

Burma's Struggle for Economic Development and Modernization



Discussing Different Approaches and Which Way to Go?

Master's Thesis

Aalborg University, Denmark

Development and International Relations

February 1 – May 31, Spring 2018

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Keystrokes: 153.889

Pages: 60 (of 70)

Abstract

Since the 2011 reforms, rapid transformations and widespread changes are taking place in Burma. The country is moving towards in search for stability, peace, prosperity, and development by making political and economic reforms. Politically, Burma is on the process of democratisation, national reconciliation, ceasefire and ending ethnic armed conflicts in the country. Economically, it is at a crossroad where it is accelerating the process of modernisation, industrialisation, urbanisation, and progression. As it opens its economy to the world, Burma becomes the fastest growing economy in ASEAN countries. With rich natural resources, the government's ambitious programs and liberal economic policies, it attracts foreign countries to trade with Burma and doing investment in the country which further give economic growth and boom.

This paper examines two distinct paths and models for economic development, namely the liberal development model which is based on market economy, free trade, privatisation, liberalisation, and the minimisation of state interference in the economy. This is contrast with the Chinese development model where the government is perceived and used as the regulator, initiator, stimulator, and the manager of economy. In addition, although the Chinese model allows the exercise of market economy, the government takes control of markets in a certain degree. Regarding its current economic development, societal systems, and geographical location, choosing and applying the appropriate model is essential to achieve needed developments in the country. Hence, Burma is facing the developmental dilemma and perplexity where it has to choose the suitable development model for its growing economy and societal changes.

The analysis reveals that China is the main source of economic development in Burma. Although its presence is significantly enormous, it faces challenges from the EU and U.S as they offer Burma a liberal model to economic development. After both the EU and U.S have lifted their economic sanctions on Burma and allowed Burma to export its goods and products under GSP program, its trade with EU and U.S is growing since 2011. However, the findings of this thesis show that the volume of Burma-China trade and Chinese investments are the driving forces and keys factors to Burmese economy. Debatably, this paper also argues that the Burmese economy is dependent on its relationship and trade with China to some degree. Thus, the conclusion is that as a conflictual and ethnic diverse country with weak institutions, poor infrastructures, human capitals and markets, the Chinese model is a suitable path to improve the quality of life of all Burmese citizens and to increase further economic growth and development in the country.

List of Abbreviations

ASEAN	Association of Southeast Asian Nations
ASSK	Aung San Suu Kyi
CDM	The Chinese Development Model
EIU	The Economist Intelligence Unit
EU	The European Union
GDP	Gross Domestic Product
GSP	Generalised Scheme of Preferences
LDC	The Least Developed Country
LDM	The Liberal Development Model
NLD	National League for Democracy
SDM	State-led Development Model
US	The United States of America
WST	World System Theory

Table of Contents

1. Introduction	5
1.1 Problem statement	8
1.2 A Brief Political History of Burma	9
2. Methodology	14
2.1 Research strategy	15
2.2 Choice of theories	17
2.3 Choice of data sources	19
2.4 Choice of analytical tools	20
2.5 Objectives of the project	21
2.6 Thesis Structural Overview	22
3. Theory	23
3.1 Liberal Development Model (LDM)	23
3.2 Chinese Development Model (CDM)	26
3.3 World System Theory (WST)	31
3.4 Objectives of applied theories	33
3.5 Critics and limitations of theories	34
4. Analysis	35
4.1 Economic Policy of Burma	35
4.2 Political Economy of Burma	38
4.3 Trade Between EU-Burma	42
4.4 Trade Between US and Burma	44
4.5 EU Investment in Burma	46
4.6 Trade Between China and Burma	48
4.7 Chinese Investment in Burma	51
4.8 Comparative Analysis of Burma Economic Relations With U.S, EU, and China	53
4.9 Analysis of Burmese Foreign Policy Preference	56
4.10 Key Points in The Analysis	60
5. Conclusion	62
6. References	65
7. Appendixes	71

1. Introduction

The Union of Burma was ruled by military junta for over fifty years. After five decades of military rule, the nominally civilian government of 2010 has lent a positive outlook to the political and economic scenario in Burma¹. A military backed civilian government have made different series of reforms and forecasts for economic and social development². Moreover, the government of Burma has emphasised on significant political and economic openness and reforms since 2011 after decades of isolation. Aung San Suu Kyi led NLD (the National League for Democracy), Burma's opposition party, returned and won a landslide electoral victory in late 2015 a democratic election in Burma³. In response to the changes, world powers began to establish economic relationship with Burma.

Through the difficulty period of internal conflicts and isolation, Burma is moving towards peace, harmony, and prosperity. Its openness to the world gives it to become an attractive destination for investment⁴. Burma is rich on natural resources in form of oil, gas, and minerals. Furthermore, it has also geographic advantage of being located between India and China with good harbours and developing road networks⁵. In addition, recently the flow of tourists into the country is anticipated to rise. Thereby, tourism is declared as one of national priority sectors.

As a result of Burma's economic reforms, global powers begin to re-establish ties with Burma⁶. After years of martial law, periods of political unrest and attempts at democracy the new civilian government promises a head start towards liberalization. It is a big challenge to the economic development of Burma. It situates Burma in a difficult position where it has to choose its approach to

¹ Huang, Roger (2010). "Burmese elections 2010: Moving beyond Aung San Suu Kyi", *East Asia Forum*, May 7, Online Available at <http://www.eastasiaforum.org/2010/05/07/burmese-elections-2010-moving-beyond-aung-san-suu-kyi/>

² BCC (2011). "Burma law to allow labour unions and strikes", *Asia-Pacific*, October 14, Online Available at <http://www.bbc.com/news/world-asia-pacific-15303968>

³ Thuzar, Moe (2015). "Myanmar's 2015 Elections: New Hope on the Horizon?", *ISEAS Yusof Ishak Institute, Issue, No. 70, 1-10*, Online Available at https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2015_70.pdf

⁴ ADB (2017). "Myanmar, 2017-2021: Building the Foundations for Inclusive Growth", *Country Partnership Strategy, 1-21*, Online Available at <https://www.adb.org/sites/default/files/institutional-document/237161/cps-mya-2017-2021.pdf>

⁵ Ko, N. Ko (2016). "What's next for Myanmar-China relations?", *Myanmar Times*, May 21, Online Available at <https://www.mmtimes.com/opinion/22241-what-s-next-for-myanmar-china-relations.html>

⁶ EEAS (2017). "EU-Myanmar relations" *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

economic development without causing future conflicts in the country^{7/8}. Burma is at a crossroad to societal development and democratic transition. Thus, its external relations with other countries becomes a challenging and an important issue for its development and future.

Burma's economy is developing and its annually GDP growth rate is 6,5 percent. It has a positive impact on the country itself and the citizens by reducing poverty rate, creating jobs, opening new factories and companies, etc. And the current development in Burma is associated with its new economic external relations. Thus, it is facing two types of development models to deal with its challenging economic growth and developmental issues. On the one hand, the West is coming to Burma with a 'liberal development model' which is about emphasis on the liberalisation of national economy, privatisation of state-owned industries and the limitation of government's intervention on economic forces. In other words, it is a market-led development model. It focuses on free and fair trade, deregulation and the economy is driven by demand and supply. Moreover, the Western development model is also engaged with the introduction of democracy, rule of law, human rights, and freedoms of citizens in a country that they are doing economic business with⁹. In contrast to this, there is a Chinese development model which stresses the state or government as the main actor behind a country's economic growth and development¹⁰. Scholars have termed this model as a state-led development model which accents the increasement of state spending on technology and investment in business. Active government and technocratic bureaucracy is a key element to lead a country's process of industrialisation to achieve a strong and sustainable growth and economy. In this development model, government is seen as a responsible, assistive, and necessary tool to societal development¹¹.

⁷ Tao, Xie (2017). "How Did Myanmar's Reforms Change Its Relations With China?", *The Diplomat*, March 14, Online Available at <https://thediplomat.com/2017/03/how-did-myanmars-reforms-change-its-relations-with-china/>

⁸ Gottschlich, Pierre (2015). "New Developments in India-Myanmar Bilateral Relations?" *Journal of Current Southeast Asian Affairs*, 34, 2, 139-163, Online Available at <http://journals.sub.uni-hamburg.de/giga/jsaa/article/viewFile/876/883>

⁹ EEAS (2017). "EU-Myanmar relations" *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

¹⁰ Li, He (2015). "The Chinese Model of Development and Its Implications", *World Journal of Social Science Research*, Vol. 2, No. 2, 128-138, Online Available at <https://pdfs.semanticscholar.org/457f/3a2dcdaa49b3d3d4731b6d51b3c0c027b143.pdf>

¹¹ Ibid.,

After series of economic reforms, Burma's trade with both the West and China is significantly growing. US-Burma trade is improving after the US has lifted their sanctions and gave the opportunity to export duty-free goods of 5000 products to the United States. As an effect of, Burma's export to the US grew from 'US\$38,000 in 2012 to US\$142 million in 2015' and the US's import to Burma grew from 'US\$1.3 million in 2014 to US\$26.4 million in 2015'¹². Moreover, Burma's exports to European Union also increased and reached a value of €830 million, and the EU has become the fourth major foreign investor in Burma¹³. However, Burma's trade with US and EU are small compared to its trade with China. According to Gelb, Calabrese and Tang (2017) 'Burma's exports to China grew from \$134 million in 2001 to \$15 billion in 2014, and Burma's imports from China expanded from \$500 million in 2001 to \$9.5 billion in 2014'¹⁴. Thus, not only China is now the largest trading partner of Burma in term of both imports and exports, it is also its biggest foreign investor in the country.

Today, Burma is facing significant challenges, including political power-sharing, sectarian violence, ongoing reforms and applying an appropriate development model for its societal development. The current NLD-led democratic government is expected to deliver peace, wealth, development, and democracy. It deals with difficult issues such as 'fighting corruption, stabilising the economy, improving infrastructure, and building peace'¹⁵. Moreover, Burma is confronting three difficult challenges which is about the question of how 'power, wealth, and society' does work in the country¹⁶. Inclusive social, political, and economic change is a centrepiece of Burma's societal change with its different nationalities, armed groups, and ethnic conflicts.

¹² HKTDC (2016). "U.S. Reinstates GSP Benefits for Burma", *Economists' Pick*, September 23, Online Available at <http://economists-pick-research.hktdc.com/business-news/article/Business-Alert-US/U-S-Reinstates-GSP-Benefits-for-Burma/baus/en/1/1X000000/1X0A7K0C.htm>

¹³ EEAS (2017). "EU-Myanmar relations" *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

¹⁴ Gelb, Stephen, Calabrese, Linda and Tang, Xiaoyang (2017). "Foreign Direct Investment and Economic Transformation in Myanmar", *Supporting Economic Transformation*, Online Available at <https://set.odi.org/wp-content/uploads/2017/04/SET-Myanmar-FINAL-170404.pdf>

¹⁵ Meinecke, Shay (2016). "Challenges await Myanmar's quest for change", *Deutsche Welle*, April 11, Online Available at <http://www.dw.com/en/challenges-await-myanmars-quest-for-change/a-19177619>

¹⁶ Gould-Davies, Nigel (2017). "Myanmar's unique challenges", *Open Democracy*, April 10, Online Available at <https://www.opendemocracy.net/nigel-gould-davies/myanmars-unique-challenges>

Despite Burma's encouraging steps in social and political changes and other social challenges in recent years, its societal development and transition are dependent on its way to economic development. Today, Burma is no longer an isolated country in the world. Many countries are doing investment, development, business, and marketing in Burma. It leads Burma into a situation where it has to choose its way to economy and development strategy that benefits most for the country and its citizens. So, paradoxically Burma is facing a developmental dilemma, because there are two developmental model that Burma can follow for its developmental strategy: The liberal development model and the Chinese development model. Both the West and China has offered their willingness to support and initiate Burma as it develops into a better and peaceful society with their distinct approaches to its economic development and transitional process.

Burma is in a process of development. It is crucial for the government of Burma make decision on which development model should be applied for its wealth, growth, and development. What is the argument and conditions of the two distinct models (the liberal and Chinese) to development? This is an entirely unique developmental issue in a specific juncture in politics of Burma. The question is which way is better suited for the current Burma's situation. No one seems to be sure what exactly will mean to follow the Chinese model of development for Burma, which is very interesting in relation to how the subject has been represented in Burma's developmental policy. This has led me to the project's problem statement as follows:

1.1 Problem statement

How would Burma position itself between China and the West and which development model will be suitable for its current economic development?

To answer this problem statement, I find it relevant to look at the Chinese and liberal development model. Thus, that through the applied development model, the Burmese people could obtain the most from Burma's economic development. It is important for me to examine the different between these two development models, and how they are justified and applied in economic systems. Furthermore, I find it applicable to look at World System Theory to study Burma's economy and its external relations for its development and future.

1.2 A Brief Political History of Burma

The Union of Burma is one of the most ethnically diverse nations in the world. It was founded at Panglong on 12 February 1947 by four former British colonies, namely the Chin, Kachin, Shan and Burma Proper which included the Arakan, Karen and Mon peoples^{17/18}. The British annexed these four colonies separately as independent countries in different periods of time and were ruled by different constitutions. Since independence, the government of Union of Burma recognised that there are eight major ethnic nationalities, each with their own history, cultures, religions, religions, and language, namely the Bamar, Shan, Kachin, Karenni, Mon, Karen, Arakan and Chin. Within these major ethnic nationalities there are many other sub-ethnic groups in the country. Thus, the Union of Burma acknowledges today that there are more than 135 ethnic groups in the country^{19/20}.

Historically, Great Britain colonized ethnic Bamar from 1886 – 1948. After a long struggle between the Bamar and the British, the British were willing to give Bamar independency alongside with other ethnic nationalities in their colonial territory. Thereby, the anti-colonialist leader, General Aung San (the father of the opposition leader Aung San Suu Kyi) invited other ethnic nationalities and persuaded them to form the Union of Burma. The result was that they agreed and signed the Panglong Agreement²¹. The aim of the Panglong Agreement was to form a constitutional, democratic, secular, and federal Union of Burma. However, Aug San, who had persuaded ethnic nationalities to join and form a federal Union of Burma in order to achieve independence from the British colonial power, was assassinated before Burma gained her independence²². The agreement was based on the promise

¹⁷ Sakhong, H. Lian, (2003). In Search of Chin Identity: A Study in Religion, Politics and Ethnic Identity in Burma, (Copenhagen: Nordic Institute of Asian Studies).

¹⁸ PA (1947). "Panglong Agreement, 12 February 1947", *Ethnic National Council of Burma*, Online Available at https://peacemaker.un.org/sites/peacemaker.un.org/files/MM_470212_Panglong%20Agreement.pdf

¹⁹ Bruunstrom, David (2015). "U.S. says Myanmar elections will determine future engagement", *Reuters*, October 21, Online Available at <https://www.reuters.com/article/us-usa-myanmar/u-s-says-myanmar-elections-will-determine-future-engagement-idUSKCN0SF2LS20151021>

²⁰ Kramer, Tom (2015). "Ethnic Conflict and Lands Rights in Myanmar", *Social Research*, Vol. 82, No. 2, pp. 335-374, Online Available at http://themimu.info/sites/themimu.info/files/documents/Academic_article_Ethnic_Conflict_and_Land_Rights_Tom_Kramer_2015.pdf

²¹ Sakhong, H. Lian, (2003). In Search of Chin Identity: A Study in Religion, Politics and Ethnic Identity in Burma, (Copenhagen: Nordic Institute of Asian Studies).

²² The Telegraph (2002). "General Ne Win", *Obituaries*, December 6, Online Available at <http://www.telegraph.co.uk/news/obituaries/1415295/General-Ne-Win.html>

of democratic rule, political equality, self-determination, self-government and even the right of secession in the country²³.

The Union of Burma began as a parliamentary democracy after it declared independence in 1948. However, the government of the Union of Burma was not able to fulfil the objectives and visions of the Panglong Agreement. Instead, Burma became a military controlled federal union and unitary state where ethnic Burman controlled all state powers²⁴. Therefore, immediately after Burma became independent from the British colonial power, Burma suffered an insurgency within the country that is still present to this day. Civil war and ethnic conflict in Burma is an ongoing issue. It has been more than 70 years since civil war in the Union of Burma began that caused millions of people to flee the country as refugees, and thousands of people have experienced torture, sexual violence, imprisonment, forced labour, death penalty etc.

Currently, there are more than sixteen ethnic armed groups in the country^{25/26}. Although the Union of Burma began as a parliamentary democracy after it was declared independence in 1948, representative democracy lasted until the military coup of 1962, led by General U Ne Win. His party established a military ruling system and instituted a new constitution with an isolationist policy in 1974 with a socialist economic program²⁷. As a result of isolationist economic policies, the economy of Burma was deteriorated, and the country rapidly faced black-market economy, poverty, corruptions, and social problems. As a response to Ne Win's nationalised economy, the country confronted with mass protests and spearheaded by students in 1988. A peaceful demonstration was

²³ PA (1947). "Panglong Agreement, 12 February 1947", *Ethnic National Council of Burma*, Online Available at https://peacemaker.un.org/sites/peacemaker.un.org/files/MM_470212_Panglong%20Agreement.pdf

²⁴ Lall, Marie (2009). "Ethnic Conflict and the 2010 Elections in Burma", *Asia Programme Paper*, Chatham House, 1-18, Online Available at http://marielall.com/wp/wp-content/uploads/Chatham-House-Dr-lall-15380_1109pp_lall.pdf

²⁵ Ibid.,

²⁶ Ganesan, N. (2015). "Ethnic Insurgency and the Nationwide Ceasefire Agreement in Myanmar", *Asian Journal of Peacebuilding*, Vol. 3 No. 2, pp. 273-286, Online Available at http://space.snu.ac.kr/bitstream/10371/94820/1/07_N%20Ganesan.pdf

²⁷ Devi, S. Konsam (2014). "Myanmar under the Military Rule 1962-1988", *International Research Journal of Social Sciences*, Vol. 3 (10), 46-50, Online Available at <http://www.isca.in/IJSS/Archive/v3/i10/8.ISCA-IRJSS-2014-173.pdf>

cracked down by the army by opening fire on dissidents, killing thousands of people, and displacing thousands more and imprisoned most of political activists in the country²⁸.

