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Friedrich-Ebert-Stiftung in Southeast Asia

Friedrich-Ebert-Stiftung has been active in Southeast Asia for more than 30 years. Its country offices in Bangkok, Jakarta, Manila and Hanoi have been active in implementing national cooperation programmes in partnership with parliaments, civil society groups and non-governmental organizations, academic institutions and 'think-tanks', government departments, political parties, women's groups, trade unions, business associations and the media.

In 1995, the Singapore office was transformed into an Office for Regional Cooperation in Southeast Asia. Its role is to support, in close cooperation with the country offices in the region, ASEAN cooperation and integration, Asia-Europe dialogue and partnership, and country programmes in Cambodia and other ASEAN member states where there are no Friedrich-Ebert-Stiftung offices.

Its activities include dialogue programmes, international and regional conferences (e.g. on human rights, social policy, democratization, comprehensive security), Asia-Europe exchanges, civil education, scholarship programmes, research (social, economic and labour policies, foreign policy) as well as programmes with trade unions and media institutes.

Dialogue + Cooperation is a reflection of the work of the Office for Regional Cooperation in Southeast Asia of Friedrich-Ebert-Stiftung in Singapore: it deals with ASEAN cooperation as well as the Asia-Europe dialogue.

- *Dialogue + Cooperation* will tell you about our activities in Southeast Asia by publishing important contributions to our conferences and papers from our own work.
- *Dialogue + Cooperation* will contribute to the dialogue between Asia and Europe by systematically covering specific up-to-date topics which are of concern for the two regions.
- *Dialogue + Cooperation* will be an instrument for networking by offering you the opportunity to make a contribution and use it as a platform for communication.

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Editorial: Dialogue + Cooperation 2/2002

Dear Reader

In all its national and international activities the Friedrich-Ebert-Stiftung has always stood for the indivisibility of civil and political rights from social, economic and cultural rights, and has advocated an incremental, holistic approach in human rights policies. From discussions at various conferences organized by Friedrich-Ebert-Stiftung and from the public statements of Asian political leaders and governments, the conclusion can be drawn that possible controversies no longer centre on the principle of the universality of human rights, but on the question of how to implement human rights policies 'step-by-step' under heterogeneous cultural, historical, economic and social conditions. In this context, the Fifth International Human Rights Conference of Friedrich-Ebert-Stiftung, 'Parliaments and Human Rights Policy: An Asia-Europe Dialogue', was held in Manila, the Philippines, 3-4 December 2001.

From this conference we include in this issue of *Dialogue+Cooperation* two papers each from parliamentarians in Southeast Asia and parliamentarians in Europe.

The second and main topic of this issue of *Dialogue+Cooperation* is again the situation in Burma/Myanmar. The Friedrich-Ebert-Stiftung maintains close contacts with representatives of Burma's democratic movements in and outside of Burma, and supports, together with the European Union, the 'Euro-Burma Office' in Brussels. But within ASEAN-wide regional cooperation activities, the Friedrich-Ebert-Stiftung Office for Regional Cooperation in Southeast Asia has also frequently involved delegations from Burma/Myanmar and assists the participation of representatives from Burma/Myanmar in regional communication meetings as well as within the ASEAN-ISIS network.

After looking at a possible scenario for political changes in *Dialogue+Cooperation 2/2001*, written by a leading intellectual of the Burmese community in exile, we commissioned Professor Michael von Hauff to take a closer look at 'The Relevance of Social Reforms for Economic Development in Burma/Myanmar'. The result of his study is an in-depth analysis of the socio-economic situation in that country and the urgent call for reforms. The paper is not only based on a careful study of existing publications and research documents but also on first hand experiences within Burma/Myanmar.

A recent statement by the Prime Minister of the National Coalition of the Union of Burma in Exile responding to the present political developments and a press statement by the EU Troika which visited Burma in September 2002 have been included as additional background information.

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Parliaments and Human Rights Policy – A Cambodian Perspective

Norodom Ranariddh

Our world continues to change dramatically through the forces of globalization and growing interdependence. A great number of nations, including my own, continue to be affected by the negative impact of globalization. We need to manage the implications of this: the marginalization and further weakening of the developing countries of Asia. We must act together to reduce the gap between developed and developing countries. This is very important if we want to maintain peace, stability and security in this region, and these in turn have a powerful impact on the progress of human rights.

Most Asian societies have seen phenomenal economic growth in the past 30 years. Asia has gone from contributing 4% of the global Gross National Product to 25% in the course of a few decades.

The second thing I would like to mention is the possibility of another economic downturn. There is a connection between the economic well-being of a society and its human rights performance. We must be aware that another downturn may well have an impact on the progress of human rights in this region.

Then there is the aftermath of the events of 11 September. It is a rapidly developing situation as we are all aware, and its ultimate impact is still unknown. But there is a real possibility that it may directly, or indirectly, by way of affecting world stability and security, have an impact on the progress of human rights.

Asia presents a variety of parliamentary and institutional frameworks. There are communist systems, constitutional monarchies, authoritarian regimes and liberal democracy. The role of the state varies from the relatively light-handed policy makers and regulators in the more democratic states, to the more interventionist, omnipresent and omniscient authorities in other states. These produce some very different capabilities and perspectives on human rights issues, contributing in turn to a very diverse human rights picture.

The institutional and supporting frameworks of the Association of Southeast Asian Nations (ASEAN) and the European Union (EU) are very different. There are no ASEAN-wide laws or structures as there are within the EU. Rather, we depend on domestic action by each member to give effect to agreed initiatives. At this time at least, ASEAN is dependent on cooperation rather than being based on fixed institutions. The ASEAN approach has been an evolving, consensual one. Having said that, Asia, especially ASEAN, is learning from the three pillars of EU integration, namely the common foreign and security policy; the EU's internal market integration; and its social and justice affairs cooperation.

There is no Asian or ASEAN-wide system of human rights. For example, we have no regional court or commission. On the whole, one can say that Asian countries have less commitment to international

human rights treaties than those of the EU. However, there have been regional initiatives in this area. For instance, the Hanoi Summit of ASEAN Heads of Government in 1998 adopted a Declaration and Plan of Action, and under the heading 'Promote Social Development and Address the Social Impact of the Financial and Economic Crisis', it stipulated the following:

Enhance exchange of information in the field of human rights among ASEAN countries in order to promote and protect all human rights and fundamental freedoms of all people in accordance with the Charter of the United Nations, the Universal Declaration of Human Rights and the Vienna Declaration and Programme of Action.

It also stated:

Work towards the full implementation of the Convention on the Rights of the Child and the Convention on the Elimination of All Forms of Discrimination Against Woman.

There exists also an ongoing dialogue between Asia and Europe on human rights. Outside of bilateral discussions there are multilateral talks between the EU and Asia. One is the Asia-Europe Meetings, involving ASEAN, the EU, the People's Republic of China, Japan and South Korea. The Chairman's Statement at the first of these Meetings in 1996 mentioned:

The Meeting reaffirmed its commitment to the UN Charter, to the Universal Declaration of Human Rights, to the 1986 Declaration on the Rights to Development, to the 1992 Rio Declaration on Environment and Development, to the 1993 Declaration of Vienna and Programme of Action of the World Conference on Human Rights, to the 1994 Cairo Programme of Action of the International

Conference on Population and Development, to the 1995 Copenhagen Declaration on Social Development and Programme of Action, and to the 1996 Beijing Declaration and Platform of Action for the Fourth World Conference on Women.

And there are the ASEAN-EU Ministerial Meetings. The thirteenth one took place at the end of 2000 in Vientiane. The Vientiane Declaration stated:

We commit ourselves to promote and protect all human rights, including the rights to development, and fundamental freedoms, bearing in mind their universal, indivisible and interdependent character as expressed at the World Conference on Human Rights in Vienna.

I will now look at the context of human rights policy itself. When I take this step back I do not see human rights policy making as an isolated and discrete activity. I see human rights as one facet – albeit an extremely important one – in a broader multi-faceted approach to economic, social and institutional reform. Up till now, human rights development in Asia generally has been reactive. We have each been trying to give relief to particular human rights violations we face in our countries.

While the Asia region still faces many challenges, with particular human rights abuses still of great concern for a number of countries in the region, I see a more comprehensive, positive approach to human rights as a necessary 'step change' in the role of parliaments in dealing with human rights policy.

By comprehensive, I mean that parliamentary action on human rights, be it legislative, investigative or otherwise, must be interwoven with action on the following areas:

- Promoting the rule of law;
- Overall sustainable development with the priority of poverty alleviation and closing the gap between rich and poor;
- Strengthening democratic institutions, including the role of parliaments;
- Institutionalizing the practice of good governance in all public and private institutions;
- Promoting peace, non-violence and cooperation;
- Promoting sound education at all levels.

In my view, the role of parliaments should be to move the positive development of human rights policy up the agenda within the framework of these other reform items. The very crucial job of parliaments should not be usurped by the need to react to particular human rights abuses and issues. Rather these issues should sit alongside the general tasks.

It is the responsibility of parliaments firstly to ensure that they proceed along all of these fronts in a timely, coordinated manner, with the joint and several outcomes always in view. A background of achievement in these other areas is essential for human rights to flourish, regardless of parliamentary intention.

Secondly, as a regional grouping, there are many ways in which this task can be reflected at the inter-parliamentary level on multi- and bilateral bases. There is the ASEAN Vision 2020 that envisages Southeast Asia as a place where ‘... all people enjoy equitable access to opportunities for total human development’.

Thirdly, such a broad, interlinked agenda means that parliaments alone cannot achieve reform. We have to move to cross-sectoral partnerships with private institutions to achieve success in all these areas. I shall return to this point soon.

Now, I would like to reflect on the situation in my own country, the Kingdom of Cambodia. In the past 30 years, Cambodia has had painful experiences of gross abuses of human rights, perhaps among the worst human rights violations in the world. There has been genocide, torture, arbitrary and extra-judicial killings, involuntary disappearances and many other violations, and the perpetrators have enjoyed impunity.

In spite of these problems, Cambodia has, under the highest leadership of His Majesty King Norodom Sihanouk, made significant progress in human rights, democracy and development over the last decade, through a genuine national reconciliation policy and a spirit of mutual understanding and political compromise.

As far as civil society is concerned, Cambodia has a very strong, influential and active non-governmental organization (NGO) sector. The sector has forged strong partnerships with the government in a number of areas and the government has been liberal in its acceptance of NGO activities.

The partnership area I would like to focus on is education. We are in the second half of the United Nations (UN) Decade for Human Rights Education. I see human rights education as vital. The partnerships between civil societies and the government in Cambodia have resulted in a number of education initiatives. For instance, the Inter-parliamentary Union has initiated a series of workshops on human rights for our own members of parliament. This is also an example of the continuing international dialogue on human rights. Another example is the very large project called ‘Human Rights Teaching Methodology for Schools’. In partnership with the Ministry of Education, a large local Cambodian NGO trains teachers on how best to teach students about human rights, either as a subject on its own, or as a part

of other subjects. Together, they have trained over 30,000 teachers. Millions of Cambodian children, growing up in a society that still manifests the consequences of past conflicts, now have a chance through their schools and teachers to learn that there are more civilized ways of doing things and each of them will enjoy their lives more fully by doing so. The advantages of this cooperation extend beyond the children to their families, to the teachers, to the communities and of course to the nation as a whole.

The same local NGO is involved in a partnership with the Ministry of the Interior and the Ministry of Women's Affairs in good governance training for officials and community leaders, with over 15,000 trained so far.

In these ways, the broad, interlinked agenda I mentioned earlier is making progress through partnerships with civil society.

Another area where the Cambodian experience may be of interest is in relation to regional human rights initiatives. As you may know, in January 2001, a very important gathering of parliamentarians took place in Phnom Penh at the Conference of the Association of Asian Parliaments for Peace (AAPP). The AAPP membership has a broad geographic span with members from the Asia-Pacific region through to central and west Asia. Nine out of ten ASEAN members are members of AAPP. At the January conference, I had the honour of accepting the presidency of

that body, and the secretariat was moved to Cambodia. One of the cornerstone activities of my presidency is the development of an Asian Charter of Human Rights, based on several draft charters and declarations submitted by AAPP members. I am fully aware of other human rights activities in this area, for instance in ASEAN, and I do hope our respective initiatives complement and strengthen each other. Also, it should be noted that, although we like to resolve our different issues in the Asian way, we should not adopt a Charter that is below international and universally recognized standards.

Finally, there is one area that I would particularly like to mention. While believing that we all have different positions and views on the issue of capital punishment, Cambodia is the only country in Asia that has strongly advocated the total abolition of the death penalty. The abolition of the death penalty is guaranteed by our Constitution, and this despite the fact that more than two million of our citizens perished under the genocidal regime of the Khmer Rouge.

I am strongly convinced that in the name of the State we have no right to take away the life of someone who has committed a crime. In so doing, the State itself commits another crime. The teaching of our Lord Buddha is to forgive, to stop the chain of revenge, and thus stop the pursuit of killings.

Parliaments and Human Rights Policy – A European Perspective

Kevin McNamara

Paragraph 17 of the Joint Communiqué of the Ministerial Meeting of the Association of Southeast Asian Nations (ASEAN) in Singapore in July 1993 is said to epitomize the main conflict between the European and ASEAN models of human rights. The ASEAN model seeks to put the interests of the community first, in contrast to the European approach which tends to favour the individual against the State. I do not believe that this contradiction is as great as it seems at first sight. No one would deny that human rights are involved in proper economic, social and cultural development, but the disagreement is whether in the advancement of those areas, certain rights belonging to citizens are inviolable and cannot be contravened by society or the State. All advocates of human rights argue that the rights of the individual can only be borne and exercised with due regard to the rights of others in society. The difference is that the European model regards some human rights as so fundamental that they cannot be suspended.

The absolute rights contained in the European Convention on Human Rights (ECHR) are Article 2, the Right to Life, extended to include a ban on capital punishment in member states; Article 3, Prohibition of Torture; and Article 4, Prohibition of Slavery and Forced Labour. The remaining Articles 5-18 contain rights which are only exercisable with due regard to the interests of other individuals in society. Articles 17-18 exist to prohibit the abuse of rights and limitations of the use of restrictions on rights.

What makes the ECHR more than just a treaty signed by states and gives it particular political significance and importance, is that the rights contained within the convention are directly enforceable by individuals seeking redress, or by a member state in the domestic courts of those member countries where the ECHR is part of domestic law, or by direct reference to the European Court of Human Rights.

The Council of Europe member states stretch from Iceland in the north to Turkey in the south and from Portugal to the Siberian Peninsula, embracing all the countries of Europe with the exception of Belarus. The size of the states vary from San Marino, a mountain top in Italy, to the Russian Federation, populated by hundreds of millions of people. Its defining premise is that the Convention is upheld by all its signatory states, all of which are democracies, accept the rule of law and bind themselves to accept the jurisdiction and decision of the Court. This is a precondition of membership of the Council of Europe.

There are three institutions in the Council of Europe responsible for the implementation and upholding of the European Convention on Human Rights. These are the Parliamentary Assembly, the Council of Ministers and the European Court of Human Rights.

The Parliamentary Assembly comprises members of the legislatures of member

states, representing political balance in the domestic legislatures. The number of delegates represents each state's population. The Parliamentary Assembly is responsible for electing from a shortlist presented by a member state the judge who is to represent that country in the European Court of Human Rights.

The Council of Ministers has the duty of enforcing the judgements of the Court. Its day-to-day work is carried out by the Committee of Ministers Deputies, the ambassadors of member countries to the Council of Europe. It is their duty to support the Court and to see that its decisions are upheld and judgements carried out by member states.

The European Court of Human Rights is the final arbiter of the scope and breaches of the Convention. The Court itself is in the process of change and reformation. Having started off with part-time members, it is now a court of full-time judges, and with the expansion of the Council of Europe, it is facing problems with regard to the number of cases it receives. This matter is at present being addressed by the Committees of Ministers Deputies. Judges are elected for a six-year period but may be re-elected. This arrangement is now being reconsidered. It has been suggested that judges should be elected by the Assembly for a nine-year period and not be subject to re-election. This would ensure their independence against influence from their home countries and ensure greater continuity in the membership of the Court.

There are a number of other human rights institutions within the Council of Europe, contained within the Human Rights Institute. The recently appointed Human Rights Ombudsman does not look at individual cases – that is the prerogative of the Court of Human Rights – but can comment upon trends in individual countries. More recently, the Ombudsman

has been used for the establishment of human rights institutions in the new countries of the Balkans and in the Republic of Chechnya.

The Human Rights Institute coordinates the activities of the various human rights institutions in education, furthering the work of the Ombudsman and ensuring there is a proper regard for human rights amongst member countries, but its most important department is the European Commission on Racial Intolerance, Anti-Semitism and Xenophobia (ECRI). This organization, in which I represent the Legal Affairs Committee of the Council of Europe, represents the Council of Europe at international forums, e.g. the United Nations Conference Against Racism. Its most important task is to examine the progress made by individual members in tackling racial intolerance within their jurisdictions. Countries are examined on a rota basis and members of ECRI, nominated by their governments, look at the existing national legislation, practice and social attitudes towards those who might suffer from racial intolerance within any given nation. The inquiry teams are drawn from countries other than the country being examined. The report is confidential to the government of the country about which it is made and contains observations on the current situation and recommendations for best practice where deficiencies are identified.

It would be wrong, however, to paint an overly rosy picture of the situation in Europe where the Convention applies. While countries happily sign up to the Convention, some find it difficult to fully implement its spirit. This can be due to a variety of social, political and historical reasons. Emphasis must be laid on the fact that these are political and personal rights that the Convention seeks to enforce, and not social or economic ones. It is essentially nineteenth century, western European

liberalism that is contained within the Convention.

