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MYANMAR'S ECONOMIC POLICY PRIORITIES

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Myanmar's leaders are pressing ahead with ambitious political change. But support for that process can evaporate quickly unless there is material improvement in ordinary people's living standards. Carefully sequenced economic reforms are now a priority to generate broad-based growth in employment, incomes, and output. Over time, the economy will enter a virtuous circle of reform and growth, and Myanmar's future will become decidedly more promising.

Lessons From Asia's Successful Globalizers

- Increased trade integration with world markets is essential to spur productivity growth in agriculture and manufacturing.
- Adopting policies that "best fit" country circumstances is more effective than borrowing "best practice" approaches from abroad.
- Structural change from agriculture to labor-intensive manufacturing holds the promise of contributing significantly to sustained GDP growth and employment generation.
- Macroeconomic stability, with prudent public finances and a stable financial sector, is essential for sustainable, rapid growth.
- Geography strongly influences development—and here Myanmar has little to worry about. Its location is ideal, as it borders China, India, Southeast Asia, and the Bay of Bengal.

Myanmar's Economic Policy Priorities

Open the economy to international trade and foreign investment. The government should lower barriers to trade by eliminating import licensing and converting import bans and quantitative restrictions into low or zero tariffs.

Promote competition in domestic markets. To encourage the Burmese to start private businesses, investment licenses should be eliminated except in industries producing armaments, toxic products, and similar potentially harmful materials. The government should engage in open, regular, and candid communication with the private sector to help identify policy and public investment priorities.

Maintain macroeconomic stability with sound public finances and well-capitalized and prudently managed banks. Generating additional government revenue is necessary, while public expenditures must focus on high-priority investments in energy, roads, health, and education. Banks should be given the freedom to make lending decisions on a commercial basis, but at the same time the state must ensure bank balance sheets are sound and portfolio risks are kept within strict limits.

Manage natural resource development cautiously. Natural resources should be developed in a way that supports long-term sustainable growth.

ABOUT THE AUTHOR

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