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Katherine E. Clark

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Katherine E. Clark '11 – Social Science

The Prospects for Change in Burma: Examining the Role of Foreign Direct Investment

Abstract

This paper examines the Burmese military regime's pattern of human rights abuses against ethnic minorities and political dissidents in relation to natural gas and oil development projects. Through research in non-governmental agency reports, government statistics, academic journals, interviews, and corporate publications, I am investigating the extent to which the revenue generated from foreign direct investment in Burma supports and finances the military regime's repression of Burmese citizens through further militarization of the state. Specifically, this paper highlights two case studies, the Yadana and Yetagun projects, as examples of the increased militarization and human rights abuses in the pipeline region. The country's rich natural resource endowment and its strategic location between India and China and the Indian Ocean make Burma a strong target for continued foreign investment. Therefore, as it is unlikely that foreign investment in the natural gas and oil sectors in Burma will cease in the near future, I seek to draw attention to the flow of capital from these sectors within the country. Understanding the relationship between energy revenue and forced labor, relocation, portering and other human rights abuses is critical in evaluating the prospects for human security and stability in Myanmar. Unfortunately, I have found that competing external interests in Myanmar make any international attempt to influence change ineffective. Ultimately, any change that may come will need to be brought about by an internal force within the country.

Commonly Used Acronyms

ASEAN	Association of Southeast Asian Nations
BCP	Burma Communist Party (also referred to as CBC, Communist Part of Burma)
BSPP	Burma Socialist Programme Party (1962-1988)
EGAT	Electricity Generating Authority of Thailand
MEC	Myanmar Economic Corporation (a military-controlled conglomerate)
MEHC	Myanmar Economic Holdings Corporation (a military-controlled conglomerate)
MOGE	Myanmar Oil and Gas Enterprise
MNC	Multi-National Corporation
NCGUB	National Coalition Government of the Union of Burma
NCUB	National Coalition of the Union of Burma
NLD	National League for Democracy
PPT	Petroleum Authority of Thailand
PPTEP	Petroleum Authority of Thailand Exploration and Production
SLORC	State Law and Order Restoration Council (1988-1997)
SPDC	State Peace and Development Council (1997-)
USDA	Union Solidarity and Development Association

Prominent Burmese Figures

Aung San (1911-1947)	Pioneer and architect of Burmese independence who was assassinated in 1947
Aung San Suu Kyi (1945-)	Daughter of Aung San and leader of the NLD party who has been under house arrest for over 15 of the last 21 years

Khin Nyunt (1939-)	Lt. General, Prime Minister, who has been under house arrest since 2004
Ne Win (1920-2002)	Generalissimo, President, Chair BSPP, Prime Minister and Minister of Defense
Nu (1907-1995)	Former Prime Minister
Saw Maung (1928-1997)	Senior General, Chair SLORC 1988-1992
Sein Lwin (1924-2004)	General, President, July-August 1988
Than Shwe (1933-)	Senior General, Chair SLORC/SPDC since 1992

Introduction

Everything about present-day Burma is complicated. The very word ‘Burma’ is controversial and rooted in deep political tensions. In July 1989, the military renamed the state the Union of Myanmar from the Union of Burma; the regime claimed that the change would be the first step in their plan of alleviating the ethnic tensions within the country (Steingberg 2010: xxi). Twenty-one years later, few of the ethnic tensions have been mitigated. Instead, the military regime has spent the last two decades militarizing the state and driving the country into political, economic, and civil dormancy (Taylor 2001: 1). Infringements on human rights permeate all aspects of everyday life in ‘Myanmar’ under military rule. In opposition to these conditions, many scholars and some states refuse to recognize the country by its new name ‘Myanmar’. Although some organizations like the United Nations have accepted the change, others like the United States have refused to legitimize the regime’s declaration.

Therefore, the choice to use ‘Burma’ over ‘Myanmar’ has come to represent disapproval of the State Peace and Development Council (SPDC), the military regime. By using ‘Burma’ scholars claim that they are actively delegitimizing the regime’s authority. In my work, in both an attempt to remain relatively unbiased and for convenience, I will use both ‘Burma’ and ‘Myanmar’ to describe the state. Throughout the paper, I tend to use ‘Burma’ and the accompanying adjectives more frequently out of convenience but I am not intending to make a political statement.¹ I will use Burma to refer to the physical landmass, its resources and when talking about any portion of history before 1989. I will use ‘Myanmar’ when discussing the current military-led government.

Beyond the seemingly trivial name change, the calculated actions of the junta² are critical to understanding the current state of Myanmar. Most notably, the regime exercises strict repression of minority groups – both ethnic groups and political opponents. The military controls major businesses and industries to the detriment of the economy, which is one of the biggest factors in Burma ranking last out of the 123 countries included in the Fraser Institute’s Economic Freedom of the World Index for 2003 (Holliday 2005: 30)³. As a result of disproportionate spending on military items, civil society has deteriorated and many civil services have suffered or been eliminated altogether, further compounding the poor economic and social conditions in Myanmar. There is virtually no government spending on healthcare or education and consequently most citizens do not have access to such services.

¹ ‘Burma’ happens to be two letters shorter and it is simply easier to use the adjective ‘Burmese’ than to find an adjective for ‘Myanmar’.

² Junta are the current military leaders who have seized power.

³ See Appendix 3 for list of countries included in index.

Despite a few potentially positive developments in Myanmar over the past few months, the outlook in the country remains bleak.⁴ On November 16th, 2010 I had the opportunity to speak with two Burmese monks who fled for the United States after the Saffron Revolution. When I asked about the prospect of hope and the potential for change in Burma in light of the recent release of Daw Aung Suu Syi, the country's most famous political prisoner, the elections and the fairly new constitution, I received an even grimmer message than I had expected: they had no hope. The monks cited the new referendum as the furthest thing from promotion of democracy and claimed that the main intention of the regime was to hold a powerful grip over the people. Throughout my paper I will discuss the ways in which the military enjoys unchecked power and the implications of that power. The monks warned that the situation in Burma is not going to get better. They urged visitors to Burma to look at the horrific human rights violations committed against the civilian population. In my paper I examine these human rights violations and the systems that engrain such behavior in everyday society.

In order to look at a potential solution to the forced labor, relocation, portering, and other human rights abuses that have become commonplace in the military-run state, I am investigating how foreign investment specifically in the natural gas and oil industries affects the violence in Myanmar. First, I will give a background to the current climate by discussing some of the major political events of the last two decades and the patterns of human rights abuses. Then I will highlight the specific characteristics that make Burma particularly vulnerable to foreign investment. By looking at two case studies where multi-national corporations participated in oil and natural gas development projects, the Yadana and Yetagun pipelines, I will examine the increased militarization of the effected regions. I hope to demonstrate the military regime's frequent human rights abuses and ultimately connect the development projects to an exacerbation of these violations. In this section I weave in some of the quotes I obtained in early 2009 from Burmese refugees relocated to Utica, NY; their stories, while anonymous, help me establish a pattern of terror.

More concretely, I will then compare the revenue from natural gas production projects to Myanmar's military expenditures to see how foreign investment in pipelines could support the military. This is the most challenging part of writing this paper. It is difficult to find exact figures for the military regime's balance sheet. I approach this problem by looking at a variety of non-governmental organization reports and acknowledging that the actual numbers may not be exact but the general idea can be corroborated by series of reports that show similar number ranges. As in any economy, there is a relationship between money coming into the country and money going out of the country; using rough figures I hope to show how the relationship between Myanmar's exports and imports perpetuates the militarization of the state.