In 1989, the military and repressive regime or government changed the country's name from Union of Burma to the Union of Myanmar. Throughout the military dictatorship ruled in the political history of Myanmar, the military government imposed the Myanmarisation of the country which was unaccepted by non-Myanmar nationalities in the country. The Myanmarisation process was based on the idea of one religion, one language, and one ethnicity²⁹. The Myanmar government was trying to make non-Myanmar to become a Myanmarese people, in some places the military forced people to become a Buddhist and speak in Myanmarese language. It banned other ethnic minorities people to learn their native and national language. The idea of Myanmarisation process further fuelled conflict between ethnic Myanmar and other ethnic armed groups in the country³⁰.

Many experts and academics believe and argue that the source of conflict in Burma is the diversity of ethnicities, nationalities, religion, and natural resources etc. The majority of the population of Burma is the ethnic Myanmar group who makes up about two-thirds of the population and controls the military and the government³¹. The minority or other ethnic nationalities, who make up the remaining one-third, live mainly in the resource-rich border areas and hills of Burma^{32/33}. Many people have been forcibly removed from their homes by the military-backed government as it confiscates land for development projects, resource exploitation and fight against ethnic armed

²⁸ Keenan, Paul (2015). "All-inclusiveness In An Ethnic Context", *EBO Background Paper*, No. 4, pp. 1-14, Online Available at https://euroburmaoffice.s3.amazonaws.com/filer_public/01/95/019513d3-e0e5-4ca1-8f7f-fc208f6cbc7c/ebo_background_paper_4.pdf

²⁹ Sakhong, H. Lian, (2003). *In Search of Chin Identity: A Study in Religion, Politics and Ethnic Identity in Burma*, (Copenhagen: Nordic Institute of Asian Studies).

³⁰ Ganesan, N. (2015). "Ethnic Insurgency and the Nationwide Ceasefire Agreement in Myanmar", *Asian Journal of Peacebuilding*, Vol. 3 No. 2, pp. 273-286, Online Available at http://space.snu.ac.kr/bitstream/10371/94820/1/07_N%20Ganesan.pdf

³¹ Devi, S. Konsam (2014). "Myanmar under the Military Rule 1962-1988", *International Research Journal of Social Sciences*, Vol. 3 (10), 46-50, Online Available at <http://www.isca.in/IJSS/Archive/v3/i10/8.ISCA-IRJSS-2014-173.pdf>

³² Kramer, Tom (2012). "Ending 50 years of military rule? Prospects for peace, democracy and development in Burma", *Norwegian Peacebuilding Resource Centre, NOREF Report*, pp. 1-14, Online Available at <https://www.files.ethz.ch/isn/155015/00a4e800d45def2a0a82e6f0f71eb3c8.pdf>

³³ Kuppuswamy, CS (2013). "Challenging The Reconciliation Process: Myanmar's Ethnic Divide and Conflicts", *Institute of Peace and Conflict Studies*, Issue Brief, 221, pp. 1-8, Online Available at http://www.ipcs.org/issue_briefs/issue_brief_pdf/IB221-Kuppusamy-Myanmar.pdf

groups³⁴. As a result, millions of people from these minority groups have become internally displaced people within Burma, or refugees in neighbouring countries^{35/36}.

Despite different conflicts, and problems in the country, the government of Burma introduced different changes, reforms and policies which foster both negative and positive effect on all peoples in the country^{37/38}. During the twenty-first century, the military government moved the country's capital from Yangon to Naypyidaw in 2005. Moreover, in 2008, the new constitution was adopted with the twenty-five percent of the parliament's seats are reserved for the military, and the military-backed party continues to control seats of defence, home affairs, and border affairs which is a big challenge to a democratic transition in the country³⁹. This new constitution had made it possible to hold a parliamentary election in 2010 after decades of military ruled. The 2010 election of Burma became a kickstart to end Burma as an isolated nation-state and open a new relationship with other countries⁴⁰. In 2015, Burma was able to hold a democratic election where Aung San Suu Kyi led NLD (National League for Democracy) party had a landslide victory without the refusal of the election results by the military compared to 1990 election where the military junta did not acknowledge the election result and remained to control the country by dictatorship⁴¹.

³⁴ Kramer, Tom (2015). "Ethnic Conflict and Lands Rights in Myanmar", *Social Research*, Vol. 82, No. 2, pp. 335-374, Online Available at http://themimu.info/sites/themimu.info/files/documents/Academic_article_Ethnic_Conflict_and_Land_Rights_Tom_Kramer_2015.pdf

³⁵ Burke, Jason (2011). Clinton 'encouraged' by Burma reforms as she meets Aung San Suu Kyi, *The Guardian*, December 1, Online Available at <https://www.theguardian.com/world/2011/dec/01/clinton-burma-aung-san-suu-kyi>

³⁶ Bruunstrom, David (2015). "U.S. says Myanmar elections will determine future engagement", *Reuters*, October 21, Online Available at <https://www.reuters.com/article/us-usa-myanmar/u-s-says-myanmar-elections-will-determine-future-engagement-idUSKCN0SF2LS20151021>

³⁷ Fuller, Thomas (2012). "Myanmar President Announces Economic Reforms", *New York Times*, June 19, Online Available at <http://www.nytimes.com/2012/06/20/world/asia/myanmar-president-announces-new-reforms.html>

³⁸ Qingrun, Song (2013). "Myanmar's Economic Reform and Development: Prospects and Challenges", *Focus Asia, Perspectives and Analysis*, No. 3, pp. 1-9, Online Available at <http://isdp.eu/content/uploads/images/stories/isdp-main-pdf/2013-song-myanmars-economic-reform-and-development.pdf>

³⁹ Ganesan, Nadesan (2013). "Interpreting Recent Developments in Myanmar as an Attempt to Establish Political Legitimacy", *Asian Journal of Peacebuilding*, vol.1 no.2, pp. 253-274, Online Available at http://space.snu.ac.kr/bitstream/10371/90860/1/06_N.%20Ganesan.pdf

⁴⁰ Gottschlich, Pierre (2015). "New Developments in India-Myanmar Bilateral Relations?", *Journal of Current Southeast Asian Affairs*, 34, 2, pp. 139-163, Online Available at <http://journals.sub.uni-hamburg.de/giga/jsaa/article/viewFile/876/883>

⁴¹ Thuzar, Moe (2015). "Myanmar's 2015 Elections: New Hope on the Horizon?", *ISEAS Yusof Ishak Institute, Issue, No. 70, 1-10*, Online Available at https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2015_70.pdf

During the military rule, many politicians had been imprisoned, forced others to exile and punished people for being the dissents against the government. The country is changed from the repressive system to discriminate and disintegrate other ethnic nationalities in the country into a more open and inclusive society, especially in economic development after the 2010 and 2015 election^{42/43/44}. Currently, Burma is in a process of development, democratic transition, and reconciliation between the military and ethnic armed groups to create a peaceful, just, and democratic Union of Burma. Regarding Burma's development process, other countries are willing to make trade with Burma, and give aid for its development. As a result of its political change and economic openness, the international sanctions had been lifted and many countries are doing investment, business, and cooperation with Burma^{45/46}. Therefore, its developmental process becomes a significant and challenging issue for its future.

Although Burma is one the fastest growing economy in Southeast Asia, it is still one of the poorest countries in the world. Its economy is mainly dependent on natural resources, gemstones, and husbandry. Foreign investment, aid and tourism also become a source of economic development since Burma introduced series of developmental reforms in 2011.⁴⁷ However, there are still inadequate infrastructure, limited know-how and poor human capital constraints that need to be improved in

⁴² Ganesan, Nadesan (2013). "Interpreting Recent Developments in Myanmar as an Attempt to Establish Political Legitimacy", *Asian Journal of Peacebuilding*, vol.1 no.2, pp. 253-274, Online Available at http://space.snu.ac.kr/bitstream/10371/90860/1/06_N.%20Ganesan.pdf

⁴³ Ganesan, N. (2017). "Democratization and Its Implications for the Resolution of Ethnic Conflict in Myanmar", *Asian Journal of Peacebuilding*, vol.5 no.1, pp. 111-129, Online Available at http://space.snu.ac.kr/bitstream/10371/134781/1/AJP_Vol%205%20No%201_06_N.%20Ganesan_final.pdf

⁴⁴ Thuzar, Moe (2015). "Myanmar's 2015 Elections: New Hope on the Horizon?", *ISEAS Yusof Ishak Institute, Issue, No. 70, 1-10*, Online Available at https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2015_70.pdf

⁴⁵ ADB (2017). "Myanmar, 2017-2021: Building the Foundations for Inclusive Growth", *Country Partnership Strategy, 1-21*, Online Available at <https://www.adb.org/sites/default/files/institutional-document/237161/cps-mya-2017-2021.pdf>

⁴⁶ Harrington, Maxwell (2012). Conference Report: China-Myanmar Relations: The Dilemmas of Mutual Dependence, *Journal of Current Southeast Asian Affairs*, 31, 1, pp. 133-139, Online Available at <https://d-nb.info/1024416798/34>

⁴⁷ Fuller, Thomas (2012). "Myanmar President Announces Economic Reforms", *New York Times*, June 19, Online Available at <http://www.nytimes.com/2012/06/20/world/asia/myanmar-president-announces-new-reforms.html>

order to accelerate further economic growth and development⁴⁸. For that reason, it is a challenging and important issue for Burma to choose the right approach to development because its developmental policies could either foster peace or it could bring further ethnic and social problems in the country.

2. Methodology

Societal problems and issues are considerable interesting agenda for social researchers. It is the mission of social researchers to study society, and to investigate human behaviour within a social structure by using scientific methodology. Applying a scientific method is a centrepiece of social researcher to reach a reliable result. In short, social research is a systematic way of collecting data, conducting research, and analysing findings⁴⁹. Ragin and Amoroso define social research as follows: *‘Social research is one among many ways of constructing a representation of social life – of telling about society. It is the product of the efforts of an individual (or group of individuals) that addresses socially significant phenomena, engages directly or indirectly with ideas or social theory, incorporates large amounts of appropriate evidence that has been purposefully collected, and results from systematic analysis of this evidence’*⁵⁰.

The purpose of the methodology section is to provide an outline of the process I have followed in order to conduct this research project. I have conducted the research by utilising and using *World Systems Theory (WST)*⁵¹ from Immanuel Wallerstein (1976) as my theory, as well as the liberal development model (LDM)⁵² and the Chinese development model (CDM)⁵³ to answer my research question. In social science, methodology is understood as a system of disciplines, rules, and principles

⁴⁸ ADB (2017). “Myanmar, 2017-2021: Building the Foundations for Inclusive Growth”, *Country Partnership Strategy*, 1-21, Online Available at <https://www.adb.org/sites/default/files/institutional-document/237161/cps-mya-2017-2021.pdf>

⁴⁹ Blaikie, Norman (2015). *Designing Social Research*. Cambridge: Polity Press.

⁵⁰ Ragin, C. Charles, & Amoroso, M. Lisa. (2011). *Constructing Social Research*, SAGE Publications, Inc.: Pine Forge Press. SAGE Publications.

⁵¹ Wallerstein, Immanuel (1976). “The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century”, *New York: Academic Press*, 229-233, Online Available at <https://thebasebk.org/wp-content/uploads/2013/08/The-Modern-World-System.pdf>

⁵² Symoniak, D. Jason (2011). “New Voices in Public Policy”, *The Washington Consensus. Volume V, Winter 2010/2011, vol 5, no. 1*, 1-20, Online Available at <https://journals.gmu.edu/newvoices/article/view/14/14>

⁵³ Ramo, C. Joshua (2004). “The Beijing Consensus. The Foreign Policy Centre”, *The Mezzanine*, London, pp. 1-74, Online Available at https://www.files.ethz.ch/isn/23013/Beijing_Consensus.pdf

by social scientists to interpret and solve different problems within a specific approach. In other words, methodology leads and directs the whole research and investigation. Therefore, it is very crucial because an unreliable approach or method produces invalid results and can undermine the reliability of the analysis of data and interpretation of investigations⁵⁴. Thereby, I am reflective and careful about my choice of method, approach, theory, problem statement and research question in this project. Through a short section of research strategy, theory, and objectives of this research, I will answer these questions.

2.1 Research strategy

A research strategy is a systematic way of achieving the research goals by utilising a specific research method. Its function to ensure that the evidence obtained enables a research to effectively address the research problem logically, scientifically, and an unambiguously as possible. The research strategy that I conducted is based on deductive reasoning, because I started out with a theoretical framework of LDM, CDM and WST that has guided my research strategy throughout the project writing. This helps me to find needed data and avoid inappropriate information and facts. Thus, I recognises the relevancy of research strategy, and I am conscious about that my choice of method and approach for my thesis because it must ensure that I have enough data or empiri to write the project and validate my analysis and findings, thus that there is no methodological contradiction between the study's objectives, results, and interpretation of the findings.

In social science research, obtaining data and relevant information to the research problem entails specifying the type of evidence to test a theory, hypothesis, and to evaluate and finalise the study. According to Ragin and Amoroso, *'a research strategy is best understood as a pairing of a general research objective and a specific research method. Each strategy constitutes a way of linking ideas and evidence to produce a representation of some aspect of social life. Research strategies structure how social researchers collect data and make sense of what they collect'*⁵⁵. For Ragin and Amoroso, a strategy is an overall structure of how a social research can produce trustworthy evidence about social life and the social world by using a systematic approach to collect data and study social issues. However, according to Blaikie *"a research strategy, or logic of enquiry, provides a starting-*

⁵⁴ Bryman, Alan (2012). Social Research Methods. Oxford: Oxford University Press.

⁵⁵ Ragin, C. Charles, & Amoroso, M. Lisa (2011). Constructing Social Research, SAGE Publications, Inc.: Pine Forge Press. SAGE Publications.

*point and set of steps by means of which what or why questions can be answered*⁵⁶”. Blaikie’s understanding and use of research strategy are specific with regard to research questions, whereas Ragin and Amoroso see research strategy more general or broad.

A research strategy is a practical way of approaching a research question. This includes choosing and deciding a relevant theory or method for the research and having an idea of concrete social issues that are to be studied, explained, explored, and investigated. There are two ways of doing social research the deductive and the inductive approach⁵⁷. The inductive approach derives generalisations from collected data, choosing, or developing a theory based on what was observed and studied. The deductive approach tries to explain observed regularity by choosing a theoretical approach from which one or several hypotheses are deduced. Data is then collected to test the hypotheses and the chosen theory is either confirmed or rejected⁵⁸.

My research strategy is based on deductive reasoning. A deductive research strategy is a method of study for trying to test theoretical models by using them in real world situations. In doing so, I have used both a qualitative and quantitative approach to collect empirical data. This project will deal with data such as administrative records, documents and statements which could be seen as qualitative, and numbers, statistics and percent which could be termed as quantitative. In order to answer the research question, my strategy is to use both recent and historical data about Burma by using multiple sources of evidence.

Overall, my applied research methods will be of both qualitative and quantitative character based on a thorough data and literature study. Careful awareness of the study’s overall validity and reliability, I am cautious about my choice of methods, theories, and data. Quantifiable data such as investment measures, and trades which could be measured in volume of exports and imports. These data are quantitative in numbers and percent, and they are collected at reliable online data source from journals, books and websites. Qualifiable measures such as official speeches, policy statements and foreign policy which are considered as a qualitative and representative data. Thereby, my data and

⁵⁶ Blaikie, Norman (2015). *Designing Social Research*. Cambridge: Polity Press.

⁵⁷ Bryman, Alan (2012). *Social Research Methods*. Oxford: Oxford University Press.

⁵⁸ Blaikie, Norman (2015). *Designing Social Research*. Cambridge: Polity Press.

data sources are reliable, replicable and validatable. My deductive approach also allows me to adopt theoretical assumptions in respect to how reality is perceived, hence to find the empirical data necessary to attach the theoretical assumptions to the studied and observed.

2.2 Choice of theories

After the government of Burma has introduced and implemented different developmental policies, it becomes an economic open country. As a result of different series of these economic policies, several countries are doing investment, development, business, and marketing in Burma. It leads Burma into a situation where it has to choose its way to economy and development strategy that benefits most for the country and its citizens. Both the West and China has offered their willingness to support and initiate Burma as it develops into a better and peaceful society with their distinct approaches to its economic development and transitional process. So, paradoxically Burma is facing a developmental dilemma, because it must adopt either the liberal development model or the Chinese development model for its development strategy.

Due to the commitment of studying development in Burma, I have chosen to use development models and world system theory as a methodological approach in this project. A specific development model expresses a particular ideological position and fosters a relationship and cooperation with other countries. With that in mind, both China's and the West's external relations with Burma depends on each of their development model. They both do investment and create ties with Burma accordingly to their development model.

I choose the Liberal development model (LDM) which is based on liberal theory of economic development. It promotes both economic and political development to study the current economic growth and change in Burma. The objective is to examine whether LDM is applicable or not in Burma in order to boost further economic growth. It is recognised that LDM preaches liberal theory which emphasises on the role of free trade and rational choice in economic growth and development.⁵⁹ It favours the reduction of government control and state involvement in the economic activities. The rationality is that letting market forces take full charge of the economy translates into efficient allocation of resources which have social advantages too. In term of political development, the West

⁵⁹ Symoniak, D. Jason (2011). "New Voices in Public Policy", *The Washington Consensus*. Volume V Winter 2010/2011, Vol 5, no. 1, pp. 1-20, Online Available at <https://journals.gmu.edu/newvoices/article/view/14/14>

are advocating for values such as respect for human dignity, human rights, freedom, democracy, equality, and the rule of law, including to promote peace, justice, and the wellbeing of the citizens⁶⁰.