The Council of Europe does have the equally important Charter of Social and Economic Rights, which is binding upon those countries which sign and ratify it, but there is no real international enforcement of these rights. That is what makes the ECHR so important. Decisions of the Court are accepted and acted upon by all the members. There are of course lapses. Some countries do not like adverse decisions, but the overwhelming majority of the decisions have been accepted. Refusal to abide by a decision subjects a member state to increasing pressure from its peers and hostile criticism from the Parliamentary Assembly. Countries are sometimes reluctant to accept the Court's decisions, as was my own country, the United Kingdom, in a number of right-to-life cases arising from the troubles in Northern Ireland, where the decisions went against the United Kingdom government. However, the United Kingdom to its credit bit the bullet and accepted the decisions.

The importance and significance of the ECHR also lies outside the geographical boundaries of member countries. For example, member states are now refusing to extradite persons accused of offences in non-member countries where they do not receive an absolute undertaking from the country seeking extradition that Articles 1, 3 and 4 (i.e. the right to life and no capital punishment, torture and forced labour) would be guaranteed. This is particularly important when examining requests from the United States of America for the extradition of persons suspected of being involved in the attacks of 11 September. Further applications for extradition may not be accepted if the United States cannot guarantee a fair trial acceptable to member states under Article 6 of the ECHR.

There have been further developments in

the human rights' field. Members of the European Union have approved a document for a Charter of Fundamental Rights, which includes some social and economic rights. At present this is not binding on member states, although there is a desire among some that it should be.

This would cause considerable confusion in Europe as a whole because there would be two standards of human rights, one in those countries rich enough to be members of the European Union and another in those which are not. One of the solutions to this problem and one which is most frequently proposed, would be for the European Union to sign the ECHR of the Council of Europe, even though it is not a nation state. If the European Union were to sign the ECHR it would prevent the undermining of the Convention throughout the rest of Europe. To achieve that change there would have to be an alteration in the Convention itself, which at the moment only allows sovereign countries to join. Within my own country that would create problems amongst those people who are hostile to the European Union, as it would be seen as giving nation status to the European Union. Nevertheless, in the interests of European jurisprudence I am sure that with the political will of member states the change could be achieved.

The European Union, therefore, is one obstacle to be overcome. Another is that some states, signatories of the European Convention, find the standards set by the European Convention rather hard to accept and would seek to establish their own regional conventions on human rights, such as the CIS Convention established by former members of the Russian Confederation. This proposal significantly weakens the European Convention, strengthens the hand of member states and has no proper enforcement system. While it has some support from some of the new signatories to the European Convention,

it has neither the clout nor the prestige associated with the European Court of Human Rights. If the European Union was to go its own way and make its own Charter of Fundamental Human Rights justiciable, then the excuse for the CIS to develop its system would be considerable. I am optimistic enough to believe that this will not happen.

I have spent much time explaining the European system, not because it is necessarily the only model to be followed in developing a human rights system but because of what I regard as its most important characteristic, namely it is not left to nation states alone to enforce and honour human rights. Individual citizens can have recourse to an independent international tribunal, the Court of Human Rights, to seek to enforce recognition of their human rights against their own nation states. It is this reduction in the sovereignty of a nation state as an international obligation that has at times caused member states difficulties in accepting the decisions of the Court. It is to the credit of all the

signatories of the ECHR that the overwhelming majority of decisions handed down by the Court of Human Rights has been accepted and those countries refusing or seeking to delay the implementation of a judgement, or to change what has been suggested, have been subject to considerable pressure by fellow member countries and the Parliamentary Assembly.

Social, economic and cultural rights are equally important in European eyes. All these have to be balanced one against another, but they are not necessarily contradictory to the fundamental rights of the individual. Communities consist of individuals and individuals cannot be independent of the communities in which they reside. It is recognition of this mutuality of interests of the community and the individual that makes the European Convention so important. Individual rights and community interests both should be and are respected in the operation of the ECHR.

Parliaments and Human Rights Policy – The International Situation in the Aftermath of 11 September and Consequences for Dialogue

Surin Pitsuwan

The horrible events of 11 September represented the first ever 'common global experience' for all mankind. While it took place in the early morning in New York and Washington D.C., it was early afternoon in Western Europe and early evening in the Far East. The same events occurred in different time zones and were witnessed by the entire human family in almost every living room or bedroom around the globe. The events were being experienced in 'real time' while the dramas were actually unfolding on 'ground zero' on the other side of the globe.

We would have wished for a more pleasant and reassuring first common global experience. It was probably the most horrible and most frightening experience mankind has ever witnessed. However, right there and then, we saw a glimpse of hope for the future.

The power of science, technology and, in particular, information technology that we have developed, and which is now at our disposal, is a key to future cooperation for the international community. The high degree of mutual ignorance, mutual suspicion, fear and prejudice about and against each other can be reduced by the wonder of information technology, if we are willing to use it for good.

The world before 11 September was, and I want to be controversial for the sake of provoking you into thinking along the same

lines as me, divided into two very distinct halves: the first half that has everything, and the second half that has been condemned to dreadful existence, languishing in poverty and ignorance. Those who have, have everything. Those who have not, have nothing, not even their dignity and self respect. The gap and the gulf between them have been deepening and widening rapidly with the fast pace of globalization during the past three decades.

If the events of 11 September were to be perceived simply as cases of international terrorism, I believe we would be missing the whole point of this world phenomenon. To me, terrorism is a symptom of a much deeper malaise afflicting the international community at present. The real root cause of all this violence and tension within and amongst nations has been the inequitable globalization process, which has failed to distribute the fruits of international trade and investment equally to all the people of the world.

The lack of opportunity to participate in the affairs of their states, abject poverty, widespread illiteracy, rampaging diseases, disenfranchisement, rampant abuse of power and other chronic problems characterize the underdeveloped and deprived part of the world. The people in this part of the world are unprepared, unqualified and unfit to compete in an increasingly competitive world. Such people are apt to turn to something that

they are good at, i.e. drug trafficking, smuggling women and children, illegal arms dealing and various other international crimes. The inequitable process of globalization breeds global violence and conflicts that know no boundaries. This is a far cry from John F. Kennedy's dream that the rising tide of prosperity would lift all boats. So far the fast pace of globalization has lifted only the expensive yachts, leaving, for example, the coastal fishing boats in Mindanao and Southern Thailand drifting aimlessly in the ever turbulent seas of fierce competition and fast commercialization.

In the process of this fast-paced globalization, human rights, civil and political rights and economic rights have been affected and ignored by the powers that be within particular states and societies. And the cycles of inequality and oppression are beginning to widen and deepen, grinding their way with devastating effect on the poor and the underprivileged. Whole societies or countries could come to a halt, with their problems spilling over into neighbouring countries, affecting the whole region.

Terrorism, therefore, must be seen in the context of a wider picture of the world as it exists today. Force and violence alone will not be adequate to resolve the threat of terrorism, unless and until the underlying root causes are also dealt with effectively.

The coalition against terrorism that has been put together seems to be guided by the narrow domestic agenda of each member state. In each of the coalition partners there is a case of bad governance, human rights abuses, separatist movements, suppressive measures and oppressive policies affecting the population at large. Internal problems are being allowed to fester while the high profile war on terrorism takes priority. This means problems are not being resolved, but rather postponed for the future.

Members of legislatures must take a serious look at this turn of events. We must make sure that the fallacy of the Cold War is not being repeated again in the fight against terrorism. In the Cold War Era, any regime, any leader, any dictator, as long as he sang the tune of anti-communism, would be welcome into the holy alliance. In the end, many lives were lost and much suffering was prolonged due to the internal oppression and conflicts perpetuated by those dictatorial regimes.

On this issue our voices must be heard by our governments and in the international media. We must make sure that we are not blind to the higher ideals of human rights and democracy.

A few of us may remember that last year, 2001, was the Year of Dialogue Among Civilizations as agreed to by the United Nations General Assembly back in 1998. The events of 11 September overshadowed all the efforts to bridge the gaps and fill the gulfs that have existed among our various world religious communities and civilizations since time immemorial. The fact that all of the alleged terrorists of 11 September were of Arab descent, and all were Muslims, made the matter more complicated. The violence is being seen as a reflection of a heightening tension between the West and Islam. Some even point to the fact that 'the Clash of Civilizations' is unfolding as prophesized.

Few realize that the first proposal to hold a 'Civilizational Dialogue' came from a former Muslim leader of Southeast Asia, Anwar Ibrahim. I say 'former' because he is no longer a leader. He has been put in prison for a crime unbeknown to others. Anwar Ibrahim proposed this in Washington D.C. at the Georgetown University Commencement Ceremony in 1994, one year after the 'Clash of Civilizations' theory was put forward. He was concerned about the prospect of

conflict and confrontation of values that was brewing at the time. Human rights, civil rights and political rights were becoming hot issues for international discourse even then. Some would argue that different cultural values require different standards of protection for these rights, and therefore they should not be considered universal. But Anwar Ibrahim was on a different tract. He preferred to work on the assumption that these values have been and are part and parcel of Asian cultures, and that there was an urgent need for dialogue among various proponents of different cultures and civilizations. He wanted to prove that all civilizations, particularly Asian civilizations, share common values on the sanctity of the individual, the inalienable rights of human beings to life, liberty and the realization of their full potential. Human rights and democracy are not alien to Asian cultures.

Later on, in September 1998, in the United Nations General Assembly, President Mohammad Khatami of the Islamic Republic of Iran proposed that the year 2001, the first year of the new Millennium, should be designated the 'Year of Dialogue among Civilizations' as a contribution to the universal effort to bring better understanding and avoid confrontation among nations.

Thirteenth days before the fateful day of 11 September, I was privileged to attend one of these 'dialogues among civilizations' in Salzburg, Austria. The Secretary General of the United Nations was there, along with the Chancellor and the Foreign Minister of Austria. There was also a Rabbi from New York, a theologian from Switzerland, an advisor to President Khatami of Iran and a few others. We agreed there that one year was not enough after so many centuries of mistrust and misunderstanding. I proposed that the entire first decade of the new Millennium should be declared the Decade of Dialogue among Civilizations.

And we agreed to recognize what we called 'an emerging global awareness or global consciousness' which should be nurtured further to serve as a foundation for the new globalized era.

That was on 28 August. Little did we know what would happen 13 days later in New York and Washington D.C. The traumatic common experience of those horrible events led the United Nations General Assembly to decide in November that there would not be an end point to the process of Dialogue among Civilizations after all. The issue is so big and the urgent need so obvious that the United Nations has taken the lead to promote civilizational dialogues more vigorously and more systematically. This very gathering of ours here at this moment can be considered a part of that global agenda.

I believe legislators from the region here and from Germany and Europe can work together to foster the process of dialogues. And I think Southeast Asia is a good place to start because it is a crossroads of religions, cultures, commerce, ideologies, powers and influence from all corners of the world. We can work together to promote this region as a region of peace, moderation, tolerance and mutual respect among the myriad of religious and cultural communities in our midst.

And it will have to be different from religious dialogues of the past where religious figureheads came together, made polite pronouncements about each other, and left for their own exclusive communities back home. We will have to bring the dialogues down to the streets, involving various sectors of society, professional groups, the media, politicians, legislators, business communities and academics. We must instil into all sectors that, in order to have a world of peace and cooperation in the pursuit of common prosperity and a more equitable form of

globalization, we must begin by seriously searching for common values of mutual respect, mutual confidence and mutual recognition of the differences among our civilizational groups. Only then can we hope to achieve a more secure and more stable world where the issues of human rights, human security and democratization can be pursued effectively.

If one positive result of the events of 11 September is to be identified, it must be the awareness that the world is but one neighbourhood where interdependency is not only a catch word but also an operational key for our own survival.

We have a great challenge before us. And that challenge is to create a common framework where the rights of every man and women, regardless of his or her race, religion, language or age, will be protected and promoted both within our state boundaries and within the international community, freely and openly. Many of you from Europe have taken up the challenge and accomplished this task. Let us work together and make this a reality also in East and Southeast Asia.

Parliaments and Human Rights Policy

– The Council of Europe: The Main European Human Rights Institution

Alexander Shishlov

Any European state can become a member of the Council of Europe, provided it accepts the principle of the rule of law and guarantees human rights and fundamental freedoms to everyone under its jurisdiction. At present, there are 43 member states in the Council of Europe, which means almost all European states are member states.

But the Council of Europe encompasses much more than Human Rights. The Council of Europe is an intergovernmental organization which aims to:

- protect human rights, pluralist democracy and the rule of law;
- promote awareness and encourage the development of Europe's cultural identity and diversity;
- seek solutions to problems facing European society (discrimination against minorities, xenophobia, intolerance, environmental protection, human cloning, AIDS, drugs, organized crime, etc.)
- help consolidate democratic stability in Europe by backing political, legislative and constitutional reform.

The Council of Europe covers all major issues facing European society other than defence. Its work programme includes the following fields of activity: human rights, the media, legal cooperation, social and economic questions, health, education, culture, heritage, sport, youth, local

democracy, trans-frontier cooperation, the environment and regional planning.

The Council of Europe consists of three main parts:

1. The Committee of Ministers is the Council of Europe's decision-making body, and is composed of the foreign ministers of the 43 member states (or their permanent representatives);
2. The Parliamentary Assembly is the organization's deliberative body, the members of which are appointed by national parliaments;
3. The Congress of Local and Regional Authorities of Europe is a consultative body representing the local and regional authorities of member states.

Governments, national parliaments and local and regional authorities are thus represented separately in the Council of Europe.

By granting consultative status to over 350 non-governmental organizations (NGOs), the Council of Europe is building a real partnership with those who represent ordinary people. Through various consultation arrangements (including discussions and colloquies) it brings NGOs into intergovernmental activities and encourages dialogue between members of parliament and associations on major social issues.

Now some facts and figures about the Council of Europe.

The Council of Europe Secretariat has a permanent staff of about 1,300 drawn from the 43 member states. It is headed by a Secretary General – currently Walter Schwimmer (Austria) – who is elected for a five-year term by the Parliamentary Assembly and who coordinates and directs the Council's activities.

The Council is financed by member states in proportion to their population and resources. The budget is approximately 250 million Euro.

The Council of Europe's official languages are English and French, but the Parliamentary Assembly also uses German, Italian and Russian as working languages. Some other languages may be interpreted during debates, under certain conditions.

The Parliamentary Assembly of the Council of Europe (PACE), which held its first session on 10 August 1949, can be considered the oldest international parliamentary assembly. It has a pluralistic composition of democratically elected members of parliament established on the basis of an intergovernmental treaty. There are more than 500 members (representatives and substitutes). PACE has four five-day part-sessions during a year where general debate take place and decisions are made (there are two types of decisions – resolutions which express the PACE position and recommendations addressed to the Council of Ministers).

In the period between the part-sessions the main PACE body is the Bureau, composed of the leaders of the five political groups and the heads of national delegations.

Committee meetings take place during the part-sessions and in between as well. There

are Committees on Political Affairs, on Legal Affairs and on Human Rights, a Monitoring Committee, and a few others like Culture and Education, Refugees, Rules of Procedure, etc.

The legal framework of the Council of Europe is made up from a number of international conventions, the most important being the European Convention on Human Rights, which defines and guarantees the most important rights and freedoms and establishes a legal instrument to implement and defend rights and freedoms.

This instrument is the European Court of Human Rights. This Court is accessible to everyone in Europe and the decisions of the Court are final and obligatory for all member states. The Human Rights Court has special value for my country Russia, as well as for other new member states from Eastern and Central Europe, because it supports democratic development.

The European Court granted to people the mechanism to protect their rights, which is especially important to new democracies because their domestic judicial systems are far from perfect. The Human Rights Court itself is certainly not perfect either, and it is facing serious challenges such as an increasing number of complaints, and a lack of funds.

The Parliamentary Assembly of the Council of Europe has shown in its 50 years of existence as an international inter-parliamentary body great flexibility and adaptability to the developments in Europe, and in particular to the dramatic historic changes which have taken place. No other international parliamentary forum was so well equipped to integrate the new democracies of central and Eastern Europe into the family of other European democracies.

One of the results of membership is the development of national legislation to fulfil the criteria and demands of the Council of Europe. For my country, for example, among the most important legal changes has been the adoption of a new criminal code and new criminal procedure code. Council of Europe activities in the field of protection of the rights of national minorities have also been valuable, as minority languages are very important for Russians, particularly since the collapse of the Soviet Union.

The Council of Europe has been at the forefront of the fight against the death penalty for decades, and has been very successful in this fight. It is thanks to the Council of Europe and, in particular, its Parliamentary Assembly, that its 43 member countries have constituted a de facto death-penalty-free zone since 1997. The Council of Europe's strategy to abolish the death penalty was, and is, first and foremost a legal one, backed by political and moral pressure.

At the heart of the Council of Europe's legal machinery stands the European Convention on Human Rights. This convention, however, did not abolish the death penalty. The right to life is its first substantive article, but, in the convention, this right is not absolute: everyone's life shall be protected by law and no one shall be deprived of life except through a court sentence after being convicted of the crime carrying the death penalty. After the horrors of Nazi Germany and the Second World War, most European countries were not ready to abandon the death penalty.

But the concept of Human Rights is a constantly evolving one. By the late 1960s, more and more European countries were abandoning the death penalty as it was seen as a violation of the most fundamental human rights: the right to life, and the right to be protected against torture and inhuman

and degrading punishment. Thus, slowly, consensus began to emerge that the death penalty was unbefitting of a modern, democratic and civilized society. This development was spurred on by the realization that capital punishment was an inefficient tool of the criminal justice system: it did not deter criminals, it was arbitrary (its imposition often depending more on a person's position in society than on the gravity of their crime), and it was irreversible. High-profile cases of people found innocent after their execution shocked Europeans in many countries. And this is where the Council of Europe came in. Created to unite Europe around the shared principles of the rule of law, respect for human rights and pluralist democracy, it was the Parliamentary Assembly which initiated a proposal to legally abolish the death penalty in Europe.

The result was the drafting of Protocol 6 to the European Convention on Human Rights, which abolishes the death penalty unconditionally in peace time. The Protocol was opened for signature in 1983, and became binding on the states which ratified it a few years later. Having promoted the adoption of Protocol 6, the Parliamentary Assembly was concerned to see it enforced in all European countries.

