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A BUMPY ROAD FOR MYANMAR

CHALLENGES AND OPPORTUNITIES FOR A SOCIAL AND EQUITABLE FUTURE IN THIS SOUTHEAST ASIAN COUNTRY

The transformation process in Myanmar towards a participatory democracy can only be successful if the government, together with the opposition and a historically-strong civil society, succeed in permanently overcoming and improving the disastrous socio-economic conditions of the country. Myanmar has to ensure that it does not sell its wealth of resources, or the fortune of its outstanding strategic location (between India and China) below value, so avoiding the same neoliberal transformative mistakes made by the countries of southern and eastern Europe after 1990. It is important not to rush through the reform process but to wisely adjust its course within the specific Burmese context, following the inception of its decades-long delayed process of modernisation.

The first “civilian” government of Myanmar in over 50 years, led by President Thein Sein and the opposition, is facing enormous social, political and economic challenges. Asia’s “poor-house” is on its way to making a belated transformation. Back in 1990, for a brief moment, a glimmer of long hoped-for freedom, and the promise of the rule of law, democracy and respect for human rights germinated in Myanmar, until the military smothered it with its weapons. But this time, it seems the military is ready to adapt to the rules through its proxy party.¹ The former generals in the new government are willing to further advance the democratisation process; and reconciliation between the government and the opposition leader Aung San Suu Kyi gives further cause for hope.

The main task of the current and the next government will be to make the necessary process of transformation that has already been initiated socially equitable and sustainable. Especially in the area of social policy, Myanmar faces serious decisions in the next few years that will determine the country’s fate. If the government does not succeed, at least to some extent, in overcoming socio-economic problems, solving armed conflicts between ethnic minorities and central government, and guaranteeing respect for human rights, Myanmar may be faced by a restless, polarizing transition that could endanger social peace in the country.

For scarcely two years, President Thein Sein’s government has been in power; it is still grappling with the challenges of modernisation. These problems were left behind by the old government, to which the new president – the former prime minister – also belonged. The challenges faced by the ailing president and his inexperienced cabinet could hardly be tougher: the new parliamentary procedures are

still unfamiliar to the 664 Burmese parliamentarians, and stark socio-economic differences between cities and the countryside shape society. Although the Human Development Index² should be considered critically, Myanmar is currently ranked 149 out of 186 countries listed worldwide. This puts Myanmar significantly behind Cambodia, Vietnam, Laos and Bangladesh. A comparison places the country 0.2 points behind the regional average. Even if first impressions on arrival in Yangon convey a different picture to visitors, the country ranks, according to international standards, among the few remaining “least developed countries” and as such, is one of the so-called underdeveloped countries.³ One third of its 54 million⁴ citizens fight daily for their survival – both in the cities and in the countryside. The country’s health system is only weakly developed: infant mortality is high (with 62 deaths per 1,000 births); as is the rate of HIV infection. Malnutrition is widespread.⁵ The old military government was only willing to invest about two per cent of the national budget in health policy, while more than half of the budget went on military spending. The lack of clean drinking water is not only a problem in the countryside, where about 70 per cent of Myanmar’s total population lives and works, it is also a problem in the cities, which lack a regulated wastewater and freshwater system.⁶ Outside of Yangon, which is the commercial centre of the country, the electricity supply is also underdeveloped.

Another great challenge for the government is reforming the ailing education system and adapting the curriculum to international standards. In 2012 only 0.6 per cent of Myanmar’s gross domestic product was spent on education. Although, the illiteracy rate is comparatively low in relation

to per-capita income, there is a severe lack of secondary schools. Unfortunately, it is not uncommon in Myanmar for children to have to support their families in securing their livelihoods. For example, fathers take their children to work in the industrial parks of Yangon and Mandalay, or to the copper mines in the interior of the country to supplement the scant income of their families. Child labour is a common, widespread and sad phenomenon in today's Myanmar.

