

Burma after Nargis

Written by Sean Turnell

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SEAN TURNELL, MAY 12 2009

One year ago Cyclone Nargis struck southern Burma. This 'natural' disaster brought about the death of at least 140,000 people, made homeless 800,000 more, and caused severe hardship for the inhabitants of much of the Irrawaddy Delta.[1] The land of the Delta is Burma's (and once the world's) 'rice bowl', and so the destruction wrought here a year ago has been greatly damaging to food security amongst the poor throughout the country.

Of course, the people of Burma are not unused to suffering. For nearly fifty years, however, this suffering has been almost entirely man (sic) made, the product of a military regime that has ruled the country since 1962 and whose brutality is matched only by its ineptitude in managing the economy.[2] This regime now styles itself the 'State Peace and Development Council' (SPDC), but its appetite for undermining the institutions necessary for a vibrant market economy, while at the same time embarking upon ill-informed and irrational economic policy-making, remains little diminished.

Cyclone Nargis brought with it then a different type of suffering from Burma's traditional government-induced variety, but the latter did not take long to reassert its primacy. Infamously, this included the refusal by the SPDC to allow foreign relief into the country in the first crucial weeks following the cyclone. Shamed before the world, the regime later relented, but up to the present it continues to make life difficult for aid and relief workers. For foreign aid workers this largely amounts to restrictions upon their movements and a certain routine harassment. For local aid respondents the punishment for good deeds rendered have been much more serious, and at the time of writing some 21 local aid volunteers languish in prison for having the temerity to distribute aid from outside the channels determined by the SPDC, and/or for letting the world know something of the pitiful state of their fellow citizens.

The difficulties of aid delivery in Burma is not a story, alas, that (many) international aid agencies and NGOs that operate in the country are anxious to share publicly, even if in private they mostly acknowledge the problem. It's a reluctance familiar to long-time observers of Burma and the 'politics' that pervades the discourse on the country, but the vehemence of the response to critics of post-Nargis reconstruction has been surprising nonetheless. Special umbrage seems to have been taken, in particular, to a recent joint report into human rights abuses after the Cyclone by the Emergency Assistance Team (EAT, a Thailand-based NGO) and the Johns Hopkins Center for Public Health and Human Rights (hereafter EAT/JHU Report), which was described (in somewhat blustering and hysterical terms) as being both 'inaccurate' and 'a disservice to the courageous and resilient survivors of Cyclone Nargis'. [3]

The motivation of the international aid 'industry' in Burma in striking out against an organisation such as EAT/JHU is perhaps easy to understand. International aid agencies need to maintain relations with the Burmese authorities to undertake their work, and (as the behaviour of the SPDC in the first weeks following Nargis and beyond amply illustrates) they are well aware of the suspicions that the SPDC attaches to their activities. Nevertheless, the response to the EAT/JHU report is overdone and overwrought. International agencies have a duty to be true to their mandate, but so do others, unconstrained by the self-censorship of vested interest, to truth and to calling the situation as they see it. For too long have Burma's military rulers been allowed to lurk in the darkness, and for too long have the Burmese people suffered in silence.

Twelve months on from Nargis, and it is apparent that the Cyclone's economic impact has been more in the way that it has revealed some of Burma's most intractable problems, rather than in being a cause of them. Prime amongst

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these problems, however, is growing household indebtedness. The lack of financial capital is clear at all levels and sectors of Burma's economy, but it is at its most critical in agriculture and rural areas, the source and location of the activities through which most Burmese attempt to eke out a living. Burma's agriculture sector is now devoid of new and affordable credit, while the cash economy more broadly is collapsing under the weight of existing debt and the near-total absence of wage employment.[4] The lack of affordable credit in rural areas will have dire consequences which, in the short-term, include the phenomenon of cultivators being forced to sell the entirety of their crop immediately at harvest (and at fire-sale prices that barely cover costs) in order to meet debt and other obligations, only to 'buy back' food for their own consumption at exorbitant prices later. Longer-term, the absence of rural credit means that few small cultivators in Burma now use fertilizer or other inputs critical to improving yields. The productivity of Burmese agriculture is falling, and its rich alluvial lands are being degraded and despoiled. In the wake of these short and long run trends, in 2009 Burma – once the world's largest rice exporter – faces the real prospect of widespread food shortages.

