppositions, including members and sympathisers of NLD and student groups, or those supporting them from outside the country. Despite the outcome of the 1990 general election which was a landslide victory for NLD, SLORC stayed on. This provided Khin Nyunt and Military Intelligence with the urgent task to

⁷ Ibid., p73

⁸ Selth, *Burma's Intelligence Apparatus*, Working paper No.308 (Canberra, 1997) p14

⁹ Even in 2001, the telephone subscribers in the entire country stood at 295,000, which represented a telephone penetration of around 0.6%. See Paul Budde Communications Pty Ltd., *Myanmar(Burma) – Telecoms Market Overview and Statistics*, (Bucketty, Australia:2005)

¹⁰ Selth, Working paper No. 308

propagate for its *raison d'être*. The military was surrounded by political enemies, which in turn made Khin Nyunt and Military Intelligence a heavily politicized entity.

On the ground, Military Intelligence collected information, monitored movements and correspondents to extract information from and neutralize anyone suspected to be involved in politics who posed threats to the government. Military Intelligence units were responsible for “most reported arrests and investigations of political suspects in Burma. It (MI) is also the most often accused of brutality and other human rights violations”.¹¹ The notoriety of Military Intelligence interrogation centres and their methods of torture were described in various human rights reports.¹²

In order to carry out the SPDC slogan to “crush the internal destructive elements”, Military Intelligence used coercive power against any threatening groups or individuals within the country. Inevitably, Military Intelligence became the most feared and most detested organization of the *Tatmadaw* by the general public. This did not mean that that Military Intelligence had equally effective or coercive power against the military.

The coercive power against the civilians was the power of the *Tatmadaw* which was exerted through a channel called Military Intelligence. However, the fear of Military Intelligence was so effective and pervasive throughout the society that Military Intelligence was viewed as more powerful than the reality by the public and outside observers. Moreover, Military Intelligence agents themselves misunderstood and overestimated their own power, which led them to power abuse as will be elaborated later.

2.2 Military Intelligence as “A Government within the Government”

2.2.1 Creation of OSS, 1994

Military Intelligence underwent a few important structural changes since 1988 and by mid-1990's it had assumed a role as “a government within the government”. Among these changes, creating Office of Strategic Studies in 1994 was a landmark for Military Intelligence. It was a small body directly answerable to Khin Nyunt. Selth offered two explanations for the creation of OSS. First, OSS was to be a semi-academic institution

¹¹ Selth, *Burma's Armed Forces* p115

¹² See for instance, publications such as *Country Report: 2005* by Human Rights Watch or website of Assistance Association for Political Prisoners (Burma) at <http://www.aappb.org>

similar to the strategic studies institute and 'think tanks' found elsewhere in the region. Second, a new Strategic Command was required within the Defence hierarchy to justify Khin Nyunt's elevation to the rank of Lieutenant General.¹³ A third possible explanation is that senior officers of DDSI were becoming more exposed to the outside world. For interactions with the diplomatic corps or foreign business community, it was convenient for the senior Intelligence officials to have their titles as OSS officials. They held name cards that described them as officials of OSS, Ministry of Defence, Union of Myanmar. OSS, after its establishment, had grown to have about 50 people, divided into five main departments, covering international affairs, narcotics, domestic security and ethnic affairs.¹⁴

Callahan suggest that the inception of OSS indicated the consolidation of coordinating authority; "OSS departments appear to have taken on responsibilities for coordinating and perhaps even initiating policies in areas as significant as the drug trade, the economy, ethnic affairs, and foreign affairs. OSS's apparent consolidation would never have occurred had the ad hoc nature of SLORC's earlier policies not been so seriously deficient in implementation. By the mid- 1990s, it was clear that SLORC rule wasn't working, and as various members of the junta scrambled to find appropriate solutions, OSS materialized under the aegis of Gen Khin Nyunt."¹⁵ The creation of OSS marked the beginning of Military Intelligence's function as a government within the government.

2.2.2 The Last Structure of Military Intelligence

The next (and last) important change before it was dismantled took place in 2001. DDSI Headquarters were moved into a building known as Yangon City Hotel and revamped the structure of DDSI once again and for the last time before it was dismantled in 2004. OSS and DDSI merged to form the Director General of the Defence Services Intelligence Bureau (DSIB). Figure 4 shows the structure of DSIB, the core of Military Intelligence. The Director was Gen. Khin Nyunt, Deputy Director was Brig. Gen. Kyaw Win. There was the Head Quarters Office, under which there were seven

¹³ Selth, *Burma's Armed Forces*, p113

¹⁴ Ibid, p113

¹⁵ Callhan, Research Note, p57

departments. All were designated numerically. In Myanmar language, it was *Hlam* (means Intelligence), followed by a number.

Hlam-1 was Administration Department, headed by Col. Myint Aung Kyaw. (Following the dismantle of Military Intelligence, he was jailed)

Hlam -2 was Security and Training. Head was Brig. Gen. Hla Aung, Deputy was Col. Ngwe Tu from Navy. (Both retired)

Hlam -3 was Interior Affairs. Head was Brig. Gen. Kyaw Thein (retired in 2004), Deputy Head was Col. San Pwint (jailed in 2004), both of whom were instrumental in negotiating with armed ethnic groups for ceasefire agreement.

Hlam - 4 was External Affairs. Head was Brig. Gen. Thein Swe, who became Director of Bagan Cybertech, the semi-government (or semi-private) company which was to be the second Internet Service Provider in the country, details of which will be the main subject in the following chapter. Deputy Head was Col. Hla Min, who acted as Spokesman for the military government. (Both jailed in 2004)

Hlam-5 was Counter Intelligence; Head was Brig. Gen. Taung Tun, who was the liaison officer between SPDC and Aung San Suu Kyi. Deputy Head was Col. Tin Hla (Both jailed in 2004).