Once I have established that connection, I will look at the main obstacles to changing the living conditions of civilians in Burma. I have identified the military regimes' unchecked power and ability to use investments to further establish their military presence as the greatest hindrance to political, economic, and social change. In many circumstances under authoritarian or military rule, the international community can apply pressure to urge the government to change their actions. Unfortunately, after understanding the important strategic interests that China and India (and Russia⁵) have in their neighbor's location and resource endowment, it becomes clear that

⁴ Elections were held on November 7th, 2010 and Aung San Suu Kyi was released five days later on November 13th, 2010.

⁵ Unfortunately, Russian influence in Myanmar is out of the scope of this paper. I chose to focus on China and India, two of the Burma's closest and most powerful neighbors.

no international pressure will be effective in bringing about change in Burma. Instead, any measures taken by the international community to stronghold the military regime into changing their policies will be counteracted by Chinese and Indian support. Therefore, political and social change will need to come from within Burma.

The last thing that I would like to point out is that the situation in Burma is an ongoing conflict. Therefore, it is necessary to pay attention to the dates of the works that I am citing in my paper. If I cite the number of displaced persons in 2007 it is likely to be a much higher number in 2011. As it is difficult to find accurate data, it is also a constant challenge to get the most up to date figures.

I. Context

A History of Ethnic Resistance

In January 1947 Aung San, the pioneer and architect of Burmese independence, negotiated the Aung San-Atlee Agreement in which Burma was declared an independent nation, ending Britain's long colonial rule in Burma and establishing a democratic state. The new independent state brought together Burma proper and the minority areas (Steinberg 2010: 41). While some of the minority leaders felt betrayed that they had not been included in the negotiations, the majority trusted Aung San and he was able to initiate important dialogues with the minority groups for the first time. Unfortunately, his leadership was cut short when he was assassinated on July 19, 1947 but he became a lasting icon of nationalism within the country (Steinberg 2010: 42). Today his daughter, Aung San Sui Kyi, not only carries on her father's ideals of nationalism but is also the leader of the contemporary democratic movement. The regime recognizes her as a great threat to their power and has repeatedly violated her human rights by arbitrary detention, which I will later discuss in further detail as an example of the repressed political landscape.

The civilian period following 1947 independence and Aung San's assassination was littered with various political and ethnic uprisings against the government, which added to the new government's fear of opposition and a potential overthrow. These deeply rooted tensions precipitated General Ne Win's 1962 coup d'état (Kaplan 2008: 87) and compounded the ensuing period of further violence. General Ne Win claimed that he was bringing order and stability to the country and ending the uprisings by overthrowing the government. Unfortunately, he was still very much afraid of additional unrest and the prospects of another uprising. With ethnic minorities, who felt like they were not being fairly represented, constituting one-third of Burma's population such an event continued to be seen as one of the greatest threats to state security and stability. The country is home to more than 135 different ethnic groups and more than 30 different insurgent groups (Total 2010).

As a result even today the military regime consistently targets ethnic minorities, imposing conditions that they hope will keep the minorities from gaining power and rebelling against the regime. Brown notes, "Consequently, the 16 million ethnic minorities of Burma's approximately 52 million people have endured systematic political exclusion, military repression, and economic underdevelopment in excess of the conditions faced by the Burman majority" (Brown 2000: 228). While the entire Burmese civilian population is suffering from poor living conditions, those inflicted on the ethnic minorities are intentionally worse. When discussing the Burman-minority relationship Steinberg writes that the regime is seen as predatory and they "have confiscated land, forced villagers to grow food for the troops, coerced the building of Buddhist

structures and other forms of construction, set up checkpoints to extort funds, and increased license fees for many activities” (Steinberg 2010: 112). The treatment of the ethnic minorities, while it consists of egregious acts against human rights, is not intended to kill off the ethnic populations but instead to maintain control over the state in a claim of nationalism or unification. Recounting the words of a Burmese man, Kaplan highlights the regime’s intentions behind their actions:

“It’s not genocide. It’s not a car wreck. It’s a slow, creeping cancer in which the regime is working to dominate, control, and radically assimilate all the ethnic peoples of the country.” I was reminded of what Jack Dunford, the executive director of the Thailand Burma Border Consortium, had told me in Bangkok. The military regime was “relentless, building dams, roads, and huge agricultural projects, taking over mines, laying pipelines,” sucking in cash from neighboring powers and foreign companies, selling off natural resources at below market value – all to entrench itself in power. (Kaplan 2008: 90)

The military’s ultimate goal is to “entrench itself in power.” The regime does this by attacking the minority groups in such a way that they are either incapable of or too afraid of rebelling. The regime forces submission by instilling fear of retribution or loss of assets (Brown, 2000, 240). Kaplan mentions laying pipelines as a tactic to ensure power, which in the literal sense is a major focus of the analysis of this paper. The physical production of natural gas and oil pipelines is just one way in which the regime attempts to “entrench itself in power.”

Since independence the State Peace and Development Council, formerly known as the State Law and Order Restoration Council, has frequently employed a “four-cuts” counterinsurgency policy called “Hpyat lay hpyat” in Burmese; this policy aims to defeat the armed ethnic groups by cutting out their food supplies, sources of funding, recruits, and intelligence. The situation described by Steinberg above certainly lends itself to the “four-cuts” model. Unfortunately this has led to mass destruction and relocation; “Since 1996, when the Burmese army launched its “four cuts” strategy against armed rebels – an effort to cut off their access to food, funds, intelligence, and recruits among the population – 2,500 villages have been destroyed and over one million people, mostly Karen and Shan minorities, have been displaced. Hundreds of thousands live in hiding or in open exile in Bangladesh, India, China, Thailand, and Malaysia” (Green 2007: 148). Without food or financial support the ethnic minority groups have no option other than to flee, creating a large outflow of refugees to Burma’s neighboring countries and internally displaced persons (IDPs) of a tremendous scale. This opens up a variety of issues that come with forced relocation, which I will touch upon later in the paper. Smith argues that the minority groups pay the highest price for political volatility in Burma (Smith 2001: 32).

The practices of the state towards the minority groups are an example of how the pre-existing power differential between the ruling body and the minorities has intensified and perpetuated the conflict. It becomes clear that “despite the shifting power balances and mutations inherent in conflict that give the appearance of ‘new’ conflict, violence stems from existing power relations. The underlying causes of conflict lie in these unequal power relations and the resulting violence reinforces them” (Brown 2000: 236). A long history of contention between the many ethnic groups and the ruling body has produced and ingrained animosities. The complex language barriers and the physical regions between the mostly hill-tribe ethnic groups

solidify this tension. Unfortunately, ethnicity continues to be a separating force within Burma and has led to the intensification of violence.

A History of Political Resistance

The ruling power, afraid of opposition and anything that may interrupt or jeopardize continued control of the state, puts down any attempt to vocalize dissatisfaction with the regime. The military and the government have a common fear of civilian unrest, whether from an armed-ethnic minority group or a political group, and “this fear, both of retribution and loss of control of economic resources is a fundamental obstacle to any genuine peace settlement.” (Brown 2000: 249). Exercising unchecked military power, the regime has created a “military-dominated one-party political system that arbitrarily delegitimized voices outside the political framework” (Brown 2000: 239). This military-dominated one-party political system aims not only to suppress the ethnic minorities but also to eradicate any threat posed by oppositional political parties. A few significant political uprisings have demonstrated this suppression or eradication at any cost.

