

Economic Development of Myanmar by Myat Thein, Singapore, Institute of South-east Asian Studies, 2004, xvii + 289 pp.

The economic policy of the present military government of Myanmar is unpopular not just among the Myanmar people but also among foreign investors, international financial organizations such as the IMF, World Bank, and ADB, and countries that are aid donors. To begin with, we do not know whether the present government has a set of consistent economic policies, or whether it simply relies on ad hoc piecemeal administrative fiat. The government has so far failed to implement much needed economic reforms in areas such as macroeconomic stabilization, liberalization, and privatization. In fact policy seems to be moving in the opposite direction, for whenever the present government wishes to promote economic and industrial development, it constructs state-owned factories that produce goods such as *longyi* cloth, slippers, soap, sugar, soft drinks, and bicycles. The governments of high-performing East Asian economies tend to provide a better investment climate for private enterprise, and encourage inwards investment by foreign companies rather than going into direct production by themselves. Everyone recommends the present government of Myanmar to emulate this approach, which seems to have proved more successful than the state-owned factory strategy. But they have not done so. Why? As regards this question, this book, which looks at Myanmar from the viewpoint of economic history, gives us food for thought.

This book provides a comprehensive and detailed picture of Myanmar's economic policy and performance for the period between 1948, when Myanmar became independent, and 2000. The first chapter provides a chronology, in which the author divides the half century into three periods, namely, the period of parliamentary democracy (1948–62), the socialist period under military rule (1962–88), and the market-oriented period under military rule (1988 to the present). The second chapter deals with the first period, Chapters 3 and 4 discuss the second period, and the fifth and sixth chapters cover the third period. For each period, the author first assesses macroeconomic and external sector performance and then examines sectoral and social developments. The final chapter offers a conclusion.

The book makes several useful contributions. First, it helps to make good the paucity of literature on Myanmar's economic history. As the author says, "to date, there is not a single textbook on the economic development of Myanmar whose content encompasses the entire post-war period from 1948 to 2000" (p. xv). Moreover, the fact that this book was written by one of the most prominent native economists permanently residing in Myanmar is of particular significance. The preceding few economic histories of Myanmar were mostly written either by foreigners or by natives, most of whom lived abroad in one way or another. The fact that the author has always lived in Myanmar, even during the socialist period, gives authenticity and depth to his descriptions and analyses, which are based on first-hand knowledge and personal field observations. This is all the more valuable when one takes into account the scarcity and unreliability of the economic and social statistics available in Myanmar.

The author, moreover, makes a useful contribution in bringing together in a single well-structured volume a number of already published studies undertaken by native and foreign economists covering different periods and various aspects of postwar economic develop-

ment. These studies, which are neither the work of the author nor always to his liking, have been restructured so as to make a coherent account. The result reads well.

The third main contribution of the book is that it provides a balanced explanation of the process of economic development, and one that refers to general and/or stylized economic factors as well as noneconomic and/or more country-specific factors such as insurgency problems, ethnic conflicts, the bitter experiences of the colonial period, and religious trends. While the author pays sufficient attention to the latter factors, he does not overemphasize them. He cautiously avoids falling into any sort of determinism, and does not argue, for example, that the country was forced to follow a particular path by a particular kind of environment. On the contrary, instead of trying to find excuses for the lack of economic development in Myanmar, the author tries to learn the lessons of the past and show their appropriateness for the future. In this way, the presentation of the argument is both fair and balanced.

What, then, can we learn from the book? In the epilogue, the author writes “as in the past, it [the government] cannot get rid of its negative outlook on private sector activities and often resorted to what has been termed as ‘swingdoor’ policy” (p. 241). The reviewer cannot agree more. The economic history recounted in this book presents an abundance of such examples. For example, whenever successive governments have tried to harness the energy of the private sector in the interests of achieving a higher rate of national economic growth, their efforts have often been followed by failures in the management of state-owned economic enterprises (SEEs), and have led to the establishment of joint-venture corporations between state and private businesses. This strategy has been repeatedly tested as a first and partial retreat from the state-factory approach. Another recurrent theme is that whenever the military took power whether by force or legitimately, they established their own business organizations and sought to create a kind of self-reliant and self-contained enclave economy outside the confines of the national economy.

Ever since Independence, every government, whether civilian or military, and whether democratic or socialist, has approached the problem of the private sector with great concern and trepidation. Whenever political leaders have wanted to accommodate the energy of private enterprise within the national economy, a socialist philosophy, an anti-capitalist attitude, a xenophobic disposition, and probably, a military-strategic way of thinking have always left the redefinition of the role of the private sector vague, as though abandoned at a halfway stage.¹ In this regard, we see in the approach of the present administration not so much the introduction of new initiatives, but rather the persistence of continuity with, and repetition of, the economic policies and institutions of the past. On examination, any introduction of new systems or institutions by the present military government turns out to be a sort of revival of past experience after all. History seems to be repeating itself. This is probably one of the most important messages conveyed by this book.

