**Stiglitz Advises Regime to Use Oil and Gas Revenues Wisely**

Ba Kaung, IRROL, Thursday, December 17, 2009

Nobel Economics Laureate Joesph Stiglitz has told a forum in the Burmese capital, Naypyidaw, that revenues from oil and gas, if well used, could open up a new era for the country.

If not well used, valuable opportunities would be squandered, Stiglitz told the forum on "Restoring Burma as the Rice Bowl of Asia." The forum on Monday was organized by the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) and Burma's Ministry of Agriculture and Irrigation and Ministry of National Planning and Economic Development.

A UN press release said the former World Bank chief emphasized the inseparable nature of economics and politics. Before his visit, some analysts questioned the wisdom of giving economic advice to military generals who had a bad reputation for ignoring the input of experts.

For Burma to take a role on the world stage and to achieve true stability and security, there must be widespread participation and inclusive processes, Stiglitz said.

He urged the Burmese government to promote access to agricultural financing, boost access to seeds and fertilizers, dramatically increase spending on health and education and create well-paid jobs in rural infrastructure in order to stimulate development and raise incomes and spending.

Coverage of the forum by state-run media did not mention Stiglitz's remarks on the relationship between economic and politics.

An official report from Naypyidaw quoted Maj-Gen.Htay Oo, Minister of Agriculture and Irrigation, as telling the forum that Burma is experiencing the effects of climate change, the threat of natural disasters and an unfair trade system.

Economists have noted a wide range of issues facing Burmese farmers and the entire rural economy.

Burmese farmers are required to sell compulsory quotas of rice to the government. A Thailand-based Burmese economist said that although the regime had announced the abolition of the quota system in 2003 and that farmers could start trading their crops freely, it was reinstated less than one year later. Farmers were again forced to sell quotas of rice to the government and the army, the economist said.

"The government also forces the farmers to grow cash crops such as groundnuts, sugarcane, corn which are sometimes incompatible with certain land conditions," he said.

While the farmers have no access to a proper credit system enabling them to buy critical items such as fertilizers and tractors, they are also faced with land confiscation by the army and lack water resources, the economist said.

"The government builds dams these days. But they're mainly for electricity, and that electricity now mainly goes to Naypyidaw," he said.

One analyst said that, in a recent development, companies well connected with the government were entering the agricultural sector. Although these companies were free to export they suffered from a lack of skills, restricting their profitability, the analyst said.

“These companies are changing swamps into cultivation sites, especially in Rangoon division. They hire the farmers to grow rice, but they are not doing well since they lack technical skills,” he said.

Revenues of about US $3 billion expected this year from oil and gas sales
could be used to set up a proper credit system for farmers, according to Sean Turnell, an Australian expert on the Burmese economy.

Agriculture remains Burma's dominant economic sector, contributing about 44 percent of the country's GDP. An estimated two-thirds of Burma’s population live in rural areas, often working on small farms or as laborers, mainly in Irrawaddy, Pegu and Rangoon divisions.

Analysts say that to initiate micro-finance programs in Burma, the Burmese government needs to guarantee the rule of law, protection of property rights and a system that is less corrupt than at present.

During his week-long visit to Burma which started on Monday, Stiglitz will travel to the dry zones of Upper Burma and meet with local people and officials.