Hlam-6 was the latest creation of Military Intelligence, which was Information Technology Department. The commanding officer was Brig. Gen. Kyaw Han (retired) and the deputy was Col. Tin Oo, one of the key players of the MI's involvement in IT industry. (jailed in 2004)

Hlam-7 was Border Areas Security. Head was Brig. Gen. Myint Saw, (jailed in 2004).

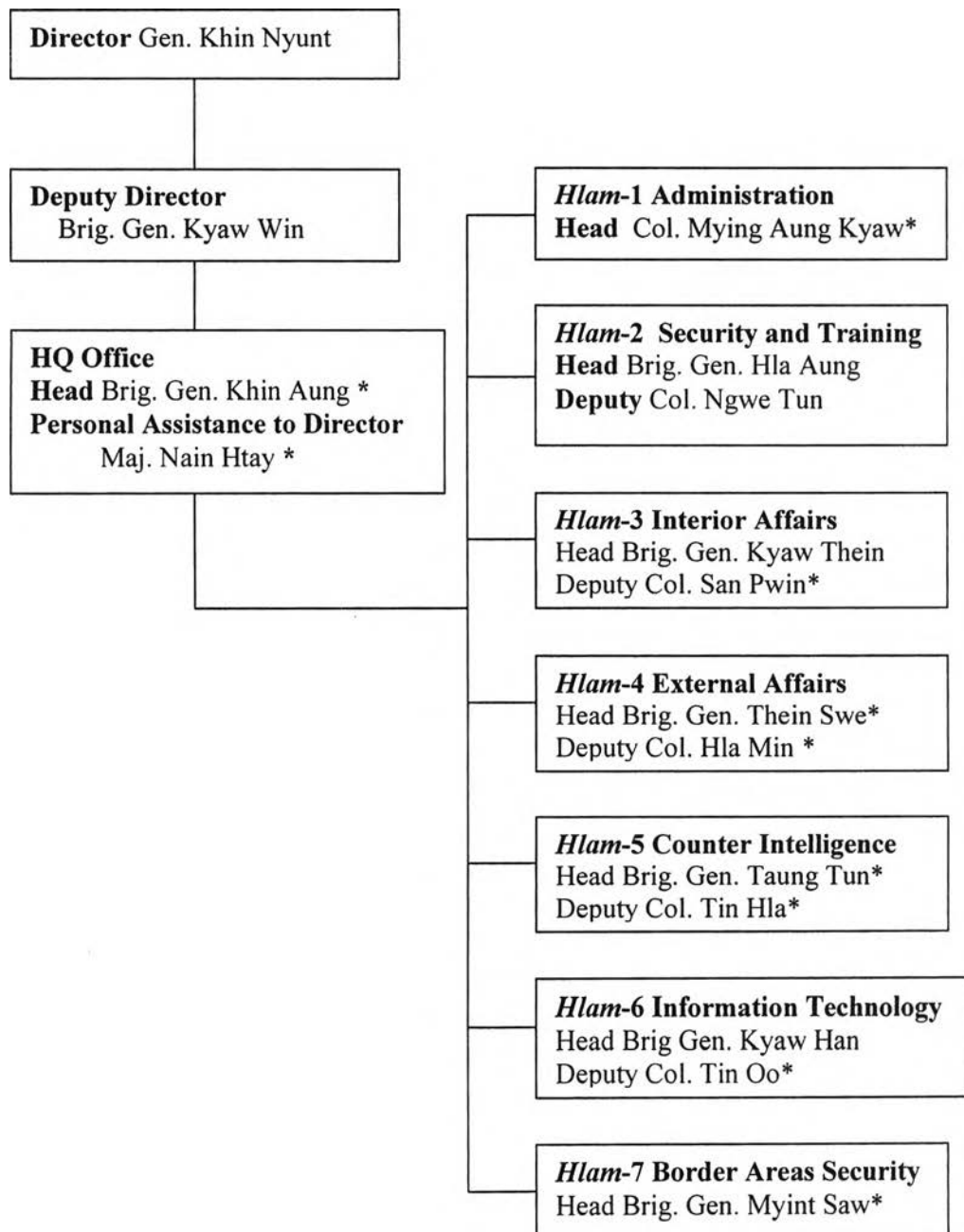
At HQ Office, Maj. Gen. Nain Htay (jailed in 2004) was Personal Assistance to Director. Each department had up to 50 – 60 personnel at its height. ¹⁶

DSIB also had companies at regional command level. These units were called numerically too. In Myanmar language MI Units translates as *Tha-La-Ta*. In 1989, these were only 13 units. (Though the numbering system skipped number 13, and assigned number 14 to the last unit.) According to Selth and Litner ¹⁷, by 1991 the number had doubled to 23. These expanded in size again and at the time of sacking of Khin Nyunt, there were 29 units.

¹⁶ Author's interview with a former military personnel, January 2006.

