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Myanmar¹: Foreign policy based on economic rather than political imperatives.

Abstract:

From independence in 1948, Myanmar has followed a foreign policy of strict political non-alignment, particularly during the Cold War. Political imperatives such as independence, sovereignty, and the territorial integrity of Myanmar, have driven Myanmar’s foreign policy. This has required a careful balancing of political powers in the region. This political focus intensified in the 1990s following the nationwide demonstrations in 1988, the elections in 1990, and the increased international support for the Myanmar democracy movement. This took place during the period of globalization across the world and the focus on politics by the Myanmar government, the opposition, and the international community was detrimental to Myanmar as a whole. Myanmar missed many opportunities to capitalize on its rich resources and was marginalized in the global economy. The demonstrations in 2007 and the aftermath of Cyclone Nargis in 2008 served to highlight how far behind Myanmar has fallen in comparison to its neighbours. The elections in 2010 may herald a period of political stability in Myanmar. This is far from certain. But should this be the case, it may be time for Myanmar to start exploring how it could develop a foreign policy based on a regional economic focus rather than purely on political goals. The paper will attempt to provide a rationale for how a foreign policy focused on economics and trade could help Myanmar to achieve its political goals and, at the same time, catch up in the global economy.

1. Background to Myanmar’s Foreign Policy

Prior to the establishment of the Republic of the Union of Burma (Myanmar) in 1948, Myanmar was the home of several ethnically diverse kingdoms and nations.

The Kingdom of Arakan existed before the Common Era². It was located in the west on the Bay of Bengal. It had relations mainly with South Asia. The Mon kingdoms in the south existed from about 825 AD³. They battled Burman kings to the north and had relations with Siam in the east. The Shan principalities in the east existed several centuries before the advent of the Burmans. They were either independent or paid tribute to Burman kings to the west, Siamese kings to the south or the Chinese emperor to the north. From about the 11th century Burman kings established

¹ The use of “Myanmar” in this paper by the author does not have any political significance. It is used here merely because this paper is being presented in China and “Myanmar” in the Burmese language is inter-changeable with “Burma” or “Bama”.

² G E Harvey, *History of Burma*, Frank Cass & Co. Ltd, London, 1967, p.369.

³ Ibid, p.368.

themselves in the central plains. They fought with Manipur to the northwest, and Siam to the southeast. They also established relations with China to the north. The warring nations of Myanmar were engulfed by the British in the 19th century and peace was maintained for about 50 years.

The advent of the Second World War threw the land that is now known as Myanmar into a turmoil from which it has never fully recovered. Myanmar was fought over twice in the war – once, when the British retreated to India and, the second time, when the Allies recaptured it from the Japanese.

Many factors contributed to the growing sense of paranoia: the assassination of national hero General Aung San in 1947 prior to independence, the rebellion of the Burmese Communist Party at independence in 1948, the mutiny of the Burma Army, the Karen uprising in 1949, and the Kuomintang invasion of Shan State in the 1950s, followed by the Cold War.

Today, the key objectives of the nation are stated as follows⁴ (author's emphasis):

Four Political Objectives:

1. Stability of the State, community peace and tranquility, prevalence of law and order;
2. National reconsolidation;
3. Emergence of a new enduring State constitution;
4. Building of a new modern developed nation in accord with the new State constitution.

Four Economic Objectives:

1. Development of agriculture as the base and all-round development of other sectors of the economy as well;
2. Proper evolution of the market-oriented economic system;
3. Development of the economy inviting participation in terms of technical know-how and investments from sources inside the country and abroad;
4. The initiative to shape the national economy must be kept in the hands of the State and the national peoples.

Four Social Objectives:

1. Uplift of the morale and morality of the entire nation;
2. Uplift of national prestige and integrity and preservation and safeguarding of cultural heritage and national character;
3. Uplift of dynamism of patriotic spirit;
4. Uplift of health, fitness and education standards of the entire nation.

