

Proposal for National Reconciliation

Towards Democracy and Development in Burma

(2009)



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Presented by the following seven major alliances, which are broad-based, multi-ethnic political and civil society organizations working inside and outside Burma to achieve national reconciliation, peace and freedom in the country

National Coalition Government of the Union of Burma

National Council of the Union of Burma

-- *Democratic Alliance of Burma*

-- *Members of Parliament Union*

-- *National Democratic Front*

-- *National League for Democracy (Liberated Area)*

Ethnic Nationalities Council

Women's League of Burma

Forum for Democracy in Burma

Students and Youth Congress of Burma

Nationalities Youth Forum

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Foreword

A Historic Opportunity for Enduring Peace in Burma

A historic opportunity has arisen for Burma. The people of all nationalities in Burma, who, for many reasons, remain divided since the Panglong Agreement, are again speaking with one voice. They want democracy, long-lasting peace, and development and to live in harmony in a single Union with enduring stability. Most importantly, they are willing to compromise to get there as elaborated in this Proposal for National Reconciliation towards Democracy and Development in Burma.

The Proposal of the Movement for Democracy and Ethnic Nationalities is the result of trust building among democracy and Ethnic Nationality organizations over many years and after many months of work and regular consultations among the members of the Movement and with senior officials of the democracy and Ethnic Nationality political parties and institutions inside Burma. All the members of the Movement have taken an active part in developing the Proposal and remain united in pursuing efforts towards national reconciliation in Burma.

Although the Movement recognizes that the Tatmadaw leaders in Burma have developed a Road Map for the future of the country and plan to hold elections in 2010 on the basis of a constitution that was unilaterally drafted by the Tatmadaw, it also understands that objectively speaking, the Tatmadaw's Road Map will not end political strife, ethnic discord, or the continuing socioeconomic crises. It is, therefore, extending an outstretched hand, inviting a dialogue with the Tatmadaw leaders which would contribute to the creation of the necessary conditions for the holding of free and fair elections to bring stability and national reconciliation to Burma and gain international legitimacy.

Burma is at a critical crossroads now and any decision made by the Tatmadaw leaders will have an enduring impact on the country and the people. We, the Movement, therefore, urge the Tatmadaw leaders to uphold the Panglong Spirit and choose a path that leads to national reconciliation, long-lasting peace, and development in the country.

The Movement also calls on all governments, the international community, and the United Nations in particular, to do their best in helping the Movement and the Tatmadaw achieve national reconciliation.

In conclusion, we wish to extend our congratulations to all leaders of the leading political institutions inside the country and in exile, who have placed the welfare of the country and people above all and have taken the interests of all stakeholders, including the Tatmadaw, into account when coming up with this Proposal.

We are also grateful to the Burma experts who have contributed their expertise and knowledge in developing this Proposal.

Thanks to all, we are now united and ready to move Burma towards a better future for all its citizens.

A handwritten signature in black ink, appearing to be 'Sein Win'.

(Sein Win)
Prime Minister
National Coalition Government of the Union of Burma

PROPOSAL FOR NATIONAL RECONCILIATION

Towards Democracy and Development in the Union of Burma

"It is still not too late to achieve national reconciliation"

Daw Aung San Suu Kyi
Officers Guest House, Insein Prison
20th May 2009

INTRODUCTION

The Union of Burma is facing political, socioeconomic and general crises, including growing tension with ceasefire Ethnic Nationality forces, but it is not too late to address the issues of democracy, human rights, equality and self-determination of nationalities which are the root causes of these crises. "The Constitution of the Republic of the Union of Myanmar (2008)" which is yet to be ratified and the elections which are said to be scheduled for 2010 are initial opportunities that should be explored for discussions between the State Peace and Development Council (SPDC), the pro-democracy forces led by Daw Aung San Suu Kyi and the Ethnic Nationalities.

A solution to overcome the hardships besetting the nation can be found in a short time if all political stakeholders work together by showing goodwill and keeping national reconciliation in mind. We -- the Movement for Democracy and Rights of Ethnic Nationalities -- profoundly believe that a review and/or amendment of the 2008 Constitution will help overcome the present political and socioeconomic hardships as well as guide the nation onto the correct path of development. Furthermore, we also believe that the Tatmadaw (Defense Services) has an important political role to play during the transition period when, together with the pro-democracy and ethnic nationality forces of Burma, it will be jointly responsible for guiding the nation towards democracy and development. With this conviction, all organizations in the Movement held a series of consultations and prepared this Proposal for National Reconciliation so that it can be presented to the SPDC, the people, the Tatmadaw and the international community.

Today, the Union of Burma lacks unity and peace and that is the reason why it is plagued by political and socioeconomic problems. Unity of all

nationalities is vitally needed if these problems are to be overcome. We, who represent different political institutions, believe that national reconciliation is a primary requisite for the nation today. Through national reconciliation we can build national unity. We also believe that with unity we can quickly advance our nation toward democracy and development.

