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Myanmar – a new darling of the West Reflections on a rich country with poor people

After decades of isolation – imposed by major OECD countries out of concern for the country's human rights violations – Myanmar is emerging as a new darling of the “West” – judging by the accelerating succession of visits by senior officials and gurus – among them the US Secretary of State, the UK Foreign Secretary, and high-level government officials from France, Norway and other countries. The UN Secretary General may pay a visit. The World Bank is being urged to resume work there – which had not been possible due to the international sanctions policy. And new groups of investors are waiting to enter the country as soon as possible. By **Gabriele Köhler**

This sudden enthusiasm, after years of ostracising the country and depriving it of any bi- or multilateral development cooperation save of a humanitarian nature, is a response to – much welcome – changes introduced by a government that came into power in 2011 in an orchestrated election process. Recent reforms include the release of some political prisoners, the re-constitution of the Myanmar human rights commission, the weakening of censure and an opening of internet access, the adoption of a law allowing trade unions and the right to strike, the suspension of an environmentally damaging hydropower project with China, and other steps.

The dissident leader Aung San Suu Kyi who until 2010 had been under house arrest almost continuously since she was denied the election victory she had won in 1990 and who accordingly had refused any interaction with the oppressive government, has adapted her political stance since mid-2011, meeting with President Thein Sein first quietly and then publicly, and in November announced that she and her party would be willing to stand in the 2012 by-elections.

* **Transition to neoliberal capitalism...**

One hopes that the about-face of Western powers is owed to a genuine commitment to support peace and democratic reforms. But one fears that in reality the change of position is driven as much or more by the sudden awareness that China in particular, but also Thailand, Singapore, and India, have been ruthlessly benefiting from the abundant natural resources of Myanmar – natural gas, hydropower potential, gemstones, real estate for industrial production zones or tourism, and the country's geo-strategic position with access to the Indian Ocean, while businesses in the US and Europe were missing out on very lucrative deals and investment opportunities.

Political and economic reform are inter-meshed, and past decades have shown time and again that the important movement to ensure civil liberties, democracy and most fundamentally the guarantee of human rights are very often confused and conflated with measures to introduce neoliberal capitalism and prise open a country to the economic interests of individual and multinational investors. This was the case in Eastern and Central Europe after the col-

lapse of the Soviet Union: 20 years later, the populations in most of these countries are still reeling from the adverse effects of privatisation – which benefited insiders and created new oligopolies, and of deregulation – which dismantled core public services in health, education and infrastructure, cancelled crucial social transfers such as pension commitments, and in general hollowed out and destroyed government functions so vital to the delivery or regulation of public goods and to efficient and transparent public administration. These measures were sold to the then emerging democracies as the only available remedy to address statist oppression, corruption, cronyism and inefficiency – instead of reforming the state, introducing accountability, and preserving and enhancing public goods and services.

There is a risk that Myanmar will be exposed to the same set of nefarious policy ideas – especially now that many of the welfare states in Europe have themselves embarked on a brutal course of fiscal austerity, with massive public sector cutbacks and a freezing of wages and social transfers.

*** ... or to a democratic developmental welfare state?**

However, a country as endowed with valuable resources as Myanmar has the means to use its policy space to innovate, and to create a democratic developmental welfare state. As a leading Burmese economist, head of the country's new economic advisory board, has put it: Myanmar is a rich country with poor people (U Myint 2011). It has the fiscal resources to upgrade socio-economic policy and macroeconomic policy around objectives of social justice and economic development. It could introduce proactive labour policies to create decent work in the public sector – health, education, social services, civil administration; to build infrastructure in the rural areas and upgrade public transport; to finance and lead extension and innovation in the rural

economy; and to create centres of research and development excellence. All these areas have been seriously neglected for decades – displaced by investment into the military, into oppressive wars against ethnic minorities, into the police state apparatus, and most recently into industrial parks which concentrate resources rather than spreading employment and technology across the country.

Myanmar could consider an enlightened form of government-led “industrial strategy”, building on some of the East and South Asian policy paths, defining and costing out its economic development options. Such an approach would, for example, selectively promote sectors and areas for domestic and international entrepreneurship and investment while demanding that they ensure employment, decent work, learning and innovation transfers. The recent introduction of labour standards would fit in constructively with such a strategy, if the population, now subsisting on one of the lowest per capita incomes in Southeast Asia, could benefit from decent employment and work conditions, and enjoy wages and salaries commensurate with the country's overall economic wealth.

*** Combining decent work and social protection agendas**

Myanmar also has the means, if it so decides, to universalise social protection. This is necessary from a social justice point of view and because currently, only 1% of the population is covered by social security. Social security benefits for the government sector have recently been increased, and a few groups receive poverty- or emergency-related income transfers, but there is no systematic health insurance or income poverty response (Nishino and Koehler 2011).

One interesting idea that is currently capturing the imagination of global development policy discourse is the UN's social protection floors initiative, which is a con-

cept that proposes a guaranteed basic income plus guaranteed access to high-quality, inclusive social services, and Myanmar could explore a “floor” specific to its citizens’ interests.

A combination of the decent work and the social protection agendas could help address the country’s dire poverty and income inequality and stark urban-rural disparities, and perhaps also address the pervasive and even violent forms of social exclusion based on ethnicity in the country’s mountainous regions. The three agendas could be a tool for social inclusion, as well as facilitate environmentally sustainable production and a move towards weaning from the lucrative but pernicious narcotics cultivation.

In short: Myanmar could take the lead in creating a democratic developmental welfare state, with its citizens emerging from poverty and political oppression - and thereby also inspire many other countries.

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