

# Example of research paper on the impact of myanmar industrialization on myanmar's...

[Business](#), [Industries](#)



Myanmar economy has been among the least developed in the world after suffering decades of stagnation due to isolation and mismanagement. One of the most prevalent conditions that have prevented the growth of the country from successful economic development has been the lack of industrial development. The main cause of stagnation in economic development has been the centrally managed economy. The centrally managed economy was an inward looking system of government where all projects were led by the government. Rapid industrialization is an agent of change and rapid economic growth in the current modern world (Kudo). This has been due to the fact that, industrialization plays an imperative role in providing employment opportunities.

Industrialization plays an imperative role in ensuring the provision of employment, growth of income, and generation of revenue for the government and hence all rounded economic development. After the lift of the economic sanctions, the country faces fundamental choices, in ensuring economic development. Analyst and economists have analyzed the Myanmar's situation and stated that industrialization is imperative if the country will achieve a continuous economic growth of 8 percent per year or a two digit economic growth rate in future (Perkins). In addition, industrialization is also imperative in ensuring improvement of standards of the people.

Development and improvement of industrialization will also play an imperative role in ensuring poverty reduction through improved employment of people. The government will also be able to generate revenues, which will facilitate infrastructure development and other public goods. The discovery

of oil in the economy has been one of the major factors behind economic development and growth of the GDP. However, consumption of electricity in the country suggests that the GDP per capita growth rate has been negligible and in some cases negative.

Economists and analysts' analysis of the economic situation of Myanmar, have found that the stagnation of the economy has not been due to lack of natural resources, global crisis and existence of economic sanctions on the economy. Rather, the Myanmar's government management, organization and policies have been the major factor behind economic stifling. The government and policymakers in the country require formulating, implementing policies and making changes in the economy that will facilitate economic development driven by industrialization (Maung and Than). This involves a transformation of the agricultural sector and service sector, which will facilitate accelerated industrial development within the next decade. The discovery of natural resources such as oil and gas is among the factor that can facilitate the growth and development of industrialization in the economy. This is due to availability of energy in the country, which is a major factor in facilitating industrialization. The country should not lay over reliance on the exploitation of the natural resources in the country as this is hazardous and will lead to further economic stagnation in the future. All major economies in the globe, which have achieved real economic growth, have been a resultant of robust industrial sector (Fujita, Mieno and Okamoto). For example, China, Japan, England and the recent emergence of South Korea and Taiwan to double digit economic growth was a result of robust industrial sector.

The stagnation of the economy has been largely contributed to socialism, and the transition process has been slow as a majority of people are still in subsistence agriculture as the major source of income. For example, it is estimated that 60 percent of the people in Myanmar rely on agriculture as their major source of income. However, after transformation of the economy from socialism to market oriented economy, there has been an emergence of entrepreneurs. Industrialization has been one of the major factors behind the emergence of entrepreneurs in the country. These entrepreneurs have played an imperative role in development of the economy through the establishment of new enterprises, adoption of innovative and creative ideas in the business and providing leadership and management of enterprises (Maung and Than). The development of industrialization in the country will also play an imperative role in ensuring technological development of the country.

In the current global economies, technology and innovations have been among the major factors behind economic development. This has been attributed to improved efficiency and effectiveness of the production system improving the productive capacity. Therefore, industrialization plays an imperative role in achieving accelerated economic growth in the country. For the achievement of real growth in the country, the country requires strategic policies that will ensure rapid industrialization within the next decade to ensure sustainable growth of the economy (Perkins).

## **Economic Reforms on Transition of Myanmar's Economy**

On the transition of the economy under the military rule there have been various reforms as the country transitioned from the socialist economic system

to the current market oriented system. For example, immediately after the transition in 1988, the country introduced the Investment Law, followed by decontrolled prices policies and regularization of the border trade. In addition, the law that established the socialist economy in the country was also revoked. In the reformation of the industrial sector, the country established The Private Industrial Enterprise Law, which provided guidance for the private industries. The country also established a reform on the financial sector in facilitating the economic growth of the country. Various other reforms were established in the tourism, agriculture and rural development, which were all aimed at successful transition that would facilitate the country's economic development.

There were various reforms that directly affected the industrial sector such as privatization and leasing of inefficient state owned factories. For example, in 1991 there was the introduction of the Yangon Industrial Zones and introduction of Cottage Industries Promotion. The chamber of commerce and industry in the country was also established in the country. There were numerous reforms in different sectors of the economy affecting industrialization directly and indirectly (Kudo). However, the documentation of the reforms have been faulted and poorly done reducing the impact of the reforms on growth of the industrial sector and the economy in general. Nevertheless, whether the introduction of reforms has transformed Myanmar's industrial sector and hence improved performance or not the importance aspect is on the impact of the industrial sector in the current period and also in the future.