The 1988 People’s Revolution was prompted by frustrations about the government, the Burma Socialist Programme Party (BSPP)’s policies, and the resulting economic stagnation (and in some aspects decline). The reactionary events started on March 12th, 1988 when a riot broke out following an argument between students; the police intervened, killing some of the students. (Steinberg 2010: 78). The wider community was outraged by the way that the police and government mishandled the situation. This prompted further student demonstrations and further violence against the protesters by the police. In one extreme case on March 18th, 1988 the police took into custody forty-one demonstrators who subsequently died of suffocation in a police van (Steinberg 2010: 78). Ne Win, who was out of the country during the demonstrations, returned to find the bad news and watched for the next four months as the government started to break down around him. In July he suggested that the constitution be changed to allow for a multiparty political system (Steinberg 2010: 78). This was not taken well by the BSPP; ultimately Ne Win resigned from the BSPP in late July 1988 (Rotberg 1988). General Sein Lwin, who had ordered the violence against the students in March, replaced Ne Win and consequently triggered a popular uprising against his leadership and a momentous plea for democracy on August 8th, 1988 – “8-8-88” (Steinberg 2010: 78). The demonstrations were again brutally suppressed and the military leadership supposedly held a private meeting where they called for neutralization of the students and the execution of the activist leadership if needed (Steinberg 2010: 79). Strategically, the military terrorized the state for the month following the uprising attempting to create chaos, so that they could justify a coup d’etat as a way to reinstitute and maintain state order. The military claimed that their policies would stop the disintegration of public order that had occurred in the past year. General Shein Lwin, seen as an icon of that disintegration, served as president for less than two months from July to August 1988. The new government, called the State Law and Order Restoration Council (SLORC) led by Saw Maung, a Senior General who chaired the SLORC from 1988 through 1992, put down all further uprisings in an effort to maintain “order”.

Although pitched as a temporary solution to restore order in Burma, the SLORC/SPDC has held onto power. In 1990 after elections in which the National League for Democracy (NLD) won 80 percent of the seats in parliament, the regime refused to recognize the results because the military-backed party had not won. This is a specific example of how the Myanmar military has maintained authoritarian rule and blatantly disregarded democracy. There is no check to the military’s power and no institution to require the regime to cede their governmental authority;

“Furthermore, within a prolonged conflict with arbitrary military rule there is no ‘rule of law’. In Burma the SLORC/SPDC are the law; they make and interpret it with no accountability to the population” (Brown 2000: 246). Without accountability, the regime is free to take whatever actions they please without justification or explanation.

This is clearly evident in the regime’s treatment of Daw Aung San Suu Kyi, leader of the NLD and daughter of San Aung. This Nobel Prize laureate has been imprisoned or under house arrest for over fifteen of the last twenty-one years (Mydans and Robbins: 2010). And as may be suggested by the regime’s lack of accountability, “The trial was unnecessary to hold her in detention because policy prevails over law and in any case a means would have been found to enforce the state’s will” (Steinberg 2010: 188). Without a proper judicial system there is no check on the regime’s power and actions. Steinberg points out that the military doesn’t need a reason to arrest Daw Aung San Suu Kyi. Ultimately the regime gives few reasons (if any) for its actions. On November 13th, 2010, five days after the first elections⁶ in twenty years, the government released Daw Aung San Suu Kyi after seven years of captivity (Mydans and Robbins: 2010). Unfortunately without any explanation of the SPDC’s actions, it is impossible to predict when or if Daw Aung San Suu Kyi will be arrested again. This is the third time that she has been released (Mydans and Robbins: 2010). Other political leaders are also being detained based on their opinions, including U Tin Oo, another leader of the NLD (Hudson-Rood and Htay 2008: 9). As of December 2nd, 2010 the Assistance Association for Political Prisoners (Burma) named 2,203 political leaders, doctors, ethnic minorities, lawyers, journalists, monks, students, teachers, and women, who are currently being detained in the country (AAPP 2010)⁷.

The most recent major repression of a large political movement in Myanmar came in 2007. The military raised energy prices overnight without warning, sending the public into disarray. The prices of gasoline and energy rose by as much as 500 percent (Smith 2007: 49). Recognizing the general population’s inability to feed their families due to the sudden increase in prices, Buddhist monks held protests against the hard living conditions on September 5th. Some of the monks were attacked and beaten by security forces (Steinberg 2010: 138). A Buddhist monk that fled to the United States following the attacks explained, “the Burmese military regime arrested many monks who marched and protested peacefully in 2007 and there were about over ten or fifteen thousand monks who came out, took to the streets and marched in peacefully. The reason why we marched is we demand Burmese military leaders to treat people kindly and fairly. That’s why I protested peacefully in 2007 in Burma.” (Clark and Sills 2009: 5 min. 3 sec.). Such treatment of the Buddhist clergy outraged the entire community and on August 24th over 50,000 young monks and other supporters took to the streets in peaceful demonstrations for political and economic reforms (Selth, 2008, 283). Selth notes, “as the demonstrations became larger and more widespread, the level of official intimidation increased and army combat units were mobilized” (Selth 2008: 283). With a population that is according to the CIA World Fact Book (2011) almost 90 percent Buddhist, the regime was afraid that the monk’s disapproval threatened the legitimacy of their rule. Therefore, fear of the destruction of

⁶ Many political parties, including the NLD, did not participate in the elections as not to legitimize them. The military-backed party overwhelmingly won the election.

⁷ Unfortunately, these numbers are hard to verify. The AAPP suggests that these numbers are even higher than the reported detainees. While, it is not explicitly clear how the AAPP had collected the names of the prisoners, they claim they collect data by sending regular messengers, by phone, the internet and mail. I believe AAPP is a credible source because it has been cited by a variety of sources including Hudson-Rood and Htay and the Burma Partnership.

military power and the junta's corresponding role in society drove the regime to use brutal force against the religious elite. The security forces violently beat the monks and raided their local monasteries. Two of the monks that I had the opportunity to speak with said they would hide in bushes and trees overnight while they watched the military storm their monasteries. In Tony Birtley's special news program, "Inside Myanmar: the Crackdown", accessed on YouTube, he documents many of the abuses committed by the armed forces, including the use of tear gas, rubber bullets, and live rounds to control the masses of monks and other demonstrators. He commented that this was the first time the military personnel, who were mostly Buddhists didn't kneel before the monks to show respect; instead, a very moving picture of the monks on their knees begging for restraint can be seen (Birtley 2007: 7 min. 12 sec.).

There was significant international backlash to the regime's violent suppression of the Buddhist monks' peaceful demonstrations⁸. Selth notes that there was serious outcry and that "the military government's brutal response to the latest unrest prompted an unprecedented level of diplomatic activity and a rare consensus on the need for political change." (Selth 2008: 281). The United States responded with economic sanctions citing that upon investigation the Senate and House of Representatives of the United States of America in Congress found that the SPDC routinely restricts freedom of speech, press, assembly, association, religion, and movement. The investigations revealed that the Myanmar military regime participates in the trafficking of humans, forcibly recruits soldiers and child labor, and discriminates against ethnic minorities and women. The regime also commits other serious violations of human rights including killings, disappearances, rape, torture, abuse of prisoners and detainees, and as noted above, imprisonment of citizens for political motives (Public Law 110 2008: 2632-2633). For these offenses the United States responded in three ways: by demanding the release of all political prisoners including Aung San Suu Kyi, encouraging mediation between the regime and nationalist groups, and prohibiting any trade relationships. Unfortunately, most likely afraid of the democratic movement gaining any support from the United States, the Myanmar regime did not respond to the U.S. sanctions. As I will discuss later in the paper, the U.S. response was ineffective because of the varying degrees of engagement by external countries with the regime.

