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Burma: Fair Trade, 'De-Globalization' and Other Alternatives?

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You talk about anti neo-liberalism. I think we have yet to reach the stage in Burma where there is such a thing as liberalism.


In international circles, the debate over trade-related issues has moved forward considerably in the last few years. Galvanized by a series of successful protests and campaigns, progressive scholars and activists have constructed an effective counter-agenda opposing that advanced by the leading Western capitalist nations and international agencies like the World Trade Organization (WTO), World Bank and International Monetary Fund (IMF). Though some setbacks were suffered in the aftermath of the September 11 terrorist attacks in the United States, the momentum has been regained and the debate is once again moving forward. This is especially the case in the trade-related area, where efforts have coalesced around the promotion of initiatives such as fair trade, ‘de-globalization’, localized economic management and development, and ‘globalization from below’, as alternatives to the neo-liberal trading regime.

The further refinement of these initiatives will certainly be highly significant and relevant to a large number of developing countries. It must be recognized, however, that in the case of at least one, the relevance of such alternatives may be quite limited. As the above quote from Daw Aung San Suu Kyi suggests, under current conditions, the struggle in Burma is for something far more basic – a more liberal and freer trade regime – let alone one where notions of fair trade may be entertained. Any discussion of alternative forms of economic control and organization, moreover, must take as its starting point the fact that there is a highly ruthless and repressive military junta in power. This makes it highly unlikely that any effort at ‘de-globalization’ or ‘localization’ will be genuinely representative of popular aspirations and wishes. This short paper will attempt to elaborate on both these points.

‘Unfree’ Trade in Burma

Trade is an important activity in Burma, historically accounting for as much as 20% of gross domestic product since the 1980’s. Given the sizable volumes involved, trade assumes considerable strategic importance and is an activity that is highly lucrative. It should not be surprising therefore, that when the State Law and Order Restoration Council (SLORC) seized power in 1988, this sector was one of the first that was targeted for control by the junta. Since then, the SLORC - and its more recent reincarnation, the State Peace and Development Council (SPDC) - have woven an
intricate web of formal and informal control over trade in Burma. Today, it is impossible to speak of any significant trading activity that is not contaminated by the presence of some military control or influence. This is precisely why Daw Aung San Suu Kyi spoke of the need for a liberal phase in Burma’s development. As far as trade is concerned, this is currently conducted under highly illiberal conditions. There is no such thing as free trade in Burma. Trade is unfree.

The extent to which trade in Burma is unfree is quite apparent. As a matter of routine policy, imports and exports are strictly regulated by the junta and all movements of goods are carefully vetted by Customs. The financial transactions associated with trading activities must be conducted through military-controlled banks, and are similarly carefully screened. Given the intimidating nature of such controls, it should not be surprising that very few private individuals or companies successfully engage in trade. Instead, the sector is dominated by trading companies that are directly owned by the military or are joint ventures with relatives, favored business associates or cronies (e.g. Myawaddy Trading, Union of Myanmar Economic Holdings, Shwe Than Lwin Trading, Asia World Limited, etc.). These companies enjoy highly privileged positions and do not compete equally with others in Burma. Having direct relationships with the military, they are accorded preferential treatment by Customs and other agencies. Banks also often extend very generous terms to support the activities of such companies, either by way of preferential access to credit or foreign exchange. Many of these companies, moreover, hold special privileges from the military government, giving them undisputed control over the import or export of specific commodities. Through monopolies, licenses, concessions and so on, these companies are able to dominate specific sectors of the market and exploit these for their own enrichment. The smaller companies that are forced into the marginal areas of trading activities in Burma do not escape the attention of the military. Nearly all have to submit to some form of military scrutiny of their activities, all too often, in conjunction with extortion by military authorities and the payment of bribes.

Thus, from the very highest levels of the sector to the lowest levels of petty trading, the military maintains a highly conspicuous presence. Given the pervasive influence of the military, trade in Burma is conducted under none of the norms that govern such activities in other countries. Corruption, bribery and extortion are rife, and even the most basic regulatory and institutional framework to support such activities is missing. Trade has very much been reduced to a mechanism for the personal enrichment of the military and its cronies. To speak of fair trade in such a context may seem quite inappropriate. A freeing of trade from military control must be the major priority and a necessary precondition for the successful pursuit of any fair trade initiatives.

‘De-Globalization’ and ‘Localized’ Development: An Alternative?