¹⁷ It was even more so before 1988, see Selth 114p

Fig. 4 Structure of Defence Services Intelligence Bureau, 2001



* denotes arrested and jailed since October 2004

Each unit was responsible for a designated geographic area. For example, Yangon Division was covered by *Tha-La-Ta* 6, 7, 12, 14 and 26. (NLD's Headquarters was in the area of *Tha-La-Ta* 12.) *Tha-La-Ta* 3 and 11 were in Pago, Ayawaddy was No. 4, Monywa was No. 15, Lashio No. 9, Myitkyinar was No. 8 and Mandalay was No. 1 and 16, and so on. Each unit had up to 100 personnel. In addition, there were three units of Navy Intelligence and four units of Air Force Intelligence. Navy and Air Force Intelligence units were "not responsible to its respective Chief of Staff", which meant that Military Intelligence and Khin Nyunt had near autonomous control over intelligence. As described earlier, however, it was not the only intelligence organ of the Army.¹⁸

Military Intelligence was thus made up with the core organization, DSIB which functioned as the main brain, and had the regional units which covered all areas of the country which worked as the eyes and ears to monitor and report intelligence back to the HQ, and as arms to implement orders from the HQ.

As Khin Nyunt's tasks expanded, so did Military Intelligence's sphere of influence, especially in the civilian side of the society. As noted by Donald Seekins, by 1999, Khin Nyunt served as chairman or patron of the Information Policy Committee, the National Health Committee, the Myanmar education Committee, the ASEAN Steering Committee, the National Olympic Committee, the Tourism Development Management Committee, the Work Committee for the Development of the Development of Border Areas and National Races, the Organizing Committee for the World Ranking Asian Archery Circuit, the Myanmar Computer Science Development Council. He was also Secretary of the Special Projects Implementation Committee, and Chairman of the Education for All Coordination Central Committee and the Leading Committee for the Perpetual All-Round Renovation of the Shwedagon Pagoda.¹⁹ It was Military Intelligence under Khin Nyunt that took up the actual workload. The seven departments were assigned to give directives to concerned ministers and other authoritative organizations, though this was a source of the prolonged economic and social malaise of Myanmar; a man trained to fight had to work like a technocrat once he

¹⁸ Author's interview, January 2006.

¹⁹ Donald Seekins, *The Disorder in Order: The Army-State in Burma since 1962* (Bangkok: White Lotus, 2002) p 280

joined Military Intelligence. Many observers have written incorrectly that Military Intelligence agents did not have experiences in the battle field. Many officers had fought before joining the ranks of Military Intelligence. Therefore, the style of management of Military Intelligence was that of military, ultimately relying on force. They did not know any other way. Following is an example of how Military Intelligence ran the government, even controlling over monetary market. New evidence suggest that Military Intelligence dealt monetary system and the economy with a law and order approach, and when necessary, chose to intervene the market by militarily, i.e., by force.

2.2.3 Case: Economic Research Unit

Law and Order Approach to Market Intervention

Among the seven departments of Military Intelligence (Fig. 4), it was Interior Department that dealt with domestic affairs from managing relations with armed ethnic minorities, narcotic issues to economic issues. After settling the ceasefire agreements with seventeen different ethnic minority groups by 1997, Interior Department shifted its weight to domestic economic affairs. Possibly during the last revamp of Military Intelligence of 2001, the Economic Research Unit (ERU) was created within Interior Department. Its tasks were to a) analyze on the progress of national economy and prepare reports that will effectively benefit the state's economic policies; b) research and study the current economic situations of the state-owned and private businesses under the market economy; c) undertake the research and compilation works on the issues of local and international economic sectors and indicators.²⁰

ERU sent orders to each Military Intelligence unit to monitor local economic conditions and report back regularly. Internal documents of ERU suggest that Military Intelligence had particular concern over inflation, price changes in gold and currency market, changes in commodity prices such as rice and edible oil, and the collapse informal financial enterprises that culminated in the banking crisis of January 2003.

The ultimate interest of Military Intelligence was the impact of these economic factors on the society. The purpose of monitoring was to detect whether sudden price drop or hike in a certain market might lead to social instability, rather than to solve the

²⁰ An internal notice dated on 24 November 2002 was sent to all concerned units ordering to send economic indicators and information to ERU, indicating it had been created or undergone structural changes recently. The notice explained the responsibility of ERU as such.

economic problems or to stabilize the market by formulating better economic or monetary policies. With no official information accountability and very little accurate and timely information on markets available to the public, markets in Myanmar are highly influenced by rumours, whether foreign currency, gold or commodity. When the government saw trouble in the market, it intervened by use of force. It was Military Intelligence that carried out the intervention.

ERU produced an internal review on the economic situation of 2001 dated 16 May 2002, which described the state of the market and how Military Intelligence dealt with problems. The review reported that due to the Thai-Myanmar border clashes²¹ price of dollar and gold in the black market increased significantly, leading to dramatic inflation. It reported “therefore the responsible unit had to capture the illegal dealers in order to suppress the demand for dollar.”²² In 2001, 9/11 attacks in the U.S. occurred, and there was a major reshuffle in the cabinet and SPDC leadership in November²³. These events caused rumours among the public that prompted them to start buying gold and dollars, as the rise in inflation threatened to wipe out people’s accumulated wealth if it was held in the local currency. This trend persisted into 2002 leading to a rise in commodity prices such as fuel, rice, edible oil, fish, meat etc. The review reported that the price hike was even fuelled by the announcement of the arrest of the former President Ne Win’s son-in-law and three grandsons on charge of plotting a coup against the

²¹ Myanmar government claimed: “On 11 February 2001, SURA and Yodaya troops jointly launched surprise attack on Myanmar *Tatmadaw* camps on 'O' hill near Tachilek. They fired shells of heavy weapons into Tachilek. As a result five of our soldiers fell. On 21 February 2001, a combined force of SURA and Yodaya people's militia numbering 200 attacked our Loitawkham outpost”, <http://www.myanmar.gov.mm/article/article2002/july/july8c.htm>, accessed on 2 March 2006. (Author adds: Yodaya is a derogatory word for the Thais in Myanmar). Whereas *Inter Press Services* reports, based on information from the Thai side: “The clashes, the fiercest in recent years, left six civilians and dozens of Burmese soldiers dead, official figures said. While they were caused by a tactical error on the part of the Burmese army, which in hot pursuit of Shan ethnic rebels intruded into Thai territory, they once again reminded the Thai and international community of the highly volatile and precarious situation along the border.” On 23 February 23, 2001

²² FEC is Foreign Exchange Currency; a convertible paper money issued by Central Bank of Myanmar that is usable only within in the country.