The National League for Democracy also called for the review of "The Constitution of the Republic of the Union of Myanmar (2008)" in its "Shwegondaing Declaration", suggesting that the cause of peace and development in the nation can be furthered if all political stakeholders make compromises in a balanced way and reconcile with each other. Our Proposal for National Reconciliation -- a result of thorough and broad-range consultations -- reflects and supports that Declaration. Our intent is to present it as our unified stand and our common vision. Furthermore, our proposal for national reconciliation is also in accord with the principles of a federal Union, racial and political equality for all nationalities, the safeguarding and ensuring of fundamental human rights, and a bicameral parliamentary system -- Amyotha Hluttaw (National Parliament) and Pyithu Hluttaw (People's Parliament) -- which were originally agreed upon by key political forces inside the country: the National League for Democracy and the United Nationalities League for Democracy.

It will be difficult for the 2008 Constitution to resolve the issues of democracy, equality and self-determination rights of Ethnic Nationalities, which are the root causes of the problems the country is facing. Furthermore, the 2008 Constitution does not allow Burma to fulfill its obligations under Article 2 of the ASEAN Charter, which requires member nations to respect "fundamental freedoms, the promotion and protection of human rights and the promotion of social justice", and to uphold "the UN Charter and international law, including International Humanitarian Law subscribed to by ASEAN member states".

Changes should therefore be made to the 2008 Constitution to create opportunities which will address these problems. If the suggested changes are not undertaken, key political stakeholders, including the Ethnic Nationalities, will be sidelined from the natural political process, the flames of civil war will continue to rage, and stability and peace will remain a distant dream for the nation. In other words, efforts to create a meaningful environment which allows democracy to flourish will be futile and Burma will have difficulty existing as a dignified and prestigious nation in the region and the international community at large. Conditions needed to

rebuild national prestige can only be created if national reconciliation is achieved.

Hence, it is utterly important to release all political prisoners including national leaders like Daw Aung San Suu Kyi, and to make the 2008 Constitution acceptable to all political stakeholders by conducting a process of constitutional review participated in by all relevant forces. The nation's socioeconomic conditions can become stable and developed only under such political conditions.

Under the prevailing economic conditions, millions of people in Burma are languishing in poverty and facing various hardships. Despite living in a country rich in natural resources, they are being denied opportunities for economic advancement and a decent standard of living while wealth remains concentrated in the hands of a few.

The agricultural sector is especially hard-hit: in many areas, rice prices have dipped below production costs and the collapse of the rural economy, exacerbated by cyclone Nargis' destructive swathe through Burma's rice bowl and fish-producing areas, will lead to a sharp decrease in rice production in the 2009-2010 season, thereby raising the specter of food riots and civil unrest. Meanwhile, the global economic crisis is forcing tens of thousands of Burmese migrant workers to return from neighboring countries. Investment, both domestic and foreign, is impeded and largely limited to the unsustainable exploitation of Burma's non-renewable natural resources, including its virgin forests and minerals.

Therefore, it is vital to urgently create an environment to overcome impending crises. This can be done through political harmony, and political accord can be achieved through national reconciliation.

Hence, the National Coalition Government of the Union of Burma, the National Council of the Union of Burma, the Ethnic Nationalities Council, the Women's League of Burma, the Forum for Democracy in Burma, the Students and Youth Congress of Burma, the Nationalities Youth Forum and major ethnic and pro-democracy institutions and organizations representing civil society in Burma set out here a proposal containing principles which should unavoidably be included in a national constitution -

- (1) National reconciliation, (2) Balance of power, (3) Safeguarding of human rights, (4) Recognition of the rights of Ethnic Nationalities, and (5) Full participation by all elements of civil society in the national political

process, in the political and socioeconomic matters that should unfailingly be carried out in the transition period, and in subject matters that should be reviewed and amended in the 2008 Constitution. The components of the Proposal for National Reconciliation are:

- (A) Trust Building
- (B) Background of the national constitution, basic constitutional principles, & election affairs
- (C) Security Affairs
- (D) Socioeconomic Reforms

In conclusion, we wish state that this proposal for national reconciliation towards democracy and development is the common vision of the Movement for Democracy and Rights of Ethnic Nationalities in Burma, political organizations based on pro-democracy and ethnic interests, as well as civil society institutions. It is presented with sincere goodwill to attain national reconciliation and achieve democracy and development in Burma. We are presenting it to all the people in Burma, including the Tatmadaw and the State Peace and Development Council, and to the international community.

Our expectations are that the State Peace and Development Council will not reject our proposal and that the UN Secretary-General and the international community at large will extend their assistance in deed so that the State Peace and Development Council -- together with appropriate leaders like Daw Aung San Suu Kyi, U Tin Oo, and U Khun Tun Oo, as well as pro-democracy and ethnic nationality forces -- will join hands and come together to implement our proposal.

We take this opportunity to express our gratitude to all Burma experts from many fields who have contributed to the success of this proposal for national reconciliation.

