

Beyond the Ballot: Myanmar's Post-Election Path toward Genuine Political and Economic Reform

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- Following the completion of Myanmar's 2025/26 electoral process, expectations have emerged regarding the possibility of economic stabilization and renewed investment confidence under the incoming administration.
- Some countries with more optimistic views expect the post-election situation to resemble that of the post 2010 election and plan to engage with the new administration not only for economic interests but to counter the influence of certain countries in Myanmar. Others remain pessimistic and may refrain from engagement.
- However, merely holding an election and installing a new administration will not guarantee a post election environment similar to that of 2010. It will depend on how far the new administration is willing to engage inclusively with other political stakeholders and take into account international views.

Introduction

With the series of elections in Myanmar having been completed by the end of January 2026, many observers are asking whether the country's situation will change significantly in a positive direction, similar to the aftermath of the 2010 election, or whether conditions will remain largely unchanged or even deteriorate further. Many expect that the current economic and business situation will improve after the election, once the new administration takes office in April 2026. Nevertheless, such improvement would require the lifting of restrictive policies, effective control of inflation, stabilization of exchange rates, and the restoration of a favorable business and investment climate. While these objectives may appear straightforward, in practice they are far more difficult to achieve.

Whether the new administration will be able to bring about such changes remains uncertain. Even if it possesses strong political will, there may be significant constraints that limit its ability to act. These constraints are likely to be primarily political in nature. Without substantial improvement in the broader political environment, it is unlikely that the necessary economic reforms can

be fully implemented.

In this context, the political strategy adopted by the new administration will be crucial. If it continues with its current approach of pursuing its own roadmap regardless of the consent of other key stakeholders, and without regard to the views of the international community, similar to the manner in which it pushed the elections forward by any means necessary, political instability is likely to persist.

A possible macroeconomic scenario

From a macroeconomic perspective, the implications of continued instability are clear. Without political stability, the dominant role of the military and security forces is likely to persist, and expenditures on their activities, which already account for a significant share of the government budget, will remain high. This implies that fiscal space for more productive expenditures will continue to be limited unless the new administration chooses to widen fiscal deficits.

Moreover, most fiscal deficits will continue to be financed by the Central Bank of Myanmar, as the authorities remain focused on

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ad hoc measures such as restrictions on foreign exchange sales, rather than on developing more fundamental institutions, such as building a functional domestic bond market, which is essential not only for sustainable financing of fiscal deficits but also for effective open market operations. Without these institutional foundations, the central bank will remain unable to conduct effective monetary policy for inflation control. If inflation is not properly contained, currency instability is unlikely to improve. Furthermore, as long as policymakers continue to rely on controlling prices through regulations and orders, enforcement through the use of security forces, without recognizing that the central bank is the primary institution responsible for managing inflation through sound monetary policy, the inflationary environment will persist and the business climate will remain unfavorable.

Diverging stakeholder perceptions

Many stakeholders both inside and outside Myanmar do not support the 2021 coup, except for those who are directly or indirectly connected through economic ties with the military or the military-backed Union Solidarity and Development Party (USDP). However, five years after the coup, interviews with some of these stakeholders have revealed differing views. One group, the majority of whom reside outside the country, believes that resistance forces will eventually be able to eliminate the military and that it is only a matter of time. Another group, most of whom are inside the country, believes that it is time for meaningful and inclusive dialogue through international mediation, as they no longer wish to see the country fall deeper into the abyss.

Among this group, some have chosen to participate in the political framework established by the military regime. These individuals took part in the election, although most of those who were widely known and stood out were unsuccessful. Others, however, have considered the idea of creating a new platform where they would be able to engage with the new administration on more equal terms.

At the same time, since the new administration is widely seen as little more than a reorganization of the State Administration Council (SAC) and the State Security and Peace Commission (SSPC), many believe that no meaningful progress will be achieved, as it is likely to continue following the roadmap developed by the previous administration without regard for other key stakeholders. Nevertheless, many people inside Myanmar, who have been deeply affected by the current devastating political and economic conditions, quietly hope for positive change, even though a considerable degree of pessimism remains.

Will the post-election scenario resemble the post-2010 period?

The new administration following the post-2025-26 election period is also believed to seek political legitimacy, similar to the approach taken by the administration led by President Thein Sein during 2011 to 2016. The key question, therefore, is how far the new administration will be willing to go in facilitating candid discussions among major stakeholders on sensitive issues, particularly the release of all political prisoners, including former State Counsellor Aung San Suu Kyi and former President Win Myint, and the reconsideration of the 2008 Constitution. If, however, the authorities under the new administration continue to make dialogue conditional upon strict preconditions, such as accepting the existing constitutional framework as the sole basis for discussion or demanding that all armed resistance forces surrender their weapons, no real progress is likely to be made.

Likewise, if the new administration insists that Myanmar's issues should be addressed solely within the country, without regard to international views, and that the form of democracy it intends to pursue needs to conform only to its own interpretation rather than to international norms, meaningful progress will remain out of reach. It is essential that Myanmar seek constructive relationships with global partners and regional neighbors, in order to achieve genuine reform, rather than limiting engagement to a small number of countries that unconditionally support the authorities.

Policy implications

If the international community wishes to see sustained and progressive change in Myanmar, it should strongly encourage genuine and inclusive dialogue, should this option be chosen by all stakeholders, supported by strategic incentives that deliver direct and tangible benefits to the people of Myanmar, provided that clear and measurable progress is achieved at each stage. Such an approach would be far more effective than offering premature applause to the new administration before any meaningful improvements have been made, as this would risk sending the wrong signal.

Myanmar stands today at a critical crossroads. The decisions made in the coming years will shape not only the political direction of the country, but also the hopes and livelihoods of millions of ordinary people who have endured decades of uncertainty. The choice, and the responsibility, ultimately rest with those who now hold the country's future in their hands.

(Winston Set Aung/Development Studies Center)