Together with the regime's repression of ethnic minorities, the anti-prodemocracy movements show the regime's intolerance of any resistance. These actions against the perceived threats to military rule establish intent to target portions of the civilian population. As mentioned above, the regime equates military rule with state order and stability and sees suppression of the opposition groups as critical to avoiding the disintegration of the state. But beyond strategic oppression of those opposition groups, the SPDC has little regard for human rights. A good example of this sentiment is the SPDC's response to the May 3rd, 2008 tropical cyclone Nargis, which killed tens of thousands of Burmese people (Public Law 110 2008: 2634). The regime did not warn the people or provide adequate aid or life-sustaining services after the disaster. Most disturbing to the international community was that the Myanmar regime denied access for humanitarian aid organizations from 20 different disaster assessment teams and 18 different countries (Public Law 110 2008: 2634). This blatant disregard for human life is consistent throughout the regime's treatment of people. The background of the tensions between the military and the ethnic minorities and political dissidents provides a good basis for looking at the current conflict and the underlying problems in Burma.

⁸ The demonstrations have been labeled the "Saffron Revolution" for the color of the monks' robes.

Geographic Vulnerability

In addition to the political context, it is helpful to understand the geographic significance of Burma and how its specific features make the country an important strategic ally for many of its neighbors. As seen in Figure 1 in the Appendix Bangladesh, India, China, Laos, and Thailand border Burma. About half of Burma touches either India or China, two of the largest and fastest growing super powers in the world. The western side of the state meets the Bay of Bengal, which is part of the Indian Ocean. The Bay of Bengal is a direct waterway from Burma and Southeast Asia to the Indian Ocean shipping lanes that lead to Africa and the Middle East. China, which geographically does not have direct access to the Indian Ocean, is especially interested in controlling a port off the coast of Burma so that it can transport goods or natural gas and oil from Africa and the Middle East through Burma into Yunnan. By doing this China would reduce its dependencies on the Malacca Straits (Lall 2009: 141).

The second factor that makes Burma attractive to its neighbors is the country's very high natural resource endowment. It is hydrocarbon-rich and 43% of its natural resources are oil and gas (Arakan Oil Watch 2010). The country is one of the world's oldest oil producers, having exported its first barrel in 1853 (Total 2010). Today natural gas constitutes most (around 90 percent) of the oil equivalent exported every day (Levesque 2008: 2). The country's recoverable gas reserves are around 51 trillion cubic feet (tcf) (Dalliwall and Clark 2008). To put this number in perspective it helps to look at some other countries' reserves; according to International Energy Outlook 2010 the United States, which has the sixth greatest natural gas reserves, has about 254 tcf (U.S. Energy Information Administration 2010: 57). While this figure may seem a lot greater than Burma's reserves, for its size Burma has substantial natural gas reserves. Canada, which has the twentieth greatest reserves in the world, only has about 11tcf more recorded natural gas than Burma.

Figure 2.1 in the Appendix shows the onshore foreign investment into the natural gas and oil fields. Since the military regime does not have the capital to develop the fields without other investors, foreign companies have been critical in exploring the fields and initiating projects. Figure 2.2 shows the offshore oil blocks by foreign investor and shows the Yadana and Yetagun pipelines that lead from offshore reserves into Thailand. The largest discovered blocks are the offshore Shwe Gas Fields, which hold confirmed reserves of about 9.1 tcf (HRW, Table 2). These fields will be the largest source of income for the military regime over the next 30 years – both China and India are extremely interested in gaining access to the Shwe reserves. To explore the potential residual effects of corporate development of the Shwe Gas Fields and the pipeline region, I have compared the development of two other pipelines. The Yadana and Yetagun pipelines, sources of much international controversy for Burma, have been in production since 1998 and 2000, respectively (HRW, Table 2). The Yadana offshore fields have output of about 650 million cubic feet per day (mmcf) and gas reserves of over 5 tcf. The Yetagun offshore fields have an output of about 450 mmcf and have gas reserves of over 3 tcf. It is relevant to remember that as I show the human rights abuses caused by the development of the Yadana and Yetagun pipelines, that the Shwe gas fields have twice as much in reserves and thus are twice as valuable to the SPDC and their foreign investors. Therefore, access to the Shwe fields is even more desirable for energy hungry countries like India and China than access to the Yadana and Yetagun fields; thus the urgency of new development projects is likely to have an even greater human impact.

Government Policy

In Burma, the SPDC claims that the state is the ultimate owner of all of the country's land and natural resources, both above and below physical ground and water (Hudson-Rodd and Htay 2008: 9). According to Khin Maung Win, the Deputy Minister for Foreign Affairs of the Union of Myanmar, the state can and will enact any law it deems necessary to supervise economic control, extraction and utilization of the state's natural resources (Hudson-Rodd and Htay 2008: 9). Despite the physical properties of natural resources like gas and oil that make location a significant distinguishing feature, the SPDC has claimed that physical boundaries are irrelevant and that all resources, independent of location, belong to the state. Levensque compiles that "the 1992 Forest Law states that "a standing teak tree wherever situated in the state is owned by the state. The 1994 Myanmar Mines Law, the 1995 Myanmar Gemstone Law and the 1995 Myanmar Pearl Law – all contain similar provisions." (Levensque 2008: 3). This nationalizing of resources raises questions about who should reap the benefits of such assets. The regime's unchecked control has led to the exploitation of the country's resources at the expense of the civilians for the benefit of the military leaders. Unfortunately without property rights, the local populations do not have access to gain from private use or extraction of the resources that lay around them. The national resources are not benefiting the nation. The SPDC fails to use the resources or the generated revenue for projects that would or could benefit the wider population. Since the regime owns all resources and consequently controls the revenues they provide, issues of transparency and accountability arise. No agent or organization is holding the SPDC liable for its decisions about the control and use of Burma's natural resources.

Furthering its control, the SPDC does not allow foreign direct investment in natural resource projects without the company entering into a joint venture with a government-owned company (Levensque 2008:3). This ensures that the regime or state never loses control of the resources or their revenues. These government policies set the tone for the SPDC's exploitation of Burma's natural resources

II. Natural Gas and State Violence

Case Studies: Examples of Human Rights Abuses along the Pipelines

Yadana and a Standard of Abuse

The power sector is one of the natural resource industries that the regime has expanded to the detriment of the Burmese people. In the last two decades, there have been two very controversial examples of pipeline development resulting in restrictions on basic human rights of the local inhabitants including forced relocation, labor, and portering. The first is the Yadana project, which was approximately a \$1 billion investment and currently meets about 15-20% of Thailand's demand for natural gas (Total 2010). In the early 1980s a Japanese firm discovered Yadana gas field off the coast of Burma (EarthRights International 2003: 13). At this time the BSPP was still exercising strict isolationist policies and the regime did not have the financing or the drive to invest in the Yadana gas field. It wasn't until the early 1990s that the new regime, the SLORC, recognized the gains to be had from neighboring Thailand's high demand for energy. In 1992 the Petroleum Authority of Thailand Exploration and Production (PPTEP) from Thailand, Total from France and Unocal⁹ from the United States, entered into an agreement with Myanmar Oil and Gas Enterprise (MOGE), Myanmar's military controlled power company, to

⁹ Now called Chevron.

develop the natural gas deposits in the offshore Yadana gas field (EarthRights International 2003: 16). The four investors built a 346 km underwater pipeline from the field to shore and a connecting 63 km onshore pipeline through the Burmese Tenasserim region into Thailand. Thailand entered into a contract with Myanmar in which the gas was sold to the Petroleum Authority of Thailand (PPT), who in turn sold it to the Electricity Generating Authority of Thailand (EGAT) (EarthRights International 2003: 13). According to EarthRights International the gas from Yadana is currently the highest-priced gas available in Thailand but because of the contracts with Myanmar, Thailand must continue to take the gas or pay for it anyway (EarthRights International 2003, iii).