PROPOSED ACTION

(A) TRUST BUILDING

Under the prevailing circumstances, the primary means of resolving the political, socioeconomic and other general crises that Burma is facing today is the holding of a dialogue to achieve national reconciliation. It is therefore vital to make prudent preparations so that a political environment that is conducive to dialogue emerges. The dialogue held will objectively build trust as well as help shape the future of the nation during the transition period.

In trying to resolve the general crises that Burma is facing, key problem areas where trust building is vitally needed are:

1. Transfer of power to people.
2. Fundamental rights of the citizenry.
3. Rights of Ethnic Nationalities.
4. Role of the Tatmadaw.
5. Acknowledgement that rights of people were violated.
6. Role of the 1990 elections.

1. Creating a political environment to build trust

(a) Practical steps to take

- Unconditional and immediate release of political prisoners, including leaders like Daw Aung San Suu Kyi.
- Declaration of a nationwide ceasefire.
- Cessation of all hostilities.
- Mutual assurances of security.

(b) Outlook to adopt during the process of trust building

To ensure that the dialogue process addressing existing problems is a success, all political forces involved in the trust building process should adopt a mindset based on the following principles:

- Placing the interests of the people above all.
- Showing openness, sincerity and mutual respect.
- Building positive relationships on the basis of mutual recognition.
- Approaching issues in a peaceful and flexible manner.
- Promoting general harmony without hard feelings.
- Working toward mutual cooperation.

2. Promoting trust

As initial negotiations gradually progress and transitional phases begin, trust and confidence levels should be advanced further through the following conditions which lead to political maturity:

- Humanitarian, development, and economic issues should be tackled in parallel with political issues.
- As the reconciliation process advances, bilateral joint efforts should be carried out to gradually phase out sanctions and acquire more aid and assistance.
- Negotiations should be held to include in the national constitution fundamental principles that guarantee equality and self-determination rights of Ethnic Nationalities.
- Fair and appropriate solutions should be found to address the grievances of victims of human rights violations. At a minimum, a healing and reparation process should be initiated to bring closure to the bitterness and grievances of victims.
- Ethnic Nationalities should be included in the decision-making of nation building programs.

- The future role of the Tatmadaw should be clearly defined and publicly acknowledged once it is transformed into a modern armed force.
 - Programs to promote closer friendship, mutual understanding and mutual recognition among all Ethnic Nationalities, including the Burmans, should be initiated.
 - Programs to promote the role of women in nation building and peace building processes in the country should be carried out.
 - Programs to open up opportunities for minorities to increase their participation in the nation building process should be undertaken.
-

(B) BACKGROUND:

THE NATIONAL CONSTITUTION, BASIC CONSTITUTIONAL PRINCIPLES & ELECTION AFFAIRS

Today, Burma is facing a constitutional crisis. The solution to that crisis lies in the enabling of a genuinely fair process which will lead to the emergence of a national constitution that is trusted by and broadly acceptable to the people.

The present political and socioeconomic crises will only be resolved when a strong government of unity is established in accordance with the said constitution. We sincerely believe that a government emerging under the "The constitution of the Republic of the Union of Myanmar (2008)" will not be able to resolve the prevailing crises.

The National League for Democracy proposed a set of basic constitutional principles at the National Convention held in 1993 and also agreed upon federal principles with Ethnic Nationality political parties, including the Shan Nationalities League for Democracy and the United Nationalities League for Democracy---the alliance of ethnic nationality political parties.

Papers covering policies and positions on democracy, federal affairs and nation building were also published when the Committee Representing People's Parliament was established by the National League for Democracy and ethnic nationality political parties.

When the National Convention was convened in 1993, ethnic nationality armed forces, which had already concluded ceasefire agreements with the military, submitted papers to the convention about their vision of ethnic nationality rights and hopes for the Union.

The Democratic Alliance of Burma first initiated the drafting of a federal constitution outside the country, which was later adopted by the National Council of the Union of Burma. The United Nationalities

League for Democracy and the National Council of the Union of Burma continued the process, forming the Federal Constitution Drafting Committee and the State Constitution Drafting Committees to write federal and regional constitutions. The basic principles of the federal constitution were unanimously endorsed by all pro-democracy and ethnic organizations.

Even though constitution-making processes involving a broad and representative spectrum of Burmese society have been ongoing over many years, the Movement for Democracy and Rights of Ethnic Nationalities, with the long-term interests of the nation and the people in mind, is presenting this Proposal for National Reconciliation and ready to commence discussions on constitutional reform on the basis of the 2008 Constitution.

General Conditions for Constitutional Dialogue

A constitutional dialogue amongst all stakeholders should be directed at achieving the following general objectives:

- *National Reconciliation*
Guaranteeing democracy and equal rights of all Ethnic Nationalities should be the essence of the national constitution. The right of the Tatmadaw to play a role in nation building during the transition period should be clearly defined and acknowledged just as, in turn, the Tatmadaw should acknowledge the role of elected civilian democratic and ethnic nationality representatives.
- *Balance of Power*
A balance of powers and responsibilities must be laid out between the executive, the legislature and the judiciary. The judiciary must be independent, protected by constitutional provisions and given the power to enforce its rulings. Lawmaking should be the work of a Parliament that genuinely represents the people. Division of power should be balanced between the Union and state/regional authorities.
- *Protection of Human Rights*
The national constitution should guarantee citizens freedom of expression, freedom to assemble, freedom to form groups, freedom

from arbitrary confiscation and arrest, freedom of religion and language, freedom of the press, cultivator and land rights, equality before the law and labor rights. The constitution should also protect rights of ethnic nationalities, gender equality and rights of minorities. The rights above must adhere to international human rights conventions. The constitution should establish a National Human Rights Commission, reporting to Parliament.

