

REPORT ON THE MASTER THESIS

IEPS – International Economic and Political Studies, Faculty of Social Sciences, Charles University

Title of the thesis:	THE POLITICAL ECONOMY OF TATMADAW: <i>Are Natural Resources a Barrier To An Economic Transition In Myanmar?</i>
Author of the thesis:	Lanung Tu Kumbun
Referee (incl. titles):	Doc. Ing. Vladimír Benáček, CSc.

Comments of the referee on the thesis highlights and shortcomings

1) Theoretical background:

Mr. Kumbun analyses the potential for the transition of the present economic and socio-political system in Myanmar from the points of view of the following theoretical concepts:

- a) General theory of transition from centrally planned to market-based economies where he applies the theories developed by G. Grossman, O. Havrylyshyn, V. Mau, M. Newman, J. Otteson and J. Svejnar.
- b) The theory of adverse impacts of natural resource industry on the remaining industries, particularly the “Dutch Disease” developed by R. Auty, A. Gelb, J. Frenkel, S. Murshed, J. Sachs, A. Warner and R. Tollison.
- c) The theory of government by following the ideas of M. Friedman and S. Lipset.
- d) Entrepreneurship theory of J. Schumpeter.

This allowed him in extensive chapters 2,4, 5 and 7 to expose the general problems of the society in Myanmar where the long-lasting history of economic governance subject to the military-style central planning was combined with political dictatorship, poorly developed private sector and military interventions. He could then infer convincingly that socio-economic transition’s greatest bottleneck rests in the management and ownership of the natural resource sectors. Hardly any progress could be achieved if the powerful coalition of agents controlling these most profitable sectors and the military rulers is not replaced by other more democratic and market-compatible forms of governance. I consider this a very successful part of the thesis.

2) Contribution:

Except for the above mentioned theoretical reasoning applied on the socio-economic reality in Myanmar, the most important practical contribution of the thesis rests in untangling the maze of relationships in the five sectors of natural resources: jade, amber, gold, oil, gas and forests. Here Mr. Kumbun collected a mass of evidence from local media (I estimate it as some 100 articles) testifying the practices and the interconnection between natural resource oligarchs and military networks, past or present. The author also concentrates on explaining the paradox where purposefully incited military/civic instability in regions and among minority nationalities are used as an instrument to sustain political dominance in the country. Important evidence deals with the international links of the military ruling class in natural resources with the Chinese economic and political interests. The Chinese hunger for all kinds of natural resources provides the required demand, supplies the (otherwise so scarce) foreign exchange and credits without pressing on the introduction of democracy or human rights. The thesis has high policy contents and can become very useful for the national discussion about the development in Myanmar.

3) Methods:

Methods used in this thesis for underpinning the theoretical implications or practices in the management of natural resources and their competitiveness are rather weak. Partially this can be vindicated by the underdeveloped statistical service in the country and low reliability in data. Nevertheless, the author could use available statistics about imports from the database of United Nations or statistics of other countries (e.g. China, or the EU) and some development statistics of international organisations (e.g. the Asian Development Bank or the World Bank). The figures provided were not outputs of own contribution. On one hand one should appreciate the extensive

narratives and anecdotal evidence provided about the situation in the NR sectors. On the other hand, this should not be the dominant source of evidence in an academic paper.

4) Literature:

I was quite satisfied with the selected literature, both theoretical one and the articles providing evidence from the country. One must admit that Myanmar, though a country comparable in size with Thailand, has been omitted from academic research to a large extent and Mr Kumbun had to act as a pioneer breaking through an arid area. Perhaps, his own contribution can become a source to be quoted by others.

5) Manuscript form:

Though not a native English speaker, the thesis is written with an evident zeal and reader-friendly. There were few typos or tangled sentences. Actually, the manuscript form is a strong part of the thesis.

Box for the thesis supervisor only. Please characterize the progress in the working out of thesis and the level (intensity) of communication/cooperation with the author:

I was very satisfied with the work of Mr Kumbun. He has shown an enormous progress in academic work, full of initiative and independent thought and actions. He came to supervisions quite regularly and was always well prepared for the discussion of his text. He is also committed to be of help to his country and use his thesis in his work in Myanmar. In his studies he had to forego a lot of his own scarce resources and sacrifice the contact with his family who lives in Myanmar.

Suggested questions for the defence are:

1) What kind of policies you would propose for dealing with a) the political system in Myanmar; b) the economic system in general; c) the management of natural resources in particular.

2) Is the natural resource sector, that is non-renewable and rife with externalities so that in many countries it is considered a public good, well suited to be subjected to free markets and exempt from the interventions of the government?

I recommend the thesis for final defence. I recommend the following grade: "B".

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Theoretical background (max. 20)</i>	18
<i>Contribution (max. 20)</i>	18
<i>Methods (max. 20)</i>	15
<i>Literature (max. 20)</i>	19
<i>Manuscript form (max. 20)</i>	18
TOTAL POINTS (max. 100)	88
The proposed grade (A-B-C-D-E-F)	B

DATE OF EVALUATION: 27 May 2018

Vladimír Benáček

Referee Signature

Overall grading scheme at FSV UK:

TOTAL POINTS	GRADE	Level of performance
91 – 100	A	= outstanding (high honour)
81 – 90	B	= superior (honour)
71 – 80	C	= good
61 – 70	D	= satisfactory
51 – 60	E	= low pass
50 – 0	F	= failure. Thesis is then not recommended for defence.