These objectives are always on the front pages of the *New Light of Myanmar*, and the “People’s Desire”, a column which always appears on page 2, makes it even more clear that the external world is viewed as a danger to the Myanmar nation.

⁴ *The New Light of Myanmar*, Volume XVII, Number 36, Friday 22 May 2009.

People's Desire:

1. Oppose those relying on external elements, acting as stooges, holding negative views;
2. Oppose those trying to jeopardize stability of the State and progress of the nation;
3. Oppose foreign nations interfering in internal affairs of the State;
4. Crush all internal and external destructive elements as the common enemy.

Another key factor that has contributed to this sense of unease and beseigement is the difference in the concept of nation building held by the Burman majority (especially by the Burma Army) and that held by the ethnic nationalities who make up 40% of the population and live in 60% of the territory.

According to Burman nationalists, the Burman empire was interrupted by the British who proceeded to carve up the nation into separate entities in order to more easily rule the conquered nation. Therefore, it was the task of the Army to 'reconsolidate' the territory that had been divided, into a unified nation under the slogan of "One blood, one voice, one command".

According to ethnic nationalists, the Burman empire was already in decline when the British arrived and they did no more than recognize the reality on the ground and governed 'Burma Proper' separately and differently from the ethnic territories. The British did not divide and rule. To the ethnic nationalists, the basis for the Union of Burma was the 1947 Panglong Agreement where independent entities agreed voluntarily to merge their territories into a Union of Burma based on equality and mutual respect. To them the slogan of "One blood" smacks of chauvinism and racism. "Unity in diversity" is the slogan they aspire to and 'national reconciliation' is the political process they espouse⁵.

This difference in concept has led to the various ethnic states rebelling against the central authority for 60 out of the 61 years of independence.

Given this conflict and the state of mind molded by events since independence, Burmese leaders, from the democratically-elected Prime Minister U Nu to the dictators General Ne Win and Senior-General Than Shwe, have all been pre-occupied with Myanmar's sovereignty, independence and territorial integrity rather than with economic development or trade.

2. Development of Myanmar's Foreign Policy in Modern Times

INDIA

Given that Myanmar was at one time part of British India, Myanmar developed close ties with India even before independence. When U Nu's government almost collapsed during the civil war in 1949, India sent arms and arranged for financial support from Commonwealth countries. Prime Minister U Nu also depended on India's Jawaharlal Nehru to guide him in steering a

⁵ Ethnic Nationalities Council, Statement No.1/2007, 12 February 2007 – "60th Anniversary of the Panglong Agreement".

neutral course for Myanmar as the Cold War developed⁶. They attended the Bandung Conference together in 1955 and championed the 'Five Principles of Peaceful Coexistence' which are today the cornerstone of the Non-Aligned Movement, Myanmar's foreign policy, as well as that of India and China:

1. Mutual respect for each other's territorial integrity and sovereignty;
2. Mutual non-aggression;
3. Mutual non-interference in domestic affairs;
4. Equality and mutual benefit;
5. Peaceful co-existence;

As can be seen, the focus was wholly security-related. This fit well with the Myanmar concern at that time to⁷:

1. Preserve Myanmar's territorial integrity and independence;
2. Build internal unity by suppressing insurgencies – communists and ethnic nationalities;
3. Rebuild Burma's economy which had been devastated by the Second World War.

Relations with India deteriorated in the 1960's and reached their lowest point in 1988 when India supported the pro-democracy demonstration in Myanmar. But as Chinese influence in Myanmar increased, India dropped its support for the opposition and began to improve its ties with Myanmar. It adopted a "Look East" policy in 1991 to promote economic development in the northeast and began initiatives to develop closer economic ties with Myanmar. Today, India is keen to purchase natural gas from Myanmar and has become one of the key nations that Myanmar uses to balance its relations with China.

CHINA

The coming to power of the Chinese Communist Party in China caused Myanmar to adopt an even more cautious foreign policy. It was clear that Myanmar had to steer a neutral course between its two giant neighbours, and Myanmar became the first nation to recognize the Communist government in Beijing in December 1949.