- *Recognition of the Rights of Ethnic Nationalities*

The national constitution must guarantee to protect self-determination rights and promote the literature and culture of Ethnic Nationalities. To ensure that all Ethnic Nationalities are political equals, the national constitution should guarantee equal representation of every Ethnic Nationality group in the Amyotha Hluttaw. The spirit and the essence of the Panglong Agreement should be the basis for considering the sharing of power between the Union and the states. The national constitution should also include provisions against racial discrimination.

- *Inclusion of Flexible Amendment Clause*

The above-mentioned proposals regarding the national constitution make it evident that the common vision of the majority of pro-democracy and ethnic nationalities inside and outside Burma is for the establishment of a nation which is fully democratic and which guarantees equality and self-determination rights of Ethnic Nationalities. Hence, we believe constitution-making should be an open-ended process with opportunities made available for reviews and changes. As pro-democracy, Ethnic Nationality, and Tatmadaw leaders mature politically during the democratic transition period, we believe that further agreements on a democratic constitution are bound to be reached between them and democratic foundations are certain to become stronger. Hence, a flexible amendment clause should be in place to make constitutional revisions easier.

- *Institutionalized Access to the Political Process*

Constitutional guarantees that protect and promote the human rights of individual citizens, the rule of law and political freedom for political parties should be in place to ensure the participation of all citizens in current and future political processes.

Key Provisions in the '2008 Constitution' on which dialogue is needed

1. One of the stated objectives of the 2008 Constitution is to grant the military a national political leadership role. Consequently, the military is given 25% of the seats in every state legislature and in the Amyotha Hluttaw and the Pyithu Hluttaw. The military also selects one of the three Vice Presidents (one of whom would become the President).
2. The Tatmadaw has the right to independently administer and adjudicate all affairs of the armed forces.
3. The National Defense and Security Council is formed with 11 members of which at least six members -- one vice president, the Commander-in-Chief of the Defense Services, the Deputy Commander-in-Chief of the Defense Services, the Minister for Defense, the Minister for Home Affairs and the Minister for Border Affairs -- will be from the military or military appointees. The military, therefore, holds a majority in the Council.
4. The Commander-in-Chief of the Defense Services is given excessive powers under the "Provisions on State of Emergency" of the 2008 Constitution.
5. The 2008 Constitution is impossible to amend as "prior approval of more than seventy-five percent of all the representatives of the Pyidaungsu Hluttaw" must agree, after which it must be approved by a nation-wide referendum.
6. The 2008 Constitution requires that in appointing and terminating Union ministers and deputy ministers to the ministries of defense, home affairs and border affairs, the president, who is "the Head of Executive of the Union", is required to obtain "a list of suitable Defense Services personnel nominated by the Commander-in-Chief of the Defense Services" and also to "coordinate with the Commander-in-Chief" if he wants to remove them from office.

7. The President and Vice Presidents are required to be "well acquainted with the affairs of the Union such as political, administrative, economic and military", which rules out civilians from becoming a president.
8. The 2008 Constitution mandates a national culture and ignores the complexity of society in Burma, with its competing ideas about nationhood, identity, language and political and economic systems. It limits the functions and power of ethnic nationalities within the legislature to a few specific areas and does not provide for state or regional constitutions. Only ethnic groups with "suitable populations" can participate in regional or state legislatures.
9. Separation of powers is sought "to the extent possible". This reservation is legally ambiguous and makes room for the executive branch - dominated by the military - to supersede the judicial branch.
10. The President is given the power to "direct to resign the Chief Minister or Minister of the Region or State who cannot discharge his duties efficiently. If he fails to comply, he shall be terminated from his duties".
11. Military commanders appointed as parliament representatives, ministers or other positions can return to their mother units still holding their military ranks while all civilians must resign from their positions before joining Parliament or taking up the posts assigned to them by the president or other official institutions.
12. Even though Article (352) prohibits discrimination on the basis of sex in appointing officials to government posts or duties, an exception in that article states "nothing in this section shall prevent appointment of men to the positions that are naturally suitable for men only." This contradicts the guarantee of equality regardless of sex and also deviates from Burma's undertaking to fulfill its obligations under Convention on Elimination of all Discrimination Against Women.

The emergence of a national constitution that the people of all nationalities accept and believe in is the key factor in achieving

national reconciliation in the Union of Burma. We believe that fulfilling this requirement should be the starting point toward reconciliation between the leaders of the Tatmadaw, popularly elected leaders and the leaders of the Ethnic Nationalities.

