Burma Briefing

Trade, development, and the smokescreen of CSR

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CSR and the Burmese context

Despite on-going efforts to downplay the human rights violations of the Thein Sein administration, recent weeks have provided yet more evidence of the contempt in which the Burmese government holds the welfare of its people. Expulsion of humanitarian workers from Rakhine state, proceeding with a national Census which flouts international standards, and a swelling number of reports outlining military-perpetrated sexual violence have all surfaced in recent months. While the day to day reality for millions of people living in Burma has remained bleak, cadres in the administrative centre Naypyitaw have watched with surprise as governments, international financial institutions (IFIs), and transnational corporations (TNCs) have clambered over each other to participate in the country's 'democratic transition'. To the relief of those who feared that 'development' might imperil the base upon which their superstructure of consolidated power rests, the international community has made an unequivocal commitment to prioritise trade and investment over human rights – under the name of 'corporate social responsibility'.

The rise of corporate social responsibility (CSR) can be understood both as the business world's reaction to the chastisement faced by its most egregious offenders, and as a cornerstone of the strategy promoted by governments and IFIs to ensure a prominent stake for TNCs in the development of emerging economies. The notional appeal of CSR is its simplicity – if the expansion of the private sector can bring with it social goods, the notion that economic growth is the primary mover in development need not relinquish any of its ideological appeal. As states across the world have embraced the idea that markets can work for the poor, CSR has become a crucial part of a discourse which sees the primary function of government as creating an enabling environment for business. It is perhaps not surprising, then, that the present 'transition' of Burma – a nation of untapped consumer markets, abundant natural resources, and a comparatively cheap labour force – has CSR at its heart.

The alchemy which promises to transform one of the most economically impoverished countries in the world into a haven of prosperity for the common peasant is difficult to decipher. It was not long ago that Burma was written off as a pariah state by an international community judging the actions of its military government unconscionable. Today, the same government officials are working to 'forge the tools of opportunity from the chains of poverty'.[1] Although the number of sceptics turned plaudits continues to grow, the government's strategy is clearly to placate rather than enfranchise the Burmese people in any meaningful sense.[2]

It is not only civil society raising its voice to warn that Burma's much-lauded reform process is delivering little on the ground. UN Special Rapporteur Tomas Quintana has noted that for all the government's promises to realise democratic governance and equitable 'rule of law', the dynamics of power in the country have undergone little change. Proliferating incidence of land confiscation, mass privatisation of state assets to well-connected cronies and former officials, the continued incarceration of political prisoners, and the harassment of peaceful protestors by security forces would seem to corroborate this. Despite substantive evidence pointing to the danger of taking Naypyitaw at their word, the aegis of the international community has been thrown behind the government in the name of unbridling Burma's markets. Here, the consequence of valorising market-led growth under the banner of CSR is evident: blatant disregard of basic human rights continues unabated.

While there exists a clear felt need among the Burmese population for reforms which direct investment to healthcare, education, and agriculture, the Thein Sein administration has only reified its commitment to maintaining one of the highest levels of military spending in the world.[3] Laws which allow for the arbitrary confiscation of land, imprisonment for voicing dissent, denial of human rights to ethnic minority groups, and the assumption of power by the military at any time all remain in place. This is the context in which the international community has relinquished almost every lever of economic and political pressure, and is prioritising the 'democratisation' of Burma's markets to ensure good returns on investment for their CSR initiatives.

Illusory gains

The notion of CSR is undergirded by a belief that the most effective way to reign in malignant business practice is by exhorting important actors in the business world – notably, TNCs in the extractive sector – to voluntarily opt-in to 'codes of conduct'. Though these non-binding codes carry with them no threat of punitive action, the development of responsible business and trade relationships has been central to the international community's engagement with Burma thus far. Although the language of 'opportunity' frames and legitimates these initiatives, it is clear that a reliance on business to behave responsibly presents more opportunities for the consolidation of power and wealth at the top than for their diffusion.