In contrast to the LMD, the Chinese development model (CDM) sees a state or government as a main driving force behind economic development. The state initiates detailed operations of individual enterprises with various measures intended to promote national industrial policies and to achieve its targeted goals⁶¹. Although markets are recognised as an important sector for the functioning of the economy, public ownership, direct government interference and state-led industrial policies (such as investment in research, infrastructure, energy, health etc.) are the integral and inherent part of the system in a state-led development model⁶². Thus, the state has a dual function as owner of large public enterprises and powerful regulator of the economy. And unlike the West, the Chinese development model does not concern itself with a country's political system. It only emphasises economic relations, cooperation, and doing investment⁶³. The question also is about whether the CMD is applicable to economic development of Burma.

Finally, I choose World System Theory, because WST teaches two ideas of economic systems which important crucial and important to study economic growth and development in across the world. Firstly, it emphasises on the dynamics nature of world economy. According to WST, the world economy is always cycling in terms of trade, investment, outsourcing and development. After economic reforms in 1980s, China has become a global factory, production centre and exporter⁶⁴, and it has moved from a periphery and semi-periphery state to a core state. Debatably, China has become an economic world hegemon. Today, the Chinese economy is experiencing economic overcapacity, and it needs to find new periphery or semi-periphery state in order to balance and sustain its huge

⁶⁰ Ibid.,

⁶¹ Li, He (2015). "The Chinese Model of Development and Its Implications", *World Journal of Social Science Research*, Vol. 2, No. 2, pp. 128-138, Online Available at <https://pdfs.semanticscholar.org/457f/3a2dcdaa49b3d3d4731b6d51b3c0c027b143.pdf>

⁶² Renwick, Neil (2015). China's Approach to International Development: A Study of Southeast Asia", In: Su Ping and Marc Lanteigne (eds.) *JCIR: VOL. 3, No. 1, 104-129*, Online Available at http://vbn.aau.dk/files/246575584/JCIR_vol_3_no_1_2015_.pdf.

⁶³ Kudo, Toshihiro (2006). "Myanmar's Economic Relations with China: Can China Support the Myanmar Economy?", *Institute of Developing Economies, IDE- JETRO*, Online Available at https://ir.ide.go.jp/?action=pages_view_main&active_action=repository_view_main_item_detail&item_id=38100&item_no=1&page_id=26&block_id=95

⁶⁴ Hirst, Tomas (2015). "A brief history of China's economic growth", *World Economic Forum*, July 30, Online Available at <https://www.weforum.org/agenda/2015/07/brief-history-of-china-economic-growth/>

economy. In regard to that, China sees its neighbouring countries as essential economic partners. Burma as one of the borderline countries of China, the close relationship between these two countries will be a beneficiary, especially for economic reasons.

Secondly, WST accentuates a country's location and external relations which is very vital to societal development and changes. Theoretically speaking, the WST locates and categorises states into different positions in term of their political and economic features. According to Immanuel Wallerstein (1976), the nation-state could be described differently by their position and relationship with one another. As a basis for comparison, and analysis, Wallerstein proposes four categories, namely core, semi-periphery, periphery, and external areas, into which all states and regions of the world can be placed⁶⁵. The core countries dominate and exploit peripheral countries for labour and raw material. The peripheral countries are dependent upon core countries for capital (money) and investment. Semi-peripheral countries share characteristics of both and position between the core and periphery states. External areas are characterised as countries whose economy is isolated and maintain their own economic systems and are able to manage to remain outside the modern world economy⁶⁶. WST preaches the importance of geographic position for labour, exchange, and comparative advantage as well as a country's cooperation and external relations.

2.3 Choice of data sources

In social sciences, there are two different types of sources, namely primary and secondary. Primary sources are original materials, including primary documents such as diaries, interviews, photographs, speeches, video, and audio recordings etc. In contrast to primary sources, secondary sources are information and data which have been collected and analysed by other social researchers. Examples of secondary sources are biographical works, books, commentaries, criticisms, dictionaries, histories, journal articles, textbooks, encyclopaedias etc.

The advantage of utilising secondary sources is that it can facilitate the communication of what is known about the topic. In addition, secondary sources are primary source materials which have been

⁶⁵ Reyes, E. Giovanni (2001). "Four Main Theories of Development: Modernization, Dependency, World-System, and Globalization", *Nómadas. Revista Crítica de Ciencias Sociales y Jurídicas*, 04, 2, Online Available at <https://webs.ucm.es/info/nomadas/4/gereyes1.pdf>

⁶⁶ Wallerstein, Immanuel (1976). "The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century", *New York: Academic Press*, 229-233, Online Available at <https://thebasebk.org/wp-content/uploads/2013/08/The-Modern-World-System.pdf>

gathered systematically by another social researcher. ‘*Secondary data are raw data that have already been collected by someone else, either for some general information purpose, such as a government census or other official statistics or for a specific project*’⁶⁷. In my project, I will use both primary and secondary sources such as journals, newspapers, or websites, official speeches and statements. Specifically, in this project, I have chosen to examine empirical data such as trade, investment, volume of exports and imports including relevant official statement, speeches, policy papers, journals, and websites, because these sources represent the actual fact and data about economic growth and development in Burma.

2.4 Choice of analytical tools

In this project, I will apply both content analysis and comparative analysis to examine my data. Content Analysis is a scientific and systematic way of studying communications and text data⁶⁸. It emphasises on ‘the content of the meanings, contexts and intentions contained the messages’. It studies words, concepts, themes, phrases, characters, or sentences within texts and communications or sets of texts to understand the underlying content and internal features of the messages and intentions. It analyses the invisible and visible messages and meanings of both written and visual communications⁶⁹. The interpretation of the content of communications and texts is the objective of content analysis. Both written and verbal texts can broadly be described as documents, books, papers, newspapers, articles, essays, interviews, discussions, speeches, conversations, audio-massages, lectures etc. occurrence of communicative language. I choose content analysis as an analytical tool, because I will examine the content of relevant text data related to my research question such as policy papers, research papers, official statements, and speeches.

Not only, I intend to study text data to answer my research question, I also want to compare different types of data about economic growth and development in Burma. In doing so, I choose comparative analysis, because it focuses on comparing two or more things which could for instance be two texts, two theories, two figures or data etc. In order words, it deals with diversity by examining and

⁶⁷ Blaikie, Norman (2015). *Designing Social Research*. Cambridge: Polity Press.

⁶⁸ Hsied, Hsiu-Fang and Shannon, E. Sarah (2005). “Three Approaches to Qualitative Content Analysis”, In: *Qualitative Health Research*, Vol. 15 No. 9, pp. 1277-1288

⁶⁹ Elo, Satu & Kyngäs, Helvi (2008). “The qualitative content analysis process”, *Journal of Advanced Nursing* 62(1):107-15, Online Available at https://www.academia.edu/4898103/The_qualitative_content_analysis_process

comparing the causes and effects⁷⁰. Moreover, a comparative analysis studies differences and similarities in to order to make sense of things⁷¹. In my thesis, I will look at the differences between different types of development models in order to make an argument for which development model would be applicable for the Burmese economy by comparing empirical data such as trade, investment, volume of exports and imports.

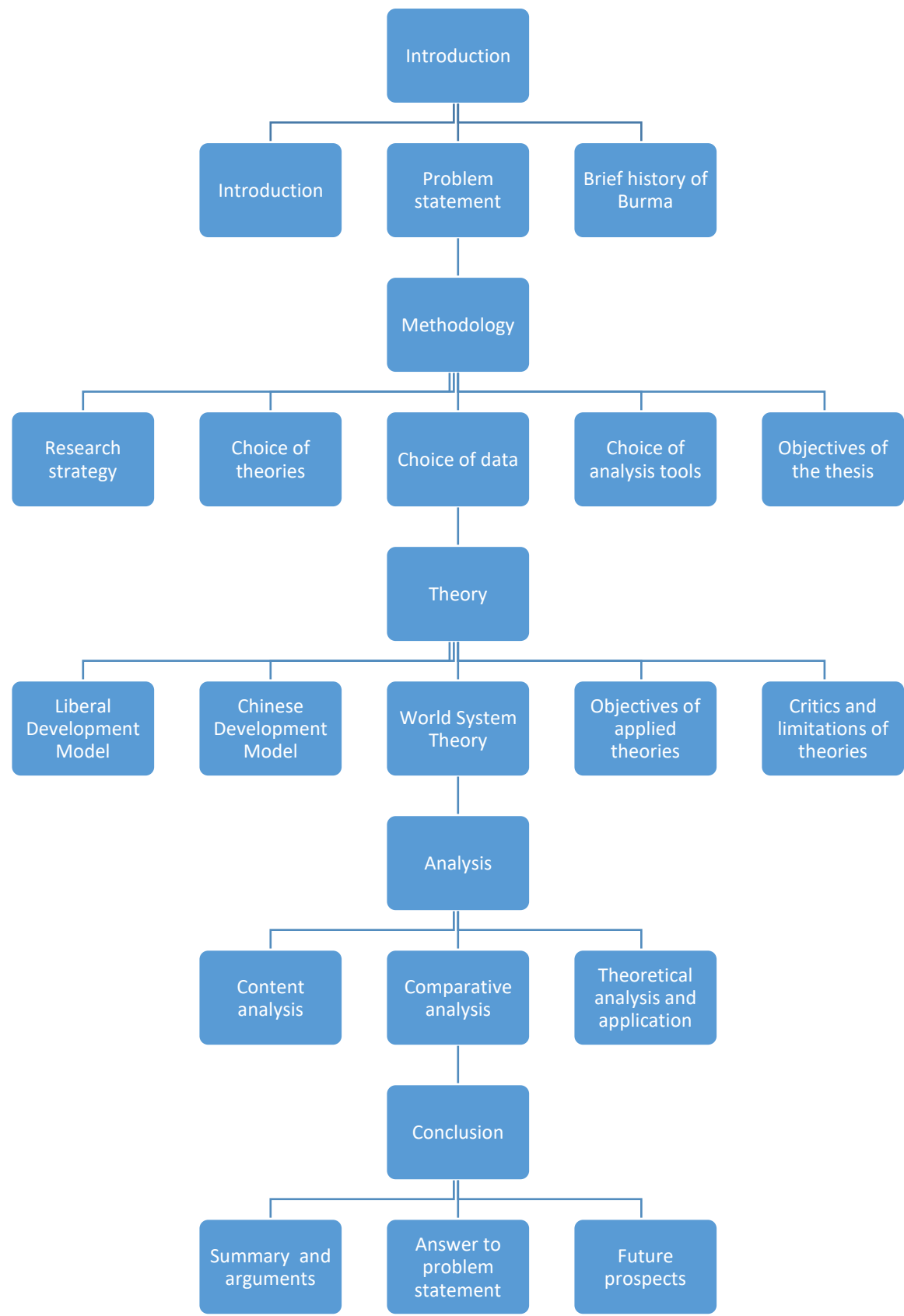
2.5 Objectives of the project

As an ethnic diverse nation, the economic growth, development, and political stability of Burma depends on its use of an appropriate development model and its external relations. The purpose of the project is to study the occurring economic development in Burma. After series of economic reforms since 2011, Burma has become an attractive destination for doing business, investment, marketing, and geopolitics. Today, both China and the West come to Burma with their distinct development model to modernise and develop the country. The objective of this project is to study what kind of development model could be suitable for Burma, and Burma's external relations for its development and future.

⁷⁰ Ragin, C. C., & Amoroso, L. M. (2011). *Constructing Social Research*, SAGE Publications, Inc.: Pine Forge Press. SAGE Publications.

⁷¹ Pickvance, Chris (2005). "The Four Varieties of Comparative Analysis: the case of environmental regulation", *Paper for Conference on Small and large-N comparative solutions*, University of Sussex, September 22-23, Online Available at <http://eprints.ncrm.ac.uk/57/1/chrispickvance.pdf>

2.6 Thesis Structural Overview



3. Theory

In the following section, I am going to outline the liberal, Chinese development model and World System Theory, which I will then apply as my theoretical framework to analyse collected data to study economic growth and development in Burma.

3.1 Liberal Development Model (LDM)

The idea of Liberal development model (LDM) is based on liberal theory of economic development. Economists and political scientists have been interested in the practice of liberal economic policy. It is therefore worth noting that LDM is a much broader concept and is just a part of what can be called multiple development models.

The main work on the concept of LDM can be found in ‘What Washington Means by Policy Reform’ 1990 by John Williamson. His approach is termed as the Washington Consensus and consists of ten policy instruments⁷². The economic objectives of LDM consists two characteristics; on the one hand it emphasises on the promotion of economic stability and well-being fiscal adjustment and market forces; on the other hand, it preaches the limitation of the role of the state in the economy. The political objectives of LDM is the promotion of democracy, human rights, rule of law and freedoms. The LDM’s ten economic policies are addressed are as follows:

Fiscal Deficits

LDM believes in a fiscal discipline. As acknowledge dby John Williamson that “*there is very broad agreement in Washington that large and sustained fiscal deficits are a primary source of macroeconomic dislocation in the forms of inflation, payments deficits, and capital flight*”⁷³. Fiscal discipline is important because large and sustained fiscal deficits contribute to unbalanced economic development. In order to avoid this imbalance situation, the governments are expected to have a minimum fiscal discipline. A rational calculation of economic location and resources are essential to deal inflation and capital flight.

⁷² Williamson, John (1990). “What Washington Means by Policy Reform”, *Latin American Adjustment: How Much Has Happened?*, Online Available at <https://piie.com/commentary/speeches-papers/what-washington-means-policy-reform>

⁷³ Ibid.,

Public Expenditure Priorities

Government generated public expenditure should be limited, and public funds and subsidies must be reduced. Public expenditure must not hinder the individual and private business to boost economic development and profits. However, John Williamson also recognises that the reduction of government spending on the military, public administration, subsidies, education, health and public infrastructure must carefully be considered because these areas of public expenditure are highly demanded and necessary in developing countries to increase productivity and creativity.

Tax Reform

Tax reform is very important in order to robust economic growth and attract investment from foreign firms. Raising the appropriate level of tax and increased tax revenue are an inferior alternative to deal with fiscal deficit. John Williamson acknowledges that as he states that “*increased tax revenues are the alternative to decreased public expenditures as a remedy for a fiscal deficit*⁷⁴”. Thus, tax revenue could be used to fund public services and lowering tax rates to attract investment and encourage big companies to locate their firms in developing countries. Therefore, the objective of a tax system must be to *combine a broad tax base with moderate marginal tax rates*⁷⁵.

Interest Rates

There are two general principles about the level of interest rates. The philosophy of the first principle is that interest rates should be market-determined. The rationality is to avoid the resource misallocation as a result of rationing credit by arbitrary criteria. The second principle is that interest rates should be positive to discourage capital flight and to increase savings. Both interest principles are significant to deal with unsustainable inflow of foreign investments.

Exchange Rates

In order to bolster economic growth in export sectors, exchange rate plays a significant role. Especially, low exchange rate is one the primary sources for developing countries to benefit from exporting manufacture goods. Market forces are essential to determine an appropriate exchange rate.

⁷⁴ Ibid.,

⁷⁵ Williamson, John (2009). “A Short History of the Washington Consensus”, *Law and Business Review of the Americas*, Vol. 15, 6-23, Online Available at <https://scholar.smu.edu/cgi/viewcontent.cgi?article=1381&context=lbra>

Therefore, adopting a competitive exchange rate strengthens exports by making them cheaper abroad. In that sense, competitive exchange rate could be described as an *outward-oriented economic plan*⁷⁶.

Trade Liberalization

The other element of an outward-oriented economic instrument is import liberalisation. The economic rationality of trade liberalisation is to gain surplus by having trade relations with other countries. ‘*By allowing imports into their country, developing populations may reap the benefits of economies of scale and the comparative advantage of other producers of goods and services*’⁷⁷. As a positive result of trade liberalisation, it contributes to economic growth and poverty reduction. To robust trade liberalisation policy, tariffs for imports should be minimised.

Foreign Direct Investment

Foreign direct investment (FDI) allows foreign governments and firms to easily do business and investment in developing countries. It helps developing countries to obtain economic growth. Moreover, it assists the improvement of ‘*needed capital, the development of skills, the transfer of knowledge and technology*’⁷⁸. Therefore, the derestrict of FDI should be encouraged. As John Williamson states that ‘*investment can bring needed capital, skills, and know-how, either producing goods needed for the domestic market or contributing new exports*’⁷⁹.

Privatization

It is believed that private industry operates more efficiently than state run industry. For that reason, John Williamson proposes that state-owned enterprises must be privatised to increase efficiency and productivity. ‘*The main rationale for privatization is the belief that private industry is managed more efficiently than state enterprises, because of the more direct incentives faced by a manager who either has a direct personal stake in the profits of an enterprise or else is accountable to those who do*’⁸⁰. The government should cut public expenditures in order to increase production, encourage innovation

⁷⁶ Symoniak, D. Jason (2011). “New Voices in Public Policy”, *The Washington Consensus. Volume V, Winter 2010/2011, vol 5, no. 1, 1-20*, Online Available at <https://journals.gmu.edu/newvoices/article/view/14/14>

⁷⁷ Ibid.,

⁷⁸ Ibid.,

⁷⁹ Williamson, John (1990). “What Washington Means by Policy Reform”, *Latin American Adjustment: How Much Has Happened?*, Online Available at <https://piie.com/commentary/speeches-papers/what-washington-means-policy-reform>

⁸⁰ Ibid.,

and competition. The neoliberal idea of privatisation is to make private market more competitive and efficient.

