

**Union of Myanmar Federation of Chambers of Commerce and Industry and World Bank
Group Joint Launch of May 2018 Myanmar Economic Monitor: Growth Amidst Uncertainty
UMFCCI Mingalar Hall, Yangon, 17 May 2018**

Introductory Remarks

by

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Honorable Ministers, Excellences, Distinguished Participants and Guests, Ladies and Gentlemen,

I thank UMFCCI and World Bank Group for giving me an opportunity to make introductory remarks at their joint launch of *May 2018 Myanmar Economic Monitor: Growth Amidst Uncertainty*.

Due to time constraint and also because the World Bank Director, Lead Economist and a Panel of Experts are making presentations, and engaging in exchange of views and comments, I will not deal with the substantive content of the *Economic Monitor*. Instead, I will make a few general remarks on it and raise some points and propose suggestions to supplement it. These are as follows.

First, the *Economic Monitor* that is before us is a carefully drafted professional, analytical, and fairly comprehensive document aimed for consideration by our authorities and people of Myanmar on the state of the economy and how to go forward. I believe it has dealt with major economic and social issues facing us today in an uncertain environment.

It is also prepared in close cooperation and consultation with our relevant authorities and specialists. It provides evidence that we are capable of working with a major international organization and to produce a report that is objective, yields credible and reliable results and that meets international standards.

Second, to keep matters in proper perspective, I would like to recall a time in our economic history when academics and school teachers like us have to engage in self-censorship in producing a research study or a report by taking considerable care to ensure it does not upset our top leader, and even better, if it pleases him.

To give an example, at a regional meeting held in Singapore, a member of the US delegation at a press briefing made this casual remark: “The Burmese tail is wagging the ASEAN dog.” A dog does not have the same social status in Myanmar as in the USA. So our leader was visibly upset by someone designating his country as a dog. Not only a dog but a tail of a dog was totally unacceptable to him. It would have been better if the remark was “the Burmese tail is wagging the ASEAN white elephant.” But such an idiom does not exist anywhere in the world, not even in Myanmar, as no tail can wag an elephant.

Deng Xiaping, the chief architect of China’s economic reforms said “it does not matter if the cat is black or white as long as it catches mice.”

In those days our situation may perhaps be described by saying “it does not matter if the mouse is black or white as long as it is not caught by the cat.”

Now our situation is different. I believe we have made some progress with regard to freedom of legitimate thought, word, action and expression. Such progress should be maintained and strengthened in a country that is trying to build a democratic society, and

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especially with respect to press and media freedom. I am confident the World Bank Group and our bilateral and multilateral development partners will cooperate with us and help us to achieve good results in this area. But the initiative and convincing evidence that we are making a serious effort on the matter must come from us and from our leaders.

Third, In Myanmar like in most countries, a lot of attention is devoted to GDP and its components in reporting about economic conditions in the country and plans for the future. There is a tendency to think, the higher the growth rate and bigger the GDP, the better. Whether this is really true has been debated for a long time and the debate has become more intense and heated in recent years. Too much pre-occupation with GDP is not good and I have pleasure to quote Professor Kenneth Boulding from whose economic text book I have benefited in my undergraduate days in Rangoon University. Professor Boulding states:² “Anyone who believes exponential growth can go on forever in a finite world is either a madman or an economist.”

Hence, at this time what may be more useful to look at is the distribution of income that accompanies growth of GDP. GDP could therefore be rising, say from 5.9% to 6.4% but if income distribution is unfair and uneven, so that the benefits of the increase goes mostly to a small group of people, then GDP growth is not of much relevance to improve the well-being of the majority of the people, and especially poor people in the country.

Bearing this in mind, I would like to suggest the World Bank Group to take up the question of income distribution in Myanmar in its next *Economic Monitor*, if it has not already been presented and discussed in other publications.