In 1994, the Assembly defined its position on the issue of the abolition of capital punishment: it considers that the death penalty has no legitimate place in the penal systems of modern civilized societies, and that its application may well be compared with torture and be seen as inhuman and degrading punishment within the meaning of Article 3 of the European Convention of Human Rights. The Assembly believes that the imposition of the death penalty has proved ineffective as a deterrent, and that owing to the possible fallibility of human justice, also tragic through the execution of innocent people.

As a result, the willingness to institute an immediate moratorium on executions and to abolish the death penalty in the long-term has become, since 1994, a precondition for accession to the Council of Europe. This means, in practical terms, that every country wanting to become a member of the Council of Europe has to commit itself to stop executions immediately, and to abolish the death penalty in law in a space of one to three years.

The signing and ratification of Protocol 6 is a further condition. This has given a great boost to Protocol 6, which is now in force in 39 member countries of the Council of Europe, and has been signed by three others. Russia had instituted the moratorium and signed, but has not ratified Protocol 6 yet.

The Parliamentary Assembly also has a position on the death penalty in the Council of Europe observer states. There are two observer states which continue to execute people: the United States of America (USA) and Japan. The Parliamentary Assembly is taking a number of measures to convince the USA and Japan to institute a moratorium on executions and abolish the death penalty. The Council of Europe already involves the parliaments and governments of Japan and the USA in constructive dialogues in order to support legislators in their endeavours to institute a moratorium on executions and abolish the death penalty, and in order to engage the opponents of abolition in informed debate.

The Council of Europe's position on the fight against terrorism was formulated during an urgent debate at the September 2001 part-session. The sense of its position is that action against terrorism must not undermine human rights. This approach has been expressed also in a recent statement issued by Mary Robinson, the United

Nations High Commissioner for Human Rights, Walter Schwimmer, Secretary General of the Council of Europe, and Ambassador Gerard Stoudmann, Director of the OSCE's Office for Democratic Institutions and Human Rights. 'While we recognize that the threat of terrorism requires specific measures, we call on all governments to refrain from any excessive steps which would violate fundamental freedoms and undermine legitimate dissent', says a joint statement. 'In pursuing the objective of the eradication of terrorism, it is essential that states strictly adhere to their international obligations to uphold human rights and fundamental freedoms'. Responding to recent worrying developments in some countries, the three international human rights representatives urged all states to ensure that any measures restricting human rights in response to terrorism strike a fair balance between legitimate national security concerns and fundamental freedoms that are fully consistent with international law commitments.

Some rights may not be derogated from under any circumstances. These include the right to life, freedom of thought, conscience and religion, freedom from torture or cruel, inhuman or degrading treatment, and the principles of precision and non-retroactivity of criminal law, except where a later law imposes a lighter penalty. For other rights, any derogation is permitted only in the special circumstances defined in international human rights law. The Council of Europe position is that the purpose of anti-terrorism measures is to protect human rights and democracy, not to undermine these fundamental values of our societies.

Certainly, in some countries, the strong measures, particularly those which limit human rights, to some extent are welcomed by the majority of the population because of the feeling of security they engender and

also because citizens trust and have confidence in their governments and special services. But not every country inspires such confidence.

I would not be honest if I did not mention some of the challenges and problems of the Council of Europe and its Parliamentary Assembly. And as a Russian liberal I tell it as I see it. I regret to say that in some cases, particularly concerning my country, I have been slightly disappointed with the rather weak position of the Council of Europe. We have very serious problems with human rights in Chechnya. We can see the clear pressure from the state on the freedom of the media. But the voice of the Council of Europe in these cases has not been as strong as I would have liked to hear. I can attribute several reasons to such political behaviour.

One is the double standard policy and interest policy, and this seems to me very widespread but not very wise practice.

Another reason is the constitutional structure of the Council of Europe, in which decisions are adopted by the Council of Ministers, which represents governments and executives. PACE has no instruments to really compel the Council of Ministers to react. This is why a number of politicians say that the future of the Council of Europe is uncertain. But I think that the Council of Europe has a political future because of its high values and its experience and this experience may be interesting and useful for those who represent different Asian countries and different approaches to human rights.

Press Statement by the Delegation of the European Commission to Thailand, Cambodia, Laos, Malaysia and Burma/ Myanmar, 10 September 2002

A European Union Troika mission, led by the Danish Presidency's Asia Director, Carsten Nilaus Pedersen, visited Burma/ Myanmar from 8 to 10 September 2002.

The Troika met, among others, the Deputy Foreign Minister, U Khin Maung Win, the General Secretary of the National League for Democracy (NLD), Daw Aung San Suu Kyi, representatives of the ethnic minority groups, United Nations agencies and international non-governmental organizations. The planned meeting with Secretary One of the State Peace and Development Council (SPDC), Lieutenant-General Khin Nyunt, did not take place, as he was unavoidably delayed up country by heavy rain.

The objectives of the mission were to get first hand information on the political and human rights situation in Burma/ Myanmar, and to make clear the European Union's expectations in this regard to the SPDC. The European Union will soon discuss its policy vis-à-vis Burma/ Myanmar.

The main messages conveyed by the Troika were:

- To encourage a stepping-up of the reconciliation process between the SPDC, Daw Aung San Suu Kyi and the ethnic minorities;
- To urge the immediate release of all remaining political prisoners and to lift the remaining political restrictions on freedom of expression, association and assembly;

- To express continued concern at the human rights situation, particularly in ethnic minority areas, and at the practice of forced labour in Burma/ Myanmar;
- To underline the European Union's concern that Burma/ Myanmar remains a major producer of opium and other drugs;
- To express support for the mission of the United Nations Secretary General's Special Envoy, Ambassador Tan Sri Razali Ismail;
- The recognition by the European Union of the steps taken by the SPDC – for example, the release of Daw Aung San Suu Kyi, the release of 'security detainees' and the establishment of an International Labour Organization Liaison Office;
- That the European Union will continue its humanitarian assistance for Burma/ Myanmar, in particular in the field of health. These actions are designed to have a direct impact on the welfare of the people;
- That the European Union stands ready to respond positively and proportionately to substantive improvements in the political climate of the country.

Burma: Ways into Democracy*

Sein Win

The release of our leader, Daw Aung San Suu Kyi, is welcome news for all of us. I recognize and commend the efforts of United Nations Secretary General Kofi Annan and his Special Envoy, Mr Razali Ismail, for the political progress achieved so far in Burma. Daw Aung San Suu Kyi's ability to travel to some parts of Burma to meet with National League for Democracy (NLD) party members is welcomed by us all, but much remains to be done. The release of some 300 political prisoners is not enough because we have yet to see a fundamental change in the attitude of the State Peace and Development Council (SPDC) toward the remaining 1,500 political prisoners who continue to languish under the harshest prison conditions in Burma.

Speedy release of all political prisoners should be one of the benchmarks for the international community to monitor the progress of national reconciliation in Burma.

Just a few days ago, Daw Aung San Suu Kyi made her fourth visit outside of Rangoon. I must remind the international community that her travels should not be the only yardstick to measure political liberalization in Burma.

The SPDC still needs to lift many restrictions imposed on the political activities of the NLD and its leaders.

The NLD until today has been restrained from freely reorganizing its ranks, meeting

the public openly, and freely conducting its legitimate political activities. The party, which was overwhelmingly given a national mandate in the 1990 elections, must be allowed to function as a fully fledged political party.

These and other measures of political liberalization are steps that SPDC must take in order to show that it is sincere in its efforts towards national reconciliation in Burma. Without political liberalization, there can be no reconciliation, democratic reforms initiated can never be sustained, and human rights abuses will continue unabated.

The steps that SPDC should take as suggested are not conditions to dialogue. They represent essential tasks the regime must undertake to prevent Burma from sliding toward total devastation caused by the multiple crises facing its 50 million people.

The crises in Burma are of the military's own making. Almost half of Burma's government budget is wasted on unnecessary military expenditure. Today, a dangerous humanitarian crisis is looming in the country, including the alarming spread of HIV/AIDS that has placed Burma at the epicentre of a regional epidemic in Asia.

The SPDC's misguided economic policies have also resulted in high inflation, massive unemployment, an unstable currency and a weakening of the economy. Despite the

* Opening speech at the conference 'Burma: Ways into Democracy', held in Berlin, Germany on 4 September 2002, organized by Friedrich-Ebert-Stiftung.

dire economic situation, the regime continues to make decisions that are detrimental to the economy. The purchase of MIG-29 fighter jets and a nuclear reactor from Russia is proof of the regime's blatant neglect of its people's interests. The unstable economic situation has given foreign firms, including those from Burma's neighbouring countries, cause for concern and they continue to pull out of the country.

Under these circumstances, and without the complete overhaul of the economic system, I believe that no amount of external assistance can help correct the situation in Burma. Above all, this daunting challenge requires a responsible and responsive government which does not exist in Burma today.

Meanwhile, the SPDC's overall human rights record remains extremely poor on all fronts. A recent report compiled by the Shan Women Action Network was most disturbing. It reveals systematic impunity within the armed forces for soldiers who have raped Shan women. The SPDC's reaction to this was deplorable. Instead of investigating the crimes mentioned in the report, it categorically rejected it and defended the culture of impunity within the armed forces. This is particularly alarming as the regime is currently facing many challenges to improve the human

rights situation in the country, ranging from summary detention and killings to forced labour.

Burma continues to be one of the largest producers of heroin in the world. Worse still, Burma is also a major producer of amphetamine-type stimulants in Asia, which cause enormous social problems in neighbouring states, particularly Thailand and China.

In conclusion, there is no option for us at this stage but to continue our pressure mechanisms against the SPDC in order to make it come to the dialogue table to resolve national problems. It is time for the SPDC to enter into substantive political dialogue with Daw Aung San Suu Kyi and ethnic leaders.

My government will continue its international campaign to persuade grassroots organizations and governments to sustain actions against the military regime. At the same time, it will support new initiatives that can directly deliver humanitarian aid to the needy population to relieve their suffering. However, we will advise governments and donors that humanitarian assistance activities should be consistent with and serve to reinforce efforts to restore democracy and human rights in Burma.

The Relevance of Social Reforms for Economic Development in Burma/Myanmar

Michael von Hauff

1. Introduction

In the years following its independence in 1948, Burma/Myanmar was one of the wealthiest countries in Southeast Asia. The period between 1950 and 1962 is considered by many experts to be the 'golden age' of the post-war era. 'The eight-year "Pyidawtha" Plan saw solid achievements in infrastructure, agriculture and industry, despite failing to meet its ambitious targets because of the collapse in the price of rice after the Korean War' (Kyi et al., 2000: 2).

Then, in 1962, the 'Burmese Way of Socialism' began. Socialist rule lasted for 26 years. In 1988, a military government, known as the 'State Law and Order Restoration Council' (SLORC), came to power.

Although the military government initiated a process of transformation from a planned economy to a market economy in the years after 1988, this process still appears to be in its early stages. Initial reforms and liberalization policies were introduced after 1988, intended above all to facilitate inflows of foreign investment and capital into the country. However, many of the reforms announced did not materialize, or have so far not been implemented rigorously. For this reason, Burma/Myanmar is currently in a 'double transition from underdevelopment and from socialism' (Andreff, 1993: 515). However, there is a definite interdependence between the two transformation processes, as will become clear in the following sections. Oo

names yet a third area of transition: from military rule to more democratic government (Oo, 2002a: 5). Nevertheless, this research report will concentrate primarily on economic factors.

Rüland (2002: 22) neatly sums up the initial situation:

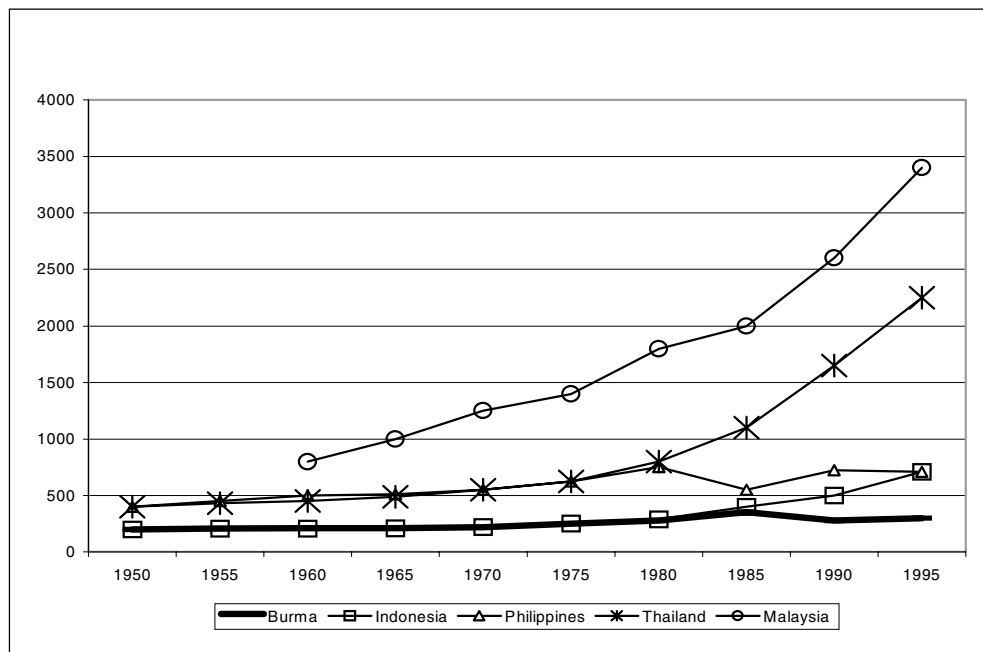
It needs little foresight to forecast that Burma/Myanmar's transition is likely to take place under highly adverse and difficult circumstances. Most likely it is a transition paralleled by economic crises, at a low level of economic development accompanied by spells of violence and ethnic fragmentation. The long duration of authoritarian rule further complicates a smooth transition as there is virtually no institutional base from which a new democratic government can be built.

Irrespective of this appraisal, however, it must be said – and here a remarkable contradiction becomes apparent – that Burma/Myanmar belongs to those countries that are rich in natural resources. Compared with many countries in the region, Burma/Myanmar has considerable reserves of mineral deposits, great potential for an economically profitable timber industry, and large and fertile areas of land for agricultural use. Most economic experts agree, however, that the economic potential for development has been insufficiently exploited in Burma/Myanmar, at least in the past four decades. Both in absolute and relative terms – compared with other

developing countries in the region – Burma/Myanmar has revealed a tendency to stagnate. There is much empirical evidence to substantiate this, both for individual indicators (e.g. chronic trade deficit, high inflation) and structural characteristics (e.g. low, stagnant share of the secondary sector). This explains the ever-widening gap between rich and poor in the region, with Burma/Myanmar ranking last among the countries of the

region. Many other indicators reveal that, economically at least, Burma/Myanmar is one of the least developed countries in the region. As an example, let us look at per capita income as an indicator of how Burma/Myanmar compares with other countries in the region. While per capita income was more or less the same in many countries in the region at the beginning of the 1950s, the difference between them has increased enormously since that time.

Figure 1: Changes in Per Capita Income from 1950 to 1995 (in US\$)



Source: Kyi et al., 2000: 2.

In 1998/99, according to World Bank classification, Burma/Myanmar's per capita income of US\$300 made it one of the poorest developing countries (Least Developed Countries – LDCs). As there is generally a direct causal relationship between economic development and the existence and structure of social security systems, it can be assumed that the Burmese state-run social security sector only exists in rudimentary form. The debate about the need for economic reform should therefore

always also include the need for reform in the social security sector. Social security is a component of economic development, and can play an important role in stabilizing or encouraging the latter.

The following section discusses Burma/Myanmar's economic development and the prospects for its economy. First, certain selected macro-economic development trends are presented and evaluated briefly. Then the essential features of the country's

economic structure are explained. Section 3 then discusses the relationship between economic development and social security. My initial concern here is to assess economic development in Burma/Myanmar on the basis of the catching-up hypothesis.

Proceeding from this hypothesis, the issue is then one of the relevance of social

security for the economic development of a country. The following section looks at the development of the social sector in Burma/Myanmar. Taking selected social indicators as examples, the situation of the population is defined and quantified. The structure of the social security and social services sphere in Burma/Myanmar is then presented and assessed. Finally, in Section 5, I present my main conclusions.

2. Economic Development

Burma/Myanmar's economic development is presented and assessed on the basis of selected macro-economic indicators and structural features of the Burma/Myanmar economy. My aim here is twofold: first, to analyse national developments with respect to the economic policy aims of the government and, second, to place this development in the context of other countries in the region. On the one hand, this allows its economic development to be evaluated and, on the other, it is possible to show the prospects for economic development. This analysis will also consider the new emphases of economic policy. What new features does the current Five-Year Plan contain?

In the new Five-Year Plan, too, the military government's economic policy once again

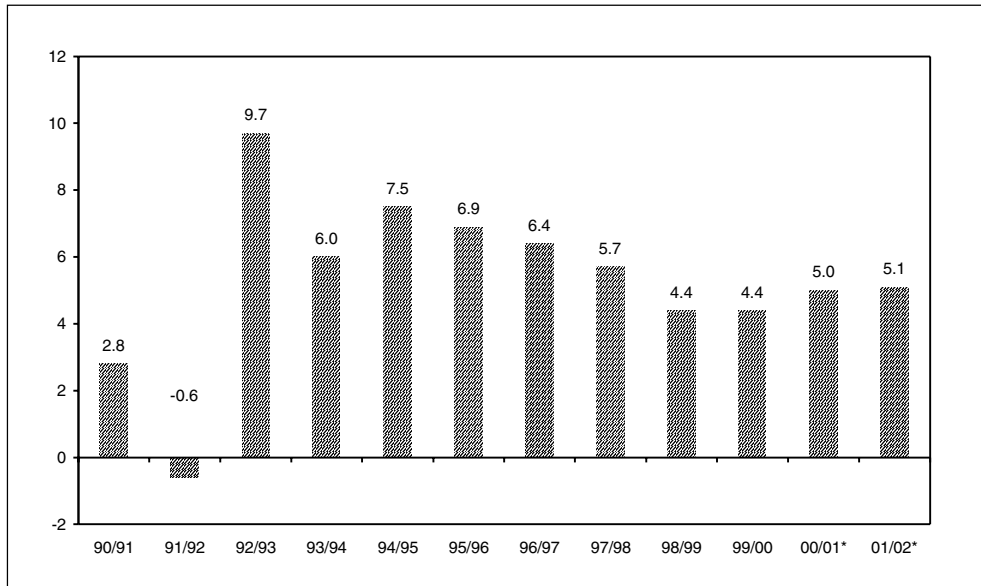
gives pride of place to strengthening the agricultural and energy sectors. The main aim of this is to increase the domestic supply of agricultural produce, so that domestic demand can be satisfied better and exports in this sector can be increased. The government regards the needs-based production of food as a key factor in guaranteeing social (policy) stability. However, it is striking that the economic policy does not reveal any new impetuses that might help stimulate the above-named sectors. Whether improved dialogue between the military government and the opposition results in greater inflows of foreign capital and more foreign investment, and in a resumption or expansion of development cooperation remains to be seen.