In 1991, before the initial signing of contracts for the project, the military moved three new battalions to build permanent bases in the area that was to become the pipeline corridor (EarthRights International 2003: 17). Disturbingly, this suggests that the military regime pre-meditated the systematic placement of the pipeline corridor in a particular region, which happened to be occupied by ethnic minorities. It is also the first piece of evidence that points to the complicated relationship between pipeline development and militarization. Even before the deal had been signed to begin construction on the Yadana pipeline project, the regime increased military presence in the exact location of the future pipeline corridor.

It is unlikely that this is a coincidence. Instead it is more likely that the military regime wanted to show investors that the route was safe so that they would agree to the proposed pipeline corridor. It seems that the military knew exactly where they would want the pipeline to be built. The chosen route contained about 23 villages and roughly 40,000 people (Holliday 2005: 32). These numbers are high compared to the numbers cited in Total's report, which claims "the onshore stretch of the Yadana pipeline runs 63 kilometers east-west direction through a fairly isolated, sparsely populated – around 40 people per square kilometer – region in southern Myanmar's Tenasserim Division" (Total 2010: 8). The conflicting information suggests that either Total was misinformed about the characteristics of the region or that after being accused of "complicity in crimes against humanity" (Total 2010: 51) the corporation was trying to underplay the magnitude of the problem in the corridor.

Either way, the inhabitants along the pipeline have seen more of the military since the project's inception. "Totalitarian Oil claims that, in all, 'at least 16 battalions have either been stationed in the area or patrolled the pipeline corridor at one time or another since 1991.' For local villagers, light infantry battalions 273 and 282 are the 'Total battalions'" (Holliday 2005: 34). Named after the French corporation, 'Total battalions' are security forces in charge of protecting the foreign personnel working on pipeline development. The increased presence of the military has led to more frequent and intense human rights abuses in the area. In the late 1990s the SPDC instituted a policy of self-reliance for Burmese military units (Smith Htoo 2008: 11); this meant that the individual battalions were responsible for providing their own funding, food, supplies, security, and accommodations. As a result, they turned more systematically towards civilians for financial support and everyday provisions like food, water, firewood, and shelter. The military units also turned to civilians for unpaid (forced) labor, most typically for the construction of barracks, security forces for the soldiers and the foreign corporations, or for portering of the military's supplies from one place to another.

Portering is one of the most common human rights abuses in Myanmar. A refugee who escaped Burma to Thailand and has since relocated to the United States recalls, "[the villagers] carry everything. They carry the things for the soldiers because the soldiers cannot carry them by themselves because the soldiers have their weapons so they ask the villagers to carry all the food,

oils, everything... they let them go first so that if they are faced with any enemies like cannons, they will die first. And if they cannot go anymore sometimes they shoot them. They shot them. Because they could not go anymore. They don't let them go just like that. And whenever they tried to run away they would shoot... They always do like that. It was every body. They have no choice. If you cannot go you have to pay money for them."(Clark and Sills 2009: 5 min. 56 sec.). The military uses the local villagers as if they are nothing but slaves. As a porter, one is worked until either he or she escapes, gets sick, or falters and is subsequently beaten or killed by the troops. If a porter breaks his or her leg and can no longer continue on the route, he or she is killed. Typically, according to the refugee sources, most villagers forced to porter for the army last no more than a couple of months. The troops show up at villages and demand that every family send a representative to porter; as the refugee summarizes, "if you cannot go you have to pay money for them." Fearful of the regime and the consequences of not meeting their demands, the local populations are forced into complying with the troop's call for porters.

While conscription was and is taking place across the country, the increased military presence in the pipeline corridor has meant that the villagers in the pipeline region are rarely free from the burden of the battalions. Due to the larger presence of troops, there are more soldiers who need food, water, money, protection, and bodies to carry their loads. The troops also need bases and places to live. Often, the military drives out entire villages so that they can have a place to stay. In April of 2000 the United Nations explored the continuing pattern of severe and systematic violations of human rights, including forced relocation, in Myanmar and noted that the large-scale displacement of ethnic minorities and flows of refugees is particularly high in the Tenasserim Division, through which the Yadana and Yetagun pipelines run (EarthRights International 2003: 15). The high concentrations of troops in the pipeline region who need shelter and demand it from the villagers force many people from their homes. Often Local people, afraid of the military, flee their homes when they hear about the battalions coming up the corridor so that they do not have to be subjected to the military's abuses.

In order to ensure that the villagers remain obedient, the military uses fear as a tactic to control the civilians. The local people along the Yadana pipeline felt that they had no choice but to follow the battalions' orders. The military leaders would tell the head of the village that he must send one person from each family, indiscriminate of age or gender, on each mission, including the described portering trips. This was a huge sacrifice for the villages, which were very dependent on agriculture and could not afford to give up labor. The conscripted villagers were required to bring their own supplies and food, which was sometimes impossible because the military jobs often lasted several months; most locals live hand to mouth and could not gather several months' worth of food. But the villagers, seeing no choice, went anyways, often sending children and older family members to complete the tasks so that their everyday work would be less compromised. In many cases the military would make public examples of people who did not meet the unit's orders. Smith and Htoo note that:

Violence is sometimes intentionally perpetrated by pipeline security battalions in front of large groups of villagers - a classic and common tactic to instill fear and control the population mentally and physically. These violent displays of power are not simply in service to the SPDC's continued rule, but also to its corporate partners, ensuring the protection of the pipeline project through physical violence. At a village meeting in Lawther called by a pipeline security battalion, four villagers were beaten in front of the entire village to set an example after the

captain of one of the battalions said he suspected the village of feeding troops from an armed government-opposition group. When the display of power was deemed complete, villagers were then selected and forced to porter for the pipeline security soldiers. (Smith and Htoo 2008: 11)

The regime uses intentional violence as a means to force the villagers into cooperation. Afraid of the consequences, villagers either comply with the military's cruel and often unrealistic demands or flee the villages for the border regions, most often the Thai-Burmese border.

In addition to the human rights violations and displacement that results from the increased number of battalions located in the corridor, the pipeline region is also target for anti-ethnic-opposition attacks by the military. The regime, claiming to be protecting the pipeline and the multinational corporations from insurgencies along the corridor, has used the Yadana project as a justification to further target armed and unarmed ethnic-minorities. In March 1995 allegedly a group of Kayin guerillas ambushed a truck, killing five individuals and injuring eleven during the construction of the Yadana pipeline (Holliday 2005: 35). The regime immediately responded by increasing the security in the region, increasing the total number of battalions on the corridor to protect the investment. Unfortunately, the regime has continually grown anti-insurgency efforts in the region in a call for "pipeline security". As there appears to be a strong correlation between military presence and human rights abuses in Myanmar, the increased security has again meant that the villagers are increasingly subjected to arbitrary taxation, conscription, portering, and other forced labor projects.

Corporate Involvement and Complacency

According to a Total report, in late 1995 the Village Communication Committees informed Total that forced labor was occurring in Burma (Total 2010: 24). This brings up weighty questions about the corporations' involvement with the military regime. The foreign investors, like Total, knew that the regime was committing human rights offenses in the pipeline region and yet were complacent in letting them occur. Holliday asks when should a corporation refuse to engage with a rights violating regime (Holliday 2005: 42). Unfortunately, in the scope of this paper it is not possible to fully examine corporate responsibility. However, it is important to note that the corporations were aware of the abuses and even acknowledged that they were in a grey zone. In a letter written to Unocal on February 1st, 1996 the president of Total wrote:

By stating that I could not guarantee that the army is not using forced labour, I certainly imply that they might, (and they might) but I am saying that we do not have to monitor army's behaviour: we have our responsibilities; they have their responsibilities; and we refuse to be pushed into assuming more than what we can really guarantee. About forced labour used by the troops assigned to provide security on our pipeline project, let us admit between Unocal and Total that we may be in a grey zone. (EarthRights International 2003: ii)

The phrase "troops assigned to provide security on our pipeline project" directly associates the increased militarization in the area to the Yadana project. This also raises questions about foreign corporations hiring the military to provide security forces for the project. Total denies that it increased security after the ambush incident or that it made any sort of contract with the Burmese

military to do so (Total 2010: 35). But what is clear from this letter and Total's 2010 report is that security forces in the corridor were using forced labor and violating human rights.