Paragraph 20 of the Declaration by the State Law and Order Restoration Council states that "the representatives elected by the people are those who have the responsibility to draw up the constitution of the future democratic State". "The Constitution of the Republic of the Union of Myanmar (2008)" is yet to come into force. Given the urgency of the situation and to avoid any problems over the constitution, a National Constitutional Review Commission involving all relevant stakeholders should be formed to review the constitution and to legitimize it with the mandate of Parliament.

Hence, we firmly believe that a dialogue to review and amend "The Constitution of the Republic of the Union of Myanmar (2008)" should be urgently initiated to overcome the prevailing political, socioeconomic and security crises, including growing tension with ethnic nationality forces.

Electoral Law and System

Current Electoral Law

In 1988, a new law established a commission – the Multi-Party Democracy General Election Commission Law – for the 1990 elections. This Commission is still in place today. Despite mentioning quite often its commitment on upcoming 2010 elections, the SPDC has not yet announced the electoral law or legal framework under which the elections will take place.

Electoral Law Reforms

Reform of existing electoral law or new electoral law, along with the constitutional review outlined above, will provide a stable basis from which a legitimate, democratic, Burmese government can emerge. In order to be a free and fair election, release of all political prisoners including Daw Aung San Suu Kyi with their freedom of organization,

freedom of movement and freedom of expression is a must before the 2010 election. A new electoral law and system, as well as being open, transparent, and fair will:

- Establish a new National Election Commission that would set a new date and modus operandi for national elections.
- Guarantee the freedom to form political parties and the freedom of expression (see Constitutional Framework section above). Registered political parties should have the fundamental rights to exist and exercise its functions with or without contesting in the national elections.
- Reform election counting procedures and machinery, including appropriate ballot design and voting booths.
- Use the United Nations' safety standards to protect voters and election workers from physical or emotional intimidation.
- Guarantee the right of all citizens to vote, and to the fair and transparent counting of votes.
- Permit monitoring by domestic Burmese citizens' groups and international groups interested in monitoring elections, including the United Nations Fair Elections Commission.
- Extend and expand the electorate to include Burmese citizens overseas, Burmese migrant workers, and adult members of all ethnic groups, and Burmese minority groups in exile.
- Lift media restrictions. Allow the presence of international media, ensuring they are given entry visas in a timely manner and the freedom to travel within Burma during the election.
- Honor election results.

(C) SECURITY AFFAIRS

(1) Initiating Appropriate Measures for the Reformation of the Security Affairs Infrastructure

The civil war in Burma is the longest lasting internal conflict in the world; it began in 1947. Once this proposal for National Reconciliation becomes a success, peace and normalcy will return to the country. Efforts should then be systematically made under a transitional program so that a modern and fully competent Tatmadaw that emerges is on a par with international standards and in harmony with the absolute conditions of the country.

We, the Movement for Democracy and Rights of Ethnic Nationalities, accept and recognize the fact that the military -- an important pillar of the nation -- plays a significant role in building a new Burma where democracy radiantly shines. Hence, the tasks of building a modern and progressive Tatmadaw, the transformation of military administration into civilian rule and the construction of a security and defense system in line with prevailing times should all be undertaken by both the military and the civilians, each side cooperating with the other. These tasks should also be implemented phase by phase and sector by sector while trust is being built between the two sides and reforms that need to be initiated are being studied and explored. Stability and national unity can be built in such a way.

We, therefore, invite all Tatmadaw personnel to join the people of Burma to contribute to the reconciliation and rebuilding of the country. This is the way where we all guarantee that the military's role continues within the social structure of the country.

(2) Role and Responsibility of the Tatmadaw in a Democratic Society

The role and responsibility of all forces including the Tatmadaw, which will strive for national reconciliation, should be defined as follows:

- That the Tatmadaw is a public service institution which will:
 - Defend and safeguard national sovereignty and the nation.
 - Abide by and protect the national constitution.
 - Preserve peace.

(3) Formulating National Security Policies

- The task of formulating national security policy matters should be jointly undertaken by the Government and the Tatmadaw and ratified by the Parliament (Legislative Assembly) before being implemented.
- The People's Police Force, under the Ministry of Home Affairs, should be given charge of matters concerning homeland security, peace and rule of law while the People's Tatmadaw, under the Ministry of Defense, should be responsible for the defense of the nation against external threats and tasks concerning national security.
- When the Government that emerges through the proposed national reconciliation process drafts national security policies, it should do so on the basis of, and by giving serious consideration to, a broad range of human security issues.

(D) SOCIOECONOMIC REFORMS

(1) Economic Sector

An "open economy" was introduced to Burma by the State Law and Order Restoration Council after the "socialist economy" promoted by General Ne Win failed dismally. Even though changes were introduced, Burma's economy continues to perform poorly. According to the Asian Development Bank (ADB 2009), the inflation rate is around 30 per cent per annum, the highest in South East Asia. Agriculture dominates the economy, contributing 44 per cent and services sector 36 per cent of Gross Domestic Product (GDP) respectively. Industry, including natural-gas exports, makes up about 20 per cent of GDP (ADB 2009).