Fourth, in addition to taking up the GDP which deals with production and output aspects of an economy it will be instructive to pay some attention to the consumption and expenditure aspects to get better idea of the economic situation of our people. Several years ago I wrote a piece titled “*Myanmar: Pattern of Household Consumption Expenditure*” that covered a 15 year period from 1986 to 2001.³

There is a generally accepted principle in economics, known as Engel's Law, which states that for any country or society, a family at a lower level of income devotes a larger proportion of its expenditure to food. Then with rising incomes, the share of food declines while there is a corresponding increase in the share of other items such as housing, consumer durables, transport, education, health, recreation and family welfare services. In Yangon for which the study was undertaken, there was not much change in pattern of household food consumption expenditure over this 15 year period. The share spent on food was also very high accounting for 68% of total household consumption, the highest in the Asian region, and indicating a very low level of income for the country.

As for the nonfood category, a significant change was the rise in the share of “charity and ceremonials” (C&C) in total nonfood expenditure. In 1986, the average family in Yangon spent K13 per month on this item and of the 16 items listed under the nonfood category, C&C's share (1.3%) was ranked tenth. In 2001, C&C became a major item of expenditure. The amount spent on it was ranked third on the list of nonfood expenditures, behind “fuel and light” and

²Lorenzo Fioramonti, *Gross Domestic Problem, the Politics Behind the World's Most Powerful Number* (London: Zed Books, 2013), p. 145. Another important reference on this matter is Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi, *Mismeasuring our Lives: Why GDP doesn't Add Up* (New York: The New Press, 2010).

³U Myint, *Myanmar: Pattern of Household Consumption Expenditure*, Paper presented at the National Workshop on “Reforms for Economic Development of Myanmar”(Naypyitaw: Myanmar International Convention Center, 19-21 August, 2011).

“travel.” The amount spent on C&C in 2001 was higher than the money the household spent on house rent and home improvements, on education, on clothes, as well as on health.

There are several possible reasons why C&C had become more important in the everyday life of an average city dweller. It could be that the family was performing more meritorious deeds because its members had become more interested in the next life than in the present one. Or it could simply be that the household was playing (or was persuaded to play) an active part in numerous ceremonies, celebrations, conventions, festivals, bullock cart races, musical events, mass rallies and rituals that had become a major national preoccupation in the past and carried forward up to now.

The household income and expenditure survey further revealed that average incomes of families in many parts of Myanmar were inadequate to meet household consumption expenditures. Except in Yangon and Ayeyarwady divisions, estimated monthly incomes of average households were insufficient to cover consumption costs in the remaining 12 states and divisions.

I would very much like to update the household consumption expenditure pattern study for a recent period like for instance from 2010 to 2016. I understand the Central Statistical Organization is undertaking this update with World Bank support and cooperation. I am sure it will be a good update which I believe will provide useful information on the state of life and labour for the common folks in our country.

Finally, *Economic Monitor 2018* on page 14 states: “*Problems with finding skilled labor persist.*” Why? Due to brain drain is likely to form a part of the answer. This is because sons and daughters of the cream of Myanmar society in government, business, defence, academics and the professions are mostly all residing abroad either studying to acquire skills or having acquired skills are settling down and working abroad.

The International Organization for Migration (IOM) estimates 4.25 million Myanmar nationals are living abroad in 2016. Reasons for migration are higher wages in neighbouring countries, conflict, and environmental migration due to natural disasters, among other factors. Be that as it may, our young smart and skilled people, not necessarily with parents in the cream of society, are leaving the county because together with old folks like us we are not clear what is going on in the economy and where it is heading.

I feel reasonably confident *Economic Monitor May 2018*, followed by *Economic Monitors* in May 2019 and beyond, with cooperation from us, will help provide a clearer perspective of the economic and social progress the country is making in the years ahead. That will bring back to our country not only our young smart people but millions of unskilled and semi-skilled Myanmar nationals toiling abroad to make ends meet not only for themselves but more importantly to meet daily living expenses of their family members left back home.

This completes my introductory remarks. Thank you for your kind attention.