Reforming Government-Business Relations in Myanmar

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History of Government-Business Relations in Myanmar

- Parliament period → crony capitalism → well-connected business people prospered
- Socialist period → government-business relations took place mainly at the local level →blackmarket, bribery and protection
- Post-Socialist period → connection, not transparent, rent-seeking and cronyism
- Government stronger than the business (policy making sector)
- Business community → weak and fragmented

Market-oriented approach

- Minimal approach
- Government →Provider of public goods
- Demand and Supply
- The autonomous and disciplined business
- Imperfect market still better than the government
- The government's involvement in the market →collusion → rent-seeking activities → crony capitalism (Thailand, Indonesia and Asian Financial Crisis)

Governed Market or Statist Approach

- Insulated, strong state → meritocratic bureaucracy which is autonomous of the influence of the business
- Capable state → industrial policies, research and development and system of incentive for development → internationally competitive industries
- Too much state, too little society → out of touch with the reality in the field → information gap → policy failure

- Insulation without autonomy →too much society, too little state → rent seeking →clientelistic network (crony capitalism) → distributional, not welfare-oriented development
- Predatory state or captured state → instable society → economic crisis

Governed Interdependence

- Insulated bureaucracy + embedded government-business network + encompassing industrial
- The bureaucratic structure of coordination → high quality bureaucracy, in-house expertise, insulated pilot-agency and coordination (a super committee or agency, eg. Korea's Economic Planning Board)

Governed Interdependence

- Embedded government-business network → government officials embedded in the business community but will not succumb to bribes → remain autonomous while interacting with business people
- Not collusion but collaboration
- Information exchange
- Reciprocity
- Credibility
- Trust
- Transparency, check and balance and accountability

- Encompassing industrial organizations
- An umbrella organization → business council that can represent the interests of various business sectors and clusters → must be formed of CEOs of major business enterprises and business leaders elected by their respective industries and clusters (must not be run by the people appointed by the government → to represent the business interest, not the government's interest)

- Liberal corporatist state → regular meetings between government agencies and business organizations (sector)
- Macro level policies (meetings between major policy makers and business council)
- Information exchange, predictable business and policy environment → competitive industries →stability and growth

Governed Interdependence

- Disciplined support (reward those that deliver and discipline those that don't deliver)
- Public risk absorption (e.g. over-valued exchange rate, investment in new risky business sectors)
- Private sector policy initiative (especially from the failing sectors: e.g. finish farming industry)
- Public-private innovative alliances → new technological policies or financial policies or improving the performance of the agricultural sector

Conclusion

- Strong State capacity
- Strong Societal capacity
- Introduction of liberal corporatist state-society relations mechanism
- Embedded autonomy, not insulation
- Incentive, not order or unfounded propaganda
- Interactions through governed interdependence