²³ In November 2002, major shake-up in both cabinet and SPDC leadership took place, in which the new line up was as following: Chairman Senior Gen. Than Shwe, Commander-In-Chief (Defense Services), Vice Chairman Gen. Maung Aye, Vice Commander-In-Chief (Defense Services), Secretary Lt. Gen. Khin Nyunt, Director General, Defense Services Intelligence Bureau, Members of SPDC: Maj. (Lt.) Gen. Thura Shwe Mann, Joint Chief of Staff (Army-Navy-Air Force), Maj. (Lt.) Thein Sein, Adjutant General, Maj. (Lt.) Gen. Aung Myin Oo, Quarter Master General, Maj. (Lt.) Gen. Ye Myint, Chief of Staff (Army), Maj. (Lt.) Gen. Tin Aye, Military Training General, Maj. (Lt.) Gen. Khin Maung Than, Commander of Rangoon Military Command, Maj. (Lt.) Gen. Aung Htwe, Army Group Commander, Maj.(Lt.) Gen. Kyaw Win, Army Group Commander, Maj.(Lt.) Gen. Maung Bo, Army Group Commander, Maj. (Lt.) Gen. Soe Win, Army Group Commander (titles were of the time).

government.²⁴ The dollar-kyat rates reached to record high 1,000 kyats to a dollar. The Military Intelligence made intervention again by arresting money exchangers in the black market.

According to the review, private banks started a scheme whereby customers traded gold imported illegally through Thai-Myanmar border. It became a thriving business pushing the gold market price. Recognizing this practice as a serious problem, ERU “had a meeting with private bank owners in May 2002 urging them to stop gold pawning activities”. The Ministry of Finance and Revenue then issued an order to the private banks to stop gold pawning and to refund the current contracts within one month. ERD evaluated that this was effective in pushing down the gold price, but only for a few days. The price went up again “because of the attempts by the dealers to pull up the price, therefore, we captured twenty one gold dealers and four gold brokers to control the situation, stabilizing the market again.”²⁵

This was the approach of Military Intelligence to economic and monetary management. The way to stabilize the market was to capture gold and US dollar dealers, who Military Intelligence saw as pushing up the price for their own good. Ultimately, they believed that the forceful intervention was effective in quelling the possible riots that would lead to social instability. There was such little understanding of the principles of market oriented economy which the SLORC/SPDC had declared to introduce to the country after 1988.

Banking Crisis – Power over Central Bank

Another set of internal reports of ERU also indicated that the Military Intelligence did not give the Central Bank the authority or the autonomy to manage the serious banking crisis that erupted in the country early 2003. The crisis was triggered in January 2003, by the collapse of a series of informal finance companies called *A-kyoe-saung lou-ngan*. It quickly extended into the emerging private banks. The panic-stricken public formed long cues at each private bank, namely Asia Wealth Bank, Yoma Bank, Kanbawza Bank, Mayflower Bank, and Myanmar Oriental Bank, to withdraw their

²⁴ The government announced that the son-in-law and three grandsons of former president Ne Win were arrested after a coup attempt was foiled. Aye Zaw Win, husband of Ne Win’s daughter, Sandar Win and their three sons, Aye Ne Win, Kyaw New Win and Zwe Ne Win, were arrested at a Yangon restaurant on March 7, 2002.

²⁵ Economic Review (internal) by Economic Research Unit, Military Intelligence, May 2002

savings, which lead to a shortage of Myanmar's currency and a liquidity crisis in February.²⁶

The military leadership attempted to assuage the crisis with soothing words to the public. Khin Nyunt declared on 21 February that there was "no safer place" for frightened depositors "to keep their money than in the banks".²⁷ He took the lead downplaying the crisis in a bid to quell the anxiety and panic among people.²⁸

However, the documents suggest that Khin Nyunt was taking the matter far more seriously. Under his authority as Director of Military Intelligence, he gave an order to all intelligence units to "prepare a report on the range of impact on business caused by the current banking crisis."²⁹ ERU also ordered and received the balance sheet of daily deposit and withdraw activities of all six private banks from 17 February till mid October 2003. ERU ordered Chairman of Central Bank in June 2003, to send to ERU 2002-2003 annual reports and audit reviews including financial statements of the six banks, under the authority of the Director of Military Intelligence, Khin Nyunt.

In analysing the military government's response to the banking crisis, Turnell concluded that "much of the blame for the crisis must be laid at the door of the Central Bank of Myanmar and, to the extent that it did not enjoy operational autonomy".³⁰ ERU reports suggest that the operational autonomy was non-existent. While Khin Nyunt dismissed the crisis in public statements (which only added to the anxiety among the public), he closely supervised the performances of private banks and controlled the situation by limiting the maximum amount of money that could be withdrawn from the banks.