2.1 Macroeconomic Trends

Conventional indicators are used to analyse and assess macro-economic trends. Over the long term, real gross domestic product (real GDP) shows a positive trend. While average GDP growth was 4.7% in the 1970s, it fell back to 1.8% in the 1980s. In the 1990s, average GDP growth reached a relatively high level of 5.8% (World Bank, 1999: 10). Looking more closely at the 1990s, it is striking that the rate of growth

was initially very low, at 2.8% in 1990/91 and even -0.6 % in 1991/92. In 1992/93, there was then a huge jump to 9.7%, but this rate fell away, reaching 4.4% by 1998/99. Only in 2000/01 was there again a slight increase in the growth rate to 5.0%, with a constant level of roughly 5% being expected for the following years (up to 2002/03) (Economist Intelligence Unit, 2001: 10).

Figure 2: Development of GDP from 1990/91 to 2001/02 (changes in %, in real terms)



* Estimated.

Source: International Monetary Fund, 1999; BFAI, 2001.

To sum up, then, Burma/Myanmar presents a relatively high level of economic growth in the 1990s, but this tended to decline in the years after 1992/93, levelling off at around 5% in recent years. On the whole, this roughly corresponds with the development in Southeast Asian developing countries. However, it is below the level of East Asian developing countries. In this connection, it should also be pointed out that the Asian economic crisis of 1997 had only a minor effect on economic growth in Burma/Myanmar, due to the extremely dominant status of the agricultural sector and Burma/Myanmar's weak links with the

global economy. The only appreciable effect of the crisis was a significant decrease in foreign investment.

Having said that, only limited conclusions can be drawn from the general development of economic growth in Burma/Myanmar. In a country in which the agricultural sector is extremely dominant, the growth rates in that sector are particularly relevant. For this reason, growth must be considered on a sector-by-sector basis. What is striking in the following table is the above-average growth rate in the mining, power and communication sectors.

Table 1: Real Gross Domestic Product by Origin, 1988/89-1999/00 (% change)

	88/89	92/93	95/96	96/97	97/98	98/99	99/00a
Trade	(12.0)	8.9	5.7	4.9	5.0	6.3	9.6
Gross Domestic Product	(11.4)	9.7	6.9	6.4	5.7	5.8	10.9
State Produced GDP	(14.7)	4.4	8.3	4.8	6.6	5.5	8.3
Private Sector and Cooperatives	(10.3)	11.2	6.5	6.9	5.5	5.8	11.7
Agricultural GDP	(12.5)	10.5	4.8	5.0	3.7	4.5	11.5
Non-Agricultural GDP	(10.3)	8.9	8.8	7.7	7.4	6.8	10.6
Commodity Producing Sectors	(13.3)	11.0	6.7	6.4	5.1	4.9	12.1
Agriculture	(13.2)	12.4	5.5	3.8	3.0	3.5	10.5
Livestock and Fisheries	(10.5)	4.5	3.0	11.9	7.1	9.4	16.8
Forestry	(1.6)	(3.2)	(4.5)	2.2	2.8	3.2	4.6
Mining	(20.0)	19.9	16.8	9.8	25.5	12.8	36.3
Manufacturing	(15.9)	10.8	7.6	4.6	5.0	6.2	14.4
Power	(5.9)	30.9	6.5	12.9	17.7	-5.4	14.2
Construction	(23.4)	11.2	27.2	24.6	9.8	6.3	4.4
Services	(3.3)	6.1	9.3	8.3	8.8	7.8	8.8
Transportation	(17.5)	9.1	6.3	6.0	6.5	5.6	11.9
Communication	6.1	25.9	24.7	21.7	28.1	11.6	11.0
Financial Institutions	7.1	15.2	34.9	21.8	14.4	17.0	12.6
Social and Administrative Services	1.5	2.9	6.2	5.6	6.3	6.5	7.0
Rentals and Other Services	(4.2)	3.6	6.2	6.0	6.1	6.6	5.7

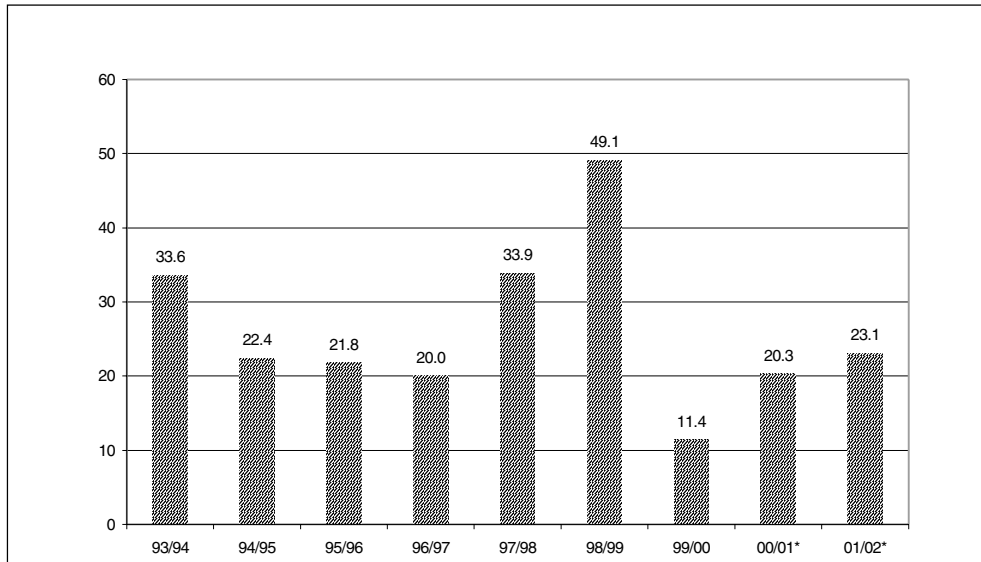
- Indicates negative number a provisional actual

Source: Data provided by Burma/Myanmar authorities.

One further significant macroeconomic indicator for the assessment of economic development is the inflation rate. A peculiar feature of the way inflation is calculated in Burma/Myanmar is that, up until 2000, it was restricted to a measurement of the consumer price index for Yangon, the capital. The market basket on which this was based originated from 1986, when the economy was still socialist in character.

Until the middle of 2000, no inflation rates were measured to show price developments in the various provinces. Since 2000, the inflation rate – retrospectively also for recent years – has been measured for the country as a whole. If the available data is looked at in isolation, Burma/Myanmar has had extremely high inflation for many years.

Figure 3: Consumer Price Index 1993/94-2001/02



* Forecast

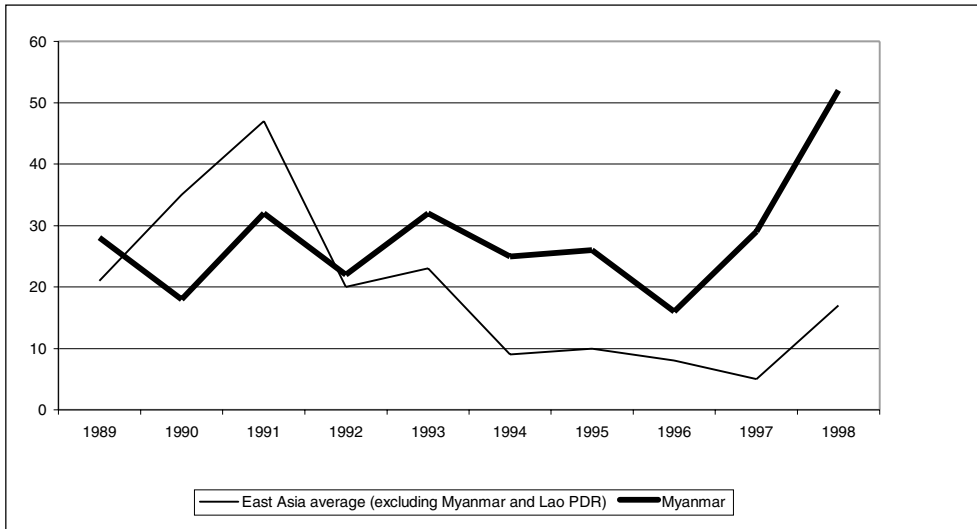
Source: International Monetary Fund, 1999: 13, BFAI, 2001: 2.

However, it is difficult to assess the consequences of the high inflation rate. First, and Burma/Myanmar is no exception here, lower income groups (which form the clear majority in Burma/Myanmar) have suffered the most from the high inflation rate, while the owners of real capital have benefited from it. With respect to rice, which is a particularly important product, urban workers have lost out as a result of inflation, while the rural population has benefited from inflation in this respect. In this context, it can certainly not generally be concluded that high rates of inflation exacerbate the impoverishment of the population. But there is still no doubt that people living on irregular income are particularly hard hit by inflation.

Here, too, a comparison between Burma/Myanmar and other countries in the region is interesting. As the Figure 4 shows, the inflation rate has been significantly higher in Burma/Myanmar than in other East Asian countries since 1992.

As concerns the development of employment and wages, the problem is that there is no official measurement of the unemployment rate in Burma/Myanmar. Let me illustrate this with an example. According to the official data for 1997/98, the potential number of people in gainful employment is 19.7 million out of a total population of 46.4 million. Of this potential figure, 18.3 million are currently employed. However, this figure does not include those unpaid family members who are also employed. In this respect, the official unemployment figures do not stand up to much scrutiny. The unemployment rate stated for 1992/93 was 5.3%, while 5.8% was stated for 1994/95 and 4.1% for 1997/98 and 1998/99. The rate of increase in the number of people in employment rose slightly in the 1990s. While this was 1.4% in 1988/89, it rose by 2.89% in 1992/93 and stood at roughly 2.1% in the second half of the 1990s (Asian Development Bank [Vol. 2], 2001: 15).

Figure 4: East Asia CPI-Inflation, 1989-1998 (%)



Source: International Monetary Fund, 1999: 34

The development of income shows relatively large fluctuations, as income in the agricultural sector depends to a great extent on when the monsoon starts and how heavy it is. For incomes in other sectors, it is a different story. At first glance, incomes in the public sector appear to be relatively stable, although it is noticeable that they rose appreciably after 1988/89 in the course of liberalization. When the high rate of inflation is considered, however, it has to be said that they rose by only 27.5% in the period between 1988/89 and 2000. However, in April 2000, government workers' wages were increased fivefold, and other public-sector workers received significant wage increases. In increasing these wages, the government was reacting to growing dissatisfaction among public-sector employees, and in this way avoided potential political tension. So far, no reliable data are available for income developments in the private sector.

As one would expect, the high wage increases in the public sector in 2000 did not help to reduce the government's large budget deficit. While the first half of the

1990s saw a dramatic increase in the budget deficit to 8% of GDP, it dropped again to 5% by 1999/2000. One major reason for the continuing high level of public debt is the constant fall in the share of state revenue in GDP, from 17.0% in 1981/82 to 7.9 % in 1992/93 and 6.4% in 1995/96. The budget deficit could thus only be reduced by drastically cutting spending. Spending as a percentage of GDP fell quite considerably, from 7.2% in 1998/99 to 4.9% in 1999/2000.

Most of this spending is accounted for by economic services, followed by 'other services', which include military spending. The share of the military in GDP is approximately 3.2%, although experts assume that this share is considerably higher if the expansion and modernization of the army is considered. In other words, the military budget is probably by far the largest item in the Burma/Myanmar government budget. The last available data are from 1992/93, when the military budget took up 43.8% of the total government budget (Asian Development Bank [Vol. 2], 2001: 22). By contrast, social

spending fell from 1.8% in 1992/93 to less than 1% in 1999/2000. The actual consequences of this extremely unequal allocation will be pointed out in Section 4. Finally, it should be mentioned that the deficits of the state economic enterprises (SEE) have increased substantially since the beginning of the 1990s. These deficits also present a great burden for the government budget. This topic is examined in more detail in Section 2.2 below.

The limited efficiency of the banking system also restricts the economy as a whole. In Burma/Myanmar, despite a fourfold increase in recent years, bank deposits are still at a very low level. One very significant contributing factor is the low savings-income ratio of 13.1% (1999/2000). In addition, the huge government deficits also create a crowding-out effect. For this reason, the banking sector on its own is not in a position to finance an expansion of the economy as a whole. Greater economic growth, in particular growth driven by industrialization, is only conceivable with the help of foreign finance or a transfer of capital from overseas. However, this cannot be expected until the country opens up politically, both in its internal and external relationships. Organizationally, the banking sector has been expanded considerably. Apart from the four state-owned banks, there are 20 private banks with a total of 550 branches. However, the number of foreign banks has fallen from 48 to 29 (Siemers, 2001: 400). Both in the social and the private spheres, the insurance sector is still under-developed. Foreign investors have so far had no access to the insurance market.

The above discussion has pointed out the key problems of macroeconomic development and macroeconomic policy. The completely inadequate tax system presents a further problem. Burma/Myanmar's tax-to-GDP ratio is one of the lowest in the world. Low tax revenue combined with high spending, especially for the military, will continue to provide little opportunity for the expansion or improvement of the social sector unless this pattern of distribution is changed. In short, the tax system has to be reformed and expanded.

Greater stability in the value of money presupposes more autonomy for the Central Bank of Burma/Myanmar. Officially, the central bank is independent, and should therefore be able to control the money supply. In fact, however, it is very much tied to the directions of the government, and therefore also obliged to print more money to cover the government's high deficits.

A reduction in this high budget deficit would also require a sustained increase in the efficiency of SEEs. As Table 2 shows, the state economic enterprises are responsible to a very significant degree for the large budget deficit. However, if the SEEs' losses are to be reduced, then the management of these state-owned enterprises must be given more autonomy, or the enterprises must be privatized. Finally, the overdue reform of the labyrinthine currency system should be mentioned. Without explaining this complicated currency system in more detail, the main issue is that the degree of distortion between the official and market exchange rates must be significantly reduced.

Table 2: Budget of the State Economic Enterprises (millions of kyats)

	1997/98	1998/99 (revised estimate)	1999/2000 (revised estimate)
Current revenue	184.921	271.926	284.600
Current expenditure	214.475	321.771	318.266
Capital expenditure	18.023	19.574	14.782
Current deficit	-29.554	-49.845	-33.666
Overall deficit	-47.577	-69.419	-48.448
% of GDP	4.3	4.5	3.0
% of budget	14.5	15.4	11.4
% of budget deficit	83.1	84.6	95.8

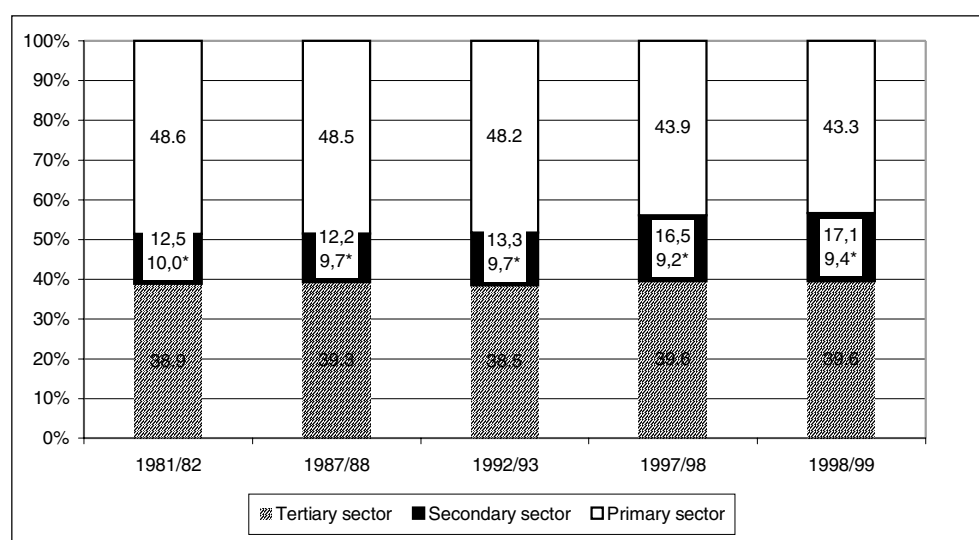
Source Budget Department.

2.2 Features of Burma/Myanmar's Economic Structure

Burma/Myanmar's status as an LDC underlines one typical feature of its economic structure. One major characteristic of LDCs is their extremely one-sided economic structure. In Burma/Myanmar, the share of the industrial sector in GDP was only 9.4% in 1998/99, while the entire secondary sector revealed a share of 17.1%. Although the industrial sector has been on a constant level of less than 10% ever since the end of the 1980s, the

share of the secondary sector as a whole has risen somewhat. Figure 5 also shows that overall economic development depends very significantly on the primary sector. Standing at 48.6% in 1981/82, this sector's share fell relatively slightly compared with other countries in the region, reaching 43.3% in 1998/99. The tertiary sector also reveals a relatively stable share in GDP, coming to 38.9% in 1981/82 and 39.6% in 1998/99.

Figure 5: Contribution of the Three Sectors to Real GDP 1981/82-1998/99



* Industry share

Source: Prager, 1994: 267, BFAI, 2002: 1.