Deregulation

The other element of promoting competition is to deregulate the economy. It is perceived that deregulation contributes to economic progress and growth and promotes fair competition. As according to Jason D. Symoniak (2011), the decrease of regulation discourages corruption and rent-seeking behaviour. Governments are encouraged to deregulate the economy to avoid excessive state regulation that discriminate against smaller enterprises.

Property Rights

Property rights plays an important role in the liberalisation of economy. It is about legal ownership of specific property by individuals and the ability to determine how such property is owned and used. Moreover, property rights form the basis for all market exchange, and the allocation of property rights in a society affects the efficiency of resource use. Weak judicial systems are associated with the reduction of incentives to save and accumulate wealth; therefore, property rights must be implemented.

As explained above, LDM could be described with two main characteristics. Firstly, LDM is based on a free market economy that is based upon the principles of private enterprise and has a minimum of governmental restrictions. It is an economic system where the government does not interfere in business activity. Secondly, LDM promotes the introduction and implementation of liberal ideologies such as democracy, rule of law, human rights, and political pluralism. To fully apply, LDM's economic and political system in Burma would not be a choice and decision to meliorate and enhance the economic, social, and political development, change and transformation, because Burma is a poor, weak and ethnic-diverse country with ongoing and history of conflicts, corruptions, and civil wars. Therefore, market-led development will further worsen economic system with its weak and poor economy without state interference or intervention.

3.2 Chinese Development Model (CDM)

The Chinese development model (CDM) is based on a state involvement theory of economic development. In this economic theory, a state plays a big role to stimulate economic growth and stability. The main four characteristics of CDM according to He Li (2015) are; '*state-led development*

*model, development as the top priority, focus on good governance and gradual and pragmatic reform*⁸¹.

CDM follows the economic ideology of state-led development model (SDM) that accentuates the necessity of state interference in economic development and growth. It is perceived that the state or government is responsible to create the conditions for social and economic transformation such as industrialisation, urbanisation and marketisation. In order to do such things, the state must stimulate economic growth by introducing and implementing different and relevant state-initiated economic programs⁸². It is a centrepiece of SDM to promote growth by integrating in world economy and doing infrastructure investments etc. Secondly, CDM prioritises development, especially economic development. The objective is to achieve the improvement of living standard by the practiced of economic reforms and growth. To promote economic development and to maintain peace and stability is prioritised rather than democracy, human rights, and rule of law. To attain economic prosperous wealth and to enhance the life of citizens sideline electoral democracy which is described as '*not suitable for all nations*⁸³'.

Thirdly, CDM also acknowledges the importance of good governance. Good governance is associated with transparency, responsiveness, effectiveness, efficiency, and accountability, including the exercise of authority to manage a country's directions⁸⁴. In the case of China, the state is trying to improve its unsatisfactory records of human rights violations and corruptions. Lastly, CDM emphasises on gradual and pragmatic reform. The societal environment change must be incremental and piecemeal, thus that the government is able to manage all the matters and affairs of the country⁸⁵. CDM also highlights an adaptable and flexible platform whereas the government can play a major role to remove injustices and introduce economic development. The goal is also to avoid chaotic situation and disordered environment.

CDM is also termed as the Beijing Consensus in 'The Foreign Policy Centre' 2004 by Joshua Cooper Ramo. According to Ramo, the Beijing Consensus is about three theorems regarding '*how to organise*

⁸¹ Li, He (2015). "The Chinese Model of Development and Its Implications", *World Journal of Social Science Research*, Vol. 2, No. 2, 128-138, Online Available at <https://pdfs.semanticscholar.org/457f/3a2dcdaa49b3d3d4731b6d51b3c0c027b143.pdf>

⁸² Ibid.,

⁸³ Ibid.,

⁸⁴ Ibid.,

⁸⁵ Ibid.,

*the place of a developing country in the world*⁸⁶. Using economics to improve and strengthen trade, investment and relationships, CDM follows the five principles of such as ‘innovation-led development, social development, sustainable development, non-interference and stability’⁸⁷. Furthermore, it emphasises on domestic economic growth, development, and relations with other countries. The CDM has three main economic policies as follows:

Innovation

It is believed that innovation is the main source of economic progress. In doing so, governments must actively initiate innovation programs and policy. In that sense, the government is a responsible mechanism to stimulate and initiate economic growth. Moreover, the government must be a responsive actor directing and managing economy. In order to apply innovation as a driver of economic development, the government must actively participate in the changing economic and social environment issues. ‘Change, newness and innovation’ are the keywords for Chinese approach to economic development⁸⁸.

Alternative economic measurer

It is viewed that GDP per-capita is not the only measurement of economic success. Like the value of innovation is praised, the value of ‘quality of life, sustainability, and equality’ are also valued as an important measure of economic development⁸⁹. Economic strategies and policies are people-centred, and the measurement of development is based on the quality of life, individual equity, sustainability, and equality levels. To avoid economic mismanagement, and to introduce the relevance economic policies which meet or satisfy the needs and wants of population and industries, the government uses a state-based surveys and opinion polls.

⁸⁶ Ramo, C. Joshua (2004). “The Beijing Consensus. The Foreign Policy Centre”, *The Mezzanine*, London, pp. 1-74, Online Available at https://www.files.ethz.ch/isn/23013/Beijing_Consensus.pdf

⁸⁷ Sojková, Iva (2017). “The Beijing Consensus: Characteristics of China’s Official Development Finance in Ghana, 2000-2013”, *Central European Journal of International and Security Studies* 11, no. 3:107-140, Online Available at https://www.researchgate.net/publication/321154627_The_Beijing_consensus_Characteristics_of_China's_official_development_finance_in_Ghana_2000-2013

⁸⁸ Ramo, C. Joshua (2004). “The Beijing Consensus. The Foreign Policy Centre”, *The Mezzanine*, London, pp. 1-74, Online Available at https://www.files.ethz.ch/isn/23013/Beijing_Consensus.pdf

⁸⁹ Ibid.,

Self-determination

CDM emphasises on the self-determination of developing countries regarding their relationship with other countries. It preaches and encourages developing countries to freely act and follow their own way of economic development without having to accept specific agreements imposed by the hegemonic powers. The idea of imposing the will of 'hegemonic powers' in developing countries is rejected by the CDM⁹⁰. It values self-determination for developing countries to run away from outside pressure.

According to both Elsje Fourie (2013) and Seth D. Kaplan (2018), the CDM has various characteristics regarding to Chinese industrialisation, urbanisation, modernisation, development, and growth of Chinese economy. It is characterised by a close relationship between state and markets, whereas the state plays an essential role to development. Firstly, CDM perceives that the ultimate goal of the state is to promote economic development. Development is regarded as a national project⁹¹. The role of the state is to boost economic growth, and to stabilise the country and to distribute economic accumulation and advantages. The state also conceived as a responsible mechanism to foster and ensure economic growth and industrial modernisation⁹². The government policy is used to increase economic competitiveness and to contribute further economic progress⁹³. Secondly, the CDM's principles and standards are internationally-oriented without ideological preferences. It emphasises on export-led growth. The government is able to produce optimal results by using financial systems to promote development and stability. The state controls the financial sectors in order to make national economy manageable, to play an active role in economy, and to prevent capitalist class exploitation.

Thirdly, CDM sees the development and innovation of infrastructure as productive forces and motors to move its economy forwards⁹⁴. With that in mind, it invests in education and research with the objective of to accomplish sustainable economic growth and overseas market. It prioritises

⁹⁰ Ibid.,

⁹¹ Fourie, Elsje (2013). "Does The 'Chinese Model' Undermine The Influence of The EU's Approach To Development? The Case of Kenya", *The EU and Emerging Powers Conference Brussels*, April 29-30, Online Available at http://www.usaintlouis.be/fr/pdf/IEE/Brochures/paper_elsje_fourie.pdf

⁹² Ibid.,

⁹³ Kaplan, D. Seth (2018). "Development with Chinese Characteristics", *the American Interest*, Volume 13, Number 5. Online Available at <https://www.the-american-interest.com/2018/01/03/development-chinese-characteristics/>

⁹⁴ Ibid.,

knowledge, basic education, producing high skilled specialists, learning in policy-making, using experimentation and feedback as mechanisms to improve and innovate ideas to maximise efficiency and effectiveness^{95/96}. The government heavily invests in science and technology which could be applied in increasing crops and harvests productions and driving agricultural growth.

Fourthly, CDM's policy is based on state-initiated programs and plans. Its systems also allow markets and interest groups can determine about economic goals and policies to respond market demands and labour forces. It accents the necessity of constructing a business-friendly state that can play a leading role in national economic development. "*The role envisioned for the state is moderate, with a liberal but 'defensive' state partnering with a vibrant private sector in the interests of 'economic nationalism'*"⁹⁷. Government and business enterprises work together to handle market signals, demands, and needs to avoid markets failures and to strengthen economy with policy adjustment. In addition, CDM also acknowledges the necessity of the state-led initiatives and guidance in free market commercial activities which means that both the state and private sectors are closely working together to attain economic objectives and benefits. Not only the government stimulates, regulates, and controls the economy, it also provides assistance and supports to business enterprises to reach economic success and growth. Furthermore, the government owns tens of thousands of companies⁹⁸, and its administrative function is flexible regarding markets, investors, market competition and economic growth.

Lastly, CDM ignores the liberal ideologies, liberal economic development, and political pluralism⁹⁹. It preaches the importance of civic cohesion over civic participation in politics and economy. A high degree of social cohesion and strong sense of nationhood are prioritised as a unified state to avoid political and ethnic splits in the country which could be obstacles and constraints for economic

⁹⁵ Fourie, Elsje (2013). "Does The 'Chinese Model' Undermine The Influence of The EU's Approach To Development? The Case of Kenya", *The EU and Emerging Powers Conference Brussels*, April 29-30, Online Available at http://www.usaintlouis.be/fr/pdf/IEE/Brochures/paper_elsje_fourie.pdf

⁹⁶ Kaplan, D. Seth (2018). Development with Chinese Characteristics, *the American Interest*, Volume 13, Number 5. (<https://www.the-american-interest.com/2018/01/03/development-chinese-characteristics/>)

⁹⁷ Fourie, Elsje (2013). "Does The 'Chinese Model' Undermine The Influence of The EU's Approach To Development? The Case of Kenya", *The EU and Emerging Powers Conference Brussels*, April 29-30, Online Available at http://www.usaintlouis.be/fr/pdf/IEE/Brochures/paper_elsje_fourie.pdf

⁹⁸ Kaplan, D. Seth (2018). Development with Chinese Characteristics, *the American Interest*, Volume 13, Number 5. (<https://www.the-american-interest.com/2018/01/03/development-chinese-characteristics/>)

⁹⁹ Ibid.,

growth. It puts stress on economic and social development with disciplined approach to societal change and economic growth as it prioritises gradual changes. Moreover, it believes that democratic systems do not necessarily provide the best societal systems and development.

As explained supra, CDM could be defined with four characteristics. Firstly, CDM embraces the idea of a state-led approach to development whereas the state plays a responsible actor to economic and social development. Secondly, its foreign policy is based on mutual respect and non-ideological referent. Regarding its external relations, China does not interfere in other country's internal systems and political activity, it only does business and investment. Thirdly, it emphasises on self-determination. The Chinese government allows its economic partnering country to freely act and follow their own economic development. Finally, the close relationship between the government and business enterprises to enhance economic development and growth. Burma would gain more benefit from applying CDM's approach to development, because as a poor country, markets need economic assistances from the state, and the government must invest in infrastructures, education, public services etc. In addition, using the CDM would allow the government of Burma to freely act and follow its own path to economic and social development.

3.3 World System Theory (WST)

WST positions and categorizes states into different position in term of both political and economic characteristics. According to Immanuel Wallerstein (1976), the nation-state could be described differently by their position and relationship with one another. He then, proposes four different categories: core, semi-periphery, periphery, and external areas.

The Core State

The core states are those countries of the world that control the economic capital essential to economic exploitation. The core state is characterised by concentration of economic power, diverse economic base, high income relative to the periphery, relative price stability and greater social and political stability because of strong central government, extensive government, extensive bureaucracies, and large military armies. These core states 'benefit the most from the capitalist world economy'¹⁰⁰. In other words, developed countries gain more from international commerce, capital surpluses from their relationship and trade with for instance developing countries.

¹⁰⁰ Sorinel, Cosma (2010). "Immanuel Wallerstein's World System Theory", *Annals of Faculty of Economics*, vol. 1. Issue 2, 220-224, Online Available at <http://anale.steconomiceuoradea.ro/volume/2010/n2/031.pdf>

The Periphery State

The periphery states are those who have difficulties without external actors. These countries are economically dependent on the core states and could be considered a part of the developing world. These countries could be characterised by lack of economic power, an export base economy, very low income with a great deal of uneven distribution, social and political instability. In addition, periphery states lack strong central governments or are controlled by other states, exported raw materials to the core, and rely on coercive labour practices. The core expropriates much of the capital surplus generated by the periphery through unequal trade relations¹⁰¹.

The Semi-Periphery State

The semi-periphery state is a country in a process of transition stage from a becoming either as a core country or as periphery country. The economy of semi-periphery countries is not fully dependent on the core, but is not fully industrialised, either¹⁰². They could be characterised as moderate developed countries, median income with developed middle class and buffers between the core and the periphery states. In contrast to core state, semi-periphery states fail to predominate international trade and thus do not benefit to the same extent as the core. According to Wallerstein, the semi-peripheries are also exploited by the core.

In addition, according to WST, the world economy is always cycling in terms of trade, investment, outsourcing and development. After economic reforms in 1980s, China has become a global factory, production centre and exporter¹⁰³, and it has moved from a periphery and semi-periphery state to a core state. Therefore, it needs to find new outsourcing partners. After decades of its economic success and wealth, China detably has become an economic world hegemon. The geographic location of Burma is undeniably crucial for China to do investment and to outsource factories. Today, the Chinese economy is experiencing the economic overcapacity, and it needs to find new periphery or semi-periphery state in order to balance and sustain its huge economy.

¹⁰¹ Ibid.,

¹⁰² Ibid.,

¹⁰³ Hirst, Tomas (2015). "A brief history of China's economic growth", *World Economic Forum*, July 30, Online Available at <https://www.weforum.org/agenda/2015/07/brief-history-of-china-economic-growth/>

The External Areas

The external areas are countries that are isolated from an integrated world economy. They have their own economic systems and, for the most part, are able to manage to remain outside the modern world economy¹⁰⁴. For these countries, their internal markets and commerce are more important than trade with outside world. Furthermore, the government regulates the economy and limits foreign commercial influence.

As described above, WST emphasises on the position of nation-state and their relationship with one another in world economy. Within WST, there is economic transactions the core and non-core nations in terms of access to large quantity of raw material and other goods, cheap labour, profits from capital investment, market for exports and imports and labour migration from non-core nations to core. It highlights the necessity of geographic location for economic transactions and exchanges. Moreover, WST has dynamic features, in part because of revolutions in transport technology, and individual states can gain or lose their core status over time. Its structure is characterised by division of labour, outsourcing, exchange, and comparative advantages. By using the lens of WST, Burma could attain more economic beneficiary and advantages with a closer and better economic relationship with China, because of its geographical position.

3.4 Objectives of applied theories

I have chosen LDM, CDM and WST as my applied theories in this thesis to answer my problem statement. As my research question is about choosing the applicable model or method, clarifying and comparing the economic rationalities and understandings behind these theories will make Burma to decide the exercise of the relevant or fitting approach to its recent economic growth and development. Practicing the eligible model to development is crucial for Burma to maintain its growth and to strengthen further economic boom which, will help Burma to reduce poverty and economic hardship of citizens. The lack of socio-economic development by applying the inappropriate development model could cause instability, economic stagnation, poverty, and internal conflicts. Thus, the economic development is central to the modernisation, industrialisation and stabilisation of Burma, and its integration in international society. Therefore, the choice of applied theories for this thesis

¹⁰⁴ Wallerstein, Immanuel (1976). "The Modern World-System: Capitalist Agriculture and the Origins of the European World-Economy in the Sixteenth Century", *New York: Academic Press*, 229-233, Online Available at <https://thebasebk.org/wp-content/uploads/2013/08/The-Modern-World-System.pdf>

will make it possible to study aspects of the economic ideology of developments in Burma, and to make arguments for the suitable development model for Burma.

3.5 Critics and limitations of theories

Theories try to simplify and explain complex processes and patterns and are based on several underlying assumptions. And different theories have different assumptions and their application differ from case to case. In addition, it attempts to introduce and implement specific ideas or approaches to achieve intended objectives. In this project, LDM, CDM and WST are used as a theory to explain the transformative and ongoing development in Burma. These two development models have their own strengths and weaknesses.

The weakness of LDM is that it will be difficult to fully apply in a poor and undemocratic country like Burma. Tax reform, trade liberalisation, privatisation and deregulation of economy could be harmful in the case of Burma, where both markets and state are not strong and competent. Because these liberal economic conditions, could bring market failures which would be catastrophic, and could even destroy the economy of Burma. In a country, where markets are weak, and government is undemocratic, but needs development, it is easier for such a country to apply CDM approach to economic and social development. However, in the case of Burma which is trying to become a democratic society, critics or sceptics could argue that CDM would give more power to military-government that could slow down or even hinder the process of political change in Burma. This could be seen as the weakness of CDM.

The weakness of WST is that like CDM, it does not focus on a country's political systems. It explains the complex relationship between states in world economy. In addition, it could bring an uneven development and relationship between countries. For instance, in the case of Burma, China could exploit Burma for its economic advantages and development with unequal exchanges and dependent core-periphery economy and relations. By using these weaknesses of WST, critics could be sceptical about the theoretical assumptions and practice of WST.