Let me now touch on some limitations of the book, although most of them are in fact mentioned and qualified by the author himself. First of all, as he admits, it has been possible to take a holistic approach only in a rather limited manner (p. xvi). He says the failure of

¹ See Toshihiro Kudo, “Transformation and Structural Changes in the 1990s,” in *Industrial Development in Myanmar: Prospects and Challenges*, ed. Toshihiro Kudo, ASED Series no. 60 (Chiba: Institute of Developing Economies, JETRO, 2001).

development should not be attributed to noneconomic factors. "Thus, while unique country experiences should be taken into consideration, it is important not to overemphasize them" (p. 12). I agree with him, and as I mentioned earlier, this stance prevents him from falling into any kind of determinism. Nevertheless, at the end of the day, readers are likely to be satisfied and persuaded only by a thoroughgoing holistic approach. For example, the author seems to stick to the conventional interpretation of attributing the socialistic disposition of successive post-Independence governments to the bitter memories of economic dominance by foreigners during the colonial era. While this interpretation is valid enough, the question is to what extent this factor on its own is able to explain the forty-year- or even fifty-year-long resilience of dirigiste attitudes in Myanmar. Other questions need to be answered. What was the influence of the cold war in Southeast Asia? How important was the leadership personality of Ne Win? Such noneconomic issues seem to have exerted a considerable impact on economic policy and performance in Myanmar.²

Second, the book seems not to provide a framework or narrative of a kind that might help readers to understand the mechanisms of development or underdevelopment in the Myanmar economy. The book provides plenty of facts and descriptive materials, which are of immense value as they stand, but the facts and descriptive materials are not incorporated within a frame of reference. Of course, this book is meant primarily as an easily accessible textbook for those interested in the Myanmar economy. Nevertheless, since the author is well known as the most eminent, provocative, and outspoken economist in Myanmar, the reviewer cannot help wishing that more attention had been given to the author's views and analyses of the mechanisms of Myanmar's economic development or underdevelopment during the entire postwar period.

It is here perhaps relevant to point out that the Institute of Developing Economies (IDE), Japan, has organized a study group, headed by Professor Koichi Fujita, Kyoto University, with the aim of comprehending the economic policy, performance, and transformation of economic structure of Myanmar under the transition to a market economy since 1988. This study and its research were summarized in a Japanese-language book published in 2005³ which will appear in English translation next year. This book tries to present a framework, hypothetical though it might be, for understanding the structural changes in the economy that occurred between the early 1990s and 2004. In a way, this study developed from Professor Myat Thein's book, which proved to be an excellent starting point for the study team. This reviewer hopes that the author will read the forthcoming English version of our book and that he will exchange views with the contributors in the near future.

Lastly, even though it was published in 2004, the book under review covers the period only up to and including 2001. The preface was written in October 2001. Of course no book can cover the period after its publication. Nevertheless, it is unfortunate that there is no coverage the events that have occurred in the Myanmar economy since 2002. Perhaps the most important of these was the banking crisis of February 2003 which exerted a considerable impact on the entire economy. This event revealed many of the structural problems that

² See Toshihiro Kudo, "Political Basis of Economic Policies under Burmese Socialism," *Southeast Asian Studies, Tokyo University of Foreign Studies*, no. 4 (1998): 139–77.

³ Koichi Fujita, ed., *Myanmā ikōkeizai no hen'yō: Shijō to tōsei no hazama de* [Myanmar's economy in transition: Market versus control] (Chiba: Institute of Developing Economies, JETRO, 2005).

beset not just Myanmar's financial sector but the whole of the economy. The crisis also revealed what had long been going on under a veil of secrecy in the banking sector in a highly distorted macroeconomic environment. Some economists and so-called Myanmar watchers regard the period between 2001 and 2003 rather than the Asian crisis year of 1997 as a turning point in the country's economic development. Since then, Myanmar's economy has continued its downwards spiral. Discussion of this important event might have changed, albeit slightly, the author's treatment of the economy.

To be sure, this reviewer is probably requesting something beyond the objectives and scope of the book. What is beyond doubt is that this book is a first-class textbook of the economic history of Myanmar during the whole postwar period. It will be an important starting point for all students who wish to study the Myanmar economy. (Toshihiro Kudo)