Even since liberalization began, therefore, there has been little change in Burma/Myanmar's economic structure with respect to the three sectors' share in GDP. After assuming power in 1988, the military government continued to pursue the aim of opening up Burma/Myanmar's economy to foreign lenders and investors. Great hopes were placed in this. The government expected that this would lead to a revitalization of the economy. Although the laws relating to foreign investors are very favourable, not stipulating any minimum figure for a domestic participation, the government's hopes have not been fulfilled. In the years after 1997, foreign investments fell considerably. Foreign direct investment fell from US\$2.8 billion in 1996/97 to US\$58 million in 1999/2000. This was due not least to the renewed increase in government regulatory restrictions, the many regulations and a mistrust of foreign investors. Up to now, foreign investments have mainly been restricted to the areas of oil, gas and tourism. Between 1995 and 2000, only US\$478.2 million was invested in the industrial sector (or 17% of total foreign investment). There is hardly any portfolio investment, as there is no capital market worth mentioning.

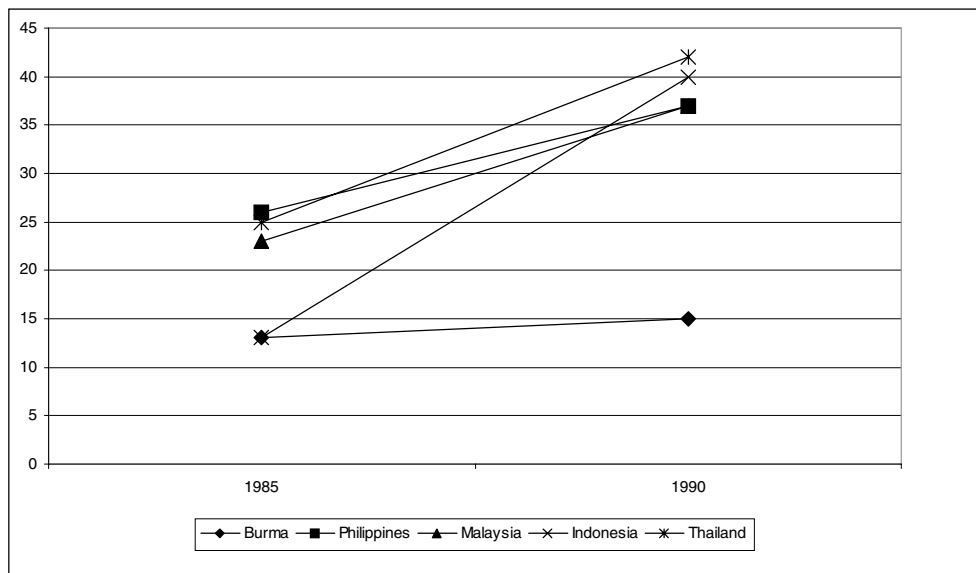
This explains why the investment climate in Burma/Myanmar has been relatively poor in recent years. According to official Burma/Myanmar statistics, the propensity to invest has fallen considerably. While it reached a high of 15.3% of GDP in 1991/92, it fell to 12.4% in 1993-1995, and is currently around 13%. It is also striking that public and private investment have developed in roughly parallel fashion, although the goal of the liberalization policy introduced at the end of the 1980s was that private investment should increase

considerably faster than public investment. However, it should not be forgotten here that foreign investment is valued far too low as a result of the distorted exchange rate.

The control exercised by the Ministries of Light and Heavy Industry on manufacturing establishments has quite clearly had an inhibitive effect on the dynamic development of the industrial sector. Privately run companies with more than ten employees have to register with the Ministry of Light Industry and pay a registration fee. It is noticeable that privately run companies make a far higher contribution to GDP, and thus to the economic development of the country, than state-owned companies. In 1999/2000, state-owned companies contributed 26.5% to GDP, while the privately owned company sector contributed 72.4% and cooperatives 1.1% (Asian Development Bank, 2001: 25).

A further problem of the industrial sector in Burma/Myanmar is that it is lacking in depth. A large proportion of companies are in the textiles sector or the agricultural produce-processing sector. This also explains why the last Five-Year Plan (1996-2001) was especially aimed at strengthening agriculture and the processing of agricultural produce. There have so far not been any concrete schemes in industrial policy that might lead to a diversification of the industrial sector. Without doubt, this is a further structural obstacle to more dynamic economic development. In this respect, too, Burma/Myanmar has remained far behind the development of other countries in the region, as the following figure shows.

Figure 6: Share of Industry in GDP



Source: Kyi et al., 2000: 60.

A further crucial feature of the industrial sector is the significance of small and micro enterprises. So far, there has not been any reliable information in Burma/Myanmar as to the precise number of small and medium-sized enterprises. A report by the Federation of Chambers of Commerce and

Industry states a figure of approximately two million small enterprises. Most of the micro-enterprises are run by individuals or families. Only roughly 2% of companies in the industrial and service sectors employ a workforce of more than 50, and 66% of the 829 large companies are state-owned.

Table 3: Industrial and Service Facilities by Size and Ownership, 1996/97

Number of Employees	SEEs	Private and Cooperative Enterprises	Total	% of Total
Below 10	811	45,169	45,980	93
10 to 50	251	2,142	2,393	5
50 to 100	148	183	331	1
Over 100	399	98	497	1
Total	1,609	47,592	49,201	100

Source: World Bank 1999, p. 86

There is no doubt that small and medium-sized firms are eminently important, both for the development of economic growth and of the labour market. Many positive

examples exist in East Asia. In Indonesia, for example, small and medium-sized firms account for two-thirds of all jobs. In Korea, the figure is higher than 78%, while such

firms account for more than 50% of the jobs in the Thai industrial sector. To this extent, these companies are crucially important for the economic development of Burma/Myanmar, and there are many mechanisms for promoting this sector both in industrialized nations and in developing countries.

Up to now, however, there has not been any concept or strategy in Burma/Myanmar for the promotion of small and medium-sized firms. Among other things this would require better relationships between the finance sector and small and medium-sized firms, so that these firms could gain adequate access to loans. This, too, is not sufficiently the case in Burma/Myanmar. They have generally only been able to approach local money-lenders for loans, on which they then have to pay monthly interest of roughly 25%. For micro-enterprises there have so far only been a few credit schemes introduced by NGOs.

The development of an economy depends to a very great extent on the quantity and quality of infrastructure. This has been expanded since 1988, and should be acknowledged briefly here. Transportation, for example, has been expanded in all four areas. In deep-sea shipping, freight has been increased. In recent years, the railways have also significantly increased the quantity of goods and passengers transported. The government is especially proud of the expansion of the road network. At the beginning of April, Burma/Myanmar's Ministry of Construction announced that

6,150 kilometres of roads had been built since 1988, and that the road network now amounts to 27,966 kilometres of roads of varying quality. In particular, the expansion of the road network required the construction of many costly bridges. As a result, many backward areas were connected to the road network, and this can be regarded as a positive development for the populations of the regions concerned. One further obvious change is that the private sector is playing an increasingly stronger role in road transport and aviation.

In the area of telecommunications and information technology (IT), too, there are signs of improvements and expansion. In 2000, for example, Sky-Link Communications, a company domiciled in the Virgin Islands, was awarded a government contract to set up a mobile telephone network for 135,000 users, based on the digital GSM standard (Siemers, 2001: 401). These will be allocated to cities in accordance with their size. The company is planning to complete the project by 2005. The government is also at pains to catch up with international standards in the area of IT. For example, two 'computer universities' have already been founded in Yangon and Mandalay, as well as 19 computer colleges in various towns. In other training institutions, too, computer courses are being offered. In 2001, the country's first IT park was established in Yangon on the basis of private initiative and with official support. It is very much in demand.

2.3 Conclusions

Following independence, high hopes were pinned on Burma/Myanmar's economic development. Up to the beginning of the 1960s, it could be assumed that Burma/Myanmar – in a similar fashion to South Korea – was poised to 'take off'. This

assessment was based on developments during the 1950s. As already mentioned, that decade is often described in economic textbooks as a 'golden age'. Yet the take-off phase failed to ignite in Burma/Myanmar in the years that followed, as the last two

sections have shown. This confirms the problems highlighted in my introduction with respect to a successful transition process. Despite great economic development potential, Burma/Myanmar was left behind in comparison to the majority of other countries in the region: the catching-up hypothesis was not confirmed in Burma/Myanmar's case. In the past four decades, the development of the economy as a whole and the economic structure have tended to stagnate. This has also had a mainly negative effect on the economic and social situation of the population. Correspondingly, the tendency has also been the stagnation or deterioration of living standards.

At the beginning of the 1960s, Burma/Myanmar was expected to enter the take-off phase of economic rise and self-supporting economic growth, according to Rostow's theory of stages. Rostow maintained that this phase brings about 'the great putsch in the life of modern societies. The period of rise comprises that period in the life of an economy when the old obstacles and defences have been overcome, and the road to constant growth is clear' (1960: 22). In the take-off phase, the propensity to invest and the savings-income ratio should rise from 5% to at least 10% of national income. A new entrepreneurial class should spread and channel the growing flow of investments into the private sector, with the result that one or two private leading sectors develop, characterized by high rates of growth. There should also exist a corresponding political, institutional and social framework (Rostow, 1960: 39). It is striking that Rostow not only emphasized the significance of overall economic indicators, but also recognized the relevance of political, institutional and social frameworks, yet without explaining this in more detail.

The new economics of institutions debates and develops further the contexts set out

above, which are of great importance for explaining the unsatisfactory economic development in Burma/Myanmar. North illustrates the relevance of institutions for economic development when he states that institutions are the rules of the game of a society or the constraints on human interaction thought up by people. They structure the incentives in interpersonal exchange, whether this is of a political, social or economic nature (North, 1992: 3). Institutions can be further broken down into norms (endogenous institutions), rules (exogenous institutions) and systems (market, bureaucracy, democracy), which create an order.

A political order that is conducive to take-off is characterized by decision makers who recognize such a policy, devise it and implement it. To paraphrase Myrdal, such a political order can be described as a 'strong state' (Myrdal, 1970: 229). The constituent institutions of a strong state must guarantee that the policies implemented are development-led as well as reliable and consistent for the people. A strong state must also be concerned to secure property rights effectively.

For the World Bank, three requirements are relevant for a policy conducive to take-off (World Bank, 1997: 41):

- i. effective protection against theft, violence and injustice;
- ii. effective protection against arbitrary changes in policy, despotism and corruption;
- iii. a just, reliable judicial system.

This presupposes both a functioning police force and a judicial system that is independent, strong and effective. Of the economic conditions, the most important are macro-economic stability, an effective school system and the development of human capital, a stable and independent finance system, a comprehensive research

and development policy, and the targeted encouragement of agricultural development. It is easy to state or deduce what the requirements of a take-off process

for Burma/Myanmar are from the point of view of the economics of institutions (see Oo, 2002b: 45).

3. The Relationship between Economic Development and Social Security

Showing why sustained economic development happens has always been an important topic at the interface between a purely economic and an economic-historical analysis. It has been the scene of extremely controversial debate, but this debate has generally ignored the relevance of social security for the process of economic development. In the context of the significance of social security for economic development or the stabilization of the economy as a whole, references are frequently made to this positive or desirable by-product, or to inherent stabilizers. In this respect, this is basically a derivative explanation of systems of social security. However, the significance of social security for the process of economic development is not a new subject of economic debate. In the infancy of European welfare states, economic modernization was an important justification for welfare policy. For the German 'Society for Social Reform', an improvement in living conditions was the central precondition for improving the economic performance of national economies.

In more recent literature, the catching-up hypothesis is frequently used as the basis on which to measure and assess economic development. In its simple form, this hypothesis assumes that per capita income will converge globally. Differences in development are attributed to the existence of technological gaps between developing and developed nations, which will narrow over time as a result of learning processes. The Asian Tiger economies are often cited in confirmation of this hypothesis, as they have displayed a considerable process of growth compared with industrialized nations in the past, and can thus disclose a remarkable economic development. However, the simple catching-up hypothesis ignores the relevance of social security. The following section will therefore attempt to present the catching-up hypothesis as a method for analysing and assessing economic development. Then, Section 3.2 will extend the catching-up hypothesis by adding a 'social security component'.

3.1 The Catching-up Hypothesis

For a long time, growth theory was influenced to a significant extent by Robert Solow. He set out his basic position in a study written in 1956, entitled 'A Contribution to the Theory of Economic Growth'. The catching-up hypothesis was strongly influenced by Solow's theories of growth. Taking a production function as a basis, with the production factors of capital

and labour, he concludes that the growth of a national economy is determined by investment and the development of the population. However, as the marginal return of capital falls with every unit invested, sustained growth of per capita income cannot result, as the economy moves towards a steady state under these conditions.

If this model is extended to an open national economy, the law of sinking marginal returns means that, globally speaking, capital is allocated to where it can be applied most productively. The outcome is that poorer countries are more attractive for foreign investment than countries rich in capital. This applies until the rates of return have become comparable in every country. During this process, economic growth, real wages and employment rates will be higher in low-income regions. The most important conclusion from Solow's model is that regions with a low per capita income grow faster than regions with high per capita income, and that the result will thus be convergence of per capita income (Liu and Premos, 2000: 11). In the 1980s and 1990s, however, a debate arose as to why the implications of this neo-classical model were not being borne out by reality. Empirical analyses conducted during this period concluded that although convergence more or less exists for the OECD countries (Sala-i-Martin, 1996), when developing countries were included it does not (Bretschger, 1999: 48).

This is why, for the sake of better empirical testability, Sala-i-Martin (1996) distinguishes between the concepts of γ convergence, absolute β convergence and contingent β convergence. This distinction is necessary because countries present different convergence characteristics. γ convergence means that the variance in the growth rates of all countries becomes smaller over time, and that in the long term all economies will have the same national income. Absolute β convergence exists when poor countries always display higher rates of growth than rich countries. If, following Solow, one assumes that all countries start with the same conditions, then they must disclose the same per capita income after attaining growth equilibrium, irrespective of where they started from. Contingent β convergence, by contrast,

takes account of the fact that countries start from different situations. Depending on how similar the economic framework conditions are, for example, or what the intertemporal preferences with respect to saving are, and how well they are equipped with infrastructure or human capital, countries will belong to different convergence clubs. Only the countries belonging to the same club will attain the same per capita income when equilibrium is reached in the long term (Erber, Hagemann and Seiter, 1998: 47).

Given the global economic developments of the past decades, the simple convergence hypothesis has to be extended. As absolute convergence world-wide cannot be substantiated empirically, a contingent β convergence has to be assumed (Liu and McAleer, 2000; Engelbrecht and Kelsen, 1999). Examples of such convergence clubs include the OECD and the EU, Asian-5 and the APEC states. However, some countries have managed to break out of their convergence clubs and catch up with the rich nations. South Korea is often given as an example (von Hauff and Kim, 2000: 189). World-wide, therefore, it cannot be assumed that there is one standard convergence concept; rather, it has to be assumed that convergence is heterogeneous.

The catching-up hypothesis is thus one category for very different explanatory approaches. Unlike earlier approaches, which regarded the lack of capital as the main cause of under-development, it assumes that the availability of technology is the decisive factor in economic catching-up processes. Basically, therefore, these approaches assume that there is a technology gap between economically backward and advanced nations. The transfer of technology will allow economically backward countries to learn from economically advanced countries, and they will then have the opportunity to

catch up in their economic development (Klump, 1995; Schwarz, 1997: 25).

The studies published on endogenous growth theory since the mid-1980s have succeeded in overcoming the weaknesses in the traditional analysis, and thus in explaining divergent economic developments. The endogenous definition of growth theory refers, for example, to areas such as the economic explanation of knowledge accumulation or of technological progress (Romer, 1986), of human capital formation (Lucas, 1988), of manpower growth (Becker, Murphy and Tamura, 1990) or of manpower specialization. One significant factor that all these models have in common is their attempt to explain sustained growth without recourse to exogenous parameters. There is no longer any attempt to substantiate Solow's assumption of falling marginal returns.

Indirectly at least, Abramovitz demonstrates the significance of social security and welfare policy for the catching-up process (1981: 385). Abramovitz holds that a catching-up process can only be successful if the country has 'social capability' (he cites the terminology used by Ohkawa and Rosovski). He sees this as comprising two features: first, the technological competence of a country, as measured for example by the length of education, and second, the quality of its political, industrial and financial organizations and institutions. While the institutions of social security are implicitly included in this list, the 'social capability' approach can be extended by the 'social security' determinant. However, the problem of quantification arises in this approach. In the following section, therefore, I will quantify the relevance of social security for economic development.

3.2 The Relevance of Social Security for Economic Development

From the beginning of the 1980s, existing welfare states came in for ever stronger criticism, especially in Europe. This criticism was in many instances aimed at the extension of social security systems, which was felt to be hampering the economic performance and competitiveness of developed economies. This frequently led to the conclusion that social security and economic performance/positive economic development fundamentally contradicted each other, even though this contention withstood neither theoretical nor empirical examination (Lampert and Althammer, 2001: 435ff; Jaufmann, Mezger and Pfaff, 1995). In this context, a distinction has to be made between the reasons for its economic utility on the one hand and the effectiveness or efficiency of welfare states on the other. Undoubtedly, the effectiveness and efficiency of both welfare states and social

security systems has to be proved. If welfare states or social security systems do not satisfy effectiveness or efficiency criteria, reforms will be necessary (von Hauff and Sauer, 2001). The following comments are only concerned with the fundamental critique of the welfare state and social security systems outlined briefly above.

Critics often forget that in the past, in many advanced economies and developing countries, government social security policy

- made an important contribution to achieving ideals and goals, such as social justice and individual freedom, and thus promoted social peace and social security;
- prevented or compensated for the negative effects of privately-owned means of production (national economic utility of social security); and

- via an active family and education policy to create human capital, created a precondition for strengthening micro- and macro-economic productivity, thus contributing to long-term economic performance (Kaufmann, 1997: 35ff).

Many critics have thus misjudged or neglected the historically significant achievements of state-run social security in structuring and realizing a humane society in which the level of social welfare is high (Lampert and Althammer, 2001: 436ff). Abramovitz clarifies these

achievements when he writes that the 'enlargement of the government's economic role, including its support of income minima, health care, social insurance, and the other elements of the welfare state, was – up to a point – a part of the productivity process itself' (1981: 2). In the following comments I demonstrate the economic significance of state-supported social security for economic development. In a second section, I then consider the benefit of social security systems for the economy as a whole, paying particular attention to developing countries.