2.2.4 Power Abuse of Military Intelligence

As the sphere of influence of Military Intelligence grew, Military Intelligence officers started abusing the power not only against the civilians but within the system of

²⁶ Sean Turnell, "Myanmar's Banking crisis (Research Notes)" *ASEAN economic Bulletin*, Institute of Southeast Asian Studies, 2003 Vol 20, Issue 3, 272-283p

²⁷ Zaw Oo, "Throwing Good Money After Bad: Banking Crisis in Burma". *Burma Fund Policy Brief 3* (Washington, D.C.: The Burma Fund, 2003)

²⁸ During this period, no official newspapers or private publications in Myanmar were allowed to use the word "banking crisis". Officially, banking crisis did not exist.

²⁹ Military Intelligence order (internal), March 2003

³⁰ Turnell, p272-283

the military government.

Evidence suggests that an ERU officer sent a letter to the Director of Lottery Department in March 2004, asking for lottery selling permits for eleven officers, from Colonel to Private, all of whom belonged to ERU, using the name of Head Quarters of Military Intelligence.

Another letter was addressed to Ministry of Energy in the name of the Military Intelligence asking for a purchasing permit to buy kerosene and candles to be distributed “for the benefit of the families of the officers and the privates who are working in Economic Research Unit”. The author did not find evidences that these letters asking for favour actually produced any result. However, the attitude of Military Intelligence staff such as ERU low ranking officers writing these letters to ministries most likely have been taken as arrogant and abusive within the military.

Steinberg wrote: “ Headed at the close of the century by Khin Nyunt, the DDSI is ubiquitous and is widely feared throughout the society, because it collects information not only on the civilian population, but on the military itself, including the leadership, it accumulates data that can be used to keep the military in line.”³¹ While how much the leadership of the military feared Military Intelligence cannot be evaluated by the author, it was certainly the pervasive fear throughout the society that even low-ranking Military Intelligence personnel were trying to take advantage of, for their day-to-day additional earning or commercial gain. The research findings suggest that Military Intelligence staff overestimated their own power and abused it within the military system. The abusive tendency among the staff of Military Intelligence provided the cause for conflicts among Military Intelligence and the *Tatmadaw*.

2.3 Cause of Conflicts: Mindset, Political vs. Military

2.3.1 Rise of Khin Nyunt

This section turns to the cause of conflicts on the personal level, the mindset of Khin Nyunt, in comparison with other leadership in the *Tatmadaw*. Before coming to the analysis, first it traces the rise of Khin Nyunt as Spy Chief.

³¹ Steinberg, *Burma* p74

Khin Nyunt held the position of Chief of Military Intelligence for twenty years and made Military Intelligence one of the most influential organs of the *Tatmadaw*. Even if he did not have the combat troops under him after taking up the role of Spy Chief, his manipulative skills to communicate, negotiate and build confidence with foes of the *Tatmadaw* made him a successful and influential figure in the leadership.

Born in 1939 and graduated from the Officer's Training School in Hmawabi in 1960, Khin Nyunt served as Commander of the Army's 20th battalion, and was a staff officer at Defence Ministry's Bureau of Special Operations in the 1970's, then transferred to Tactical Operations Commander of 44th Light Infantry Division.³² Khin Nyunt, then Colonel, became responsible for rebuilding the Military Intelligence structure after the 1983 Rangoon bombing in which North Korean agents infiltrated to the heart of Rangoon and set off a bomb at Martyrs' Mausoleum which killed 21 people, mostly South Korean officials. This attack was a diplomatic embarrassment for the military government, and in retaliation, Myanmar cut the ties with North Korea immediately till present.³³ Khin Nyunt was called back to the capital and was instructed to "rebuild the shattered agency",³⁴ and was put on the position of the head of Directorate of Defence Services Intelligence (DDSI) in 1984. According to Maung Aung Myoe, he rebuilt the DDSI from scratch.³⁵

It is ironic that the rise of Khin Nyunt was a by-product of the previous purges within the military in 1983, which have striking parallels to Khin Nyunt's case. These purges were against someone who was known among the public as "MI' Tin Oo", who had helped establish the Military Intelligence body and became the Director of National Intelligence Bureau. Tin Oo had a reputation of "serving as Ne Win's 'eyes and ears' in the military and the Burma Socialist Programme Party (BSPP)".³⁶ Tin Oo, who had

³² Bertil Litner, "Myanmar's Military Intelligence," *International Defence Review*, December 1990, p39

³³ There have been signs of possibility of normalizing the tie between the two countries. In 2003, a senior MI officer hinted to the author that it was the North Korean side that was approaching the Myanmar government. Myanmar side thought it was too early then. As of April 2006, Myanmar Foreign Ministry officials admit that the two sides have already come to a basic agreement of normalization. It is still to be officially signed between the two countries.

³⁴ Selth, *Burma's Armed Forces: Power Without Glory*, p106

³⁵ Maung Aung Myoe, *Building the Tatmadaw: The Organizational Development of the Armed Forces in Myanmar, 1949-98*, Working Paper No. 327 (Canberra:1998), p21

³⁶ Josef Silverstein, 'Burma in 1981: the Changing of the Guardians Begins', *Asian survey*, Vol. 22, No. 2, February 1982, p. 182, cited by Selth, *Burma's Armed Forces*, p122.

become Joint General Secretary of the BSPP by then, was tried and convicted on charges of misappropriating government funds. His close ally, Home and Religious Affairs Minister Colonel Bo Ni was convicted on corruption, and “a wholesale purge of the MIS (Military Intelligence Service) took place, resulting in the removal of most officers appointed by Tin Oo”³⁷. Bertil Litner’s analysis of the time sounds ominous: “it was suggested at the time that the urbane MIS people had become too powerful for comfort and almost managed to establish a state within the state- which threatened Ne Win’s inner circle of hand-picked less-than-intelligence yes-men.”³⁸