Though there is a general consensus on the need for diversification away from natural resource exports – which account for an estimated 80% of total exports, and 25% of Burma's GDP [4] – the majority of new foreign direct investment (FDI) has predictably been directed to the extractive industries. Countless examples of land confiscation for industrial agriculturalists, commodity speculators and military officials have also been documented.[5] Even where investment is moving to capitalise on the country's comparatively cheap labour force, the growth of garment and textiles manufacturing has done nothing to improve labour conditions in a country where collective bargaining and protest are met with imprisonment.[6] Moreover, desperate attempts by businesses to buy and rent commercial property in Yangon and Mandalay have driven the cost of land up rapidly – further exacerbating the spiralling cost of living following the wholesale liberalisation of Burma's economy over the last two years.

Not only is the increased growth achieved by Burma's 'reformist' government being channelled to the upper echelons of the country's military and business oligarchy, it is also based on a huge increase in the volume of imports alongside poor export growth.[7] GDP growth and rapidly increased levels of FDI mask the structural transformation happening in the country, in which domestic businesses, starved of credit for decades, are now having to compete with higher quality and cheaper imports, and small scale agriculturalists are being expropriated by well-connected landowners. To speak of opportunity and entrepreneurship in this context is an insult to the people in whose name 'development' is supposed to work. Yet this is the lingua franca of the TNCs, IFIs, and governments so desperate to transform 'economies of need' into 'economies of profit'.[8]

Furthermore, the government's agricultural reforms – designed to drive people towards the 'poles of growth' of Mandalay and Yangon – pose enormous risk in a country with an already strained infrastructure. It is not difficult to imagine swelling urban populations, competing for poor quality jobs, living in squalid conditions as the scarcity of affordable property is exacerbated by 'responsible' businesses directing investment to places with a reliable electricity supply. The spectre of inequality that must accompany this economic transformation will only exacerbate already existing social cleavages, notably the anti-Islamic fervour which the Thein Sein administration has played a key role in inciting.

Shirking responsibility

Critics of the direction in which Burma is moving have, thus far, largely been dismissed as scaremongers. Indeed, warnings from civil society about the pace of the reforms in the absence of robust domestic legislation have been pointed. One of the reasons for their caution is the absence of any meaningful commitment to strengthen either democratic processes or public service provision, whether from domestic or international actors.

While investment has flooded to CSR ventures [9] and the construction of Special Economic Zones (SEZs), efforts to improve the functioning of local government or mechanisms of justice have been scarce. In a country where an estimated 85% of the population live on less than $2.25 per day[10], it is telling that the international community has continued to embrace an administration which has allotted only 6% of its 2014-15 national budget expenditure to education, and only 3% to healthcare.[11]

Alongside the government's reluctance to finance public services, dearth of institutional capacity has been regularly cited as a barrier to the effective implementation of Burma's reforms. Yet in this area, in which donors could work alongside civil society to substantively improve the functionality and transparency of the Burmese polity, little has been done. Evidently, this is in part because it is difficult to know where to begin – though this opacity has not diverted the establishment of trade and investment partnerships that will, it is hoped, pay dividends in the long term. It is also because donors know how important it is to pay lip service to the country's right to self-determination, particularly regarding her right to determine a course of Parliamentary democracy that is uniquely Burmese. Such platitudes ring hollow when aid budgets are allowing the cadre of politicians, military officials, and businessmen responsible for the country's dire socio-economic state to entrench their position still further.

Of course, it is far more difficult to measure the 'impact' of a better functioning judiciary or greater freedom of association than the creation of opportunities so inextricably associated with investment. As the language of development has become increasingly framed in terms more amenable to a capitalist worldview – which emphasises quantitative assessment of returns on investment – the idea that human needs can be made to align with commercial imperatives has gained ground [12], as rights based approaches have been problematised and displaced. Development strategies which prioritise 'responsible' trade and investment over basic human rights are the result.

Undoubtedly opportunity and prosperity are coming to Burma, but not for the people who need it most.

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Footnotes

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