3.2.1 What is the economic significance of social security for economic development?

In market economies, many reasons are given to justify welfare policy. Generally speaking, justification based on allocation theory tends to dominate Anglo-Saxon literature, while justification underpinned by distribution theory tends to be put forward in the continental European debate. In this context, Barr points out a crucial connection: 'The welfare state has two purposes: one is redistributive, or compensatory, to enhance social justice, the other functional, e.g. to deal with market failures, thereby increasing economic efficiency' (Barr, 1998: 408). A justification of welfare-state intervention in market mechanisms based on an avoidance of allocative inefficiencies thus redirects our interest to the problem of market failures and market shortcomings, where a coordination of individual economic decisions via the market mechanism can lead under certain circumstances to a solution that is in equilibrium, or to one that, in terms of allocation, is sub-optimum (Kremer, 2000: 11).

However, this connection cannot adequately explain why welfare policy is at a certain level; for example, the level found in highly advanced welfare states (Barr, 1992: 747ff). There is no doubt that the

benefits of the health system have an overall positive effect on the human capital in an economy. This also applies to the level of development and quality of the education system. In its turn, this is connected with new growth theory and, in particular, the significance of human capital for economic growth and economic development (Lucas, 1988: 3ff). Indeed, this is something that is increasingly being debated in new growth theory (Zhang, 1995: 185; Kemnitz and Wigger, 2000: 673).

Furthermore, the payment of unemployment benefits can help improve the allocation of an economy's manpower potential, as a longer period of job-seeking will allow the unemployed person to find a workplace better suited to his qualifications. At the same time, however, we should not forget the many problems associated with these benefits. There is the risk, for example, that the protection afforded to the insured person will mean that he does not invest the same effort in attempting to avoid the probability of the risk occurring as he would do without insurance protection ('moral hazard').

Allocation theory also uses the goal of efficiency to justify welfare-state

intervention. When defining this goal, Barr subdivides this efficiency into three areas (Barr, 1998: 9ff):

- i. Macro-efficiency, according to which a suitable share of GDP should be allocated to all welfare or welfare-state institutions;
- ii. Micro-efficiency, according to which the political players responsible should ensure that the financial resources available for the welfare state are distributed between the individual areas of policy, such as health, education and other areas of welfare benefit;
- iii. Creation of incentives for welfare-state institutions to ensure that their policies do not have any negative effects on areas such as employment and savings.

Apart from the above arguments from allocation theory, it is also possible that the welfare state may intervene for the sake of redistribution. Redistributive effects are frequently cited to justify corrective action taken by the state in order to implement generally accepted ideas of just distribution within a society. This is how distribution theory justifies welfare-state action, to which it gives the more specific aims of facilitating a minimum standard and reducing inequality.

According to Barr, there are three aspects to the facilitation of a minimum standard:

- i. Reduction or cushioning of poverty, so that nobody has to live below a certain minimum standard. In other words, these are actions to combat or eliminate poverty;
- ii. Establishment of social security insurance that should protect the population against everyday risks such as sickness and unemployment.
- iii. Support by relevant institutions should ensure that individuals' incomes are distributed over their lifespans in such

a way that a relatively constant level of consumption is guaranteed. One important feature here is the existence of old-age protection, which can be structured according to various principles.

The reduction of inequality can be subdivided into two categories:

- i. Vertical equity is aimed at redistribution among various income groups, i.e. between the upper and lower income groups.
- ii. Horizontal equity differentiates payments according to criteria such as personal situation and family size.

Apart from the arguments for welfare-state action from allocation and distribution theory, non-economic arguments are frequently also cited, taken for example from social policy or politics. Social integration cannot be counted among the more narrowly defined conventional economic goals, as it has a social policy component. In this context, we can distinguish at least two dimensions:

- i. Human dignity should be guaranteed by corresponding welfare-state policies and benefits. At a very early stage, Beveridge pointed out the relevance of these policies, stating that they were not to be seen as 'charity', but as a vested legal right to such benefits (Beveridge Report, 1942: para. 296).
- ii. Social solidarity requires that these welfare benefits are structured in such a way that the mutual responsibility of the members of society comes to fruition, for example in sickness and in old age.

Putting these into practice administratively, by contrast, reveals a political component:

- The welfare system should be structured

as simply as possible, easy to understand and inexpensive to administer;

- Welfare-state benefits should be protected against abuse as far as possible.

These aims differ, depending on the values and interests of the government of the day, and on how powerful pressure groups are (Mau, 1997: 11ff). It is undisputed that these goals, and of course their subordinate goals, present problems with respect to their structure and measurability. According to Barr (1998: 11), one further difficulty is that some of the goals conflict inherently with each other:

The trade-off between efficiency and distributional objectives is no less intractable for its familiarity; the same is true of the trade-off between the horizontal equity and administrative simplicity. Other objectives conflict almost by definition.

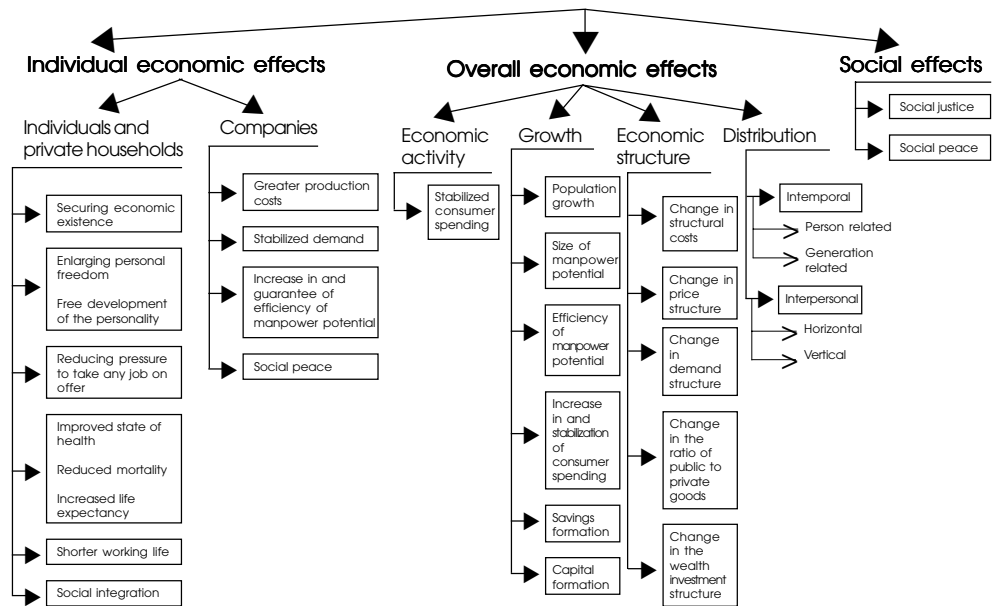
The conclusion to be drawn from this is that conflict-free welfare-state policy is impossible. However, this is a common feature of other areas of national policy, such as economic policy. Here, too, it is not possible to achieve every goal to the optimum degree at the same time. The only answer in cases of conflict, therefore, is to set political priorities.

3.2.2 The overall economic benefit of social security

The economic debate about the justification of social security systems frequently forgets that the welfare state can also make a significant contribution to overall economic stability. In this

connection, we often speak of a positive or desirable by-product, or of inherent stabilizers. In this respect, social security policy is basically being justified derivatively.

Figure 7: The Effects of the Social Security System



Source: Lampert and Althammer, 2001: 292.

When considering its effects on the economy as a whole, I would like to emphasize the following three effects in particular:

- i. **Effects on economic activity:** it is largely undisputed that, by stabilizing demand for consumer goods, systems of social security help stabilize the development of economic activity (Henke and Zimmermann, 1994: 331ff; Vobruba, 1998: 37). To a crucial degree, this depends on the extent to which the social security system contributes to a redistribution of income from those receiving higher incomes to those on lower incomes. Because those on lower incomes then have a higher average and marginal propensity to consume, this increases the propensity to consume in the economy as a whole and – due to the stabilization of household income over time – the development of consumer spending is stabilized as economic activity progresses (Lampert and Althammer, 2001: 294). Pfaff has validated this relationship for a number of European countries (1989: 131ff).
- ii. **Growth effects:** the interaction of social security policy and growth/economic development has been the subject of increased study in recent years. However, most studies look mainly at real capital and ignore human capital. And yet preventive health schemes, rehabilitation and training schemes have a positive effect on employees' efficiency, and thus on productivity, one of the most significant determinants of economic growth (the connection between social security and growth in new growth theory is discussed in Section 3.1). Moreover, the burden of adjusting to structural change is cushioned, and this also has a positive effect on the development of economic growth.
- iii. **Structural effects:** systems of social

security can help support and promote economic and social structural change. Laws to cushion and reduce labour market imbalances can play an important part here. In addition, adjustment costs can be reduced for private households and companies – in the form of retraining schemes, for example. Social security payments thus become socially acceptable and reduce resistance to structural change.

Since the beginning of the 1980s, the topic of social security has increasingly been a subject of development policy debate. Guhan, one of the outstanding experts in social security in the context of developing countries, gives three reasons for this (1994: 35ff):

- i. The crass dichotomy between the social security systems of developing and developed countries has increasingly been regarded as unsatisfactory. In addition, there has been increasing awareness within developing countries of the difference in the way in which those employed in the formal sector and those who are self-employed in the informal sector have access to social security.
- ii. It has increasingly been recognized that schemes to combat poverty cannot guarantee any adequate or prompt protection from various forms of impoverishment.
- iii. The role of social safety nets has been more critically appraised. Intended to cushion the negative effects of World Bank structural adjustment programmes, social safety nets however did not result in any sustained social security, particularly for those living in poverty.

There is no doubt that the extreme heterogeneity of developing countries calls for a wide variety of concepts and schemes.

This is particularly important for economically under-developed countries such as Burma/Myanmar. Among other things, this heterogeneity is determined by

- the level of economic development;
- socio-culturally conditioned social structures;
- the qualification and efficiency of government institutions; but also by
- the networks and power structure of lobby organizations and interest groups.

For the following presentation and assessment of living conditions and social security schemes in Burma/Myanmar, it is important to realize that most developing countries have only incomplete social security systems. These are mainly found in the formal sector, in the form of social insurance, state social benefits and employment policies. In the informal sector and subsistence economy, by contrast, there is generally no state insurance against social risks (von Hauff and de Haan, 1996: 72ff).

4. Social Sector Development in Burma/Myanmar

Generally speaking, people's living conditions are determined both by the economic development and structure of a country and by its social security policy. In Burma/Myanmar, it is clear that the development of the economy as a whole and the structure of the economy have not resulted in any improvement in many people's living conditions in the past four decades. The best that can be said is that living conditions in Burma/Myanmar – also in comparison with countries in the region – have not got much worse in the last decade, as negative economic developments are to be seen in many other countries as a result of the finance crisis at the end of the 1990s. Selected indicators are taken to show this in the following section.

However, the existing system of social security is also very significant for people's

living conditions. Section 4.2 therefore attempts to define the social security policy and to define its impact on the living conditions of the population more closely. In this context, it should be noted that social security policy in Burma/Myanmar has so far not been analysed comprehensively in the economic literature. Although there is no fully developed welfare policy to speak of, and no social security system at all. Burma/Myanmar's social security policy covers the risks of everyday life, such as sickness, accidents and unemployment, either not at all or only very inadequately. Moreover, a considerable section of the population, which lives from the subsistence economy or informal sector, are more or less excluded from any social security policy. This is especially so in the case of ethnic minorities and the population of border regions.

4.1 The Living Conditions of the Population

A regional comparison gives a first indication of Burma/Myanmar's ranking in East Asia with respect to its social and economic development. What is striking about the region is the relatively large

decrease in poverty and positive development in living conditions (human development) from the mid-1970s to the mid-1990s. GDP per capita grew by an impressive average of 7.2% between 1985

and 1995 (World Bank, 1999: 10). The number of people living in poverty fell from three fifths in 1975 to roughly one fifth in 1995. These altogether positive developments suffered a severe setback as a result of the financial crisis at the end of the 1990s. How it will develop further remains to be seen. Living standards have also improved in Burma/Myanmar to the

extent that life expectancy has risen and the infant mortality rate has fallen. However, the following table shows that living standards in most countries in the region are far higher than in Burma/Myanmar, and have shown a higher level of improvement over the past decades than in Burma/Myanmar.

Table 4: Poverty and Human Development in Burma/Myanmar and East Asia, 1970-88

	Life expectancy at birth (years)		Infant mortality (per 1,000 live births)		Rate of economic growth (period average %)		
	1970	1993	1970	1993	1970-80	1981-90	1991-98
Burma/Myanmar	50	60	122	79	4.7	1.8	5.8
East Asia*	59	68	76	34	4.8	4.7	2.6
China	62	69	69	31	7.0	9.2	10.8
Indonesia	48	63	118	56	7.9	6.4	4.3
Lao PDR	40	51	146	95	-	10.5	6.2
Malaysia	62	71	45	13	7.7	6.0	6.6
The Philippines	57	67	71	42	5.7	1.8	2.7
Thailand	58	69	73	36	7.3	7.9	4.9
Vietnam	49	65	111	41	-	4.6	8.1

* provisional actual
Source: World Bank data; Ahuja et al., 1997.

The economic living standards of the population of Burma/Myanmar depend on a number of determinants. The following comments focus on a few of these. For a first evaluation of socio-economic living conditions, it is useful to consult the Human Development Index (HDI). A regional comparison shows that the HDI is higher in Burma/Myanmar than in Cambodia or Laos because of Burma/Myanmar's better performance in the life expectancy and/or education index. But Cambodia and Laos have a higher GDP index than Burma/Myanmar. In the six original member ASEAN countries plus

Vietnam, it can be seen that social development is well correlated with overall economic performance (Thein and Nyo, 1999: 395). In other words, the higher the GDP index, the higher the life expectancy and/or education index.

In the period between 1992 and 2000, the HDI was more or less stable. It should be remembered here that the way in which the HDI is calculated was modified after 1999, and that the values for 1999 and 2000 are therefore not comparable with those for previous years.

Table 5: Human Development Index 1992-2000 for Burma/Myanmar

Year	HDI Rank	Life Expectancy Index*	Education Index*	GDP Index*	HDI
1992	111	-	-	-	0.385 ^a
1993	123	-	-	-	0.390 ^a
1995	132	0.54	0.70	0.12	0.457 ^a
1996	133	0.55	0.71	0.09	0.451 ^a
1997	131	0.56	0.71	0.16	0.475 ^a
1998	131	0.57	0.71	0.17	0.481 ^a
1999	128	0.59	0.74	0.41	0.580 ^b
2000	125	0.59	0.75	0.41	0.585 ^b

* introduced in *Human Development Report*, 1994

a. old formula; b. new formula

Source: *UNDP Human Development Report*, 1992-2001.

What is striking, however, is that Burma/Myanmar fell from 111th to 133rd place between 1992 and 1996, and has remained on that level since. The living standard can also be illustrated by the proportion of the population living below the poverty line and by the distribution of income. In this context, however, it should be emphasized that poverty is a very controversial topic for the Burma/Myanmar government. This

also explains why Burma/Myanmar has no official poverty line, while various sources disclose a poverty rate of roughly 23% (International Monetary Fund, 1999: 30). The following table looks at the rural, urban and total poverty rate of individual countries and shows a comparison between Burma/Myanmar and other countries in the region.

Table 6: Poverty Estimates for Rural and Urban Households, various years

Country, year	Headcount index (% of population in poverty)			Distribution of poor		
	Rural	Urban	Total	Rural	Urban	Total
Myanmar, 1997	22.4	23.9	22.9	69.6	30.4	100
China, 1995	31.0	0.8	22.2	98.9	1.1	100
Indonesia, 1990	23.6	10.7	19.6	83.4	16.6	100
Laos, 1992/93	53.0	23.9	54.9	87.8	12.2	100
Malaysia, 1987	24.7	7.3	18.6	86.0	14.0	100
Mongolia, 1995	33.1	29.9	54.9	43.0	57.0	100
Philippines, 1991	67.8	34.2	49.7	na	na	100
PNG, 1996	39.4	13.5	35.4	94.2	5.8	100
Thailand, 1992	15.5	2.4	13.1	84.7	11.7	100
Vietnam, 1992/93	31.1	29.9	54.9	89.1	10.9	100

Source: Ahuja et al., 1997.

Compared with other countries in the region, Burma/Myanmar occupies a middle rank here, with a poverty rate of 22.9%. However, it should not be forgotten that the situation of the poor differs from country to country. Based on a poll of 300 households in Burma/Myanmar, for example, the situation of the poor in marginal urban areas is extremely desperate. Men's incomes come to roughly 100-200 kyats, while women earn only 50-200 kyats or less. Regular work is the exception for these people, and many have to rely on casual or seasonal work.

One further striking aspect is that poverty is distributed extremely irregularly between the various regions. The greatest difference in the Poverty Headcount Index is between Tanintharyi Division (8.1%) and Chin State (42.1%). But here, too, it has to be pointed out that the index in the urban Chin State is only 19% (and thus below the national average), while the percentage of people living in poverty in rural areas is 47%. There are many reasons why there is such an uneven distribution of people living in poverty in Burma/Myanmar, the concentration of poor people in border regions being only one of them.

The 1997 Household Income and Expenditure Survey allows a number of conclusions to be drawn that go beyond the finding of a 23% poverty rate. The World Bank (1999: 11), for example, assesses the situation as follows:

Some 23 million people, or almost one in four households, live below minimum subsistence levels. If those whose levels of spending are not significantly above the (10%) minimum subsistence are included, the estimated poverty incidence jumps to about one in three households.

Burma/Myanmar's very high level of inflation (see Figure 3) in the 1990s – in 1998/99, inflation was 49.1% – which had

a particularly negative effect on the price of consumer goods, has been a further burden on the living conditions of those in poverty.