I acknowledge that the above-mentioned critics or weaknesses are the limitations of my applied theory in this thesis. Both CDM and WST are weak in order to explain political change and transition which is also occurring in Burma, and the applicability of LDM is weak because of Burma having weak markets, weak economy and undemocratic society. That does not mean that they are not relevant or capable to explain what is happening in Burma. As this thesis is about Burma's economic

development, the characteristics, and assumptions of LDM, CDM and WST are useful to study the economy of Burma.

4. Analysis

In this section, I will conduct my analysis on the empirical data based on content and comparative analysis by applying LDM, CDM le WST. In this way, I would be able to answer my problem statement. I will analyse official speeches, policy papers, trade and investment data, journals, news articles and websites that represent economic development of Burma.

4.1 Economic Policy of Burma

Thein Sein states that *“But, in the postindependence period, national races involved in armed conflicts among them for about five decades due to dogmatism, sectarian strife and racism instead of rebuilding the nation. In consequence, the people were going through the hell of untold miseries¹⁰⁵”*.

The above-mentioned statement pertains to the economic idea established in the quote by Thein Sein from his inaugural speech to Pyidaungsu Hluttaw as an elected President of Burma. In this particular speech, Thein Sein alludes to ethnic dogmatism and sectarian strife as the causes of economic stagnation and poverty in Burma. As he points out, decades of the conflicts and wars between government and ethnic armed groups has made Burma as a nation that has not been unable to attain economic development. Therefore, it is also implied in this argumentation by Thein Sein that Burma needs to be built as *‘a peaceful, modern and developed nation¹⁰⁶’*. The government prioritisation of development, modernisation and industrialisation is inspired by the Chinese development model (CDM). Furthermore, it is expressed by Thein Sein that new policies and programmes are required to accomplish economic changes and development in the country.

Building an economically strong country is the logic behind introducing development programmes for economic growth and fighting against poverty in Burma for the Thein Sein’s government. Through economic liberalisation, privatisation and decentralisation, Burma wants to achieve economic growth and to improve the quality of life in Burma. This economic approach is the cornerstone of liberal economy. The practice of aspects of free market systems shows that a liberal development model (LDM) inspires economic policies of Burma. Economic growth is also seen as peace-maker and a process of nation-building. Thein Sein states as follows that *“If the nation enjoys*

¹⁰⁵ Appendix 4

¹⁰⁶ Ibid.,

*economic growth, the people will become affluent, and they will not be under influence of internal and external elements*¹⁰⁷”. With that regard, the Burmese government frames economic problems as societal issues that helps to establish the economic discourse and new perspectives on economy in the country. In this case, economic development becomes a vital priority for the government which is the centrepiece of CDM. Moreover, this new economic view calls for new development policies and a suitable model for economic development.

The economic growth will also made Burma a strong nation that can stand on its own ground. The implication is that Burma could become an affluent country in the future. Therefore, Burma’s policymakers raise economic reform issues in order to reach significant economic development in the country. According to Win Thein, “*The Government of Myanmar is putting stronger emphasis on the stabilization of our country and its development*”¹⁰⁸. This quotation implies that it is the objectives of the Burmese government to emphasise more on economic policy and reforms that could modernise and advance Burma to achieve stabilisation and development. In this case, economically, peace, prosperity, stability, and development are understood as interdependent, these are centred in the development policy of Burma as an economic emerging country in the region. This depicts the Burmese government as being influenced by the government of China.

In 2011, the Thein Sein’s government of Burma introduced series of economic reforms and policies such as anti-corruption, currency exchange rate, foreign investment laws and taxation. Such economic reforms support the liberal ideology of market economy which is a free market system in which decisions regarding resource allocation, production, consumption, price levels and competition are made by the collective actions of individuals or organisations seeking their own advantage without the state interference in economic activities which are known in the LDM. This new economic openness leads to the end of decades of economic protectionism and isolation. Thus, Burma becomes an attractive destination for business, marketing, and investment from across the world. Furthermore, as a result of economic liberalisation, Burma begins to experience economic growth and development¹⁰⁹. Regardless of whether the government of Burma is led by military-backed government or the opposition (Aung San Suu Kyi’s party), they both acknowledge and realise the

¹⁰⁷ Ibid.,

¹⁰⁸ Appendix 3

¹⁰⁹ Allchin, Joseph (2011). “Burma tells IMF of economic optimism”. *DVB*, September 23, Online Available at <http://www.dvb.no/news/burma-tells-imf-of-economic-optimism/17803>

importance of implementing development policy which would ‘*raise the quality of life of the majority of the people*¹¹⁰. In other words, to get out of economic isolation, hardship, and poverty become the cornerstone of economic development in Burma. In doing so, the Burmese government applies the following four economic policies such as ‘*opening up international trade, improving the investment environment, promoting domestic competition and maintaining macroeconomic stability*¹¹¹. This new economic approach to development manifests the liberal theory of economy and economic development.

As aforementioned above, economic policy is the centrepiece of societal development in Burma. As one of the least developed countries in the world, economic growth, progression, and prosperity in the country through economic reforms are essential to the transformation of Burmese society. The issues that Burma is facing among other issues is socio-economic challenges. Win Thein states that ‘*We have key challenges to fight poverty and underdevelopment in our country, and it is through clear policy directives, legislations and development programmes that we will be able to achieve this*¹¹². Thus, development becomes the intended target of the Burmese government. In addition, it also implies that national development policy is associated with peace process, national reconciliation, and democratic transition in Burma. The discourse is that without economic development, it could be difficult to achieve other aspects of development in Burma such as democratic transition, managing natural resources, ensuring stability and peace etc.

The content of the quotations previously mentioned depicts that development is prioritised in the government economic policy of Burma. The statements made by respective, representative, and executive persons understandably emphasises ending economic isolation, poorness, and underdevelopment which has caused different societal problems and challenges. Therefore, Burma opens its economy to world by freeing restrictions and lowering trade barriers, these are the central features of LDM to economic growth and development. Societal issues are undeniably part of the causes behind ethnic armed conflict and civil war in Burma. Moreover, in order to accomplish economic development and wealth as a nation, the citations of aforesaid shows that ‘*peace, stability,*

¹¹⁰ Appendix 5

¹¹¹ Nehru, Vikram (2012). “Myanmar’s Economic Policy Priorities”, *The Carnegie Papers*, https://carnegieendowment.org/files/myanmar_economy.pdf

¹¹² Appendix 3

*harmony and progress*¹¹³, are some requisite conditions, and they are interrelated including the recognition of trade with other countries and participating in world economy.

In sum, it is understandable that as a conflictual and multi-ethnic country, the government of Burma accentuates more on economic development. This reflects the Chinese development model. ‘*The economic policy of the Union of Myanmar is people-entered, and aims to achieve inclusive and continuous development*¹¹⁴’. Thereby, peace, stability, national reconciliation, and democratic transition are currently understood as a construction process of social systems and an indispensable ground and condition for achieving economic development and improving the living standard of citizens. From the content of mentioned in the quote, it is stated and argued that the economic policy which could change, enhance, and modernise the society and people of Burma is the centrepiece and fundamental objectives of the Burmese government. This economic ideology is affected by the Chinese ways to development and modernisation.

4.2 Political Economy of Burma

Thein Sein states: ‘*So, we must turn to national industrialization to transform country into a developed, rich one with a lot of employment opportunities and high per capita income*¹¹⁵’.

Thein Sein makes this statement to recognise how important it is for Burma to become developed and rich country with its natural wealth and resources. This quote also relates to the new ideas and thinking of economic development in Burma, and how they will deal with economic and development issues. As a poor and imperfect democratic society, the government of Burma is concerned about the reduction of economics and development inequality in the country. In doing so, it starts opening for international trade. The rationality is that economic gap between rich and poor, and development gap between urban and rural area could be reduced by economic liberalisation and development throughout the country. The economic liberalisation of Burma contains the characteristics of both market-led (liberal) and state-led paths to development.

12 Points Economic Policy paper recognises the necessity of ‘(2) *privatizing those state-owned enterprises that have the potential to be reformed*, and (7) *asserting the right of individuals to freely pursue the economic opportunities they choose, so as to enable private sector growth in line with a market economy system; formulating specific policies to increase foreign investment; and*

¹¹³ Appendix 7

¹¹⁴ Appendix 2

¹¹⁵ Appendix 4

*strengthening property rights and the rule of law*¹¹⁶. It is to liberalise and open the Burmese economy into world economy. In doing so, the government of Burma lowers barriers, obstructions, and impediments by eliminating restrictions regarding international trade and foreign direct investment. In this way, the economic liberalisation reflects the liberal theory of free market economy. The rationality is to make Burma an attractive destination country for businesses, tourism, markets, and outsourcing. The privatisation of state-owned enterprises, property rights, liberalisation of economy for foreign direct investment, self-interest, market competition and the introduction of market economy in Burma to achieve economic growth and development are some of the characteristic features which are known in LDM.

By knowing the advantages of market economy, the government of Burma is willing to liberalise its economy. The practice of market economy is related to expanding industries and increasing profits, developments, exports, and investments. Thein Sein stresses the importance of market economy by saying: *'we will open doors, make reforms and invite investments as necessary for development of the nation and the people. We will make sure that fruitful results of the prudent plans will go down to the grassroots level'*¹¹⁷. With these things in mind, moving away from a planned economy to a market economy is a beneficiary economic process of development by the government of Burma. Because a market economy allows the free interplay of supply and demand, it ensures the production of the most desired goods and services with effectiveness and efficiency, and it rewards innovation, new products and it invests to increase the quality of production. It makes markets more competitive and profitable. Thereby, Burma is on the process of achieving economic development by applying some aspects of LDM and free market systems.

The quote makes it clear how advantageous it is for Burma to exercise market economy and privatise some of state-owned enterprises as means and mechanisms to accomplish economic growth, wealth, prosperity and development as a nation or country by easing and lifting economic barriers and obstacles. In this way, Burma applies LDM to open the economy and attract foreign investors. Therefore, the deterrent of economic development such as tariffs, taxation, duty, and confinement has been eased and eliminated through liberal policies. This economic policy is inspired by the open market economy. In this case, it is the goal and priority of the Burmese government to enhance its people and to capacitate its country economically as an emerging and developing country. In relation

¹¹⁶ Appendix 2

¹¹⁷ Appendix 4

to this, Htin Kyaw states that *‘I wish all citizens peace and prosperity in treading upon your respective paths of life¹¹⁸’*. Therefore, to meet and deal with such individual and societal needs, the government implements necessary policies such as investment policy¹¹⁹, economic policy¹²⁰ and laws which enable markets to act freely a certain degree and ensure the enjoyment of better socio-economic conditions by the all Burmese citizens.

Aung San Suu Kyi (ASSK) states that *‘Neither the people nor the Government acting alone can bring about change and transformation we seek. The Government, of course, has the duty to take the lead to change the system¹²¹’*. Although, ASSK is inspired by the West and liberal values, she recognises the necessity of stable state which is inspired by the modern China. Her statement also utters the government as one of the essential mechanisms that will bring changes, transformations, and developments in the country. This perception of government is known in the CDM paths progression and modernisation. In other words, the government is not perceived as a passive and limited actor that provides its citizens with military, police, courts, thus protection from aggression, criminality, breach of contract, fraud, and focusing on laws and orders, but rather it is comprehended as an active, responsible, and responsive actor which is able to work for the interests and needs of citizens and nation. This ideological view is well known in CDM. The message of the aforesaid quote is that the government will not be ignored, neglected, and side-lined in the national quest for economic growth, job creation and improving the lives of people. This view of government is inspired by CDM. In addition, it also centres the government as a leading actor regarding the process of national reconciliation, peace, and ceasefire to accomplish stability and development in the country. In relation to this, ASSK state as follows by saying; *‘We (the government) have been trying to build peace out of internal strife. A peace that must be lasting and that must be accompanied by sustainable and equitable development¹²²’*.

In relation to the above-mentioned quote, the government is central and crucial to the development process and programmes in Burma. It expresses that not only the Burmese government is vital to economic development, it also plays a decisive and critical role regarding the social and political development in the country. With that regards, Win Myint states *‘We also need to improve the socio-*

¹¹⁸ Appendix 5

¹¹⁹ Appendix 1

¹²⁰ Appendix 2

¹²¹ Appendix 6

¹²² Appendix 7

economic life of farmers, improve the lives of workers and ensure that students gain access to higher education. We need to manage public funds properly so that there is no wastage¹²³. Moreover, the government has a great responsibility to implement economic policies and reforms which have an advantageously significant impact and implication on the citizens of Burma. In this case, it must manage public funds and tax decently to capacitate the provision of better systems and access to public health and education. The discourse is that it will in the end enable both citizens and society to prosper through state-led development programmes. This economic strategy is inspired by the CDM.

Thein Sein states; *‘We will exercise the market economy in which the government takes control over the market to a certain degree. It is because any capitalists, traders and privileged persons cannot monopolize the market, not because we intend to restrict the market economy. In this case, we will put national interests in the fore, and will control and restrict the market in minimum¹²⁴*.

In this quote from Thein Sein, it becomes very clear that a limited market economy is exercised in Burma without denying the advantages and benefits of practicing market liberalisation to enjoy and reach development and economic growth because of privatisation and economic liberalisation in a certain level which is apprehended in the CDM approach development. However, as an imperfect and young democratic Burma, the government must play an essential role to accomplish its dreams and promises, and to fulfil the needs and wishes of citizens by enhancing their socio-economic conditions. Consequently, *‘for development and peace and stability of a nation, it is necessary for government’s administrative mechanism to cover all parts of the nations¹²⁵*. Additionally, it depicts the government control over markets and its interference in economy to achieve economic development in Burma. In this way, the view of the role of government reflects CDM as well as the application of government as a mechanism to obtain economic development.

In sum, the content of the aforementioned citations, it is stated that a limited market economy is exercised in term of privatisation of some state-owned enterprises, opening the economy to international trade and foreign investment, promoting competition in domestic markets, and economic liberalisation by easing restriction, licensing and tariffs. These economic policies are some of the characteristics applied in the practice of LDM for economic development in a developing

¹²³ Appendix 8

¹²⁴ Appendix 4

¹²⁵ Appendix 4

country. However, the quotes also depict the features of CDM for economic development. Through speeches and statements, it becomes clear that as a poor, fragile, young, and limited democratic country, Burma is not able to fully exercise market economy. Therefore, the government is considered as a main mechanism to boost economic development. In short, the role of the government is crucial and vital to both political and socio-economic development in Burma. In this way, it is significantly clear that the way Burma is trying to achieve economic growth and development by using the government is inspired by the CDM.

4.3 Trade Between EU-Burma

Since 2011, Burma has introduced economic reforms, and implemented open economy policies, the EU lifted its economic sanctions and re-engaged with Burma. A new EU-Burma relation has a significant implication of economic development in Burma. Trade between the two partners is continuously growing since 2010¹²⁶, as a result this bilateral relation the EU becomes the 7th trade partner of Burma. The liberal economic policy of Burma makes it possible that trade between EU and Burma is significantly increasing. Furthermore, the EU has offered ‘€688 million to support the rural development, agricultural, food, nutrition security, education, governance, rule of law, state capacity building and peacebuilding support’¹²⁷, including millions of euros to humanitarian aid and Burmese refugee camps. The quote depicts that EU’s interest in Burma is to support both socio-economic and political development.

As an outcome of bilateral agreement, Burma has established economic and trade relations, cooperation, and partnerships with members of EU countries. Access to the EU market is beneficiary for its economy by increasing exports. As one of LDC countries in the world, Burma can enjoy The EU's Generalised Scheme of Preferences (GSP)¹²⁸, while it exports goods and products to EU market with low tariffs. Merchandises and commodities such as ‘rice, pulses, tea leaves, coffee, apparels and fisheries products’ are exported to EU market, while cosmetics, food and beverages and consumer

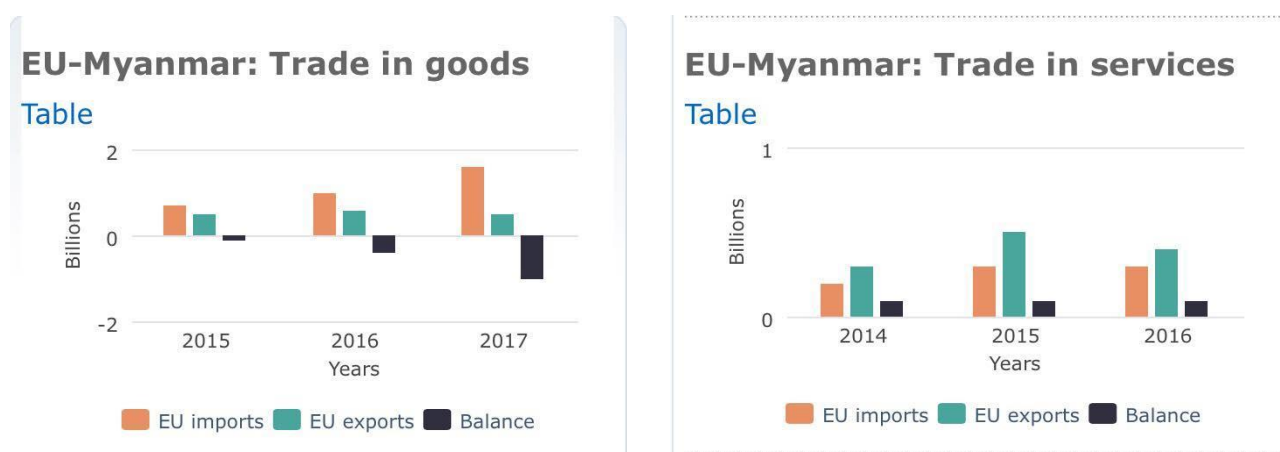
¹²⁶ Friedman, Arthur (2017). “Myanmar Signs Trade Agreement with EU Chamber of Commerce”, *Sourcing Journal*, November 28, Online Available at <https://sourcingjournal.com/topics/trade/myanmar-signs-trade-agreement-eu-chamber-commerce-75272/>

¹²⁷ EEAS (2017). “EU-Myanmar relations” *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

¹²⁸ European Commission (2012). ” The EU’s new Generalised Scheme of Preferences (GSP)”. *Trade, Policy, Countries and regions, Development*, Online Available at http://trade.ec.europa.eu/doclib/docs/2012/december/tradoc_150164.pdf

goods¹²⁹, are imported into Burma, including machinery, transport equipment and chemicals. Through GSP system, EU allows Burma to export goods and products, because it wants to foster growth in their income and support economic advantages and job creation. Thereby, Burma can enjoy economic development and the exercise of market economy in the country.