It is even clearer that Unocal, now Chevron, knew about the human rights abuses taking place in the corridor. After urging from human rights groups like Amnesty International:

Unocal hired a consultant in 1995 to investigate. The consultant reported: "My conclusion is that egregious human rights violations have occurred, and are occurring now, in southern Burma... the most common [of which] are forced relocation without compensation of families from land near/along the pipeline route; forced labor to work on infrastructure projects supporting the pipeline (SLORC calls this government service in lieu of payment of taxes); and imprisonment and/or execution by the army of those opposing such actions. (Velasquez 2005)

As early as 1995, the human atrocities were brought to the attention of the corporation. Aware of such actions taking place in the pipeline region, Unocal continued to complete the project, allowing the SLORC/SPDC to provide the security forces for the investment. What excuse can be made for such complacency? A Unocal-hired consultant reported the gross inhumanities taking place in Burma, yet Unocal finished the project as planned. When Unocal was brought to trial for its human rights violations, the company settled out of court (Doe I v. Unocal Cor 2002: 14193).

Yetagun

The second major pipeline project through the Tenasserim division runs from Yetagun offshore-gas field and shares the same pipeline corridor as Yadana into Thailand. Constructed in 1997, the project has five investors: Premier Oil from the United Kingdom, Petronas from Malaysia, Nippon Oil from Japan, PPTEP from Thailand, and MOGE (EarthRights International 2003: 13). The output from Yetagun is also contracted to Thailand and the gas from Yetagun is the second-highest priced gas (behind gas from Yadana) available in Thailand; despite the price Thailand is again forced to take the gas or pay for it anyway (EarthRights International 2003: 13). Since the Yetagun pipeline runs along the same corridor as Yadana, the security in the region has intensified along the route and the local people are subjected to further human rights abuses. Construction of another pipeline means more forced labor to build barracks for the new battalions stationed in the area and new infrastructure for the project, including helicopter pads. It also means that the regime needs more villagers to patrol the corridor to protect the military forces and foreign corporations' personnel from rebel attacks. Once again with the increase in military presence there is an increase in the everyday demands of the battalions on the villagers. In a 1996 impact assessment report about the building of the Yetagun pipeline for Premier Oil and the other investors, "it stated that "the pipeline will create a major security role for the army." ... with no previous significant or permanent Burmese military presence [the region] was suddenly flooded with troops to make it a safe and attractive area for international oil companies to operate. The new army battalions needed barracks and thousands of local villagers had to build them." (Thomas 2001). As seen in the development of the Yadana pipeline, the increased military presence has meant more conscription and ultimately more time and resources that the villagers are forced to give up to build and secure the natural gas investment.

Burma is likely to be the target of further natural gas and oil investments. I expect the power sector will continue to expand under a regime that has identified how control of such rich resources and profits from these gas and oil projects can support spending habits. Already MOGE is able to secure the biggest share of foreign direct investment and revenue for the military government (Nyein 2009: 642). The Yadana project alone has generated more than \$9 billion for the military government since output started in 2000 (Roughneen 2007). As the SLORC/SPDC has moved away from a policy of “ self-imposed isolation to thriving trade with all its neighbors, who are happy to invest in the country to benefit from its natural resources... the development of natural gas has further bolstered the government’s balance sheet” (Englehard 2010: 12). The revenue from these projects is used to finance military expenditures that support the regime’s offensive against the armed-ethnic groups (often in the pipeline region). Therefore it is important to understand the capital from the natural gas and oil investments flows to the military regime and then spent.

Increased Militarization

Since 1988 Burma has been under martial law (Steinberg 2010: 128). During this period the military has grown exponentially and has become more than a significant presence across the country. In 1988 the military commanded about 180,000 soldiers and their efforts were consistently aimed at fighting the Burmese Communist Party (BCP) and a variety of other insurgent groups (Englehard 2010: 12). After the BCP collapsed in 1989, the regime negotiated many ceasefire agreements with the insurgencies and there was hope that the military would slow its offensive. However, despite the reduction of opposition, the military regime has continued to grow their forces and occupancy in Burma (Englehard 2010: 12). This growth is very apparent in the number of soldiers. Burma has been transformed: “After 1988, when the military opened fire on pro-democracy protestors, ultimately killing as many as 3,000 civilians, the tatmadaw grew dramatically, turning the country into the formidable military state it is today. Military personnel jumped from 180,000 in 1988 to over 400,000 in 1996, and that increase coincided with a sharp increase in military expenditures valued in the hundreds of millions of dollars, mostly for armaments and other hardware, as well as new naval and air force bases” (Smith and Htoo 2008). These observations are critical to the examination of the role of foreign investment in exacerbating the militarized state. First, a 220% increase in the size of the military is quite considerable. What is the justification for such large growth? Especially with the elimination of the BCP and many of the insurgencies as a threat to peace, why would the regime need to maintain such a large military? To put it in perspective, the Burmese 400,000 man army is only 100,000 people larger than the active United States army of 500,000 (Kaplan 2008: 92). The United States, with arguably one of the most powerful militaries in the world and a population of over 300 million people or about 613% of Burma’s, has a standing army that is only 25% greater than Burma’s. This vast incongruence between differences in population size and the magnitudes of their respective militaries suggests that the military force in Burma is excessive. Whether or not one believes that the U.S. military should be the standard to use when comparing forces, one would be alarmed by the size of the Burmese military relative to the United States.

Increasing Military Spending

As the size of the military has increased so has government defense expenditures. In order to support the larger number of people in the military, the regime needs more equipment

and hardware. But why does the military need all of this hardware? Myanmar has few (if any) external enemies. The military hardware is used almost exclusively for control of the civilian population. Over the same period that the military has expanded its forces by 220%, the country has imported a large quantity of armaments. Although the exact details of the shipments are unclear, “over the past eight years it appears that Burma has received about 80 main battle tanks, 105 light tanks, 250 armored personnel carriers, a number of armored bridge layers and tank recovery vehicles, field and anti-aircraft artillery, multiple rocket launchers, surface-to-air missiles, trucks four-wheel-drive vehicles, mortars, recoilless guns, grenade launchers, small arms, and ammunition” (Selth 1998 in *Burma: Prospects for a Democratic Future*: 89). This flood of new arms and equipment has given the military the machinery necessary to support its expansion. How does a government with a poor system of taxation and relatively limited inflows of capital fund these purchases? The regime, hoping to maintain order and suppress any threat to its continued holding of power, will use whatever money they have available to cover their costs. As mentioned, the largest source of income for the government in Burma is from the natural gas and oil industries. Through exploitation of these (and other) natural resources, the regime has been able to fund its rising military expenditures.

Government’s Balance Sheet

Burma’s economy is in tatters after years of economic mismanagement and skewed policies by the military regime (*Shwe Gas Movement* 2006: 17). The country suffers from overall inflation estimated at as high as 53% (Smith 2007: 50) and inflation for some commodities like rice as high as 800% (Brown 2000: 236). Not surprisingly, the ethnic minorities are disproportionately affected by the challenging economic climate. 90% of people in the Arakan and Chin regions use candles for light and firewood for cooking fuel because the ethnic regions are excluded from national power grid (*Shwe Gas Movement* 2006: 18). Out of a population of about 53 million, Myanmar has 45 million people without electricity (Lall 2009: 216). It is maddening that so many citizens of Burma do not have access to the natural resources that support their economy and serve as the largest export and source of income for the regime. In fact, despite its wealth in natural resources, Burma is a Least Developed Country (LDC) with an average annual per capita income of about US\$250 (Brown 2000: 236).