An analysis of the distribution of income and property makes the standard of living even clearer. As a rule, distribution of income is measured by the Gini Efficient. For this purpose, however, there are no reliable data for Burma/Myanmar. Nevertheless, some qualitative statements can at least be made. It can be assumed that there is no great imbalance in income distribution in Burma/Myanmar. This is due to the fact that the population is homogeneous to a great extent. Burmese society '...is not sharply divided into different classes or castes with very unequal access to poverty or unequal levels of income' (Kyi et al., 1999: 130). The majority of the Burmese population has such a low level of income that one cannot identify any great differences.

During the socialist phase, the distribution of real property was limited to a maximum of nine to ten acres per landowner, which resulted in a drastic levelling of ownership circumstances. Similar 'levelling tendencies' were also manifested in the private sector, which is why only micro-enterprises and small business are still owned privately today. If Burma/Myanmar's economy were to open up, however, this might result in greater inequality in income and property distribution in future, unless the state countered this development with appropriate measures. Currently, therefore, there is the problem that Burma/Myanmar has a very low level of income, and that there is thus widespread poverty.

There are still other determinants that influence a country's living standard. Health status and education are particularly significant. To a quite significant extent, health status is influenced by the quantitative and qualitative dimension of

poverty. There is adequate proof that children living in poverty are very prone to disease and infection. Further, those living in poverty usually have worse access to health care facilities than those not living in poverty, as can be proved empirically for Burma/Myanmar too, where there are differences between the poor and non-poor in health status and access to services (World Bank, 1999: 24).

A further crucial factor contributing to health status is people's access to drinking water. First of all, the following facts should be considered:

- Burma/Myanmar has large water resources. The four main river systems cover most of the country. With seasonal variations, they provide the population of the country with water of adequate quantity and quality.
- Unlike other countries in the region, the relatively low level of industrialization and low level of motorization of the population has meant that pollution has so far been relatively insignificant. In principle, this also applies to water. It is therefore surprising that, according to official statistics, an average of only 67.2% of the population had access to safe

drinking water in 2000. But here, too, there are huge regional differences. Yangon has the highest proportion of people (90.2%) with access to safe drinking water. Chin, by contrast, has the lowest proportion of people with such access – only 44.5%. In this context, too, it becomes clear that the population of border areas have the worst supplies of drinking water.

Among other things, unsafe drinking water results in higher child mortality. In 1997, Burma/Myanmar had a slightly higher infant mortality rate (71 compared with the average of 68 per 1,000 live births) and a significantly higher child mortality rate (113 compared with the average of 77) than other Southeast Asian countries with comparable per capita GDP (between US\$323 and US\$396). While infant mortality fell slightly in the 1990s, child mortality increased (International Monetary Fund, 1999: 32). Widespread child malnutrition is named as a significant factor. In 1997, an average of 39% of children under five in Burma/Myanmar were regarded as malnourished. However, there are great differences here between different regions. The following table shows development trends for public health in Burma/Myanmar.

Table 7: Trends in Health Outcomes and Indicators Over Time (1990-1997)

Indicator	1990	1994	1997
Infant Mortality Rate (per 1,000) ^a		94	71
Under 5 Mortality Rate (per 1,000) ^a	138		113
Total Fertility Rate	2.9		2.7
			(1996)
Maternal Mortality Rate (per 100,000 births)			580
Births with some prenatal medical care (%)		61	76
Women using contraception (%) ^a	17	22	32.7
Children less than 3 years old with moderate and severe malnutrition (%) ^b	37	40	35
Children with complete vaccinations for (%): ^b			
DPT3	69	75	80
Measles	68	75	81
Polio	70	75	82
Birth attended by a trained attendant (%)		46	56
Cases of acute respiratory infection medically treated (%)		26	56
Diarrhoea cases medically treated (%)		24	68

Sources: a. Ministry of Health/UNFPA, 1999; b. UNICEF estimates from MICS. Time period is 1976-1990.

One of the greatest problems Burma/Myanmar faces is the rapid spread of AIDS. Although the spread of this disease is not the same for every region, it now affects the whole country. A 'Myanmar Country Paper', written in 2000, shows how the problem is assessed in Burma/Myanmar itself.

HIV/AIDS in Border Areas

The AIDS situation at the Thai, Chinese and Indian borders is serious. For what is reported, it is getting worse, especially in the north eastern parts of Shan State and the southern point of Tanintharyi Division, where risk behaviour is exposing a large number of the persons to the HIV virus. Populations on both sides of the border have the same culture and language and often family links. People particularly at risk are intravenous drug users, commercial sex workers, men visiting prostitutes, recipients of tattoos and border transport and migration workers. HIV infection rates are remarkably high on the Thai side, with

low income prostitutes averaging 60% and HIV positive and intravenous drug users (IDUs) running at 40% positive. In Myanmar, HIV infection rates in Kengtung and Tachileik in 1992 were at 14.5% for prostitutes, 16.9% for STD patients and 31% for IDUs. A NAP survey in 1997 shows infection rates of 56% among IDUs and 26% among commercial sex workers (CWS). 20% of males presenting themselves at STD clinics in towns such as Mandalay, Kawthaung or Taunggyi were HIV positive. HIV is increasingly transmitted through sexual contact among heterosexuals, emulating the pattern found in Thailand and other countries. The sero-prevalence rate for other low risk groups such as blood donors and new military recruits increased between 1992 and 1996, showing that the infection is spreading among the general population. This is confirmed by an increasing percentage of HIV positive pregnant women found in border towns such as Kawthaung (13%), Tachileik (5%) and Muse (4%).

A report by the United Nations General Assembly makes the critical comment that the preventive medical measures carried out by Burma/Myanmar's government in the area of HIV/AIDS are completely inadequate. The report to the Commission on Human Rights states that conservative Joint United Nations Programme on HIV/AIDS estimates put the number of adults and children living with HIV/AIDS at the end of 1999 at 530,000, up 20% from 440,000 two years earlier; 180,000 of those infected are said to be women and 14,000 children. The estimated percentage of infected adults is 1.99 (United Nations General Assembly, 2001: 6). Very little work is said to be done on prevention and raising awareness among the segments of population most at risk (sex and migrant workers, drug users).

According to many reports by international organizations, Burma/Myanmar is the world's second largest producer of heroin and one of the major producers of other narcotics. Experts regard the widespread consumption of narcotics in Burma/Myanmar as one of the main reasons for the rapid spread of HIV/AIDS. In this respect, there is a very great need here for preventive medical measures to improve the living conditions of a significant section of the population. Economically, too, this is highly significant, since it is well known that the individual and aggregate economic follow-up costs of HIV/AIDS are very high. In this respect, preventive health care in

this area is also economically efficient, as the costs of prevention are significantly lower than the follow-up costs.

Finally, the unsatisfactory situation of employees' rights constitutes a further negative influence on living conditions. This area has received little attention so far in the literature and so the following comments will be limited to a few sources of information. Until 1962, there were independent trade unions in Burma/Myanmar, and the 1974 constitution also enshrines the right to form independent trade unions. However, when there were widespread strikes in 1974, they were suppressed, with union leaders being imprisoned if they were lucky. More recently it became evident that employees' rights are still not being granted appropriate respect in Burma/Myanmar. At last year's ILO conference in Geneva, sustained and severe violations of employees' rights and the failure to implement Convention No. 29 were a point of criticism. In addition, the ILO sent a delegation to Burma/Myanmar to find out what measures the military government had introduced to date to end forced labour. This comprises general forced labour in porter services for the military. And, according to the International Trade Union Confederation, up to one million people, including many children, are employed in forced labour in the road and rail construction sector and in the construction of military complexes.

4.2 Social Security and Social Services

As already pointed out, the literature has so far only very sketchily documented and analysed welfare policy and social security policy. Even in Burma/Myanmar itself, there is scarcely any material on this policy area. Nevertheless, there are many ministries working in the area of social policy, as well as a number of other

ministries that also contribute to social policy. These include the Ministry of Health, the Ministry of Education, the Ministry of Labour and the Ministry of Social Welfare.

Surprisingly, the areas of education and health in particular are documented

relatively well and copiously in reports by international organizations (World Bank, IMF, ADB, etc.), and are therefore presented in detail below. Other areas of

welfare policy and social security are presented more briefly, with the focus on women and children.

4.2.1 Health sector

The World Health Report 2000, published by the World Health Organization (WHO), gives a relatively negative appraisal of Burma/Myanmar's health care sector. In an international ranking, the country's health care sector comes 190th out of 191 countries, with only Sierra Leone ranked lower than Burma/Myanmar. One explanation for this poor international ranking is the ratio of military spending to

health and education spending compared with other countries in the region. The following table shows how extremely the Burma/Myanmar budget is tipped in favour of the military budget. Indonesia was on a similarly high level in 1960, but has drastically reallocated spending in favour of the education and health sectors, while little has changed in Burma/Myanmar.

Table 8: Military Expenditure as Percentage of Combined Education and Health Expenditure

	1960	1990
Burma/Myanmar	22.4	23.9
Indonesia	31.0	0.8
Malaysia	23.6	10.7
Philippines	67.8	34.2
Thailand	15.5	2.4

Source: UNDP 1997.

The task of improving the relatively poor level of public health in Burma/Myanmar can be tackled by reducing poverty and improving health care provision. However, it should be remembered here that these are complementary objectives: A reduction in poverty cannot take the place of active, effective health policy, and vice versa. But it will not be possible to reduce poverty in Burma/Myanmar without fundamental economic reforms, of which there is currently no sign. So how has the health care system developed in Burma/Myanmar, and what contributions can be expected from it?

Burma/Myanmar has adopted that concept of health which the World Health

Organization (WHO) has described as 'a state of complete physical, mental and social well-being and not merely absence of disease or infirmity'. More specifically, the 'Health for All (HFA/2000)' concept has been adopted, which it intends to realize primarily by the application of 'Primary Health Care'. In principle, therefore, Burma/Myanmar has a comprehensive system of public health, which has been further extended over the past decade. Between 1987/88 and 1996/97, for example, the number of hospital beds grew by 15%, the number of state dispensaries increased by one third and the number of 'indigenous medical centres' doubled (Statistical Yearbook, 1998). In 1998, there were 726 hospitals with 29,680 beds, 1,387

Rural Health Centres, 345 dispensaries, 348 Maternal and Child Health Centres and 13,910 doctors with over 110,000

nurses. In addition, many voluntary health workers have been trained in rural areas.

Table 9: Health Care Utilization

Type of Health Care	Urban	Rural	Total	% Share
Hospital	45	59	104	7.0
Rural Health Centre	24	192	216	14.5
Private Clinic	198	269	467	31.3
Traditional Medicine	12	39	51	3.4
Self-Medication	100	315	415	27.8
Other	56	183	239	16.0
Total	435	1,057	1,492	100.0

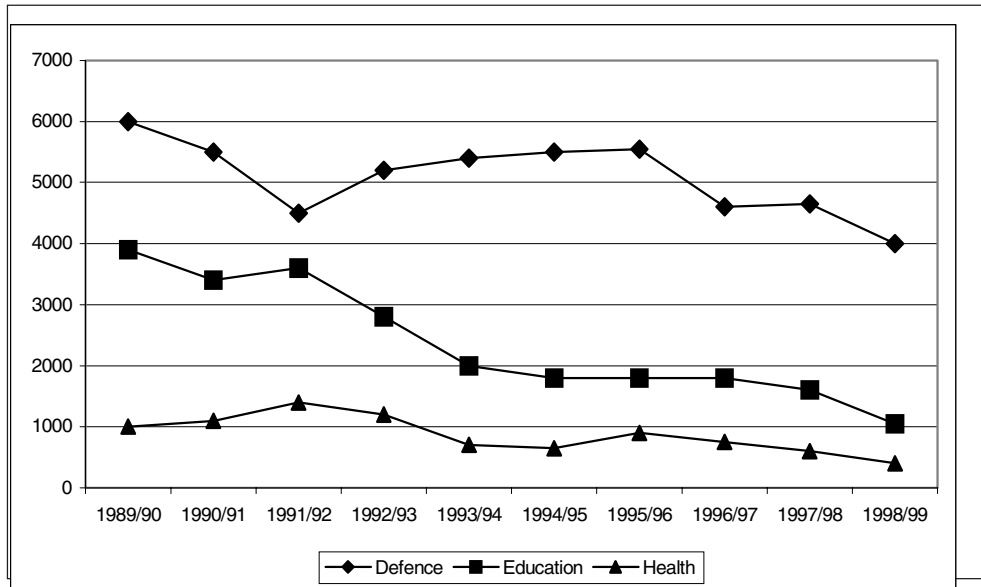
Source: Alabastro et al., 1998: 405.

Closer inspection, however, reveals that these positive trends are relative. First of all, it must be pointed out that health sector expenditure has dropped dramatically since the beginning of the 1990s. The great reduction in public funds has been compensated for by cuts in the social sector, and thus also in the health sector, and these have been disproportionately drastic compared with those for other sectors. This has evidently had a negative effect on public health provision, with the existing health care infrastructure having to make severe cutbacks in the services it provides.

Figure 8 again clearly illustrates the development in Burma/Myanmar. It is notable that defence expenditure has also been cut since 1995/96, while there have been continuous minor cuts in education and health spending ever since 1991/92. In 1995/96 only 0.38% of GDP was being spent on the health sector, and this figure fell to 0.17% by 1999/2000. This means that Burma/Myanmar has by far the lowest level of all the countries in the region. In Cambodia, for example, the figure is three times higher and in Lao PDR six times higher (World Bank, 1999: 116).

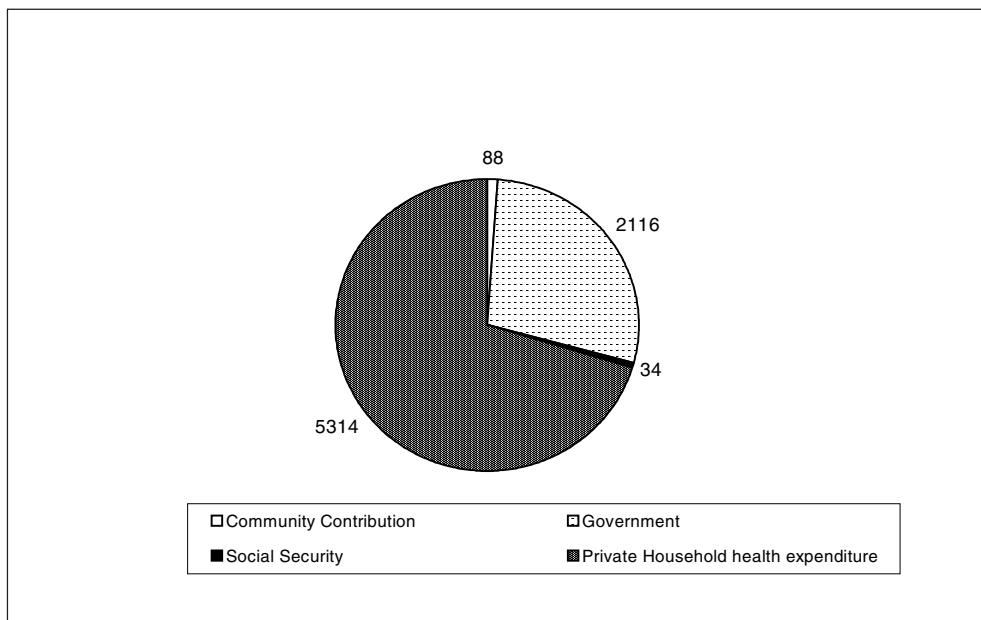
With regard to how health care is financed in Burma/Myanmar today, five sources can be distinguished: public sources (the Ministry of Health and other government departments), the social security system, communities, private sources and external sources, although the latter are of minor importance and can therefore be ignored (see Figure 9). Once again, this graph clearly shows that public health expenditure is very low. Roughly two thirds of health expenditure is spent on primary health care (Alabastro et al., 1998: 403). In Burma/Myanmar, a high proportion of health expenditure (roughly two thirds) is borne by private households. One major reason for this is that a large section of the populace regards the quality of the primary health care centres and public health services as unsatisfactory, while part of the rural population cannot benefit from these services as they are not available in certain regions.

Figure 8: Trends in Public Spending: Defence, Education and Health in Real Prices (millions of kyats at 1990/91 prices)



Source: International Monetary Fund, 1999.

Figure 9: Burma/Myanmar National Health Expenditure by Source, 1994/95 (millions of kyats)



Source: Kyaing and Win, 1995.

When assessing the health system it is also important to realize that doctors working in the national health service earn relatively little, and therefore also provide and charge for their services privately. Moreover, there are now twice as many doctors working privately as in the state health system (International Monetary Fund, 1999: 32). It goes without saying that this development is a negative one for those living in poverty. But for those in middle-income groups, too, the financial burden of privately consulting doctors is increasing.

In summary, it can be stated that there is

no national health insurance system in Burma/Myanmar. A social security scheme under the Ministry of Labour covers only about 400,000 workers in the industrial sector, but not their dependants. 'A community cost-sharing system aims to increase availability of essential drugs at affordable prices through a revolving drug fund, service fees, user charges, a community health revolving fund, income generating activities, community donations, and personal prepayment' (Alabastro et al., 1998: 405). However, what services are actually available, and the scope of those services needs to be examined.

4.2.2 Education sector

Education is of paramount importance for the economic development of a country, since it guarantees the formation of human capital. In the long term, the availability of human capital is extremely significant for the overall standard of living, since it is a major factor first of all in securing income, and then in determining how high that income will be. As was pointed out in Section 3.2, however, the availability of human capital is also important from an economic point of view. Economic growth and development are determined to a very significant extent by the availability of human capital.

