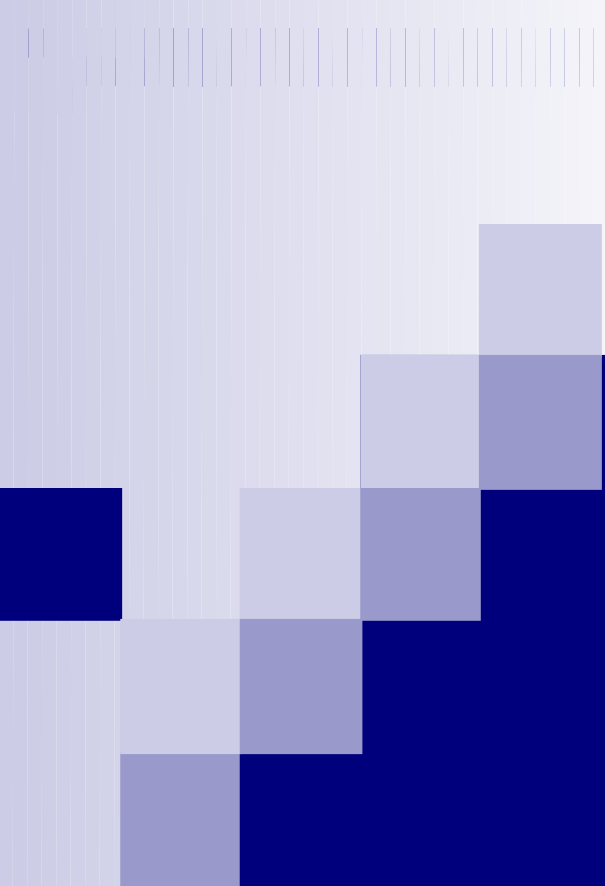




Myanmar and Political Economy of Development

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Development strategies

usually "guide or facilitate the process of developmental change."
They are "sets of government policies" shaping "a country's relationship to the global economy and "affecting " the domestic allocation of resources among industries and major social groups."

(contd.)

- Nature of the adopted development strategy influences the corresponding developmental pathway of the country. Along the following spectrum
- Inward < ----- > outward outlook
- *Dirigisme* < ----- > *laissez faire*



Neo-classical doctrine

- International competition through private initiatives
- Follow logic of the market
- Internationalization of factor inputs.
- Liberal/open trade regime
- EOI (export-oriented industrialization)
- Attracting FDI & multinationals.



(contd.)

Role of State

- More of a arbiter & facilitator rather than actor.
- State should just prepare the ground, set fair and impartial rules,
- Stay away from the playing fields.



Developmental State model

- East and Southeast Asian NIEs
- State has a distinct & pivotal role in financing & promoting industry.
- Reject the ahistorical free-market approach

'Middle-of-the Road' approach

- Stress importance of pragmatism & flexibility in policy-making
- Acknowledge 'market-conforming' role of the state
- The extreme version of the statist as well as the neo-classical models of East Asian success lack analytical and empirical credibility. One must move away from the idea that the 'strong developmental state' in East Asia produced error-free policies. Equally, one must move away from the naive notion that East Asian success vindicates the efficacy of *laissez faire* policies. The truth probably lies in a synergetic interaction between the state and the market

A flexible economy

- Individuals, organisations & institutions efficiently adjust their goals & resources to changing constraints & opportunities
- economic flexibility depends crucially on policy adaptability . . . [defined] as the capacity to change the policy framework within which the economy operates, whether in detail or in overall direction, rapidly, efficiently and effectively, and without undue social or political friction.



(contd.)

- Policy adaptability is a function both of the character and ethos of the government and the bureaucracy . . . and of their degree of insulation from the immediate pressures of the political arena . . . which is possible only if the relationship between the policy-making process and the wider political economy permits the effective regulation of both the 'state' and 'civil society' within certain broadly acceptable parameters."

"Economic ideology" & "strategic goal orientation"

- Sets direction of econ. policies
- Economic ideology as "relative stance" along the "continuum" between extremes of *laissez faire* & "economic nationalism"
- Strategic goal orientation " is a particular preference on the economic growth-stability-equity spectrum" (G-S-E in short).

MYANMAR

- In Myanmar in the past economic ideology stayed at the nationalist end of the spectrum and the strategic goal orientation was E-S-G.
- Now a new era of market-oriented economy has emerged and calls for substantive reforms have been gaining momentum in the new constitutional order.

Reforms

- necessary (but not necessarily sufficient) conditions for reform success. Enabling conditions for successful reforms:
 - a) a perceived economic crisis;
 - b) commitment of political leadership to follow through proposed reform measures;
 - c) existence of political institutions playing key role in consensus-building, negotiating, bargaining among all effected groups;



(Contd.)

- d) key role for technocrats in formulating, packaging, disseminating and implementing policy reforms;
- e) strong state capacity and regime legitimacy.

SUCCESS!!!

- Success also depends upon ability to manage the implementation of reform measures to overcome the "problems of bureaucratic capacity, resistance, and compliance."
- Reforms are but a first step and not a panacea to achieving sustained growth and prosperity.