Myanmar was even more uncomfortable when China exercised its sovereignty over Tibet and intervened in the Korean conflict. Although Myanmar supported UN action in Korea, it refrained from condemning China as the aggressor because it did not want to provoke China.

As the Communist Party consolidated power in China, Nationalist (Kuomintang) troops under General Li Mi retreated into the Shan State. They not only established bases in Myanmar but

⁶ Chi-shad Liang, *Burma's Foreign Relations – Neutralism in Theory and Practice*, Praeger, New York, Westport, Connecticut and London, 1990, p.128.

⁷ John W Henderson, Judith M Heiman, Kenneth W Martindale, Rinn-Sup Shinn, John O Weaver, Eston T White, *Area Handbook for Burma*, Foreign Area Studies of the American University, Washington DC, 1971, p.188 and Chi-shad Liang, p.59.

also made incursions into China. This problem was finally resolved in 1961 when Chinese troops helped the Burma Army push out Kuomintang troops into Thailand.

Relations between Myanmar and China were improved in 1954 when Prime Minister U Nu and Prime Minister and Foreign Minister Chou En-Lai agreed that the ‘Five Principles of Peaceful Co-existence’ would be the guiding principles of relations between the two countries.

Problems between Myanmar and China arose again in 1967 when anti-Chinese riots broke out in Rangoon and a Chinese embassy staff was fatally stabbed. Until 1988, the Chinese Communist Party provided support to the Burmese Communist Party to overthrow the government of General Ne Win.

Since then, China has become one of the main pillars of Myanmar foreign policy. Economic ties with China and neighbouring countries have effectively countered the effects of sanctions imposed by the international community. The sale of weapons and China’s veto at the UN Security Council have also helped Myanmar to stand up to pressure for change.

THE WEST

After independence, Myanmar sought economic and military assistance from Britain and the United States. But while Britain was anti-communist and might have been open to helping the newly independent nation put down a communist rebellion, it was not happy with Myanmar’s policy of suppressing the Karens, who were anti-communist and Britain’s war-time allies. The US was too preoccupied with Europe to pay much attention and saw Myanmar as being Britain’s problem since it was a former colony.

Myanmar also relied heavily on the United Nations to protect its sovereignty and territorial integrity but, with the Korean war, it saw the UN becoming a tool of western powers and decided to pursue a more non-aligned course.

RUSSIA

Myanmar leaders were receptive to the Soviet Union but the feeling was not reciprocated. Instead Myanmar was seen as being a stooge of imperialism and the Soviet Union supported a faction of the Burmese Communist Party.

In order to remain neutral, Myanmar voted with the Soviet Union on several occasions at the United Nations. Relations improved after General Ne Win took over in 1962. But in 1979, Myanmar withdrew from the Non-Aligned Movement because Myanmar felt that the NAM had become too aligned with the Soviet Union.

Myanmar has been careful though not to offend the Soviet Union. This has paid off as Myanmar can now depend on Russia to veto any resolution on Myanmar at the United Nations Security Council.

JAPAN

In spite of the harsh occupation of Myanmar during the Second World War, Japan has maintained very close ties with Myanmar until recently. This might be explained by the fact that Japan trained and supported Burmese leaders during their struggle for independence from the British.

Japan also provided very generous reparation payments for the war. From 1955 to 1988, Japan provided over 80% of all foreign aid to Myanmar, which represented up to one-third of Myanmar's public capital⁸.

In the 2000's, Japan tried to assist the Government of Myanmar to restructure its financial system. The assistance was turned down and relations have remained lukewarm⁹.

ASEAN & OTHER ASIAN COUNTRIES

Thailand and Myanmar have a love-hate relationship. They have been rivals for centuries and the existence of first the Kuomintang troops and then Karen, Karenni, Mon and Shan rebels as well as armed pro-democracy dissidents along the 2000 kilometer undemarcated border has not helped matters.