In conjunction with fair trade, much discussion in progressive circles has also focused on ‘de-globalization’ and ‘localization’ as alternative approaches to economic management and organization. As advanced in Walden Bello’s path-breaking book¹, ‘de-globalization’ involves a reduction in the powers of international agencies like the WTO, World Bank and IMF, and the transfer of such powers to national governments so

that they may be able to pursue development strategies more suited to their circumstances and in accordance with popular wishes. Complementing this, efforts at ‘localization’ may be pursued, where resources and decision-making are devolved to lower levels of the community. In so doing, popular participation in development is promoted, capabilities enhanced, and ‘development’ rendered much more relevant and meaningful to those that need it most.

These are highly laudable objectives and certainly unobjectionable. What must be recognized, however, is that under current conditions in Burma, they are very unlikely to be realized. Surprisingly, the sort of strategy advocated by Bello has striking similarities to what the military junta has long been advocating. Complaining about ‘external’ interference, the junta has consistently argued that a reduction in foreign influence is required so that it may pursue its own unique development model. It is very clear, however, that this development model has not been in the interests of Burma, nor in accordance with popular wishes. Instead, the country has been stripped of its riches and used for the personal gain of the military and its close associates. It should be emphasized that this is not a criticism of Bello’s point. This remains quite correct. In the special circumstances of Burma, however, advocating ‘de-globalization’ will only play into the hands of the military and provide them with further theoretical and ideological support for their illegitimate rule over Burma. As long as the military junta remains in power, ‘de-globalization’ will not deliver the benefits envisaged.

Similar caution must be exercised when it comes to efforts at ‘localization’. Under military rule, local areas effectively fall under the jurisdiction of the local military command. Further, when local initiatives are implemented, these are usually organized by the local branches of the Union Solidarity and Development Association (USDA). This organization, however, is far from representative of popular interests. Formed in 1993 by the junta, it is controlled entirely by the military and its associates and serves only their interests. Given such pervasive control by the military at the local level, it is highly unlikely any efforts at ‘localization’ will yield positive results. With a devolution of resources and decision-making to the local level, what we are likely to see instead is the subversion of any such initiative and the diversion of resources towards projects that serve the military’s interests.

Hence, despite the attractiveness of ‘de-globalization’ and ‘localization’ as alternatives, under current conditions in Burma, these sadly will not be feasible options. With military control over the country, these efforts will be twisted and turned into mechanisms that will only serve to reinforce and perpetuate authoritarian rule.

**Conclusion**

It is important to emphasize that this paper does not intend to be critical of ‘fair’ trade, ‘de-globalization’ or ‘localization’. These are very worthy ideas and initiatives, and in the vast majority of developing countries, very likely to produce positive results. In the case of Burma, however, such positive results are unlikely. This is no fault of the initiatives themselves. Rather, it is the internal circumstances of Burma that are at fault, and which need to be fundamentally changed. **Military rule in Burma must be ended before any of these initiatives will have a chance at success.** For ‘fair’ trade to work, trade must first be freed from the tentacles of the military. For ‘de-globalization’ to
produce tangible results for the majority, a genuinely democratic and representative government must first be re-installed. And for ‘localization’ to realize its full potential, the insidious and pervasive military control over communities must first be removed and replaced by grassroots organizations that genuinely represent local needs and aspirations.

Of course, the removal of the military regime is a long-term objective. In the meantime, however, much can be done to reduce the regime’s room for maneuver and hence, hasten its collapse. In the trade area, international sanctions are playing precisely such a role. But more can be done. To give one example: Recently, the regime’s Foreign Minister has been visiting neighboring countries seeking to promote trade and foreign investment in Burma. According to him, Burma now has an ‘open door’ policy and will welcome trade and investment from any country. There is also a readiness, he suggests, to conclude trade and investment treaties with other governments to enhance such links.

These are nothing more than desperate attempts by the military to sell-out the country to the highest bidder, and all for their own gain. Every effort should be made to thwart the efforts of the regime in this area. Sadly, however, there has been no shortage of governments in the region willing to entertain the regime’s overtures. To date, Thailand, Bangladesh and China (including the provincial government in Yunan) have all responded warmly. India has even just recently signed a trade agreement with the junta. These and other governments should be made aware that they are dealing with an illegitimate regime. The validity of any agreement that is concluded, consequently, must remain questionable.

For the people of Burma, stopping the regime from concluding further trade deals is important. Given its desperation, the junta is likely to agree to the most onerous and unfavorable terms in its attempts to drum up trade and investment. But this will mean ordinary Burmese will be caught in a double bind. They not only will have to contend with an oppressive military regime at home, but also, a highly unfair and exploitative trading system at the regional and international level. Such a prospect will only intensify the suffering of the Burmese people. All should be done to try to avert this.