THE OBSTACLE OF CORRUPTION

For many years Myanmar was ruled by a small corrupt military elite, and their linkages and relationships are now a big obstacle to democratic and economic progress. It is hard to imagine the corrupt political circles voluntarily giving up their acquired economic benefits after having seen their political power decline. The years of cronyism are floating like the sword of Damocles over Myanmar's future. In its latest Corruption Perception Index, Transparency International ranks Myanmar at an alarming 172 out of the 178 listed countries.⁷ Even at the expense of a starving population, shocking business practices are still being deployed, which is clear from the example of the rice seeds that were imported from China. In this case, the Burmese minister of agriculture's personal relationship with Chinese seed producers resulted in southern Myanmar seeds – unsuitable to the tropical climate – being distributed to the rural population. In general, these seeds yield very little return due to the use of overpriced Chinese pesticides –unfortunately this is not an isolated case.⁸ In the centres of Yangon and Mandalay, speculators have descended like locusts and driven land prices up to exorbitant heights: in central Yangon, it is quite common for one square-meter of floor space to cost \$1,000 or higher.⁹ The city's population can barely afford to pay the rapid rises in rent, due to their low salaries, and therefore their living space is in danger. Additionally, there is a major lack of functioning infrastructure. Despite this, investors speculate on lucrative real estate, mainly hotels and new office buildings, which satisfy the demands of the newly incoming international enterprises. But even now, it is more and more apparent that a similar bubble is developing in Myanmar as was seen in Vietnam and the Tiger and Panther States prior to the Asian crisis of 1997.¹⁰

CHALLENGES – THE FIRST COURSE HAS BEEN SET

Currently, the transformation process in Myanmar is taking place at a rapid speed. Often it seems that even parliamentarians are being outrun by their own legislative initiatives, and the new drafts have only been poorly thought out. In the capital (Naypyidaw) legislative corrections and revisions are permanently included in the working agenda when parliament is in session. However, the lack of political experience of most parliamentarians and a lack of political structures further complicates the legislative process. In addition, many laws need to be adapted to the new reality: democracy. One of the major difficulties facing the transformation process is not sustainable development, but instead the way transformation is being quickly pushed through due to the high expectations of the Burmese population and the international community. The challenges are great – the population hopes for a better, not a worse future.

In particular, the government has to make sure that the interests of ordinary people are respected and defended.

Currently, the Myanmar government is trying to deal with these tasks and to avoid a form of "remote control" by investors and speculators. Nevertheless, as already mentioned, it is becoming more and more obvious that the gap between the wealthy few in the country and the majority living in brutal poverty is steadily growing. Especially dangerous are the links between former system members or functionaries and the economic elite, the so-called cronies. The new Foreign Investment Law, passed in March 2012, allows foreign investors and enterprises to take up to 100 per cent equity interest in infrastructure. Electricity and water supply restrictions are in place in order to ensure the population in Myanmar more or less "favourable prices". However, even in this protected field persistent inflation of about five per cent causes noticeable price increases. At the same time, the new law stipulates a percentage increase in the proportion of Burmese workers of at least 20 per cent in the first two years, increasing to up to 75 per cent after six years. The Foreign Investment Law also allows foreigners to lease from the government for a period of 50 years. For many investors this opportunity is highly lucrative, since the lack of social security contributions, combined with tax relief for foreign entrepreneurs, is leading investors to treat Myanmar as the "new low-wage country" of Southeast Asia.

More and more companies are entering the market. Favoured by its strategic position between the economic giants of India and China, Myanmar is an interesting location for investment and production. In addition, Myanmar has enormous reserves of raw materials under the surface that remain virtually untapped, and these have aroused the interest of investors and other countries. For the sake of national interests, this capital must be protected by parliament because only a sustainable, thought-out plan for the use of these resources will enable Myanmar to get a grip on its budget deficit. The country currently has a deficit of six per cent of gross domestic product. Ideally, the government should implement this plan with the help of local people. In developing the raw material reserves through an organised, well-thought-out plan, Myanmar would have the potential to serve as a source of raw materials for the entire region.

However, escalating land disputes must also be solved. Due to the enormous interests in Burmese raw materials, the livelihood of many small farmers is seriously threatened. Recently, more and more worrying reports about violations of land and land use rights have reached the public. Good soil is expensive and the government and local decision-makers are interested in selling the soil – which is currently cultivated by small farmers – for astronomical sums. The promises given to the people are not geared to the real needs of the locals and do not correspond to the actual value of the land. For many displaced people, "moving" into a newly-assigned apartment does not improve their situation.

On the contrary, farmers, deprived of their livelihood, now also lack social protection and this is strengthening their worries about the future. Particularly around the booming city of Yangon, land conflicts are no longer a rarity. In some regions of the country the water supply has been so massively and wilfully manipulated by investors that arable land has dried up and many people have lost their livelihoods. It seems anything is allowed if it reduces the already inadequate "compensation payments".¹¹ Although the government adopted a new "Farmland Law" in 2012, it did not solve these problems or the expropriation of land suffered

by the rural population. Almost daily reports are published in national and international newspapers about illegal confiscations of land. Farmers who attempt to stage any form of opposition are threatened with imprisonment. Unfortunately, the military plays a central role: it is responsible for the evictions, and the “new owners” of the land are often closely linked to the military themselves. In the knowledge that the USDP is unlikely to win the 2015 elections, members of the military are exploiting their supremacy and are involved in speculative transactions aimed at filling their foreign accounts. They benefit from Myanmar’s “status” as the last “undeveloped” country in the region and its important strategic location makes it an interesting and attractive landscape for investment. However, for the rural population this represents an existential threat, since it is obvious that the personal enrichment of the few stands above the interests of the public. In any case, the boom in shopping centres, golf courses and luxury resorts does not help address the real needs of the population.