Thailand has benefitted from the turmoil in Myanmar. Drugs, illegal migrants, human trafficking, timber, fish, gems, and gas from Myanmar have all found ready markets in Thailand and beyond. Relations improved in 1988 when General Chavalit flew to Rangoon to offer assistance to the Burmese generals in exchange for trade.

But suspicions on both sides persist despite the fact that Myanmar joined ASEAN in 1997. Other ASEAN nations that have significant relations with Myanmar include:

Malaysia – Given that Prime Minister Dr Mahathir championed Myanmar's entry into ASEAN in 1997, Malaysia was seen as a friend by Myanmar. However, the appointment of Malaysian Ambassador Tan Sri Ishmael Razali as the UN Special Envoy for Myanmar proved this to be wrong. The efforts of Malaysia as Chair of ASEAN to send a Special ASEAN Envoy to Myanmar also failed. Since then Malaysia has not been able to influence events in Myanmar.

Indonesia – Myanmar supported Indonesia in her struggle for independence and they worked together to convene the Asia-Africa Conference at Bandung which later led to the formation of the Non-Aligned Movement. Relations cooled in the 1960's until General Ne Win visited in 1973 and tried to emulate Pertamina with the Myanma Oil Corporation. Senior-General Than Shwe also tried to emulate the Indonesian "dua-fungsi" system for the Burma Army. It was also thought that Myanmar would follow the Indonesian transition model to democracy. President Dr Susilo Bambang Yudhoyono, an ex-army general himself, is said to be interested in promoting

⁸ Chi-shad Liang, p.153.

⁹ Japan Times, 6 December 2000, *Japan, Myanmar to work on economic aid report*.

this. However, given Indonesia's very rapid transition to democracy, Myanmar may no longer be interested.

Singapore – Senior Minister Goh Chok Tong as Prime Minister also championed Myanmar's entry into ASEAN in 1997. Goh was said to be respected by Senior-General Than Shwe. However, Goh's visit to Myanmar in 2009 in the wake of Daw Aung San Suu Kyi's trial to convey the message that unless the situation in Myanmar changed, there would be no more Singaporean investments, was not well received. Singapore may well have joined the long list of nations Myanmar chooses to ignore.

Vietnam – Relations with Vietnam were not close until Myanmar joined ASEAN in 1997. Since then, Myanmar has found it useful to cultivate Vietnam which is the acknowledged leader of the 'second-tier' ASEAN members. Vietnam's strict adherence to 'non-interference in domestic affairs' has helped Myanmar to stave off more aggressive and liberal 'first-tier' ASEAN members and the international community. Vietnam has not spoken out against Myanmar in the international arena, and may remain a potential actor to influence Myanmar.

North Korea – Myanmar established diplomatic relations with both Koreas in 1975 but broke off relations with Pyongyang in 1983 after North Korea attempted to assassinate South Korean President Chun Doo Hwan in Rangoon. Four of his cabinet ministers and 13 members of his entourage were killed. In spite of this, trade with North Korea continued and in 1986 imports from the North were 6 times that of imports from the South¹⁰. In 2007, diplomatic relations with North Korea were restored. Recent news reports claim Myanmar is looking to purchase weapons, tunneling technology and nuclear technology from North Korea¹¹.

3. Status of Myanmar today

Unfortunately, the international focus on Myanmar has remained political. The 1988 pro-democracy demonstrations, the brutal suppression of unarmed civilians, Daw Aung San Suu Kyi's political debut, the 1990 general elections and, more recently, the 'Saffron Revolution' in 2007, Cyclone Nargis in 2008, and the trial of Daw Aung San Suu Kyi in 2009, have all fired the public imagination domestically and internationally.

This strong political focus has tended to ignore all other aspects of the situation in Myanmar. But if we look at other social and economic indicators, we will see that we should be concerned about more than politics in Myanmar. It would seem that Myanmar's attempt to protect its independence, sovereignty and territory by focusing solely on strategic political factors has not been that successful.

¹⁰ Chi-Shad Liang, pp.157 & 159.