The country's fiscal deficit currently exceeds 11 per cent of GDP (IMF 2007). Official figures claim economic growth has been over 10 per cent since 2000; however, according to the ADB (2009), this figure is not consistent with other reported variables such as energy use, which are closely linked with GDP. Non-official estimates place GDP growth at less than half of official reports. According to the Economist Intelligence Unit (April 2009), Burma's real GDP growth in 2008 was 0.9 per cent. This performance has been mitigated to some extent by increased revenue from natural gas exports, which now represent 40 per cent of Burma's exports and have permitted Burma to convert chronic deficits in its balance of payments to surpluses. However, the full potential of Burma's natural resources for the growth and development of the economy across all sectors needs to be realized for the benefit and welfare of all the nationalities of Burma.

We, the Movement for Democracy and Rights of Ethnic Nationalities, support an open economy and trade, with an emphasis on open flexible trade with our neighbors in the Asia-Pacific region. For Burma to prosper, firm measures should be introduced to stabilize the economy in the short term. In the medium to long term, measures of fundamental structural reform in the principal sectors of the economy should be implemented. A National Development Commission should

be established to design both long term and short term national development plans, seeking input from the people through a series of forums. In short order, the delivery of reforms of a systematic, macro-economic nature is needed: genuine and sustainable reform will not be possible unless there is political and economic reform.

Stabilization

Medium to long term structural reforms should be developed in a stable economic environment and the severest problems should be addressed first. For the purpose of macroeconomic stability and invigorated growth, the following steps should especially be taken:

- (i) Reducing the fiscal deficit.
- (ii) Unifying exchange rate.
- (iii) Reforming the banking sector.
- (iv) Further liberalizing the agricultural sector.

Fundamental institutional reforms should also be initiated: effective property rights, basic freedoms (including rule of law), basic functioning infrastructure, policy-making, market opening policies and openness to foreign trade and investment.

The following need immediate action:

- Reduction of prices of fuel and basic essential commodities through short-term subsidies.
- Suspension of printing money.
- Permitting the local currency to float.
- Reaffirming current resource exploration/extraction contracts with international companies.

Structural Reform

Once the economy has been stabilized, attention should be focused on fundamental structural reforms in the following key sectors:

(i) Financial Sector

Burma's financial system currently consists of five state-owned banks, including the Central Bank of Myanmar; 15 private or semi-private commercial banks, some of which are inactive; three large semi-formal microfinance institutions (MFIs) that operate under the auspices of the United Nations Development Program (UNDP) and many others that are essentially international and local charities.

According to UNDP surveys, more than 90 per cent of Burma's population is without access to formal finance of any kind.

Hence, the following steps should be taken to reform the financial sector:

- Create a floating exchange rate that is set by market forces of demand and supply. This step will automatically unify the country's multiple exchange rates.
- Enable private banks to also hold foreign exchange.
- Establish a stock exchange.
- Encourage domestic saving and foreign investment by establishing and setting up standards for Special Economic Zones and creating business estates.
- Reduce import duties and other unnecessary restrictions that hamper competitiveness.
- Require transparent public accounting.
- Seek the assistance of international financial institutions for systemic reform.

Burma is a signatory to the Basel Accords, which set out international best-practice banking regulations, but the country is still weak in both enforcing and abiding by these regulations. Ad hoc and ineffectual practices should be eliminated so as to give credibility to the Central Bank of Myanmar (CBM) in its microeconomic -- regulatory -- and macroeconomic functions. Necessary reforms should be initiated to transform the CBM into an independent and competent financial institution. Restrictions on private banks -- for example, limits on branch numbers, bank products, bank deposits and loans -- should be

eliminated. The private financial sector should be revitalized with capital provided to financial institutions, which would then provide credit based on a normal commercial practice. Burma should establish criteria by which qualified national applicants can establish private commercial banks, and open the country's market to responsible foreign banks.

(ii) Agricultural Sector

Burma's economy is predominantly based on agriculture – the agricultural sector provides a majority of the country's income. In order to promote growth, the agricultural sector should be free from control and intervention. Urgent macro-economic reforms should be initiated in this sector. All monopolies over domestic trading and rice exports and imposition of quotas at lower than market rates, should be removed. Immediate reforms should be undertaken in the following areas:

- Replacement of deteriorating equipment and capital assets, and improvement of poor roads and inadequate infrastructure.
- Provision of formal credit to farmers to procure agricultural inputs and eliminate high indebtedness among rural households (over 50 per cent), which are forced to obtain loans at usurious interest rates from unregulated sources.
- Prohibition of land ownership, arbitrary confiscation of land, leasing arrangements which require farmers to renew annual farming permits, and requirements imposed on farmers regarding crop choice, sale, and transport should be reviewed.
- Elimination of arbitrary taxes on crops and forced labor practices: Arbitrary taxes have left farmers with no capital to reinvest, and forced labor has unduly burdened farm families and laborers.