It was widely believed that the government’s failure to prevent Rangoon Bombing stemmed directly from purges within the military that had taken place before terrorist attack, in which brought the key intelligence agency to an “entire collapse”.³⁹ A year after Khin Nyunt became the Director of DDSI he was upgraded from Colonel to Colonel/Brigadier, then to Brigadier in 1988. In 1994, when Maung Aye (then Lieutenant General) was promoted to Commander-in-Chief of Defence Services and Commander-in-Chief of the Army, the Office of Strategic Studies was created for Khin Nyunt, who was promoted to Lieutenant General.⁴⁰

A commonly shared view of Khin Nyunt among senior officials of Military Intelligence was that he spent almost all his time working and paid attention to minute details. According to them, Khin Nyunt neither drank alcohol nor played golf and “wanted to control almost everything”.⁴¹ Khin Nyunt would only go home to eat dinner but usually come back to office to sleep. (Senior members of the leadership virtually lived in their offices. It became customary after 1988, when the military took over the government - it was “a time of emergency”.⁴² This continued until at least 2000.)

2.3.2 *Ne Win Factor*

One essential factor to take into consideration for the rise and fall of Khin Nyunt is the influence of late President Ne Win who ruled Myanmar for twenty six years from

³⁷ Ibid., p122

³⁸ Bertil Litner, *Outrage* p.65

³⁹ Dr. Maung Maung, *The 1988 Uprising in Burma*, p.183, cited by Selth in *Burma’s Armed Forces*, p123

⁴⁰ Maung Aung Myoe, *Building the Tatmadaw: The Organizational Development of the Armed Forces in Myanmar, 1948-9*, Working Paper No. 327, p21

⁴¹ Author’s interview with a senior officer, 2002.

⁴² Author’s interview with a senior officer, 2002.

1962 to 1988. He established the BSPP and instituted a system called “Burmese Way to Socialism”, which involved mixture of elements of nationalism, Buddhism and Marxism, that drove the nation to virtual isolation from the rest of the world and to the extreme deterioration of its economy. Ne Win was definitely one of the most charismatic characters in the modern history of Myanmar. Steinberg wrote “Ne Win had been, and remains at the turn of the millennium, the most important, if not the most efficacious, figure in post-independence Burma/Myanmar”.⁴³

Although there is little concrete evidence to show how close Khin Nyunt to the former President Ne Win, the general perception among observers was that they were very close. Martin Smith described; “A youthful and energetic officer of political daring, Khin Nyunt enjoyed the patronage of Ne Win”.⁴⁴ Selth also wrote that Khin Nyunt was “reportedly a close protégé of President New Win”⁴⁵. President Ne Win, who ruled Burma for twenty six years till his resignation in 1988, was feared by both within the Burmese society as a whole, but even worse within the ruling military, according to Selth, because Ne Win “weeded out competitors and dissidents, replacing them with men who owed their positions to him alone. Signs of disloyalty were ruthlessly crushed.”⁴⁶ The widely shared perception that Khin Nyunt was in the close circle of Ne Win and his family, helped fears for Khin Nyunt pervade within the system from the beginning. Even after the formation of the SLORC, observers believed that Ne Win kept certain influence behind the scenes at least for one decade.

Seekins also points out the “ Ne Win-Sanda Win-Khin Nyunt axis”.⁴⁷ Sanda Win is one of Ne Win’s daughters who, in 1988 was army major attached to the medical service, who was said to have closely worked with Khin Nyunt. Smith described that it was Sanda Win and Khin Nyunt who were “widely credited with running a sophisticated though often widely inaccurate propaganda campaign in the national press” in early years.⁴⁸

. However, by the end of 1990’s, it was apparent that Ne Win’s influence had waned. Even staff members of Military Intelligence did not show signs of hesitation in

⁴³ Steinberg, *Burma*, p12

⁴⁴ Smith, *Burma: Insurgency and the Politics of Ethnicity*, p 424

⁴⁵ Selth, *Burma's Armed Forces*, p106

⁴⁶ Ibid, p12

⁴⁷ Seekins, *The Disorder in Order*, p278

⁴⁸ Smith, *Burma*, p18



speaking frankly criticism against Ne Win's policies of the past and lamented openly how the country's economy deteriorated under his leadership.⁴⁹ Selth pointed out in 2001 that control over the government and armed forces is no longer exercised by the ageing Ne Win, and his standing among the younger generation in the *Tatmadaw* was not as great as it once may have been.⁵⁰

In March 2002, the current leadership showed the superiority of power by acting against Ne Win's family when he was still alive. Ne Win's son-in-law Aye Zaw Win and three grandchildren, Aye Ne Win, Kyaw New Win and Zwe Ne Win, were arrested at a Yangon restaurant for an alleged coup plot against the military government. Ne Win was said to be senile and ill-health at his home in Yangon at the time. His son-in-law and grandchildren were sentenced to death in September 2002, three months before Ne Win passed away. A few days after Ne Win's death, the author asked some senior officers of the military government whether there was any plan to hold an official funeral for the late President. They smiled and said, "No. It will merely be the family affair. They will scatter the ash in the river. That will be it".⁵¹ Some observers point out that a part of Khin Nyunt's power base was lost with Ne Win's disgraceful death, because there was no reason to fear the ghost of "Number One" (Ne Win's old nickname) any more. Therefore, it could be argued that Khin Nyunt's decline already started in 2002. It may well be, although this paper argues that there were other more important factors to provide the base for the demise by that time.

2.3.3 Khin Nyunt as the Negotiator

As Chief of Military Intelligence, Khin Nyunt's task was to use the political leverage to bargain with the foes of the *Tatmadaw*, in which he exhibited talent.