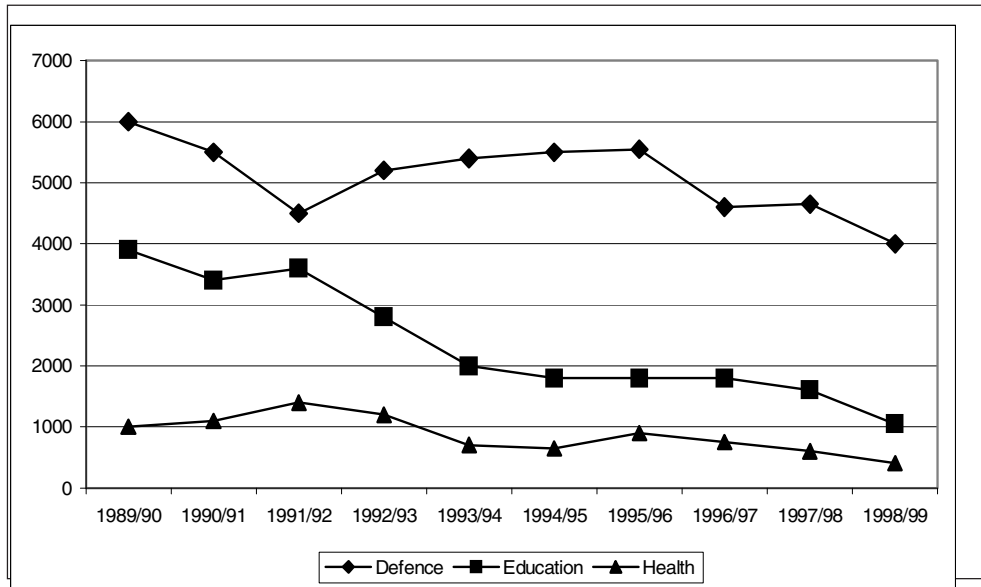
In Burma/Myanmar, education is traditionally highly regarded. If one looks at the development of educational institutions, some positive trends initially become apparent. For example, the number of primary schools increased from 31,329 to 35,824 in the period between 1987/88 and 1997/98 – a growth of 14.3%. Indeed, the number of teachers grew by 36.2%. In the same period, one result of the Border Area Development Programme was that the number of schools in border areas rose from 28 to 379. However, government

spending on school education (spending per child) fell dramatically during the 1990s.

There is a good explanation for this contradiction between the expansion of the education sector on the one hand and cuts in the education budget on the other, however. The cuts in the education budget have gravely affected the level of education. Alabastro et al. note that '[I]ow internal efficiency has its origins in two factors: poor quality of education and the high real costs of education. Quality is poor as a result of high student/teacher ratios, and the low quality of teachers. Also teacher salaries are low, they consume the largest portion of the recurrent expenditures on education, leaving little else for improving the quality of teaching' (1998: 408).

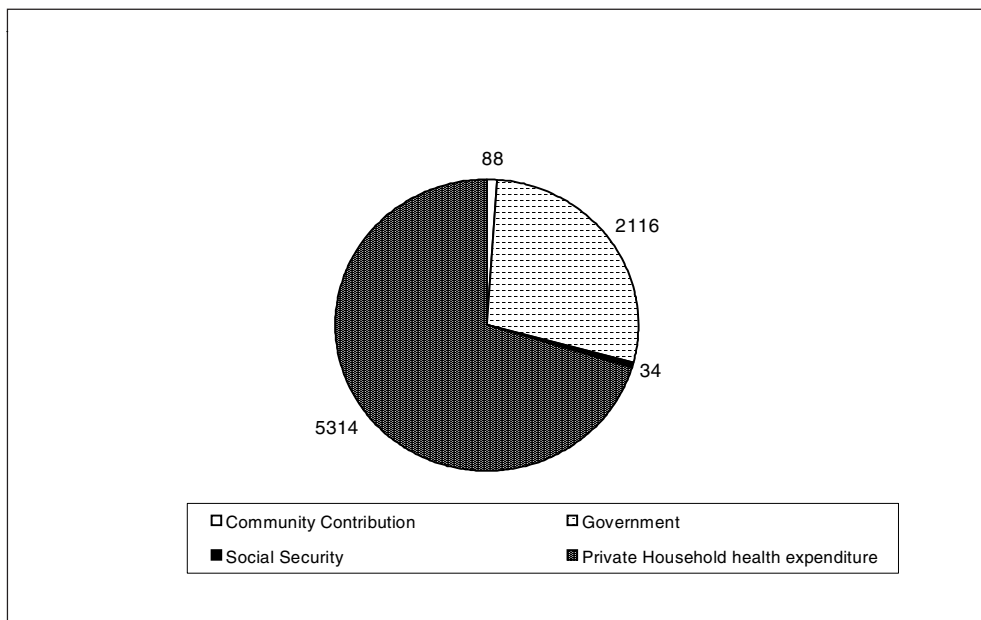
Without doubt, this is also one major reason why the number of students at primary level fell from 5,046,000 to 4,699,000 (Thein and Nyo, 1999: 401). A more detailed look shows that the education level of primary level students is relatively low (Kyi et al., 1999: 146): 34% drop out, 39% never enrol and only 27% complete primary school.

Figure 8: Trends in Public Spending: Defence, Education and Health in Real Prices (millions of kyats at 1990/91 prices)



Source: International Monetary Fund, 1999.

Figure 9: Burma/Myanmar National Health Expenditure by Source, 1994/95 (millions of kyats)



Source: Kyaing and Win, 1995.

When assessing the health system it is also important to realize that doctors working in the national health service earn relatively little, and therefore also provide and charge for their services privately. Moreover, there are now twice as many doctors working privately as in the state health system (International Monetary Fund, 1999: 32). It goes without saying that this development is a negative one for those living in poverty. But for those in middle-income groups, too, the financial burden of privately consulting doctors is increasing.

In summary, it can be stated that there is

no national health insurance system in Burma/Myanmar. A social security scheme under the Ministry of Labour covers only about 400,000 workers in the industrial sector, but not their dependants. 'A community cost-sharing system aims to increase availability of essential drugs at affordable prices through a revolving drug fund, service fees, user charges, a community health revolving fund, income generating activities, community donations, and personal prepayment' (Alabastro et al., 1998: 405). However, what services are actually available, and the scope of those services needs to be examined.

4.2.2 Education sector

Education is of paramount importance for the economic development of a country, since it guarantees the formation of human capital. In the long term, the availability of human capital is extremely significant for the overall standard of living, since it is a major factor first of all in securing income, and then in determining how high that income will be. As was pointed out in Section 3.2, however, the availability of human capital is also important from an economic point of view. Economic growth and development are determined to a very significant extent by the availability of human capital.

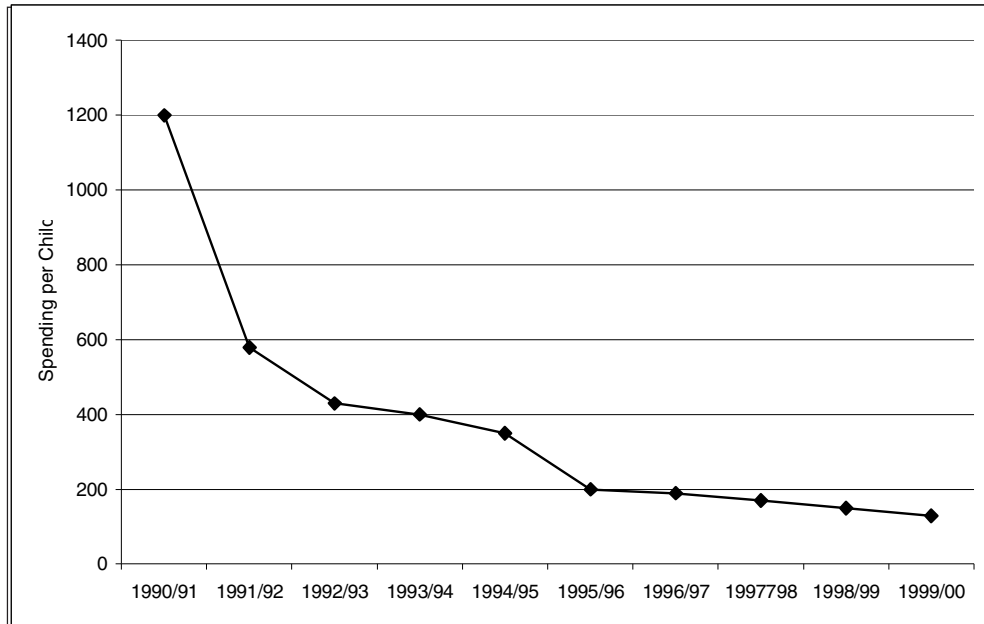
In Burma/Myanmar, education is traditionally highly regarded. If one looks at the development of educational institutions, some positive trends initially become apparent. For example, the number of primary schools increased from 31,329 to 35,824 in the period between 1987/88 and 1997/98 – a growth of 14.3%. Indeed, the number of teachers grew by 36.2%. In the same period, one result of the Border Area Development Programme was that the number of schools in border areas rose from 28 to 379. However, government

spending on school education (spending per child) fell dramatically during the 1990s.

There is a good explanation for this contradiction between the expansion of the education sector on the one hand and cuts in the education budget on the other, however. The cuts in the education budget have gravely affected the level of education. Alabastro et al. note that '[I]ow internal efficiency has its origins in two factors: poor quality of education and the high real costs of education. Quality is poor as a result of high student/teacher ratios, and the low quality of teachers. Also teacher salaries are low, they consume the largest portion of the recurrent expenditures on education, leaving little else for improving the quality of teaching' (1998: 408).

Without doubt, this is also one major reason why the number of students at primary level fell from 5,046,000 to 4,699,000 (Thein and Nyo, 1999: 401). A more detailed look shows that the education level of primary level students is relatively low (Kyi et al., 1999: 146): 34% drop out, 39% never enrol and only 27% complete primary school.

Figure 10: Trends in Real Current Spending on Education For Children (aged 5-9 years), 1990-1999



Source: World Bank, 1999.

Widespread poverty is one reason why many children never enrol and why many drop out: although schools are basically free for pupils, parents incur high costs, including expenditure on textbooks, uniforms, exercise books, stationery and a mandatory yearly contribution to the Parent Teacher Association Fund (International Monetary Fund, 1999: 33). In addition, the opportunity costs are significant. Time spent by pupils in school is time when they are not available for the labour market, the family business or for housework. The drastic rise in illiteracy that this would imply has been cushioned by monasteries, of which there are many in rural areas, providing pupils with a basic education. In secondary schools, too, only about 33% of pupils successfully complete their education. Statistics also show that only 18% of children entering primary school successfully finish high school.

However, the situation would be even more critical if public spending on basic education was not so significantly supplemented by contributions that parents and communities make to basic education. Parents' spending on the basic education of their children has risen considerably in the past years, as Table 10 shows. This increasing burden on parents can be regarded from two different perspectives. First, it clearly shows that the parents of schoolchildren are at pains to provide their children with the best possible school education. Second, it shows that the government does not provide sufficient financial funds for basic education and that families, especially in lower income groups, are increasingly unable to cope with this financial burden. The result is that income-dependent school education is emerging in Burma/Myanmar's school system.

Table 10: Parents' Contributions to Basic Education, 1994/95-1999/2000

	94/95	95/96	96/97	97/98	98/99	99/00
Parents' contributions to primary, middle, and high schools (kyat million)	11,120	12,359	13,622	14,368	16,117	21,564
% increase over the previous year	Not calculated	11	10	5	12	34

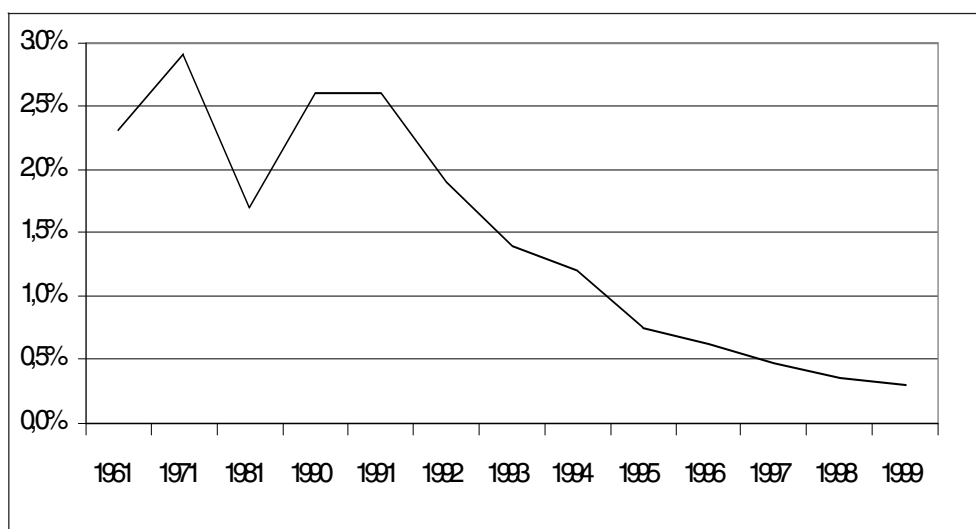
Source: Asian Development Bank, 2001: 34.

Between 1960 and 1988, tertiary education also experienced an expansion in the number of universities, institutes, degree colleges and colleges, from 24 to 54 institutions. Between 1988 and 1997, the number of faculty members rose from 4,258 to 6,029. Here too, however, a distinction must be made between the quantity and quality of institutions. In the second half of the 1990s, for example, many universities and colleges were closed for several years. Even when the introduction of evening classes for students in 1998 is taken into consideration, the deficits caused by this temporary closure can barely be compensated for. Moreover, entrance is restricted, and so only a limited number

of students are able to attend these courses. Finally, the poor remuneration for faculty members has meant that many have either transferred to privately run institutions or emigrated.

There are two sides to education in Burma/Myanmar, then. On the one hand, there was considerable expansion in the 1990s. On the other hand, qualitative shortcomings grew worse in the same period, and these will have a negative effect on living standards and overall economic development in the long term. The clear fall in education spending relative to the development of GDP is one main reason for this.

Figure 11: Decline in Expenditure on Education (% of GDP)



Source: Kyri et al., 1999; Asian Development Bank, 2001: 33.

4.2.3 Other social services

The 'other social services' have so far not been recorded completely or assessed. The following comments therefore are restricted to the types of services named in a document issued by the Ministry of Social Welfare (Ministry of Social Welfare, Relief and Resettlement, 2001). On the title page of this document is the declaration: 'ONLY IF THERE IS SOCIAL DEVELOPMENT, WILL THERE BE PROSPERITY IN THE COUNTRY'. The document names a total of eight areas of welfare work, some of which are presented as examples below:

Child welfare services: residential nurseries; services for orphans and abandoned children aged 0 to 5, such as institutional care, pre-primary education, health and nutrition; and other essential services for children, such as adoption under the Registration of Kittima Adoption Act. However, these services are only offered in five cities, which have one centre each. Pre-primary schools and day-care centres are provided by community and government institutions. But here, too, the capacities are very limited.

Youth welfare services: youth centres (numbering 118) for students, young employees and interested individuals; activities including sports, libraries and other social activities in the community; voluntary primary night schools for children who cannot attend normal schools for various reasons; institutional treatment programmes; training schools for boys and girls (children who are in need of protection); voluntary homes for orphans; voluntary homes for the aged.

Women's welfare services: a total of four vocational training centres for women (institutional care, counselling, health care, vocational training through income-generating activities and teaching), and two women's development centres (see above).

Care of the aged: the government provides assistance for the care of the aged through grants to aid 33 voluntary homes for the aged.

Rehabilitation of the disabled: there is one school for disabled children in Yangon, one school for the blind in Yangon, one school for the deaf in Mandalay, and one vocational training school for disabled adults in Yangon.

The other areas named in the Ministry of Social Welfare document are 'Grants to Aid Voluntary Organizations', 'Resettlement and Rehabilitation of Vagrants' and 'Rehabilitation of Ex-Drug Addicts'. However, there has scarcely been any analysis or evaluation as to whether and to what extent the Ministry of Welfare is politically active in these areas, or of the quality of the services provided. One of the few reports to deal with this was published by UNICEF in April 2001, entitled 'Children and Women in Burma/Myanmar – Situation, Assessment and Analyses'. To conclude this section, two of the report's main conclusions will be cited. They clearly show the state of this welfare sector:

- i. Much progress has been made in many aspects of the situation of women and children in Burma/Myanmar: an immunization programme gives protection to increasing numbers of the population; there have been great improvements in the provision of safe water and sanitation; and promising initiatives have been taken to reform education.
- ii But there are still challenges to be met: too many women and children still die from preventable diseases and malnutrition; not enough children are given a quality basic education; and many women and children in need of

special protection still do not receive care and protection.

What has been achieved so far, however, is encouraging and should provide the

momentum necessary to rescale efforts and achieve yet more improvement in the lives of the women and children of Burma/Myanmar .

5. Conclusions

- Burma/Myanmar shows great potential for economic development. However, this has not been exploited appropriately, even when compared with other countries in the region. A tendency towards economic stagnation can be observed in many sectors. It is here that one has to ask how social security has developed in Burma/Myanmar.
- The early 1980s marked the start of a growing tendency to criticize existing welfare states and the extension of social security systems in many advanced economies. In many cases, the critics ignored the fact that social security systems may also have economic utility for the development and stabilization of national economies. This is very significant, especially for the debate about development economics.
- As in many other countries, a number of determinants affect general living standards in Burma/Myanmar. This paper has had to concentrate on a few selected determinants. The first of these is the Human Development Index, which allows the observer to get his initial bearings with respect to general living standards. The HDI was then examined in more detail by analysing poverty and the distribution of income and property in Burma/Myanmar. From this it became clear that a large section of the Burmese population live in poverty, but the lack of adequate statistics means that numbers are vague. The distribution of income and property does not reveal any great inequality, but this might increase rapidly with further liberalization.
- Health and education are important features of social security. In Burma/Myanmar, both sectors reveal paradoxical tendencies. While both sectors were expanded in quantitative terms in the 1990s, considerable qualitative deficits have become apparent, which have clearly grown in size. However, there are no signs of any reforms to address these.
- The above clearly shows that socio-economic problems have significantly worsened in Burma/Myanmar in the past four decades. In the 1990s, there was a deterioration, both in the overall economic situation and in important areas of social security such as health and education. In Burma/Myanmar, therefore, there are no signs of any sustained improvement in people's living conditions, and there is a great need for reform in the years to come.

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