NEW FREEDOM

Demonstrations against the expropriation of land are occurring more frequently in Myanmar. At the local level, more and more Burmese people are gathering together to protest and fight against expropriation. Since the adoption of the new Association and Assembly Act in March 2012, independent unions and associations for the protection of the workers have been quickly established in factories and mines all over the country. The new legal basis makes it possible for workers, peasants and other groups to build up trade-union structures and articulate their interests as a community against their employers and government representatives. At the same time, the law has strengthened the possibilities for participation provided to Burmese citizens in the transformation process and beyond. Without a statutory workers movement, a sell-off of national interests remains a constant threat, and any advanced sustainable development in the field of labour legislation and minority protection might be left behind. It is encouraging that labour legislation is in accordance with International Labour Organization (ILO) standards and that the government and the ILO were able to agree on an extension of the Memorandum of Understanding. The government is not only trying to make Myanmar a more appealing place for foreign investment but – aware of the danger of being perceived of becoming the next low-wage labour country – it is attempting to protect the (often poorly educated) population from ruthless globalised markets.

Moreover, a successful transformation process towards a pluralistic, constitutional democracy is being hampered because the population of Myanmar is a very heterogeneous construct; and although federal structure is crying out for adjustment, it must reflect the needs of ethnic minorities. On the one hand, central government would like to avoid any regions or states gaining further independence, as it fears an eventual total loss of control in these areas. On the other hand, this might exacerbate conflicts, as ethnic minorities are striving for more independence and self-determination. This is causing additional tensions as the 2015 elections approach and is threatening the transition. The parties representing ethnic minorities have seen proportionately few benefits, and this has led them to turn to the National League for Democracy (NLD), the party run by Aung San Suu Kyi,

for protection and support. But if “the lady” and her party fail to back these groups as promised, it will only cause further tension and a possible resumption of armed conflict. Particularly because the ethnic minorities in Myanmar are most affected by poverty, and because educational and health facilities are in scarce supply in the peripheral regions, a strong voice for these marginalised groups is needed in Naypyidaw.

As 2015 approaches, the government also faces challenges regarding the issue of refugees, the return of people from exile, and former political prisoners. Indeed, the human rights situation in Myanmar has improved since the beginning of the reform process, but still further effort is required in these fields. Ethnic conflicts threaten stability. The government still owes an explanation to the people of Myanmar and the international community regarding how it is handling the issue of the “stateless” Rohingya. The situation remains unclear. Furthermore, religious tensions have already led to bloody clashes, as happens so often following the end of an oppressive dictatorship. The potential for further escalation remains particularly high in the remote border regions, where different ethnic and religious groups co-exist. At the moment, reports about these conflicts only find their way to the public sporadically, but this might soon change due to the recent reforms concerning the freedom of the press.

While a few years ago reports on land acquisition and expropriation, labour disputes or ethnic unrest were affected by the red pen of censorship, they can now be found daily in the newspapers. In addition to political and economic reforms, Myanmar has also taken a major step in the field of the freedom of the press. Since April 2013, news has no longer been subject to censorship and a private, independent media can report virtually free of anxiety on issues of maladministration and corruption. Additionally, the media can also take on an opinion-shaping and educational function. Thus, some kind of transparency has been generated and currently citizens are being more accurately and widely informed about the latest developments. However, although internet censorship has been loosened, the infrastructure requirements for 21st century media have not yet been fully developed. A free and independent media is of immense importance for a successful transformation and greater citizen participation. Yangon’s streets are dominated by street vendors selling printed copies of the new laws and newspapers. A newspaper and a cup of strong tea are as much a symbol of the Burmese way of life as are the party buttons that enable citizens to beat the drum for their favoured party.