Fiscally, the regime is irresponsible. Most governments use proper tax systems to sustain government spending; collections from imported goods, property taxes, border control, and other taxable activities are important sources of income. However, in Myanmar the lack of stable and well-functioning financial institutions has cemented the military regime’s inability to support itself from traditional means. The country’s tax system is particularly abysmal and has continued to deteriorate:

Most telling is the decline of tax collection, perhaps the single core government function. Never very high in comparative terms, tax as a proportion of GDP reached its maximum level in independent Burma at around 10 percent in the mid-1970s, but began a steep decline in the mid-1980s, reaching a low of 2 percent in 2001, when the available data end. Even the International Monetary Fund considers the tax-collection rate in Burma alarmingly low, citing a narrow tax base, evasion, and corruption as causes. (Englehart 2010: 11)

Unfortunately, independent Burma never developed a strong fiscal system. As a result tax collection has continued to fall until it reached its low in 2001, after which we no longer have data to compare. Englehart later claims that a government that cannot tax cannot govern (Englehart 2010: 11). Without the necessary tools, a government cannot effectively govern. A poorly performing tax system is just one example of the unproductive structure of the government in Myanmar. Unsurprisingly, corruption runs high in a country ruled by a repressive military regime with a poor central government fiscal policy. “Licenses and concessions are key to the “privatization” policy of the SPDC, engendering the rampant corruption that sees the country ranked second last, ahead only of Somalia, in Transparency International’s rankings” (Nyein, 2009, 642). The current economic policies in Myanmar are contributing to the underdevelopment of the country. A further problem is the mismanaged use of funds that the government is able to collect. The little taxation that is collected is not appropriately used for public purposes; instead, “general taxation is used disproportionately to fund military expenditures, rather than social programmes” (Holliday 2005: 44).

The military regime, fundamentally afraid of political instability, disintegration, or loss of power, makes economic decisions that are inefficient and ineffective; instead of serving the fiscal interests of its population, the SPDC disproportionately gathers weapons that can suppress any threats to authoritarian rule. The regime’s skewed interests have resulted in reduction or elimination of civil services and ultimately, spending on public goods is forfeited for continued defense spending. Education and healthcare in Burma are among the worst in the world; in fact, the World Health Organization ranks Burma the second worst in the world (Roughneen 2007: 2) only after Sierra Leone (Steinberg 2010: 128). A UNHD report from 2003 estimated that .4% and .5% of GDP is spent on health and education respectively (Shwe Gas Movement 2006: 34). Instead of social spending, the regime uses extraordinary portions of GDP on military hardware expenditures. Since 1988 the government expenditure on defense spending has consistently been around 30% of GDP, which is higher than any other function of government spending. (Taylor 2009: 402). The SPDC has expanded the military budget from US\$1.99 billion in 1999 and US\$1.02 billion in 2000 to over US\$6 billion per year in 2005 (Nyein 2009: 641).

The timing of military expenditures is coincidentally well aligned with revenue inflows from natural gas and oil projects or major political moments that may suggest ties with other countries. In 2001 the financially drained Myanmar military bought modern fighter jets, 10 MiG-29s, from Russia for \$130 million; the regime put down a \$40 million down payment in the same week that Thailand paid \$100 million for Burmese gas (EarthRights International 2003: iv). In the same year that Total paid a \$15 million signatory bonus to Myanmar Oil and Gas Enterprise (MOGE), the regime bought 24 Soviet-era helicopters from the Polish company PZL; “A Bangkok-based Polish diplomat at the time said, ‘the Burmese paid us with Total money’” (Shwe Gas Movement 2006: 35). On September 15th, 2006 the first contract between a Russian oil and gas company, JCZ Zarubezhneft Itera, and Myanmar was signed on the same day that Russia and China objected to Myanmar being placed on the Security Council’s agenda (HRW, Table 2). In January 2007, Myanmar signed a PSC with China National Petroleum Corporation of China (CNPC) three days after China and Russia vetoed a proposed UN Security Council resolution for Myanmar’s human rights record (HRW, Table 2). These coincidences suggest that the military regime is manipulating its way to acquire military hardware, which provides the force that enables the regime to stay in power. Unfortunately, since Myanmar is a closed society, there is little information about further figures or timings of exchanges. However, these transactions seem to highlight the coincidences.

Resource revenues appear to be funding the military's expansion and acquisition of hardware. The perpetuation of the militarized state is born from the development of the pipelines to transport the resources; the pipelines require additional security to protect the assets and thus a greater presence of armed forces, which amplify the militarized state. Areas like the Tenasserim division, that had no permanent military presence before 1988, suddenly have battalions stationed throughout the region in the name of pipeline security.

The Effect

As seen along the Yadana and Yetagun pipelines, greater military presence leads to more frequent and intense human rights violations. Forced labor is terribly widespread. In fact "conscripted of local villagers by the government and the Army to work without pay to build public infrastructure or to perform other tasks is a long-established practice in Myanmar, as this is also the case in other underdeveloped countries that lack an established tax base" (Total 2010: 5). Unfortunately, Total's claim of forced labor as a common practice in Burma is not outlandish. Many civilians over the increasingly militarized period have fled to Thailand to escape the control of the armed forces. Throughout this period "the Federation of Trade Unions-Burma and a number of other organizations working on the Thai border with Burma have been compiling detailed reports on hundreds of cases of forced labor from August 1998 through October 2000. In many instances, the federation has obtained instructions written by army commanders and government officials demanding that villages give labor, materials and money to projects to bolster the country's army or its infrastructure" (Coddard 2001). These daily human rights abuses are becoming increasingly universal.

This phenomenon is made worse by the regime's self-sustaining military policy, in which each battalion is responsible for providing its own basic necessities like shelter, food, and water. Without funding and resources, the military forces use the local populations as tools, demanding that they provide labor, money, and materials for projects, grow and hand over food, and complete other tasks to support the battalions. These conditions have drastic effects on the local communities. Often villagers are unable to support their own needs: "Based on civilian testimonies from ten out of 14 states and divisions, food scarcity was shown to directly result from militarization" (Hudson-Rodd and Htay 2008: 12). Forced to give up whatever food the troops demand, the local people have little if any left to feed themselves.

A child soldier interviewed by Lah Poe and David Rutherford commented that in his experience during the Wa Lei offensive¹⁰ the soldiers were forced to demand or loot supplies from villagers due to the lack of rations (Poe and Rutherford 2011: 9). Regardless of whether the soldiers were forced to their actions, this child identified the conditions within the army as necessitating these human rights violations. Ultimately the growing military, which is already struggling to support itself, puts a growing strain on the villagers. The same child soldier, who was captured by the army three years ago, originally thought that the army would let him go because he was too small and weak to porter for the troops. Quickly he learned that he was mistaken; he was taken as an army recruit and was subsequently sent to a battalion, where he served for almost two years (Poe and Rutherford 2011: 9). The army takes whatever they need, including children and women, from the villages. The child soldier also recalls, "During the Wa Lei offensive [he] heard from other soldiers that U Than Soe, who was a two chevron corporal, and another three soldiers had raped two Karen women and that U Than Soe had personally

¹⁰ Wa Lei is the Democratic Karen Buddhist Army (DKBA)'s base. The army wants the DBKA to join the Border Guard Force (BGF) under army control but the DBKA is refusing.

decapitated them” (Poe and Rutherford 2011: 9). This egregious abuse of women and disrespect for their humanity again demonstrates the little (if any) regard for human rights by the military. If a leader in the army is behaving in such a way, what kind of message does that send to the men and women below him? It seems as if the troops have forgotten that these villagers are indeed human.