After the establishment of the current military government in 1988, Khin Nyunt spearheaded negotiations with armed ethnic groups and spent almost one decade to strike series of ceasefire deals with seventeen different groups. (See Table 1)

⁴⁹ Personal communication, 1999

⁵⁰ Selth, *Burma's Armed Forces*, p263, citing Bertil Litner that one *Tatmadaw* source is reported to have stated that less than 25% of the armed forces feel any personal loyalty to New Win, in 'Dissent in the Ranks' p22

⁵¹ Personal communication, Yangon, December 2002

Table 1 : SPDC's Ceasefire Agreement with Armed Ethnic Groups

No.	Name of Groups	Date	Location	Ethnic Group
1	Northern Shan State Special Region-1	31-3-89	Laukkai	Kokang
2	Northern Shan State Special Region-2	9-5-89	Panhsan	Wa
3	Northern Shan State Special Region-3	24-9-89	Seinkyawt	SSA
4	Eastern Shan State Special Region-4	30-6-89	Mongla	Shan/Akha
5	Northern Shan State Special Region-5	11-1-91	Kaungkha	KDA
6	Southern Shan State Special Region-6	18-2-91	Kyauktalin	Pa-O(White)
7	Northern Shan State Special Region-7	21-4-91	Namtu	Paling
8	Kachin State Special Region-1	15-12-89	Panwa	NDA
9	Kachin State Special Region-2	24-2-94	Laisin	KIO
10	Kayah State Special Region-1	27-2-92	Moby/Pekhon	KNG
11	Kayah State Special Region-2	5-9-94	Hoya/Biya	Ka-la-la-ta
12	Kayah State Special Region-3	26-7-94	Pyinhsaung	Kayan Pyithit
13	Shan State Nationalities People's	9-10-94	Naungtaw	Pa-O(Red)
14	Liberation Organization	21-3-95	Dawtamagyi	Kayinni
	Kayinni National Progressive Party		Htipokalo	
15	New Mon State Party	29-6-95	Yechaungphya	NMSP
16	Shan State Army	5-1-96	Homein/Lwelan	MTA
17	BCP(Rakhine State)	4-6-97	Buthidaung	
			Maungtaw	

(Source: *Magnificent Myanmar (1988-2003)*, Ministry of Information of Myanmar)

In the history of the war-torn country, this was a major achievement for both sides of the military and the armed ethnic groups.⁵²

Khin Nyunt was also in charge of negotiating with another political foe of SPDC, Aung San Suu Kyi. He designated one of his senior staff, Brig. Gen. Taung Tun as the liaison officer between the government and Suu Kyi and made regular contacts while she was under house arrest. It seemed as if some trust between Khin Nyunt and Suu Kyi had forged through their contacts. While "the regular Army figures have frequently made public calls for Daw Suu Kyi's 'annihilation', by contrast, Khin Nyunt's method of dealing with the NLD has been subtler, attempting to divide it internally and

⁵² There are voices of frustration from ethnic minority side that 'no major government or international agency has yet come forward to support such a initiative. As a result ethnic minority groups feel extremely disappointed that in general foreign governments are not responding to the progress of these cease-fires or indeed even understand their significance or context.' Seng Raw, a Kachin social worker "Views From Myanmar: An Ethnic Minority Perspective" in *Burma: Political Economy under Military Rule* (London:2001) p161

marginalizing its leader”, according to Seekins.⁵³ When the United Nations Envoy Tan Sri Razali Ismail visited Suu Kyi at her house in March 2004, (She was detained in May 2003 during a political campaign tour and under house arrest since then.) Razali said “she believes she can work with the Prime Minister” and that “I believe he(Khin Nyunt) thinks there can be a working relationship established between Suu Kyi, NLD and him”.⁵⁴

Turning onto Myanmar’s relationship with the international community, Khin Nyunt had the delegated authority to be responsible for foreign affairs. He was the contact point for diplomats, UN agencies, foreign ministries and the counterparts of the Association of South East Asian Nations (ASEAN). Khin Nyunt campaigned for Myanmar’s membership of ASEAN, which was achieved in July 1997. Mya Than, citing Kin Ohn Thant, wrote that the reason for Myanmar to join the regional group was that “in this age of globalization and regionalism, the country realizes that it cannot continue to isolate itself. It needs to identify with a sympathetic group, which will treat it as one of them, and a group that will not exploit Myanmar’s weak situation.”⁵⁵ The awareness of the age of globalization and regionalism, the realization that Myanmar would be better off engaged with the rest of the world than continued isolationism was that of Khin Nyunt, who were aware of what was going on outside the country and how the international community viewed Myanmar. However, this did not necessarily represent the views of all the military leadership.

Khin Nyunt bargained with Burmese living in exile, too, persuading them to discard their anti-military government stand and to return back to Myanmar to live; in exchange, the government would not press any charge against their past anti-military government political activities. He tried to negotiate with a young Burmese living-in-exile computer hacker, who hacked Myanmar’s official website (www.myanmar.com) to come back to live in his own country, and that Khin Nyunt would guarantee his safety. That did not materialize for the hacker was reportedly arrested in London for

⁵³ Seekins, *The Disorder in Order*, p281

⁵⁴ “Myanmar’s Suu Kyi ready to turn the pate: UN Envoy”, AFP 6 March 2004 Tan Sri Razali acted as UN Envoy to Myanmar since April 2000 but quit in January 2006 when his term was over. He was not allowed to enter Myanmar for the almost two years.