¹¹ Asia Times, 4 October 2008, *Nuclear Bond for North Korea and Myanmar*, Norman Robespierre.

A simple measure of a nation's well-being is the GDP per capita. The following shows how Myanmar has done in the last 35 years compared to her neighbours in ASEAN¹²:

	<u>1970</u>	<u>2005</u>		
Cambodia	91 US dollars	451 US dollars	Growth	5 x
Laos	45	507		11 x
Malaysia	331	5,378		19 x
Myanmar	107	249		2 x
Philippines	183	1,167		7 x
Thailand	191	2,800		14 x
Vietnam	65	621		10 x

It is evident that Myanmar has done worse than any of her neighbours of comparable size (Cambodia and Laos are smaller but have been included to show how least-developed ASEAN members compare).

In addition, other UN statistics¹³ show the following:

<u>2005</u>	<u>Life Expectancy</u>	<u>Infant Mortality</u>	<u>HDI Rank</u>
Cambodia	58.0 yrs	70 per 1000 live births	131
Laos	63.2	56	130
Malaysia	73.7	10	63
Myanmar	60.8	74	132
Philippines	71.0	23	90
Thailand	69.6	6	78
Vietnam	73.7	13	105

<u>2005</u>	<u>Under Weight Children</u>	<u>Undernourished Population</u>	<u>Phone lines</u>
Cambodia	36%	26%	2 per 1,000
Laos	37	19	15
Malaysia	8	<5	172
Myanmar	32	19	10
Philippines	28	16	41
Thailand	9	17	110
Vietnam	20	14	188

<u>2005</u>	<u>Physicians</u>	<u>HIV</u>	<u>Refugees Generated</u>	<u>IDPs</u>
Cambodia	16 per 100,000	1.0%	17,806	n/a
Laos	59	0.1	24,442	n/a
Malaysia	70	0.5	394	n/a

¹² United Nations Statistical Division, National Accounts.

¹³ Internally Displaced Monitoring Center; International Telecommunications Union; UNAIDS; UNDP – Human Development Reports, 2000 to 2005; UNHCR; UNICEF; and WHO.

Myanmar	36	0.8	164,864	540,000
Philippines	58	n/a	465	60,000
Thailand	37	1.4	424	n/a
Vietnam	53	0.5	358,248	n/a

A 2008 Brookings Institution analysis¹⁴ and a University of Maryland study¹⁵ also suggest that Myanmar is a ‘critically weak state’. ‘Weak’ states are defined by the Brookings Institution as countries lacking the capacity and/or will to foster an environment conducive to:

- a) Fostering sustainable and equitable economic growth
- b) Establishing and maintaining legitimate, transparent, and accountable political institutions
- c) Securing their population from violent conflict and controlling their territory
- d) Meeting the basic human needs of their population

In this context, Myanmar is a ‘critically weak’ state in the bottom 20% of the countries surveyed. Myanmar’s overall ranking is #17 out of 141 with a score of 4.16. The lowest score is 0.52 for Somalia and highest score is 9.41 for the Slovak Republic. According to the Brookings study:

	<u>Ranking</u>	<u>Score</u>
Cambodia	34	5.27
Laos	45	5.53
Malaysia	124	8.20
Myanmar	17	4.16
Philippines	58	6.08
Thailand	79	6.50
Vietnam	83	6.66

The key definition of a ‘weak’ state is that it is incapable of or unwilling to fulfill its responsibilities as a government. In other words, there is a disconnect between the rulers and the ruled. This is a dangerous situation for any country that is concerned about its territorial integrity.

Taking all the above indicators together, it is very clear that Myanmar has more than failed in its task to protect its independence, sovereignty and territory by focusing solely on strategic political factors. A nation cannot protect its sovereignty if the basic needs of its population cannot be met; if it cannot provide security to its people and protect its territory; if it cannot sustain equitable economic growth; and if it cannot maintain accountable political institutions.