ONE WOMAN IS NOT ENOUGH

For a sustainable democratic structure in Myanmar, it is therefore crucial that the party system is consolidated and strengthened. The last elections in 2010, as well as the by-elections in 2012, have shown that Myanmar’s party system is highly-fragmented and is constituted more by short-term accumulations of interests, than political parties with settled structures and long-term strategies. Currently the main opposition party and only potential alternative to the ruling USDP, the NLD, is facing serious challenges. The latest party congress in March 2013 underlined this once again. Although Daw Suu Kyi was overwhelmingly confirmed in the party leadership, there are major structural problems in the NLD.¹² Apart from the constitutional restrictions bedeviling

the candidature of Daw Suu Kyi, there is enormous potential for tension within the party itself. Although the NLD has more than one million registered members, a large number of its functionaries are between 70 and 80 years old. Daw Suu Kyi is already 66 years old. Younger NLD members complain about their generation's lack of impact within the party, and a lack of vision for the future. To outsiders it often seems that the ancient founding generation does not want to give away the fruits of its struggle for freedom to the younger generation, shortly before earning those fruits through the potential change of power coming in 2015. But the NLD can only become a symbol of a democratic Myanmar if the party itself allows democratic structures in its internal setup to develop. Moreover, "the lady" herself needs to be more open, rather than just pursuing her own agenda. Furthermore, the NLD will need a comprehensive party programme because although Daw Suu Kyi's charisma alone may indeed help the party win the election, it cannot guarantee a better and more stable development. In particular, the rural poor – who donate more than urban dwellers to the party's budget – expect the party to improve their situation. The people's current enthusiasm could quickly turn to frustration if the progressive socio-economic development of the transformation does not reach out to them. The nation is animated by optimism at the moment, but a further widening gap between economic developments in the cities and the countryside could quickly tilt the mood.

CHANCES FOR TOMORROW

In 2014, Myanmar will take over the presidency of the Association of Southeast Asian Nations (ASEAN) for the first time since its membership. Yet if the country wants to catch up with its neighbours economically and structurally, there is a need for great effort over the coming years. Myanmar has to show that reform is being implemented. If done, this could swiftly elevate Myanmar into a leading position in the region, despite years of isolation. A successful fight against corruption and social problems is also a sign to the international community that the new Myanmar respects the rule of law and is also committed to defending human rights. At present, Myanmar's outlook is mostly positive but countless obstacles and dangers still loom. In general, however, the forecasts give reason to hope that the transformation process can succeed. By clarifying the existing debt issue, which was agreed with the Paris Club in January 2013, Myanmar's state budget gained a slightly bigger volume for investment in education, health and infrastructure. This should allow some small steps towards solving the problems of social imbalance and poverty at least. At the same time, the loosening of Western sanctions means Myanmar can once again receive international aid for its most pressing problems. Ultimately, the desire is that this aid will reach the affected population and not disappear into the piggy-banks of the elite.

Most of all, it will be important to restore the people's confidence in central government after decades of dictatorship, oppression and arbitrary rule, which led to an enormous loss of trust. Currently, tense relations between Buddhists and Muslims are providing the world with rather negative imagery. The negative developments of the last few months surely increase concern that the transformation process – as so often happens following the collapse of an authoritarian regime – is capable of creating more potential for violence,

and that this could paralyse Myanmar's development. Ultimately, these problems can only be solved satisfactorily if all citizens are able to participate in and support the transformation process. The willingness of the people of Myanmar to boost political participation is impressive and widespread. It gives some reason for optimism that after so many years of suffering, the people of Myanmar are finally shaping a brighter future for themselves.

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¹ The Union Solidarity and Development Party (USDP) was founded by the military as a proxy party for the 2010 national elections. ² The HDI is rejected by critics of globalization, because the variables used to determine the "level of development" correlate very strongly with variables for the measurement of gross domestic product, whereas environmental factors are hardly taken into consideration and cultural factors are completely neglected. ³ <http://hdrstats.undp.org/en/indicators/103106.html>. ⁴ <https://www.cia.gov/library/publications/the-world-factbook/geos/bm.html>. The World Bank estimates this figure to be around 48 million people, but the government in Myanmar claims 60 million people. A census to more accurately record the total population is being carried out in 2013/2014. ⁵ <http://www.savethechildren.de/index.php?id=34>. ⁶ <http://data.worldbank.org/>. ⁷ <http://www.transparency.org/country#MMR>. ⁸ RLS interview in Myanmar. ⁹ RLS interview in Myanmar. ¹⁰ South Korea, Taiwan, Hong Kong and Singapore are called the "Tigers". Thailand, Malaysia, the Philippines and Indonesia are commonly understood as the "Panther states". ¹¹ RLS interview with members of parliament. ¹² <http://www.dw.de/suu-kyis-pro-democracy-nld-holds-party-congress/a-16657371>.

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