The following reforms should also be undertaken in the agricultural sector:

- A national land research center should be established to develop a comprehensive land policy in consultation with farmers and ethnic nationality communities. The land policy should be transparent to the population and based on clearly defined fundamental principles and guidelines.
- A Land Reform Commission should be established to study and recommend appropriate land and property ownership rights, taking into consideration opinion of people affected by changes so that local knowledge is incorporated in the reform measures.

(iii) Industrial Sector

Industrial development will be an essential component of the economic development strategy. At only 13 per cent of GDP, we believe that efforts should be undertaken to make Burma's underdeveloped industry a dynamic innovative sector of the economy. We envision a broad-based industrial structure, comprising resource-based industries, a modernized manufacturing industry and some innovative-intensive industries.

To achieve this, the following actions should be taken:

- Remove unnecessary restrictions on private investment.
- Reform existing state enterprises in the manufacturing sector guaranteeing management with better incentives.
- Privatize state-owned enterprises that are not competitive and innovative in a market economy.
- Develop physical, social and administrative infrastructures to attract large-scale foreign investments in more productive and sustainable sectors beyond natural resource extraction.
- Encourage the development of local entrepreneurship through industrial education, technological training and greater support for acquiring new technology and industrial-related services.

- Encourage and promote infant industries established with export promotion and import substitution objectives.
- Establish an Industrial Development Bank to provide credit for the promotion of local participation in the development of small and medium-sized industries.
- Encourage local equity participation in foreign enterprises, making investment conditional upon the establishment of research centers, the appointment of locals to responsible positions and a certain amount of technological transfer through training programs.

(iv) Natural Gas and Mining

Burma has a rich supply of natural gas deposits and minerals, predominately in the Yetagun and Yadana projects and in Arakan State's offshore gas project. Incomes from natural gas exports must benefit the Burmese people as a whole.

The following macro-economic policies should be considered in the context of taking the best possible advantage of Burma's natural resource wealth:

- Affirm commercial exploration/extraction contracts entered into legally.
- Establish an Oil Management Commission to provide for accountable and transparent accounting of oil revenues.
- Review the energy policy, aiming at efficiency and the development of alternative sources of energy. Gradually phase out energy subsidies and allocative quota systems.
- Review the state monopoly and encourage private sector participation in the mining sector.

(v) International Trade and Investment

Presently there are restrictions on trade, repatriation of profits, and access to foreign exchange. The economy should be liberalized and investor confidence restored by ensuring political stability, maintaining policy predictability and removing bureaucratic obstructions. These goals should be achieved by:

- Practicing principles of open international trade and removing barriers to the free flow of trade.
- Acceding to trade liberalization programs of the World Trade Organization, taking steps to fully integrate with the regional and the international economy.
- Imposing moderate and uniform export taxes and import tariffs to acquire the revenue needed for macroeconomic stability.
- Promoting linkages between local and foreign enterprises.
- Establishing institutions to promote trade and investment with the outside world and facilitating the flow of commercial information to potential local producers.

(vi) Environment

- There is currently no national or state co-coordinated planning to ensure the protection of Burma's environment. Hence, it will be important for Burma to:
- Improve the enforcement of existing environmental codes.
- Actively participate in the international debate on climate change and biodiversity preservation and develop a national action plan to fulfill the country's obligations under international conventions it has ratified.

- Create a high-level National Environmental Commission with an independent panel of experts and a mandate to adopt recommendations and guidelines for priority actions while facilitating public hearing and submission of disputes and problems.
- The commission should:
- Set a Maximum Sustainable Yield for renewable resources in order to maintain existing ecosystems.
- Set an Optimum Rate of Depletion and manage revenues from non-renewable natural resources in order to maximize the social welfare of present and future generations.
- Review the national reforestation program and promote local participation, for example, through the development of community forests, family reforestation, and forest occupancy management.
- Introduce environmental education into the school system.
- Prevent and regulate pollution.

(2) Social Sector

(i) Education

Good education is the basis for social progress and national development. Even though schools and higher education institutions already exist in the country, Burma still needs an education system that is in conformity with actual conditions and in harmony with human resources needs of the country.

Freedom to learn, discuss, and contribute to the future education of the people is needed. Academics, teachers and students should have the freedom to access information, books and online resources. Education allows people to gain knowledge, to understand, to do things and to contribute to the future sustainable development of Burma. Education is the vehicle for people to learn how to live together peacefully (UNESCO 1996).

Hence the education system in Burma should have the following goals:

- To promote higher educational qualifications among people.
- To grant the right of all children of school age to education.
- To promote multilateral development of individuals, including creative thinking.
- To achieve educational development on the basis of a multicultural environment and in accordance with national development plans.
- To promote human rights, equality, peace and environmental conservation.

The following should be considered in designing the education system:

- Establishing an Educational Reform Commission comprising educationists and specialists in different fields.
- Providing facilities in every region to ensure compulsory and free primary schooling for all children of school age.