Economic cooperation and trade between EU and Burma increases from €404 million in 2012 to €1.55 billion in 2016¹³⁰. In addition, Myanmar exports to the EU reached €985 million, and the EU exports to Myanmar €566 million¹³¹. The mentioned numbers of euros show that economic relation between EU and Burma is growing in goods and services in 2011. Burma as a developing country, trading with the EU or EU countries opens new doors to expand its exports, and to attain further economic growth and development.



Source: European Commission - Directorate-General for Trade

The figure of trade in goods shows that the EU-Burma trade in goods 2015-2017 in € billions. Within two years the EU's imports from Burma raises from € 0,7 billion in 2015 to €1,6 billion in 2017, whereas the EU's exports to Burma remains unchanged with €0,5 billion in 2017 (except 2016 with €0,6 billion). It indicates that Burma continuously gains economic benefit from trading with EU and is able to increase its exports. Moreover, the figure of the EU-Burma trade in services between 2014-

¹²⁹ Htet, Ko (2018). "Myanmar's trade with EU hit over US\$1.35 billion as of October this FY", *Global New Light of Myanmar*, January 2, Online Available at <http://www.globalnewlightofmyanmar.com/myanmars-trade-eu-hit-us1-35-billion-october-fy/>

¹³⁰ EEAS (2017). "EU-Myanmar relations" *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

¹³¹ European Commission (2018). "Countries and regions – Myanmar (Burma)", *Trade, Policy, Countries and regions, Myanmar*, April 16, Online Available at <http://ec.europa.eu/trade/policy/countries-and-regions/countries/myanmar/>

2016 depicts that the EU's imports from Burma increases from €0,2 billion to €0,3 billion, and the EU's exports to Burma raises from €0,3 billion to €0,4 billion in 2016. The two figures illustrate that as a developing country, Burma is getting more economic advantages by trading with the EU which in the end creates economic development in Burma.

4.4 Trade Between US and Burma

Like member states of the EU countries, the U.S also lifts its economic sanctions on Burma as a response to the economic and political changes in Burma. As an aftermath economic reforms in 2011, these two countries begin to engage in trade of merchandises and goods. By the application of GSP program, Burma is allowed to export about 5,000 products to the United States duty-free. Moreover, it is stated by the Office of the U.S. Trade Representative that Burma's exports to the United States grows from US\$38,000 in 2012 to US\$142 million in 2015¹³². Burma is now the twelfth largest U.S supplier of the travel goods with a 0,7 percent share of total U.S. imports¹³³.

Burma's Major Exports Partners

	1980		1988		1990	
1	Singapore	14.3	Africa	19.7	Africa	14.3
2	Africa	10.6	Singapore	9.7	Thailand	12.0
3	Japan	9.9	Hong Kong	9.1	Singapore	11.3
4	Indonesia	9.5	Japan	8.4	India	10.8
5	Hong Kong	7.6	Indonesia	7.0	China	8.1
	1995		2000		2008	
1	Singapore	16.0	United States	22.4	Thailand	49.0
2	India	12.2	Thailand	11.8	India	12.1
3	China	11.3	Africa	8.6	Africa	5.8
4	Africa	9.3	India	8.2	China	5.3
5	Indonesia	8.0	China	5.7	Japan	5.1

Source: *International Monetary Fund, Direction of Trade* (In Kodu, 2008:90).

¹³² USTR (2016). "United States Reinstates Trade Preference Benefits for Burma Following Review of Eligibility Criteria", *Trade Agreements*, September, Online Available at <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2016/september/united-states-reinstates-trade>

¹³³ HKTDC (2016). "U.S. Reinstates GSP Benefits for Burma", *Economists' Pick*, September 23, Online Available at <http://economists-pick-research.hktdc.com/business-news/article/Business-Alert-US/U-S-Reinstates-GSP-Benefits-for-Burma/baus/en/1/1X000000/1X0A7K0C.htm>

Burma's Major Imports Partners

	1980		1988		1990	
1	Japan	43.7	Japan	39.0	China	20.6
2	United Kingdom	8.8	United Kingdom	9.1	Singapore	17.9
3	Germany	7.4	Germany	6.7	Japan	16.6
4	Singapore	6.1	United States	6.0	Germany	4.8
5	United States	5.0	Singapore	5.8	Malaysia	4.7

	1995		2000		2006	
1	Singapore	29.9	Thailand	18.3	China	34.0
2	China	29.0	China	18.0	Thailand	21.4
3	Malaysia	10.8	Singapore	15.8	Singapore	15.8
4	Japan	7.4	South Korea	10.5	Malaysia	4.6
5	South Korea	4.1	Malaysia	8.4	South Korea	4.0

Source: *International Monetary Fund, Direction of Trade* (In Kodu, 2008:90).

As the above two tables clearly show, the economic trade between Burma and the U.S is not new. Historically, the U.S has been one of a major exports and imports partners of Burma. In 2000s, the U.S was the number one Burma's export partner with a total share of 22,4 percent, and in 1980s and 1988s, the U.S was one of the top five Burma's import partner¹³⁴. In other words, it means that the U.S was a major economic partner. It also indicates that the U.S was an important country for Burmese economy, and its economic implications on Burma could not be neglected. However, in 1990s the U.S lost its economic position as one of Myanmar's top five major export partners, and in 2008 Thailand replaced the U.S position as the number one import partner of Burma. The reason is that the U.S stopped to trade with Burma by imposing financial sanctions as a response to the brutally cracked down on pro-democracy demonstrators¹³⁵. It depicts that the U.S's economic relations and cooperation with Burma is based on the behaviours and deeds of the Burmese government. This reflects the requirements of LDM.

The year 2011 is a turning point of Burmese economy in the twenty-first century. After Burma held a democratic election and introduced economic reforms, the U.S started their economic engagement by withdrawing sanctions. In this case, their economic cooperation is conditional. On the one hand, through economic relations, like the EU, they encourage Burma to exercise market economy to achieve economic development. Besides, it is well known that the U.S offered a bilateral trade after the Burmese government implemented the liberal economic policies, without such development in

¹³⁴ Kudo, Toshihiro (2008). "Myanmar's economic relations with China: who benefits and who pays?". In Monique Skidmore and Trevor Wilson (eds.) *Dictatorship, Disorder and Decline in Myanmar* (ANU E Press, The Australian National University). Online Available at http://www.ide.go.jp/library/English/Publish/Download/Brc/pdf/13_08.pdf

¹³⁵ Cloud, S. David (2007). "Bush Imposes New Sanctions on Myanmar", *New York Times*, October 20, Online Available at <https://www.nytimes.com/2007/10/20/washington/20prexy.html>

Burma the financial sanctions may not be lifted. On the other hand, they also encourage political development in Burma. They want Burma to become a liberal and democratic society which respect and protect human rights. This shows that the conditional features of liberal values and the LDM.

As well as, Burma benefits from trading with the member states of the EU, its trade with the U.S is reached US\$568 million with \$212 million in exports and \$356 million in imports¹³⁶. It points out that trade between these two grows from US\$142 million in 2015 to US\$568 million in 2018. However, as mentioned earlier, the U.S's economic relation with Burma is based on a qualified conditions which is guided by the LDM, because the U.S's financial endorsement is dependent, especially on the performance and works of the Burmese government regarding liberal values such as human rights, democracy, freedoms, rule of law etc. The government repression of people and the violation of human rights could lead to economic sanctions against Burma¹³⁷. Although Burma is enjoying trade with the U.S under GSP program to further boost its economic development, their relationship is uncertain and non-guarantee, because Burma is still an undemocratic and authoritarian country.

4.5 EU Investment in Burma

Foreign investment in Burma is a vital source to creating factories and jobs for citizens, and to attain economic progress. Furthermore, it contributes also to sustainable growth and development in the country. In this case, the EU interest and investment in Burma is no exception. The EU is ranked as the 4th foreign investor of Burma with US\$ 4,8 billion in 2017¹³⁸. It stresses that the EU becomes a resource to Burmese economic growth and development. In addition, with its developed technology and market systems, the EU can help Burma to achieve sustainable development and to exercise liberal economy system.

The EU encourages Burma to achieve development of all of the population of Burma, and it wants to help Burma to reduce and eliminate poverty and economic hardship of its citizens by enhancing their living condition. In doing so, the EU supports the economic liberalisation of Burma. It wants Burma

¹³⁶ Htet, Ko (2018). "Bilateral trade with China reaches \$8.5 billion this FY", *Global New Light of Myanmar*, February 24, Online Available at <http://www.globalnewlightofmyanmar.com/bilateral-trade-china-reaches-8-5-billion-fy/>

¹³⁷ Erlanger, Steven (1997). "Clinton Approves New U.S Sanctions Against Burmese", *New York Times*, April 22, Online Available at <https://www.nytimes.com/1997/04/22/world/clinton-approves-new-us-sanctions-against-burmese.html>

¹³⁸ EEAS (2017). "EU-Myanmar relations" *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

to practice market economy to accomplish economic development which is the essential features of the LDM. The EU economic engagement in Burma is caused by economic reforms and political changes in Burma. As a response to such societal events in 2011, the EU lifted its economic sanctions against Burma except armed embargo. In this case, the EU-Myanmar relations and economic partnership is conditional. The Burmese economic openness to the world, and its newly exercise of market economy is the focal condition for the EU to help and assist Burma with economic growth and development. This depicts the requirement aspects of the LDM approach to development.

The EU is dedicated to support capacity building, civil society, rural and private sector development, governance, peace building, to provide humanitarian aid to displaced or uprooted and natural disaster-related people, and to improve livelihoods and living standard of the Burmese people¹³⁹. Furthermore, member states of the EU are heavily investing in '*petroleum and natural gas enterprises, manufacturing, transport, hotels and tourism, and livestock businesses*'¹⁴⁰, including agriculture and food security. The EU investment also focuses on the improvement of agricultural knowledge, good practices, vegetables production, conservation agricultural methods and techniques to grow vegetables regarding preservation of biodiversity, sustainable development, and environment protection in Burma.

The EU is building a partnership with Burma, because it wants to help and support Burma to achieve needed changes and development. Therefore, it emphasises on cooperative areas such as '*democracy, human rights, rule of law, reconciliation, peace, poverty reduction, sustainable development for all, creating jobs through trade and investment*'¹⁴¹. With that regard, the EU engagement in Burma consists of three objectives. Firstly, the EU supports the democratisation of Burma. It wants Burma to become a liberal and democratic society. Secondly, it encourages Burma to implement needed financial policy to boost economic growth and development. It empowers to exercise market economy to attract further foreign companies and investors, and to enhance the socio-economic and living condition of Burmese people. Finally, it supports the establishment of different types of civil

¹³⁹ European Commission (2018). "Myanmar/Burma", *International Cooperation and Development*, Online Available at https://ec.europa.eu/europeaid/countries/myanmarburma_en

¹⁴⁰ Htet, Ko (2018). "Myanmar's trade with EU hit over US\$1.35 billion as of October this FY", *Global New Light of Myanmar*, January 2, Online Available at <http://www.globalnewlightofmyanmar.com/myanmars-trade-eu-hit-us1-35-billion-october-fy/>

¹⁴¹ EEAS (2017). "EU-Myanmar relations" *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

societies in order to ameliorate national reconciliation, peace and democratisation process, and to achieve rural and agricultural development in the country¹⁴². The mentioned objectives are inspired by the liberal values of the LDM. With respect to the LDM, the EU economic cooperation and aid are crucial to development process in Burma. It is also noticed that the EU-Burma relation, cooperation, and trade are respectively ambivalent, because the EU-Burma bilateral partnership depends on the deeds of Burmese military, societal systems, and economic policy of Burma.

In sum, both the EU and U.S are re-engaging and making economic relations with Burma after the government of Burma introduces and implements the market economy policies and opens its economy to the world. Since 2011, both trade between EU-Burma and U.S-Burma are increasing because of the Burmese economic reforms and the exercise of liberal economy as well as their investments in Burma. The idea of economic liberalisation is influenced by the LDM approach to growth and development. They remove economic sanctions against Burma except armed embargo as a response to economic and political development in Burma. They encourage Burma to apply the LDM to achieve economic growth and development by trading with Burma and doing investment in Burma as a reaction to its exercise of liberal economy.

4.6 Trade Between China and Burma

Burma is bordered with Bangladesh, China, India, Laos, and Thailand. Trade between Burma and China always exists, especially in their borderline area. Since 1990s, China is one of the top five Burma's export and import partners¹⁴³. It stresses that China is a major economic engine for the Burmese economy and development. Myanmar's exports to China grows from US\$33,3 million in 1990 to US\$229,7 million in 2006, and its imports from China increases from US\$137,7 million in 1990 to US\$1.328 billion in 2006¹⁴⁴. Their economic relations and trade reflect the World System Theory (WST) of the core (China) and the periphery state (Burma) economic exchanges. Trade between these two countries is rapidly growing and expanding. The bilateral trade reached US\$5,3

¹⁴² Ibid.,

¹⁴³ Kudo, Toshihiro (2008). "Myanmar's economic relations with China: who benefits and who pays?". In Monique Skidmore and Trevor Wilson (eds.) *Dictatorship, Disorder and Decline in Myanmar* (ANU E Press, The Australian National University), pp. 87-109, Online Available at http://www.ide.go.jp/library/English/Publish/Download/Brc/pdf/13_08.pdf

¹⁴⁴ Ibid.; p. 91

billion in 2011¹⁴⁵. As trade between China and Burma has increased year after year, the total volume of bilateral trade is US\$7,42 billion in 2018¹⁴⁶.

China's border trade with Myanmar (\$US million)

	2000	2001	2002	2003	2004	2005	2006	2007
Exports via border	293.5	261.2	358.3	446.3	500.6	540.6	656.0	800.4
(Percentage of total exports)	59.1	52.5	49.4	49.1	53.3	57.8	54.3	47.3
Imports via border	66.9	93.7	105.4	134.5	164.5	223.5	166.8	231.6
(Percentage of total imports)	53.6	69.8	77.0	79.3	79.5	81.5	66.0	62.5

Source: IMF, Direction of Trade (In Kudo, 2008:95)

As the above figure shows, the border trade between China and Burma is vital to their economic cooperation. This border trade is very crucial to Burma's economic ties with China. In this regard, China is a mainland to Burmese economy today. Regarding their border regions, China and Burma is historically and ethnically related and mixed. The cultural aspects of their relations as neighbouring countries is strong, especially in bordering areas. According to Koji Kubo (2016), '42,7 percent of China's exports and 55,2 percent of imports in 2015 are considered to occur through the cross-border trade'¹⁴⁷. It depicts that cross-border trade plays a vital factor for Burma-China economic relationship regardless of their political systems and ideological differences. Furthermore, it also indicates that it is unlikely to stop engaging in the trade of goods, productions and commodities. This manifests the aspects of the WST. Burma trade with regional countries is far bigger than its trade with the EU and U.S which also reflects the geo-economics concentration or location from WST. The importance of border trade between China and Burma increases year after year as the figures illustrate, and it is improbable to slow down in the coming years.

¹⁴⁵ Bi, Shihong (2014). "The Economic Relations of Myanmar-China". In LIM, Hank and YAMADA, Yasuiro (eds.) *Myanmar's Integration with Global Economy: Outlook and Opportunities* (Bangkok Research Center, IDE-JETRO, Bangkok, Thailand), pp. 174-199

¹⁴⁶ Shepard, Wade (2018). "China And Japan's 'New Great Game' Intensifies In Myanmar" , *Forbes*, January 29, Online Available at <https://www.forbes.com/sites/wadeshepard/2018/01/29/china-and-japans-new-great-game-intensifies-in-myanmar/#2b560d35ab2d>

¹⁴⁷ Kubo, Koji (2016). "Myanmar's Cross-border Trade with China: Beyond Informal Trade", *Institute of Developing Economies, IDE-JETRO*, Online Available at <http://www.burmalibrary.org/docs24/2016-12-00-Myanmar-Cross-border-Trade-with-China-Beyond-Informal-Trade-red.pdf>

Myanmar's border trade by trade post, FY2011–FY2015

		Exports (USD, million)					Imports (USD, million)				
		2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Total		2,028.4	2,212.8	2,693.4	4,249.5	4,492.4	1,322.6	1,500.8	1,763.8	2,385.7	2,545.4
China	Muse	1,737.2	1,583.8	2,166.6	3,581.8	3,775.9	1,030.7	1,152.7	1,255.6	1,612.8	1,529.4
	Lweje	3.5	32.8	64.6	62.8	62.4	3.5	12.4	6.8	9.1	12.4
	Chinshwehaw	72.5	191.8	205.6	350.6	321.8	0.8	15.2	28.8	64.9	52.2
	Kanpawthi	8.7	112.0	5.6	8.6	25.5	127.6	8.1	22.0	49.5	65.7
Thailand	Keng Tun			0.0	7.4	6.5			0.0	5.1	4.3
	Tachileik	10.4	20.2	13.1	8.8	9.6	35.5	32.8	57.0	99.6	89.4
	Myawaddy	10.5	77.6	48.2	32.0	42.7	14.0	183.5	220.4	404.3	644.9
	Kawthaung	29.8	30.1	38.1	35.6	44.6	92.2	43.9	106.5	78.3	84.8
	Myeik	124.4	125.2	109.1	105.7	139.0	10.6	25.2	39.8	39.6	29.8
	Naburahi/Hee Khee		0.0	0.1	0.3	2.0		15.9	1.3	3.9	11.1
Methaung				0.1	0.1	0.4			1.9	0.6	2.1
Bangladesh	Sittwe	14.6	6.9	10.1	6.3	5.2	0.7	0.1	5.7	0.1	1.0
	Maungdaw	7.8	5.4	5.3	7.5	5.1	0.7	0.5	1.2	0.1	0.1
India	Tamu	4.6	16.7	15.0	32.3	31.6	2.6	6.7	9.5	12.4	12.4
	Rhi	4.3	10.3	11.9	9.5	20.1	3.9	3.9	7.2	5.4	5.8

Source: Myanmar Ministry of Commerce website (In Kubo, 2016:17)

Today, Burma is becoming a developing country and an emerging economy in world economy, both the EU, U.S, Japan and other countries are also coming to Burma. Especially, since 2011, these newcomer countries offer an economic cooperation to faster and support developments in Burma, and their present challenges China's financial ties with Burma¹⁴⁸. As previously mentioned above, the current volume of trade between China and Burma is enormously large compared to Burma's trade with other countries. However, if Burma becomes a full liberal democratic and federal country, this political system could be a determinant factor that either minimise or maximise the volume of trade and economic exchanges between China and Burma in the future. In order to avoid this scenario, whereas trade between these two neighbouring countries has slowed down and decreased tremendously, their foreign policy towards each other must be flexible and adjustable regarding their internal political systems. Thereby, they can continue to maintain a lasting friendship and economic relation. After a democratic election in Burma, both countries employ a suitable foreign policy to preserve their economic cooperation, arguably as a result China becomes the largest trade partner of Burma, and the value of bilateral trade with China expands year after year¹⁴⁹.