⁵⁵ Mya Than, *Myanmar in ASEAN: Regional Cooperation Experience* (Singapore: Institute of Southeast Asian Studies, 2005), p84, citing Khin Ohn Thant, “ASEAN Enlargement: Economic and Financial Implications for Myanmar”, Mya Than and Carolyn L. Gates, *ASEAN Enlargement: Impacts and Implications* (Singapore: ISEAS, 2001) p264

having hacked other computer networks in 2002.⁵⁶ Khin Nyunt's negotiating skill led him to gain allies as new power bases and led the label of a "moderate".

His success of bargaining produced a drawback that caused conflicts within the *Tatmadaw*, for not all military leaders were appreciative of these political moves. Smith writes; "underpinning the view of many military leaders were two clear but unsettling perceptions; first that politicians of any persuasion (from the NLD to the KNU or CPB) were not to be trusted, and, second, that ethnic minority movements would immediately resurrect secessionist demands at the first sign of any weakness in the government."⁵⁷

Even in mid-1990's by when the military government had agreed on ceasefire deals with the majority of seventeen ethnic minority groups, many SLORC leaders "still regarded the ceasefire process as a considerable risk to their own security".⁵⁸ Seekins wrote that "probably the most important issue of contention between Khin Nyunt and older military commanders was the MI chief's policy of making ceasefire agreements with the ethnic minority rebels and promoting border development", citing Litner's description of the resentment among battle-seasoned field commanders of Khin Nyunt for "treating their former enemies [the insurgents] as V.I..Ps. "⁵⁹

It is important to remember that Khin Nyunt did not start the ceasefire negotiation on his own and that he was assigned by SPDC to embark on the series of negotiations. Striking ceasefire agreements in itself was taken as a success by the leadership, not a failure. What caused resentment was the way Khin Nyunt handled the negotiations and the consequence of the ceasefire agreements that Khin Nyunt's power base grew, both politically and economically. Khin Nyunt handled the negotiations in such a manner that he and his subordinates would leave firearms before entering the areas under the armed ethnic to negotiate; that the military government promises to develop their areas in return of ceasefire; that the leaders of the armed ethnic groups could come down to cities such as Yangon and Mandalay to have their representative offices and would be permitted to engage in business legally. For Khin Nyunt, as the negotiator, these conditions were necessary in order to gain trust from the counterparts. However, for

⁵⁶ Author's interview with an IT related official, January 2006.

⁵⁷ Smith, *Burma*, p422

⁵⁸ *Ibid.*, p445

⁵⁹ Seekins, *The Disorder in Order*, p281

many other leaders of the *Tatmadaw*, Khin Nyunt's position looked conciliatory to the foes and that Khin Nyunt appeared to have been reaping the benefits of the negotiations.

When these negotiations brought results which SPDC judged unbeneficial for their interest, it put Khin Nyunt in an adverse position. To have UN Envoy Razali's remark such as that Khin Nyunt had some trust of Aung San Suu Kyi publicized in the press, or to be labelled as a "moderate" (with the implication that Khin Nyunt was *better* in comparison with the rest of the top leadership) did not serve any good for Khin Nyunt but at best drove a wedge between Khin Nyunt and the rest of the leadership. It is necessary to have a political mind in order to act as a responsible leader of a government that would deal with lives of all citizens, whether allies or foes. However, for the mindset of the military, making concessions to the foes, let alone forming alliance with the former enemies would not be acceptable. Thus the political success of Khin Nyunt caused friction between Khin Nyunt, Military Intelligence and the *Tatmadaw* leadership.

2.4 Conclusion

This chapter has probed the possible causes of conflicts between Military Intelligence and the *Tatmadaw* on both institutional and personal levels. On the institutional level, the research findings were that Military Intelligence was militarily weak in comparison with the rest of the *Tatmadaw*. The personnel of Military Intelligence did not even stand one percent of that of the Army. This could explain why the sacking was so swift and almost non-confrontational. There were obvious signs of rivalry even among the intelligence apparatus, between Military Intelligence and Army's Signal Corps in particular.

Since mid-1990s, the delegated authority to Khin Nyunt by SPDC required Military Intelligence to function as "a government within the government", in charge with various aspects of civilian affairs from the economy, health, education, Information Technology, to tourism and archaeological excavation. This expanded the sphere of influence of Military Intelligence extensively. The case of Economic Research

Unit exemplified how Military Intelligence gave directives to Ministries and even to Central Bank, overseeing the economic affairs, and making forceful intervention on the monetary or gold markets in order to prevent drastic fluctuation. There arose the institutional tension between Military Intelligence-as-government and the *Tatamadaw* – as- institution. In addition, evidence suggests that in the process of having such extensive influence, Military Intelligence, even low ranking officers became abusive of power within the military system, which caused animosity among the regular military against Military Intelligence.

On the personal level, the mindset of Khin Nyunt as a negotiator caused the conflict with the rest of the *Tatmadaw* leadership. Khin Nyunt was an adept negotiator, striking ceasefire deals with armed ethnic groups and attaining the membership of the regional grouping such as ASEAN. However, more entrenched *Tatmadaw*-men did not uphold the art of negotiation. Many senior members of the military would have seen compromise to its foes, be it the armed ethnic groups, Aung San Suu Kyi or NLD, foreign governments or the international community, as a sign of weakness that might be injurious to the coherence of the *Tatmadaw*. Moreover, they perceived Khin Nyunt's power base growing when his negotiations with these counterparts went successfully, which became a threat to the *Tatmadaw*. This point will be elaborated in depth in the following two chapters.

Ironically, much of success of Khin Nyunt and Military Intelligence, both on institutional and personal level provided the cause of conflicts between Military Intelligence and the rest of the *Tatmadaw*, which in the end acted against Khin Nyunt and Military Intelligence.