- Providing special education programs for older unschooled children.
- Arranging special education classes and adult colleges for refugees and displaced returnees.
- Arranging special capacity building programs to fulfill immediate needs.
- Initiating special out-of-school education programs in coordination with international institutions.
- Increasing national budget for education to meet needs.
- Permitting the use of ethnic nationality languages as tool for communication.
- Increasing teachers' educational levels and salaries.
- Initiating exchange of scholars.

(ii) Health

Since time immemorial, the Union of Burma has been a country inhabited by many different ethnic nationality groups, each with its own unique traditions, customs and culture. For health to develop in a diverse country like Burma, its national health policy should be equitable, impartial and in harmony with existing traditions and cultures. The following are suggestions which we believe would contribute to achieving national health policy goals:

- Primary health care should be the major focus in developing national health care.
- Every citizen should have access to basic health services.
- Health education and information should be readily available for all.
- Disease prevention and control efforts should include free immunization and vaccination services for pregnant mothers and children under the age of five, safe water, sanitation, protection from malaria through distribution of nets, reproductive rights, safe maternal care and nutrition for children.

- National health programs should get a fair share of budget allocation from national income and foreign exchange reserves.
- Implementation of health programs should be carried out from a multi-sectoral and multidimensional perspective.
- Greater cooperation and better coordination should be promoted between the private sector, NGOs and UN agencies that are carrying out health programs.
- In order to improve the competency and qualification of health workers, a methodical approach should be used in regularly training them and by providing them easy access to learning tools.
- Precautionary measures should be introduced and preparations systematically made to timely intervene health related problems resulting from outbreaks of communicable diseases.
- Quality and use of medicinal drugs should be monitored and controlled.

(iii) Systematic Return, Rehabilitation and Reintegration of refugees and Internally Displaced Persons

There are an estimated over 700,000 refugees and displaced persons, of whom about 200,000 are refugees living mainly in Thailand and Bangladesh. Another 500,000 displaced persons are estimated to be in eastern Burma. Thousands of other refugees are also taking refuge in countries such as India, China, India and Malaysia.

Well-organized voluntary return in group and reintegration is likely to be the best and most durable solution for the refugee and internally displaced person (IDP) population. Conditions

should to be in place for a safe and dignified return, with assurances provided to IDPs as to their physical safety upon return. There must be no forced return. Additional requirements include:

- Before their return, a nationwide ceasefire should be declared and a national reconciliation process should irreversibly be in place.
- A commission should be set up with relevant stakeholders, including leaders of refugee and displaced communities.
- Refugee and community leaders must be involved in every step of the resettlement process from initial planning through to implementing stage.
- Resettlement decisions must reflect the desire of the refugees.
- An information campaign on resettlement is needed on both sides of the border, including arranging of "Go and See" and "Come and Tell" visits to educate refugees about resettlement.
- Security must be assured in their homeland:
 - Personal security for individuals
 - Community security to protect from possible conflict between returnees, refugees and the local people.
- A transit holding camp should be created to house the returnees before the actual return to the homes take place.
- Refugees and IDPs who live closest to their villages should be the first to return before other groups follow later.
- Technical and other material assistance for the resettlement process must be in place, including reinforcement of human resources, necessary infrastructure, logistics and communication.

- Assurance of livelihood should be given to the returnees.
- Support must be given to vulnerable populations such as children, pregnant women, the elderly, the disabled and the chronically ill.
- Assistance must be rendered for the successful reintegration of refugees and displaced persons, mobilizing donors and coordinating with umbrella organizations where they already exist.
- Resolution of legal issues, including the return of land and other property to rightful owners using the United Nations High Commission for Refugees' (UNHCR) experience in land and property disputes for people returning to their communities.
- The United Nations Principles on Housing and Property Restitution (The Pinheiro Principles) should also be the basis of guaranteeing the rights of persons displaced from their land to voluntarily return in conditions of safety and dignity.
- Monitoring mechanism must be in place for the entire process of return and reintegration.

CONCLUSION

We, the Movement for Democracy and Rights of Ethnic Nationalities in Burma, agree on the common platform outlined in this proposal as our commitment for genuine national reconciliation, democracy and development in Burma.

We seek in unity a system of government for the people of Burma that enshrines respect for human rights and the rule of law, recognition of its ethnic communities and a program of sustained economic growth that will benefit all segments of the population. Thus far, there has not been a clear route forward: now such a route exists, embodied in this proposal.

We recognize the challenge the Burmese people face in achieving these goals. But the breadth of groups, associations and interests that have coalesced around this initiative reflect a broad consensus and a firm basis to work with the current military leaders in a process of dialogue towards democracy and development.

We sincerely believe that recommendations in this proposal will be helpful for any leaders, governments and institutions who are ardently seeking to find the best political solution in Burma. In that spirit, we call upon all sectors of Burmese society to endorse this proposal and to join us in seeking genuine national reconciliation, a transition to a truly democratic state.

We call upon the current Tatmadaw leaders to engage in good faith negotiations to the ends we have outlined.

We also call upon the international community especially the United Nations and Burma's neighbors to lend us active and unwavering support.

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