Furthermore, Burma's border trade with China also shows that geographic space plays a major factor for economic development and growth rates in Burma. This reflects the importance of geographical location or position of a country mentioned in the World System Theory (WST). In this case, the geographical location of Burma is an important indicator for its trade with China. In addition, not

¹⁴⁸ Sachdeva, Sandeep and Maini, S. Tridivesh (2017). "China Faces Increasing Competition in Myanmar", *The Diplomat*, November 14, Online Available at <https://thediplomat.com/2017/11/china-faces-increasing-competition-in-myanmar/>

¹⁴⁹ AsiaNews (2018). "Myanmar's trade with China growing", *Myanmar-China*, April 1, Online Available at <http://www.asianews.it/news-en/Myanmar's-trade-with-China-growing-42743.html>

only trade with China is significant, Burma's regional trade is also increasing by reaching US\$8,6 billion in 2018¹⁵⁰. This indicates that the geographical aspect of economic growth could not be neglected as one of the explaining factors, especially in the case of Burmese economy growth. As the figure depicts that it is through their borderline that trade between Burma and China is expanding. In other words, the growth of Chinese economy is considered as a component indicator for developments and economic growth in Burma. In this regard, China becomes an important affecting policy-makers and politics in Burma.

After decades of Burma-China's bilateral trade, not only China is the largest export partner, it is also the number one import partner of Burma today. This shows that the economic relations between China and Burma could be termed as the core and the periphery state. The total value of Burma's exports to China is US\$3.42 billion, and imports from China is US\$4 billion in the fiscal year of 2017-18¹⁵¹. It depicts debatably that China is a major driver of economic development in Burma. As the above-mentioned figures and numbers of trade in billion illustrate that since 1990s, China is an important factor and trade partner of Burma today, and it would unlikely be changed in the coming years. Furthermore, the position of China as the largest trade and economic partner of Burma may not be replaced by other countries in the near future, especially not by the U.S and member states of the EU.

4.7 Chinese Investment in Burma

Burma is in the process of attaining economic development, and it is becoming one of the emerging economy in ASEAN countries. It is the dreams and commitments of the government of Burma since 2011 to industrialise and modernise the country. In doing this, Burma exercises the market economy and begins to trade with other countries. As a developing country with rich natural resources, there is investment opportunities in agriculture, forestry, mining, energy, manufacturing, livestock, fisheries, hotels, tourism, information, and communication technology. In addition, as a country with 52,6 million population with weak infrastructure, there is a good economic opportunity and advantage to do investment in Burmese infrastructure.

¹⁵⁰ Htet, Ko (2018). "Myanmar's regional trade hit \$8.6 billion this FY", *Global New Light of Myanmar*, February 26, Online Available at <http://www.globalnewlightofmyanmar.com/myanmars-regional-trade-hit-8-6-billion-fy/>

¹⁵¹ Xinhua (2018). "Myanmar-China bilateral trade hits 7.42 bln USD in first eight months of FY 2017-18", *Xinhua Net*, January 1, Online Available at http://www.xinhuanet.com/english/2018-01/22/c_136914463_2.htm

TABLE 1 CHINA'S OFDI FLOWS TO ASIA AND MYANMAR ALONE (2005-2013)

Country/Region	(Million USD)								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
TOTAL	12,261	17,634	26,506	55,907	56,529	68,811	74,654	87,800	107,840
Asia	4,484	7,663	16,593	43,548	40,408	44,891	45,495	64,785	75,600
Myanmar	11.5	12.6	92.3	232.5	376.7	875.6	217.8	749.0	475.3

Source: *Chinese Investments in Myanmar* (In Dunn, Ji and Peng, 2016:6)

As the above figure shows that Chinese investment is expanding since 2005. It also illustrates that China was doing investment and business in Burma, whereas both the U.S and EU imposed economic sanctions on Burma. In addition, China is heavily investing in mining, hydropower, agriculture, and infrastructure in Burma¹⁵². This manifestation reflects the economic ideology of the CDM approach to growth and development. As a poor country, Burma wants to become an attractive destination for businesses and markets by making easy for foreign investors to access and invest with its relative cheap labour, abundant agricultural resources, affluent natural resources, and infrastructure deals¹⁵³. In this case, not only China is the biggest trading partner of Burma, it is also the largest source of foreign direct investment¹⁵⁴. China has made investment worth of over US\$14 billion since 1988 in Burma¹⁵⁵. Moreover, the major inward FDI countries of Burma are China (30,3% of the total), Singapore (27,4%) and Hong Kong (12,2%)¹⁵⁶. It depicts that Chinese economic presence in Burma is significantly increasing, and its status as an influential country for Burma will not easily be superseded.

As a developing country, Burma has weak infrastructure systems. To faster economic growth, the government of Burma heavily invests on its infrastructure and agriculture, including education, health, vocational training etc.^{157/158}. This idea is inspired by China and it manifests the features of the CDM approach to achieve growth and development. China offers an enormous investment, loans,

¹⁵² Dunn, Christopher, Ji, Lin and Peng, Kui (2016). "Chinese Investments in Myanmar - A Scoping Study", *Global Environmental Institute*, Online Available at <https://myanmarbiodiversity.org/wp-content/uploads/2016/06/Myanmar-Scoping-Study-Draft-Report.pdf>

¹⁵³ Shepard, Wade (2018). "China And Japan's 'New Great Game' Intensifies In Myanmar", *Forbes*, January 29, Online Available at <https://www.forbes.com/sites/wadeshepard/2018/01/29/china-and-japans-new-great-game-intensifies-in-myanmar/#2b560d35ab2d>

¹⁵⁴ Chazan, Yigal (2017). "Foreign Investors Jittery Amid Myanmar's Rohingya Crisis", *The Diplomat*, October 21, Online Available at <https://thediplomat.com/2017/10/foreign-investors-jittery-amid-myanmars-rohingya-crisis/>

¹⁵⁵ Sachdeva, Sandeep and Maini, S. Tridivesh (2017). "China Faces Increasing Competition in Myanmar", *The Diplomat*, November 14, Online Available at <https://thediplomat.com/2017/11/china-faces-increasing-competition-in-myanmar/>

¹⁵⁶ HKTDc (2017). "Myanmar: Market Profile", *Emerging Markets*, September 1, Online Available at <http://emerging-markets-research.hktdc.com/business-news/article/Asia/Myanmar-Market-Profile/mp/en/1/1X000000/1X09SI4E.htm>

¹⁵⁷ Appendix 4

¹⁵⁸ Appendix 7

and projects into the country, as it importantly focuses on investment in building roads, railways, ports, and oil pipelines¹⁵⁹, including energy, mining, electricity, and bridges. This infrastructural investment will give Burma a better transportation and telecommunication system, and it will speed its economic and industrial development. In this case, through Chinese investment, new markets, workplaces, and works are made in the country.

Foreign direct investors and companies are crucial to the urbanisation, industrialisation, and modernisation of Burma. They are doing business and creating new enterprises which make jobs for citizens of Burma. Thus, it improves the socio-economic condition of people and strengthen economic advancement in the country. In addition, investment in agriculture, transportation, communication, and manufacturing, technology and tourism will create economic growth, progress, and job opportunities for Burmese people. And it will further bring reforms, industrial development and raise the quality of life in the country. In this regard, China becomes an exclusive and indispensable country for the Burmese economy, especially in regard to economic stability in the country.

In sum, trade between China and Burma is expanding as well as Chinese investment in Burma. The relations between China and Burma is also historically and ethnically related. Regarding the volume of their trade, China could be considered as the core, whereas Burma could be characterised as the periphery state, and their border trade shows the significance of geographical position for economic activities accordingly to the WST. In this case, the mutual economic benefit is achieved in term of exchanges of goods and services, outsourcing and comparative advantage. Moreover, the heavy investment by the Burmese government in infrastructures, agricultures, health, education, and human capitals reflects the features of the CDM.

4.8 Comparative Analysis of Burma Economic Relations With U.S, EU, and China

Trade between Burma-U.S and Burma-EU is significantly growing since 2011. In the case of trade in goods between Burma and the U.S increases from US\$48.9 million in 2011 to US\$568 million in 2018¹⁶⁰. Although the U.S trade with Burma increases since lifting sanctions, the U.S-Burma trade is small compared to the EU and China¹⁶¹. And trade between Burma and the EU expands from US\$404

¹⁵⁹ AsiaNews (2018). "Myanmar's trade with China growing", *Myanmar-China*, April 1, Online Available at <http://www.asianews.it/news-en/Myanmar's-trade-with-China-growing-42743.html>

¹⁶⁰ USCB (2018). "Trade in Goods with Burma", *Foreign Trade*, April 26, Online Available at <https://www.census.gov/foreign-trade/balance/c5460.html>

¹⁶¹ Friedman, Arthur (2017). "Myanmar's Garment Industry is on a Growth Path", *Sourcing Journal*, November 2, Online Available at <https://sourcingjournal.com/topics/trade/myanmars-garment-industry-growth-path-74173/>

million in FY2011-12 to US\$1.35 billion in 2018 as the below figures show. The below figures also illustrate that trade between Burma-EU is bigger than trade between Burma-US. Furthermore, it stresses that after the Burmese government has introduced new economic policies, programmes and reforms, its trade with both the EU and the U.S has become larger and larger which hastens economic growth and development in Burma.

Myanmar Trade With US, FY 2012-2018

Fiscal Year	2012	2013	2014	2015	2016	2017	2018
US\$	65.8 million	175.7 million	185.8 million	371 million	437.6 million	577.2 million	568 million

Source: United States Census Bureau (USCB)¹⁶² and the Global New Light of Myanmar (GNLM)¹⁶³

Myanmar Trade With EU, FY2011-2018

Fiscal Year	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
US\$	404 million	400 million	543 million	631 million	653 million	1.43 billion	1.35 billion

Source: Htet¹⁶⁴

These two figures picture that both the U.S and EU better their economic relationship with Burma, and they also supports Burma to improve the socio-economic condition of the Burmese people by lifting their economic sanctions and allowing Burma to use GSP system. In doing this, it helps Burma to expand its exports and to faster its economic development. According to the above figures, trade between Burma-U.S and Burma-EU is progressed year after year. In other words, it is a good sign for their bilateral trade partnership. However, as history has taught that Burma trade with both the U.S and EU is conditional. Therefore, their trade cooperation is ambivalent and uncertain. It means that what happens in Burma regarding to democratic transition, rule of law and human rights are the determining element for their economic relations in the future.

¹⁶² USCB (2018). "Trade in Goods with Burma", *Foreign Trade*, April 26, Online Available at <https://www.census.gov/foreign-trade/balance/c5460.html>

¹⁶³ Mon, Mon (2018). "Bilateral trade between US, Myanmar valued at \$568million this FY", *Global New Light of Myanmar*, February 28, Online Available at <http://www.globalnewlightofmyanmar.com/bilateral-trade-us-myanmar-valued-568million-fy/>

¹⁶⁴ Htet, Ko (2018). "Myanmar's trade with EU hit over US\$1.35 billion as of October this FY", *Global New Light of Myanmar*, January 2, Online Available at <http://www.globalnewlightofmyanmar.com/myanmars-trade-eu-hit-us1-35-billion-october-fy/>

Myanmar Trade With China, FY2011-2018

Fiscal Year	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
US\$	5 billion	4.95 billion	7 billion	9.7 billion	10.9 billion	10.8 billion	8.5 billion

Source: Mizzima¹⁶⁵ and Htet¹⁶⁶

Since 1990s, China is an economic source to Burma. Trade between Burma and China is not a new. But, after the Burmese government implements some liberal economy policies, trade between Burma and China gets larger and larger. As a result, China becomes the biggest export and import partner of Burma. Economically, it stresses the Chinese presence in Burma is statistically overwhelming. It also depicts that Burma trade with China could not be easily equalled by the U.S and EU. Moreover, China trade with Burma is based on its Five Principles¹⁶⁷ which is eligible or desirable foreign policy towards Burma with its ethnic and armed based internal conflict.

Myanmar top 5 Export and Import partners 2016	
Top five countries to which Myanmar exported in 2016 are below, along with the percent of total exports that went to that country:	
1. Myanmar exports to China	worth US\$ 4,767 million, with a partner share of 40.84 percent.
2. Myanmar exports to Thailand	worth US\$ 2,241 million, with a partner share of 19.20 percent.
3. Myanmar exports to India	worth US\$ 1,038 million, with a partner share of 8.89 percent.
4. Myanmar exports to Singapore	worth US\$ 891 million, with a partner share of 7.63 percent.
5. Myanmar exports to Japan	worth US\$ 663 million, with a partner share of 5.68 percent.
Top five countries from which Myanmar imported goods in 2016 are below, along with percent of total imports that came from the country :	
1. Myanmar imports from China	worth US\$ 5,403 million, with a partner share of 34.42 percent.
2. Myanmar imports from Singapore	worth US\$ 2,268 million, with a partner share of 14.45 percent.
3. Myanmar imports from Thailand	worth US\$ 1,986 million, with a partner share of 12.65 percent.
4. Myanmar imports from Japan	worth US\$ 1,255 million, with a partner share of 7.99 percent.
5. Myanmar imports from India	worth US\$ 1,095 million, with a partner share of 6.97 percent.

Source: World Integrated Trade Solution (WITS)¹⁶⁸

This figure illustrates that Burma trade with China is significant, and statistically it will years or even decades by one of Burma's four top export and import partner to replace or overrun China. In addition, economically, it also depicts that both the U.S and EU will not be able to overthrow China and take its status as Burma's largest export and import partner soon. The volume of trade values clearly show

¹⁶⁵ Mizzima (2018). "Myanmar-China bilateral trade hits US\$6.3 bn in first 7 months of FY", *Mizzima*, January 4, Online Available at <http://www.mizzima.com/business-domestic/myanmar-china-bilateral-trade-hits-us63-bn-first-7-months-fy>

¹⁶⁶ Htet, Ko (2018). "Bilateral trade with China reaches \$8.5 billion this FY", *Global New Light of Myanmar*, February 24, Online Available at <http://www.globalnewlightofmyanmar.com/bilateral-trade-china-reaches-8-5-billion-fy/>

¹⁶⁷ Panda, Ankit (2014). "Reflecting on China's Five Principles, 60 Years Later", *The Diplomat*, June 26, Online Available at <https://thediplomat.com/2014/06/reflecting-on-chinas-five-principles-60-years-later/>

¹⁶⁸ WITS (2016). "Myanmar Trade Summary 2016", Online available at <https://wits.worldbank.org/CountryProfile/en/Country/MMR/Year/2016/Summarytext>

statistically that Burma-EU trade and Burma-U.S trade are small in quantity compared to trade between Burma and China. Although, Burma-EU and Burma-U.S trade is increasing year after year since 2011, their economic impact on Burma is slight compared to China.

Furthermore, China is the biggest foreign investor of Burma. Whereas the EU investment is amounted with US\$4,8 billion, the Chinese investment is worth with US\$18,4 billion. The U.S investment in Burma is even smaller to compare with the EU and Chinese investment in the country. It depicts that China is the major engine, especially for economic development in Burma. In other words, China is the forefront of trade and investment in Burma. In this regard, China becomes a substantial factor for economic growth and development of Burma. As previously mentioned, the EU is the fourth largest foreign investor of Burma with 8,2 percent of total, while China is the number one biggest foreign investor in Burma with 31 percent of total¹⁶⁹. It utters that it could take years for the EU or the U.S to supersede China.

In sum, both trade and investment data depict that China is far bigger than the U.S and EU combined. In this way, China is the significant financial sources of Burma to attain economic advancement, improvement, and progression. To stabilise the economy and faster socio-economic development of Burma, it needs foreign trade partners, and foreign investments to modernise and industrialise the economy of Burma. In this case, the exercise of market economy to integrate Burmese economy to the world with reformed and liberal policies is crucial to further societal changes and economic development in Burma. And to some degree, the Burmese economy is dependent on China. Thus, the Burmese economic relation with China becomes an important element of its growth and development.