The absence of a functioning system of rural credit is the direct result of the policies and practices of the country's military regime (commercial banks are forbidden to lend to farmers, for instance), and of their wilful indifference to providing a solution. Any long-run and sustainable fix to Burma's credit system (and many other areas of its economy) will only come with the application of plausible rights to property, commerce, and the retreat of the state from its present suffocating dominion, but in the short-run great relief could be provided via the simple infusion of cash into existing institutions. Burma currently receives between \$1 and \$2 billion a year from its sales of natural gas to Thailand, but these funds are kept far from the country's public accounts. Squirreled away offshore and in local banks accessible only to the top leadership of the SPDC, Burma's gas earnings are today employed in constructing the country's new jungle capital of Naypyidaw, in buying military equipment from China, and in funding other schemes and proclivities that have long characterised the oftentimes bizarre aspects of the country's policy-making processes.[5]

Burma's people need money, but Burma's state apparatus does not. International aid agencies, as well as the UN and affiliated bodies, have been vocal in pressing the international community to provide more aid to Burma. In this, and of itself, they are right. Likewise, however, it is right to emphasise that prime responsibility for improving the lot of the people of Burma belongs to those who would claim to rule over them. Burma's military rulers have long shirked their responsibilities even as their means for achieving them has grown. Holding the SPDC to the duties that must accompany their (violently) self-appointed reign might reasonably be the least of the responsibilities discharged to the rest of us.

Sean Turnell has been an advisor and consultant on Burma to a number of government departments, agencies, and NGOs around the world, and in 2006 he testified on the country's economy before the US Senate Foreign Relations Committee. He is co-founder and editor of *Burma Economic Watch (BEW)*, and the author of numerous academic papers on Burma, as well as countless articles on the country in the press and elsewhere. His book on Burma's monetary and financial history, *Fiery Dragons: Banks, Moneylenders and Microfinance in Burma*, has just been published (February) by the Nordic Institute of Asian Studies. Sean Turnell is based at the Economics Department of Macquarie University in Sydney, Australia.

[1] These numbers are drawn from the 'Post-Nargis Joint Assessment' taskforce (PONJA), established under the Tripartite Core Group that comprises representatives of Burma's government, ASEAN, the UN and its agencies. The PONJA report on the damage wrought by Cyclone Nargis can be downloaded at: <http://www.aseansec.org/21765.pdf>, accessed May 8, 2009.

[2] For a recent analysis of the unfortunate decline of Burma's economy in recent decades, see this author's recent book, *Fiery Dragons: Banks, Moneylenders and Microfinance in Burma*, NIAS Press.

[3] The EAT/JHU Report, *After the Storm: Voices from the Delta*, which was published in March 2009, can be found at: <http://www.jhsph.edu/humanrights/locations/asia/BurmaCyclone.html>, the collective response of 21 aid agencies to it at: http://www.burmalibrary.org/docs07/Joint_INGO_Response_to_After_theStorm.pdf, and a final rejoinder from the EAT/JHU team at:

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<http://www.reliefweb.int/rw/rwb.nsf/db900sid/RWST-7RBQVW?OpenDocument&rc=3&cc=mmr>

[4] Some idea of the crisis in Burma's rural sector, and especially that occasioned by credit problems, can be gleaned from the recent (January 2009) 'Special Report' of a joint food security assessment mission to Burma by the Food and Agriculture Organization of the UN (FAO) and the World Food Programme (WFP). This report can be accessed at: <ftp://ftp.fao.org/docrep/fao/011/ai478e/ai478e00.pdf>.

[5] For more on some of these issues, and especially on the SPDC's larceny with respect to Burma's gas earnings, see the author's *Burma's Economy 2008: Current Situation and Prospects for Reform*, available at: http://www.econ.mq.edu.au/Econ_docs/bew/BurmaEconomy2008.pdf.