¹⁴ *Index of State Weakness in the Developing World*, Susan E Rica and Stewart Patrick, 2008, Brookings Institution, USA. www.brookings.edu

¹⁵ *Peace and Conflict 2008*, J Joseph Hewitt, Jonathan Wilkenfeld, and Ted Robert Gurr, 2008, Center for International Development and Crisis Management, University of Maryland, USA. www.cidcm.umd.edu

4. Myanmar's Economy

The country that is most similar to Myanmar in its geographic location, size, population and culture is Thailand. In colonial times, Myanmar's per capita exports were more than double and its per capita imports were double those of Thailand. Of the neighbouring countries compared with Myanmar above, only British Malaya's (Malaysia) exports exceeded those of Myanmar because its tin and rubber resources were primary commodities for the British. Even after the devastation of the Second World War, Myanmar was not too far behind Thailand by most economic and development indicators. The growth rate for per capita income for the two countries did not diverge until 1965¹⁶. General Ne Win took over in 1962. He was more focused on controls and achieving political objectives. Today, Thailand per capita GDP is at least 10 times greater than Myanmar's.

The structure of Myanmar's economy has not changed much since independence. Agriculture is the dominant sector of the economy¹⁷:

Agricultural employment as % of labour force	65 %
Agriculture as % of commodity production	76
Agricultural goods as % of exports	40

(Note: 1995 figures – gas sales may now exceed agricultural exports)

Structure of GDP Output in 2008¹⁸:

Agriculture	40.9 %
Industry	19.7
Services	39.3

Myanmar's agricultural products are: rice, pulses, beans, sesame, groundnuts, sugarcane, hardwood, fish and fish products¹⁹.

Myanmar's industrial products are: agricultural processing, wood and wood products, copper, tin, tungsten, iron, cement, construction material, pharmaceuticals, fertilizer, oil, natural gas, garments, jade and gems²⁰.

Myanmar's exports are: natural gas, wood products, pulses, beans, fish, rice, clothing, jade and gems. Official export figures are grossly underestimated due to the value of timber, gems, narcotics, rice and other products smuggled into Thailand, China, and Bangladesh²¹.

¹⁶ *Economic Development of Burma – A Vision and a Strategy*, A study by Burmese economists, 2000, Olof Palme International Center, Stockholm.

¹⁷ Ibid.

¹⁸ CIA Factbook – Burma.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Ibid.

Myanmar's imports are: fabric, petroleum products, fertilizer, plastics, machinery, transport equipment, cement, construction materials, crude oil, food products and edible oils. Official import figures are also grossly underestimated due to the value of consumer goods, diesel fuel, and other products smuggled in from Thailand, China, Malaysia and India²².

Myanmar's trading partners are²³:

	<u>Exports</u>	<u>Imports</u>
China	6.7 %	28.8 %
France	1.1	-
Germany	2.8	-
Hong Kong	-	1.1
India	12.1	3.4
Indonesia	-	2.4
Japan	5.0	2.8
Korea North	-	1.0
Korea South	-	3.7
Malaysia	3.3	7.6
Singapore	2.7	18.4
Thailand	43.8	21.8
UK	1.6	-

From the above table, it is clear that Thailand, China, Singapore, India, Japan and Malaysia are the main trading partners of Myanmar (including Bangladesh if unofficial trade is taken into account).

Thailand imports forestry products (timber), marine products, agricultural products and natural gas from Myanmar. Thailand exports textiles (fabric), shoes, marine products, rice, rubber, jewelry, automobiles, computer and electronic accessories to Myanmar²⁴.

However, if we look at Thailand's economy, Myanmar does not figure in its top ten trading partners (except maybe in the unofficial sector). The same can be said for all of Myanmar's main trading partners. This puts Myanmar at a disadvantage in any trade negotiations.

However, if we look at China's Yunnan Province's economy, Myanmar ranks as its largest trading partner, accounting for 23.78% of its exports, and 8.56% of its imports in 2000. Yunnan's next largest trading partner is Hong Kong, followed by Japan, the USA, and Vietnam²⁵.

²² CIA Factbook – Burma.