4.9 Analysis of Burmese Foreign Policy Preference

The foreign policy of Burma is central to its economic relations and commercial partnership with other countries. In this way, its foreign policy is associated with economic, social, and political development in the country. The core principles of Burma consist of an independent, active, and non-aligned foreign policy direction since 1948¹⁷⁰. Trade with other countries and investments from foreign investors could not be possible without its strategic and neutral forms of foreign policy.

¹⁶⁹ EEAS (2017). "EU-Myanmar relations" *Bruxelles*, December 19, Online Available at https://reliefweb.int/sites/reliefweb.int/files/resources/eeas_-_european_external_action_service_-_eu-myanmar_relations_-_2017-12-21.pdf

¹⁷⁰ Wah, S. Tha (2016). "Explaining Myanmar's Foreign Policy Behavior: Domestic and International Factors", *Myanmar Institute of Strategic and International Studies*, Online Available at https://myanmarisis.org/publication_pdf/saw-tha-wah-explaining-myanmars-foreign-policy-behaviour-domestic-and-international-factors-misis-website-3JzdBn.pdf

Furthermore, its impartial form of foreign policy capacitates Burma to have both bilateral and multilateral relations with other countries across the globe.

As a weak state, Burma needs a foreign policy that attracts foreign investments and assistances to boost economic growth. Thereby, it could rapidly achieve wealth and progression. According to UNCTAD (2017), Burma is one of the least developed 47 countries in the world as measured in a per capita income criterion, a human assets criterion and an economic vulnerability criterion¹⁷¹. As a least developed country, Burma is willing to trade with every country, and it emphasises on socio-economic development for all the people of Burma. In doing this, Burma intentionally and strategically avoids taking side regarding its economic relation with other countries.

Burma is trading with both the U.S, EU and other countries, because it wants to become a modernised and developed country. However, through trade and investments, both the U.S and EU want Burma to become a democratic society and market economy. In this way, the LDM is a combination of market economy and liberal values such as freedoms, rights, rule of law, democracy etc. Thus, their foreign policy is based on a carrot and stick condition¹⁷². Although, both the U.S and EU support the Burmese liberalisation of its economy, their foreign policy, humanitarian aid and developmental assistance to Burma is also to deepen Burma's economic and political transition, and to strengthen liberal values. As well as improving the living standard of Burmese people and ensuring reforms that benefits all people in Burma. In addition, the EU applies a reactive foreign policy towards Burma¹⁷³.

The EU encouragement of democratic transition in Burma could either strengthen or weaken the process of political development in Burma. According to Thant Myint-U (2016), the two key priorities of Burma is “*developing Burma's economy and ending its seven-decade-long civil war*”¹⁷⁴. Besides, the EU foreign policy towards Burma could be considered as a challenging issue, as the EU prioritises foreign investors over local investors, and favours the rights of investors over communities

¹⁷¹ UNCTAD (2017). “The Least Developed Countries”, *Report 2017*, November 22, Online Available at http://unctad.org/en/PublicationsLibrary/ldcr2017_en.pdf

¹⁷² Dosch, Jörn, and Jatswan S. Sidhu (2015). “The European Union's Myanmar Policy: Focused or Directionless?”, In: *Journal of Current Southeast Asian Affairs*, 34, 2, 85–112, Online Available at <http://journals.sub.uni-hamburg.de/giga/jsaa/article/viewFile/874/881>

¹⁷³ European Parliament (2017). “Parliament cancels visit to Myanmar”, *European Parliament*, September 14, Online Available at <http://www.europarl.europa.eu/news/en/press-room/20170914IPR83915/parliament-cancels-visit-to-myanmar>

¹⁷⁴ Myint-U, Thant (2016). “Why Burma Must Reset Its Relationship With China”, *Foreign Policy*, January 12, Online Available at <http://foreignpolicy.com/2016/01/12/why-burma-must-reset-its-relationship-with-china/>

and governments¹⁷⁵. It also wants to provide and protect the rights of European investors by sending indirect messages to practice the rule of law, rights of citizens and liberal economy in Burma. According to the EIU's index of democracy (2017), with lack of democratic values, Burma is characterised as an authoritarian and unfree country¹⁷⁶. Therefore, the EU can capacitate the Burmese search for democracy in the country through its funds, assistances and by supporting civil societies. On the other hand, it could also slow down the process of democratic transition by making pressures, critics and imposing sanctions on Burma as a reactive response to Burma's internal conflict. Burma is criticised for its action upon Rohingya people, and the current armed conflict in Kachin state¹⁷⁷. As a young and fragile democracy that faces many problems and challenges ahead, a conditional foreign policy and trade could possibly weaken democratic reforms and block peace process in Burma¹⁷⁸.

Unlike the U.S and EU, the Chinese foreign policy does not consist of restrictive or conditional measures. It is guided by '*mutual respect for each other's territorial integrity and sovereignty, mutual non-aggression, mutual non-interference in each other's internal affairs, equality and cooperation for mutual benefit, peaceful co-existence*'¹⁷⁹. As a weak Burmese state comprised with internal conflicts, poor institutions, ethnic diverse and undemocratic society, the Chinese foreign policy could be considered as attractive, desirable, and beneficial foreign relations. According to the Chinese Five Principles, the government of Burma could manage and act independently and freely towards its economic development. In other words, it is exempted from external pressures, influences and aggressive interference regarding its internal issues.

Burma is an undeveloped and poor country and wants to achieve economic development by opening its economy to the world and adopting new technologies to faster its growth rate and production. Therefore, its foreign policy is based on 'independent, non-aligned and betting on both sides

¹⁷⁵ Ku, Paung (2014). "EU-Myanmar Bilateral Investment Treaty", *Briefing*, Online Available at https://www.tni.org/files/download/eu-myanmar_bit.pdf

¹⁷⁶ EIU (2017). "Democracy Index 2017", *A Report*, Online Available at http://dagobah.com.br/wp-content/uploads/2018/02/Democracy_Index_2017.pdf

¹⁷⁷ Beaumont, Peter (2018). "Myanmar army killing civilians in escalating conflict in Kachin, warns UN", *The Guardian*, May 1, Online Available at <https://www.theguardian.com/global-development/2018/may/01/myanmar-army-escalating-conflict-kachin-un-united-nations>

¹⁷⁸ Olivet, Cecillia and Vervest, Pietje (2017). "Myths and risks of the EU-Myanmar Investment Protection Agreement", *Policy Brief*, Online Available at https://www.tni.org/files/publication-downloads/myths_and_risks_of_the_eu-myanmar_investment_protection_agreement.pdf

¹⁷⁹ Panda, Ankit (2014). "Reflecting on China's Five Principles, 60 Years Later", *The Diplomat*, June 26, Online Available at <https://thediplomat.com/2014/06/reflecting-on-chinas-five-principles-60-years-later/>

strategy¹⁸⁰. So, without choosing sides, the government of Burma is willing to trade with every country in the world, if it benefits for its economic growth and development. Furthermore, not only the Burmese is weak and unstable, both private and state-owned markets are also weak. Poor infrastructures, low incomes per capita, unable institutions, vulnerable domestic conditions, it all leads to poverty, high illiteracy and incompetency, socio-economic problems, and internal conflicts in Burma. With regard to these issues, Burma exercises a limited market economy, whereas the government plays a responsible and responsive role in order to make Burma a stable and developed country¹⁸¹. In this way, the state-led development is exercised in Burma, whereas China could be considered as an inspirational source.

As Burma wants to transition from agriculture-based to industry-based economy, and general improvement in living standards as well as a transition from an authoritarian regime to democratic society, its external relations becomes a vital source to both socio-economic and democratic development in the country. As previously mentioned, through their ties and cooperation both the U.S and EU empower Burma to practice full market economy and democracy which could be difficult as *'the military controls in key areas, a culture of loyalty confines democratic transition decision-making, and Burma is still at war with itself'*¹⁸². In addition, they want Burma to privatise state-owned enterprises to boost economic growth and development. By contrast, China capacitates the state-owned factories and government of Burma to be driving forces of developments in the country¹⁸³. In this way, the Burmese government is encouraged by China to take economic initiatives to boost its economy, and to strengthen stability, peace process and national reconciliation, and finally to fight against corruption, poverty and inequality that slows down the process of modernisation and industrialisation of Burma. In doing this, it could improve its poor infrastructures, institutions, public services, education, and health systems.

¹⁸⁰ Wah, S. Tha (2016). "Explaining Myanmar's Foreign Policy Behavior: Domestic and International Factors", *Myanmar Institute of Strategic and International Studies*, Online Available at https://myanmarisis.org/publication_pdf/saw-tha-wah-explaining-myanmars-foreign-policy-behaviour-domestic-and-international-factors-misis-website-3JzdBn.pdf

¹⁸¹ Appendix 4

¹⁸² Editors, EAF (2017). "Myanmar's hard road to democracy", *East Asia Forum*, May 29, Online Available at <http://www.eastasiaforum.org/2017/05/29/myanmars-hard-road-to-democracy/>

¹⁸³ Kudo, Toshihiro (2008). "Myanmar's economic relations with China: who benefits and who pays?". In Monique Skidmore and Trevor Wilson (eds.) *Dictatorship, Disorder and Decline in Myanmar* (ANU E Press, The Australian National University), pp. 87-109, Online Available at http://www.ide.go.jp/library/English/Publish/Download/Brc/pdf/13_08.pdf

In sum, the U. S's, EU's, and China's modes of conducting business, trade and investment is related to their distinct foreign policy towards Burma. As a conditional foreign policy, it puts Burma into ambivalence and uncertainty situation regarding their economic relations. However, the Burmese foreign policy does not choose side as it is willing to trade with every country without the preference of specific political systems, ideology, and economic systems. It emphasises on making Burma to become a stable, peaceful, developed, and democratic society. Its neutral foreign policy makes it possible to trade peacefully with different foreign countries. However, the analysis shows that the Chinese foreign policy is more preferential for Burma than the EU and U.S foreign policy.

4.10 Key Points in The Analysis

The content analysis shows that Burma opens its economy to the world since 2011, because it wants to industrialise, develop, and democratise Burma. The government of Burma is working on improving the socio-economic condition of Burmese people. As well as reforming the socio-political systems. Thereby, it could become a peaceful, stable, and democratic society. As it desires to become a modernised country, economic development is highly prioritised. Therefore, it begins to exercise a limited market economy to be attractive destination for foreign investments and trading with other countries.

After the Burmese government has introduced series of reforms and implemented liberal economic policies, both developing and developed countries start to do business and investment as well as trading with Burma, especially the U.S and EU. They have lifted their economic sanctions on Burma. Because of Burmese newly liberal economic policies, the U.S-Burma and the EU-Burma trade is increasing since 2011 as well as their investments in Burma. However, through content analysis, the Burmese market economy comprises a mixture of market-state cooperation in the economy, whereas the government plays a critical role as it takes control of markets in a certain level.

Historically, the U.S has been an important trading partner of Burma from 1980s to 2000s, but the U.S-Burma trade ended after the U.S imposed economic sanctions on Burma in 1997 and 2007 as a reactive response to human rights violation in the country. Although, the U.S-Burma trade and the U.S investment in Burma is growing since 2012, the volume remains small. Like the case of the U.S, trade between EU and Burma is also increasing since 2011. The EU also removes its financial sanctions on Burma except for armed embargo and allows Burma to export goods and products to the EU under GSP systems. As an outcome of their cooperation, the EU becomes the 4th biggest foreign investors in Burma. In addition, both the US and EU want Burma to exercise liberal economy. They

encourage the privatisation of state-owned factories, and the limitations of government involvement in the economy. This thought of economy comes from the liberal and free market systems as known in LDM. They are critical about the nationalisation of Burmese economy. Regarding economic development in Burma, they want Burma to exercise the LDM which is a market-led development. They want markets to be a driving forces of developments in Burma.

Trade between China and Burma is expanding since 1990s. As being neighbouring countries, their border trade is significantly growing. As an outcome of their economic relations, China becomes the largest trade partner and foreign investors of Burma. The Chinese presence in Burma is influential and impactful for economic development in Burma. With that regards, the current Burmese economy is dependent on trading with China and Chinese investments in the country. In addition, China supports both state-owned companies and state administrations to be strong, responsible, and responsive to boost economic development. It also capacitates Burma to apply the CDM which is a state-led development as the driving engines of economic growth and development.

The comparative analysis shows that the current US-Burma trade is small compared to the EU-Burma and China-Burma trade. It also depicts that trade between the EU and Burma is also small compared to China-Burma trade. As well as Burma regional trade is significantly bigger than EU-Burma and U.S-Burma trade. And both the U.S and EU investment in Burma is small compared Chinese investment. The volume of Chinese trade and investment and its presence in Burma depicts that the Burmese economy is dependent on China to some degree. Furthermore, comparative analysis respectively demonstrates that both the U.S and EU foreign policy towards Burma is carrot and stick condition. They are interested in the internal affairs of Burma. They encourage Burma to become a democratic society with a market economy. In contrast, China is only interested in doing trade and investment in Burma regardless of its political systems. The Chinese foreign policy is based on values such as mutual respect, non-aggression, non-interference, and mutual benefit are comparable with Burmese foreign policy based on independency, active and non-alignment.

5. Conclusion

Burma is facing economic and political changes within the country. It moves from being an isolated and socialist economy to an open and integrated economy in the world since 2011. It wants to accomplish socio-economic growth and development to modernise and industrialise the country and to improve the living standard of Burmese people, as well as to achieve peace, national reconciliation, and democracy. As an optimistic response, both the U.S-EU and China have offered their distinct development model, namely LDM (market-led development) and CDM (state-led development) to strengthen and boost economic progression and development. It puts Burma into a dilemma where it has to choose an appropriate development model. This leads me to the project's problem statement of: *How would Burma position itself between China and the West and which development model will be suitable for its current economic development?* To answer my research question, I apply the LDM, the CDM and the WST as theories, and I also use the content analysis and comparative analysis to explain the rationality and intention behind economic development, the nature and reality of Burma.

Burma is an ethnic diverse country ruled by an authoritarian regime. It is also characterised as a weak state, because its political systems lack internal legitimacy, strong institutions, accountability, transparency, and peace. It is also a fragmented society with internal conflicts and threats by ethnic armed groups and other anti-military insurgent groups. The democratisation of Burma begins since 2011, according to the 2008 constitution the military controls its own affair and security affairs including defence, home affairs and border affairs and has veto-power, and it also gives the 25 percent of seats in the Parliament to the military. Although, the government of Burma is focusing on peace, ceasefire and national reconciliation, the case of Rohingya in Rakhine state and the current armed conflict in Kachin state are questioning the process of building a democratic and federal Burma. Respectively to LDM, as an authoritarian, weak, conflictual, and ethnic diverse Burma, the application of CDM is a befitting instrument for its economic growth and development in the country.

Burma is one of the 47 least developed countries in the world. As a LDC, markets and infrastructure are weak, and its economy is sluggish and instable. Thus, the government engagement in economy is crucial to strengthen both state-own markets and private markets in the country as a developing country. The government also wants to go away from mass poverty, weak human resources, and significant economic vulnerability by exercising limited market economy, industrialising and modernising Burma. As a result, it prioritises the improvement of socio-economic condition of all the Burmese people, and invests in advancing public health, education, and infrastructure. Although, the

government privatises some state-owned factories and implements liberal economic policies, the government controls markets in a certain degree. The cooperation between state and markets is central to economic development in Burma. As a fragile and weak economy, the exercise of LDM could be challenging and damaging for an unstable and sluggish economy.

By applying WST, the geo-location of Burma is vital to two reasons. As a weak state, Burma worries about external aggression and military interference from strong states which could damage its economic growth. Economic development is also related to maintaining peace and stability within its own territory and its neighbouring region. As for geo-politics reason, Burma needs a friendly and peaceful relationship with its neighbouring countries. In other words, having a good relationship with neighbouring countries is beneficial for securing territory and sovereignty. In this case, Burma benefits to be friend with China regarding external threats and interferences. On the other hand, being close in relationship with neighbouring countries is also advantageous for geo-economics reason. According to WST, a country's development depends on its regional area. The expansion of Burma-China trade is also based on their border trade. The economic boom of China is flowing to Burma including other ASEAN countries. In addition, currently the regional trade of Burma is bigger than its trade with both the U.S and EU. The regional or neighbouring economy will be influential factors for the economic growth and development of Burma.

Through the content analysis, it is clear that Burma prioritises economic development, because it wants to become a modernised, developed and rich country. It liberalises its economy to the world and exercises limited market economy to boost economic growth and development in the country. Development is regarded as the paths to stability, peace, prosperity, and democracy. Their approach to development and practice of liberal economy systems is inspired by the Chinese development model. In addition, comparative analysis reveals that Burmese economy is dependent on China to some degrees. As it is now, if Burma's trade with China and Chinese investments eventually ends, Burma will face a huge financial loss, downturn, and enormous economic damage. And as conflictual and weak country, the Chinese foreign policy is more preferential than the EU's and U.S's foreign policy towards Burma.

As for the current economic development of Burma, the CDM is a suitable and appropriate development model to choose and exercise in the country. As explained above, Burma is a poor and fragile country. Therefore, it needs a government that takes initiatives and responsibilities to boost its economy. Without the government's assistance and involvement in economy, Burma may not be able

to modernise, industrialise, stabilise, and democratise the country. In this way, the government is responsible for suitably and properly to regulate, stimulate and manage the economy to achieve sustainable growth and development. Respectively to LDM, as a weak economy country, markets alone will not be able to bring needed developments in Burma. Furthermore, in accordance with the WST, Burma drives more advantage from being close with China for geo-politics and geo-economics reasons, including trade, investment, and security. The conclusion is that by knowing the challenges, risks and conflicts that Burma is facing since 2011 as a least developed country, the CDM is an eligible and applicable model for its current economic development. However, Burma will face challenges from the LDM.

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