## **Impact of Economic Reforms on Industrial Growth**

The economic reforms under the military government played an imperative role in providing the private sector with an environment of growth, and recognition on their role in the economy. The reforms also played an imperative role in attracting foreign direct investments, which have played an imperative role in industrialization of the country. In analyzing the impact of economic reforms on the industrial sector, it is important to establish the impact of the industries in the country on the economy. For example, this can be done through establishing the impact of each industry and their contribution to the country's GDP and employment.

The contribution of the specific industries to the economic can be broadly classified into three sectors of the industry, which include the primary industries, secondary and the tertiary industries. A breakdown of the industries considered under the primary industries includes agriculture, livestock and fisheries and forestry. Those considered in secondary industries category includes energy, mining, processing and manufacturing, electric power and construction industries (Kudo). The industries considered under the tertiary industries include transportation, communications, financial institutions, social and administration services and rental among other services.

The table and the graph below indicate the contribution of different sectors industries to Myanmar GDP taken as an average in 1986, 1998 and 2007. Majority of these industries are privately controlled, and a detailed analysis of the ownership structure of the industries indicates that the private sector controls more that 70 percent ownership of the industries. The private sector

plays an imperative role in contributing to the Myanmar's GDP as it accounted for about 40 percent of the GDP in the years prior to the transition in 1986. This was attributed to the fact that during the socialist regime agriculture was not collectivized and ownership of land remained in the hands of the farmers. However, the farmers were constricted by the government as they only grow what was authorized by the government. In addition, the farmers could not sell their farm produce at will and freely in the market but sold such produce to the government at low prices. Industrialization also plays an imperative role in providing employment opportunities in the country. In Myanmar's case, we have to establish the impact of industrialization on employment and employment opportunities created by each class of industries. Employment is imperative in improving the standards of living of the people and increasing the per capita income of the people. The contribution of the primary, secondary and tertiary industries, in Myanmar's economy can be analyzed as follows in the table and graph below.

### **The table and graph below indicates proportion of employment in different sectors of industries from 1988 to 1998 in Myanmar**

This provides an illustration that the primary industry plays an imperative role in providing employment opportunities to the majority of the people in Myanmar. Majority of the people in Myanmar depends on agriculture as their major source of income. However, as a result of the regulations created by the previous socialist regime on production the productivity in the agricultural sector has been adversely affected. After the introduction of

economic reforms, industries have been on the rise, but this has been on a very slow pace due to the existence of numerous challenges for operating firms.

In addition, some of the policies established under the economic reforms affected the operations of foreign direct investors. This reduced the pace of economic transformation of the country as foreign investors made little investments in the country. The country education system also suffered in previous regimes as a majority of the educational policies in the country could not produce competent work force for the country. In addition, majority of the educated and skilled population had moved to other countries, where they could find better employment opportunities (Kudo). The infrastructure development in the country also suffered and it is a major factor towards contributing to industrial development.

The service industry such as banks and insurance industries also play an imperative role in facilitating industrial growth and development. The development of the service industry in the country was hindered by the previous regime, which regulated all sectors of the economy. Therefore, the development and growth of the industrial sector has continuously suffered experiencing stunted growth leading to non-optimal contribution to the economy. However, the formulation of new policies and clear industrial strategies for the country industrial sector will play an imperative role in ensuring the development of the industrial sector and hence improved contribution to the economy.

A robust industrial sector is the only way through which the Myanmar will experience improved economic growth and improved standards of living for



the people. In addition, industrialization will play an imperative role in reducing the poverty levels and increasing employment opportunities (Maung and Than). Increased productivity of the country is dependent on the ability of the country to improve industrialization sector, which will improve exports and improve the balance of trade and exchange rate of the country. In conclusion, Myanmar transition from a socialist economy, to a market oriented economy was to facilitate improved economic growth. Industrialization in the economy is among the major factor behind accelerated economic growth of the country. For example, majority of the major economies, which have experienced real growth of their income and economic level are based on industrialization. In Myanmar, industry sector plays an imperative role in creating employment opportunities, increasing productivity of the country. In addition, the industry sector contributes a significant portion to the GDP in most of the major economies. Therefore, there is a need for the development of new industrial policies, which will attract the development of more industries in the economy.

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