²³ Asian Development Bank.

²⁴ *Myanmar-Thai Bilateral Trade hits over \$2 bln in eight months of 2008-9*, 8 July 2009. www.xinhuanet.com

²⁵ Poon Kim Shee, *The Political Economy of China-Myanmar Relations: Strategic and Economic Dimensions*, Ritsumeikan Annual Review of International Studies, Ritsumeikan University, Japan, 2002, Vol.1, pp.33-53.

Unfortunately, the same cannot be said for India's North East States of Mizoram, Manipur, Nagaland and Arunachal Pradesh. There are three designated border trading points at Zowkhathar, Moreh and Lungwa. Cross-border insurgencies and restrictions on export and barter items on both sides have not helped. Gem and narcotics smuggling is also a problem. Only 22 items are allowed to be traded freely, including: mustard seeds, pulses and beans, fresh vegetables, fruit and soybeans. Items like mangoes, bicycles and bicycle parts, drugs, cosmetics, fertilizers, jewelry, textiles and pan-masala are not yet included²⁶.

India exports clothing, shoes, medicines, woolen and engineering goods to Myanmar. Of all the imports from Myanmar, only pulses make up the majority of Indian requirements. Myanmar and India are rivals in the international turmeric market²⁷.

5. A Proposed New Foreign Policy Focus

If Myanmar is to achieve its political objective of protecting its independence, sovereignty and territorial integrity, it is clear that pursuing a foreign policy focused on strategic and political considerations alone is no longer sufficient. Indeed, it is becoming dangerous.

Myanmar must find other ways to achieve its goals. Since its economy has not kept pace with that of the region, this is a weak point in Myanmar's line of defence. Myanmar should, therefore, consider using economic means to achieve its political goals.

Since the agricultural sector is the mainstay of Myanmar's economy, the first step would be to liberalize the agriculture market. The State should limit its role to improving competitive structures through providing financial credit, technical support, expanding water availability, providing land tenure and introducing a sustainable land-use policy. While agriculture's role as a food producer will remain important, tackling the problem of rural poverty through education and agricultural development must come before further developing the agricultural sector into agribusiness enterprises for the export market. This, in the longer-term, will provide Myanmar with a stronger base from which to protect its sovereignty. To carry out such policies, Myanmar will need much more international assistance and investments than it is currently receiving.

Myanmar's industrial sector has been stagnant for many years. It consists mainly of industries that perform basic processing of raw materials. Most plants are dilapidated due to a shortage of spare parts and lack of maintenance. The shortage of electricity does not help. There are practically no facilities or institutions to provide training and to upgrade technology. The imposition of sanctions by the international community in the recent past has also discouraged the further processing or manufacturing of products in Myanmar. Raw materials shipped to another country and processed there are not subject to sanctions. The promotion of labour-intensive industries should be the first priority. The further processing of raw material should also be encouraged for both domestic and foreign consumption. Industries that have a large

²⁶ *India-Myanmar Trade Relations*, Syed Ali Mujtaba, Ph.D. 23 July 2007. www.bilaterals.org/

²⁷ *Ibid.*

potential for technological enhancement and knowledge spillover should also be explored. However, in order to improve the industrial sector, international sanctions will need to be lifted. Unless and until Myanmar improves its human rights record, this sector may have to remain untouched.

In any event, Myanmar's economy cannot be improved in a piece meal fashion. There are also no quick fixes. Some of the major problems with Myanmar's economy are the artificial exchange rate, the chronic budget deficit – due to the need to maintain a large army, a large civil service, and a large non-profitable state-owned industries – and the inability of the government to increase income through taxes, exports or investments. Such problems cannot be solved without a comprehensive review of government policies and international assistance.

But even with a lifting of sanctions, renewed foreign investments and increased international aid, a reform of the economy cannot be achieved without a trained and educated population. If economic reforms are to be introduced 20 years in the future, education reform must begin now.

The state of education in Myanmar today is abysmal. Very little is spent on education and children only spend 8 years in school. Although primary education in Myanmar is compulsory, 39% of children never go to school. Of those who enroll, more than half will drop out. Only 27% complete primary school. Of those who enroll in middle school only 30% will continue onto high school. And finally, of those who enroll in high school, only 33% will matriculate. In other words, a child who enters primary school has only a 1.8% chance of completing high school²⁸.

Comparative education expenditure is as follows ²⁹:

	<u>% of GDP spent on Education</u>
Cambodia	1.9
Laos	2.3
Malaysia	6.3
Myanmar	1.2
Philippines	2.4
Thailand	4.2
Vietnam	n/a

Given these daunting statistics, the education of Burmese children must be of the immediate priority if Myanmar wants to be able to continue to protect its independence, sovereignty and territorial integrity 20 years into the future. Without such human resources, and economic strength, no amount of political strategizing will enable Myanmar to continue to maintain its independence.

²⁸ Burmese economist, Olof Palme International Center – based on 1995 UNICEF study.

²⁹ CIA Factbook.

Myanmar is surrounded by giant nations with fast growing-economies. Unless Myanmar can also grow and keep up, the surrounding economies will, by default, takeover Myanmar's economy.

Were that to happen, Myanmar's independence, sovereignty and territory will be at risk.

End

Harn Yawnghwe was born in Myanmar. He was educated at the Methodist English High School in Yangon and completed his high school at Montfort College, Chiang Mai. He studied engineering in Bangkok at Chulalongkorn University on a John F Kennedy Foundation scholarship. He also studied in Canada at McGill University, Montreal, and received the following degrees:

- B.Eng - Mining Engineering & Mineral Economics
- MBA - International Business & Finance

Harn is currently the Executive Director of the Euro-Burma Office in Brussels. He is also the Director of the National Reconciliation Programme (Union of Burma) and a member of the Board of Directors of the Democratic Voice of Burma in Norway. He is also Advisor to the Ethnic Nationalities Council.

The Euro-Burma Office (EBO) was established in 1997 to help the Burmese democracy movement prepare for a transition to democracy and to keep the international community informed about Burma. The National Reconciliation Programme was established in 1999 to bring about the implementation of United Nations General Assembly resolutions since 1994, which called for a "Tripartite Dialogue" – the military, democracy advocates as represented by the 1990-election-winning parties, and the ethnic nationalities. All media in Burma is controlled by the SPDC regime. The Democratic Voice of Burma (DVB) – short-wave radio and satellite television – was established in 1992 to provide reliable news and information to the people of Burma. The Ethnic Nationalities Council was established in 2004 to speak on behalf of the seven ethnic states in the Union of Burma. The ethnic states together represent 40% of the population and 60% of the territory of Burma. For the first time ever, the many and diverse ethnic nationalities of Burma – some with ceasefires with the military - now have an institution to represent their combined views should there ever be negotiations with the SPDC and the Burmese democracy movement on the future of Burma. The ENC represents a major political shift within the ethnic communities. For the last 60 years, each ethnic community had been fighting the central government to gain independence from Burma. The ENC's goal is not armed struggle, but to rebuild Burma through political means into a federal democratic Union of Burma.

Prior to working for democracy in Burma, Harn was a management consultant based in Hong Kong. He helped introduce good business practices and management concepts to Bible Societies in Bangladesh, Fiji, India, Indonesia, Iran, Malaysia, Micronesia, Nepal, Papua New Guinea, Philippines, Singapore, Sri Lanka, and Thailand. He also has experience as the Associate Director - Administration & Finance of the World Vision Foundation of Thailand. WVFT was involved in rural development and providing humanitarian relief to Indo-Chinese refugees in the 1970s and 1980s. Other business experiences include managing investments for Bangkok Bank Limited, Bangkok Bank President Chatri Sophonpanich, and the Bell Canada Pension Fund; and managing the money market and foreign exchange operations of Bell Canada. Harn was also a Cost Engineer & Business Analyst for Noranda Mines Ltd in Canada.