Civilians are subjected, as mentioned in the case studies, to forced relocation, another major problem in Burma triggered by the will of the military. Coday suggests that forced relocation is part of the Burmese regime’s effort to crush civil unrest and prevent people from organizing against it (Coday 2001). The “heightened military presence has led to increased human rights abuses and flows of refugees across the border” (Brown, 2000, 249). As the number and strength of the troops has grown so has the number of civilians looking to escape. This creation of refugees and internally displaced people jeopardizes the stability of the entire region of South Asia because movement of large numbers of people across borderlines puts a lot of pressure on neighboring countries. Aid agencies estimate that the displacement problem is so great that “as many as 1.2 million people have been forced from their homes to strategic hamlets in and around military posts or forced to hide in the jungles without adequate shelter, clothes or food. More than 150,000 people are living in refugee camps inside Thailand, and upwards of 2 million migrants from Burma are seeking jobs illegally in Thailand” (Coday 2001). These figures demonstrate the magnitude of the issue. Local people are being driven from their homes, a major violation of their human rights. These occurrences are happening more frequently as more barracks and army bases are built.

In addition to villagers, the SPDC military takes on prisoner porters. These prisoners, often imprisoned arbitrarily, are taken from jail with no information about where they will be going, what they will be doing, or when or if they will come back. In describing his experience as a porter, one man, who was taken by Battalion 346 on January 2nd, 2011 and escaped two months later, recalls, “each of us had to carry six artillery shells as well as supplies of food. Within battalions 563 and 346 there were around three hundred troops and seventy-five porters... Those who struggled to carry the heavy loads were beaten by the army. They were kicked with jungle boots, hit with the butt of a gun and punched with fists... We did not have enough food to eat. The troops provided only two milk cans worth of rice for four people. When fighting broke out we were given no meals, but the soldiers ate Yum Yum noodles. As well as our own loads, we were made to take the burdens of the porters who has escaped but they became too heavy for us to carry.” (Tarsorhtee 2011: 5-7). These descriptions of the life of a porter are troubling and his insight, much like the child soldier’s, on the actions of the military is even more traumatic. He explains that, “While I served as a porter we passed about five villages and five battles broke out... in one, fighting broke out on the outskirts of the village. The troops arrested one old man in his house. He was about fifty years old. The troops took him outside the village and interrogated him. The SPDC tied his hands behind his back, tortured him and beat him. His face was swollen and bruised. They took him with them when they left the village then stabbed him with a knife and killed him in the forest. Captain Yan Naing Soe Win was responsible for the old man’s murder. He is from battalion number 346.” (Tarsorhtee 2011: 5-7). This brutalization is apparently a typical practice of the military. Again, such events highlight the crisis brought about by a larger military force. The porter further details an incident where the security guards found a dumb Karen [ethnic] boy, who they expected to be a member of the Karen National Union (KNU) or the Democratic Karen Buddhist Army (DKBA), they took him and interrogated him. When the boy was unable to answer the questions, they claimed he was

pretending not to be able to speak, and beat him; they tied his hands behind his back and took him with them for six days, continuing to interrogate him in vain. Eventually they killed him. (Tarsorhtee 2011: 7). These first-hand accounts of the atrocities occurring at the hands of the SPDC military in Burma are devastating.

On the whole, it is clear that the growth of the military since 1988 has resulted in an increasingly militarized state. This state is characterized by frequent and consistent human rights abuses. The local populations are suffering at the hands of the troops, who do not have the means to support themselves and thus rely on the civilians to meet their needs. Unfortunately, the development of natural gas pipelines has directly contributed to the increased number of armed forces in the region and thus perpetuated the occurrence of human rights abuses in the form of forced labor, portering, food scarcity, relocation, and other forms of conscription. This continual and causal cycle is what makes the prospects for change in Burma scary and difficult. How can the international community keep the revenue from the power sector from further militarizing the state? Or how do they ensure that the increased military presence doesn't mean more human rights violations.

III. Foreign Interests

Vying for Influence in Burma

In the preceding portion of the paper, I aimed to establish Burma's bleak political, economic, and social landscape through the examination of the military regime's systematic repression and abuse of the Burmese civilians; I tried to highlight the way in which natural gas and oil projects compound these issues. Now, I turn to look at the fate of the highly militarized state given Burma's location between China and India. By exploring the competing interests and the relationships that each neighbor has with Myanmar, it becomes clear that China and India will continue to be supportive of the repressive regime, regardless of its humanitarian record. Consequently, the two countries will be the greatest obstacles to affect change in Burma (Green 2007: 150).

Although neither China nor India was involved with the Yadana or Yetagan pipelines, the two countries are likely to be great sources of foreign direct investment for the military regime moving forward. Both countries have an active interest in exploiting Burma's natural resources (Smith and Htoo 2008). It is expected that gas consumption of countries in Asia that are not part of the Organization for Economic Cooperation and Development (OECD), will expand by about five percent annually from 2004 to 2030 (Lall 2009: 135). India, characterized by seven to eight percent annual economic growth, a fast growing population, and the expectation that that economic growth rate will continue to increase, has significant pressure to secure energy resources like the Shwe gas fields in Burma. India's population is expected to be at least 1.573 billion by 2030, which would be over a 50 percent increase in fewer than 30 years (Lall 2009: 34). Similar figures can be cited for China. India and China, as non-OECD countries will increase their energy demand by over 65% in the period from 2004 to 2030 (Smith 2007: 52). With such close proximity to the oil fields in Burma, the country's neighbors will certainly be interested in developing or strengthening relationships with the regime. Therefore, it is very important to understand the dynamics of Indian and Sino-influence in Myanmar and how the relationships with the regime will affect the civilians.

It is intriguing to survey the international reaction to China and India's rising levels of investment in Myanmar. As can be seen in the backlash to the Yadana and Yetagan pipeline

projects, at this point in time the international community tends to take particular offense to Western corporation's exploitation of an indigenous populations' natural resources. The country of origin seems to be a vital aspect of corporate engagement in repressive contexts (Holliday 2005: 38). The international community, comprised of NGOs, human rights activists and any other organization, person or government that hopes to protect people of all countries, tends to condemn Western engagement with countries like Myanmar on the basis of upholding a certain ethical image and example. We do not know if or when international backlash against China and India's corporate involvement with the SPDC will cause the neighbors to reexamine their positions. Non-Western or less developed countries do not have such a reputation to maintain so they are less likely to feel the same international stress to disengage with or isolate a repressive regime. And without that pressure, non-Western countries, like China and India, are more willing to interact with governments that have poor humanitarian records, like Myanmar, and ignore the internal affairs of the country.

Fueling concerns about China and India's involvement with the regime, Transparency International ranks Burma as the world's second most corrupt country (Smith 2007: 53). They also rank India and China as the two countries most likely to pay bribes to clinch overseas contracts (Smith 2007: 53); given Burma's neighbors and the strong relationships they seek to establish with the regime, it is more than likely that corruption is taking place.

China

China's engagement with Burma has continued despite widespread international concern, highlighted by the *Doe I v. Unocal Cor.*, about the human rights abuses taking place under the SPDC. Ideally, China wants to be able to take advantage of both Burma's strategic location as well as its natural resources. With these goals in mind, the Chinese have fostered a positive and in many ways enabling relationship with the regime through trade relations and political support.

Aiming to gain access to the India Ocean, "China especially needs a cooperative, if not supine, Burma for the construction of deepwater ports, highways, and energy pipelines that can open China's landlocked south and west to the sea, enabling its ever-burgeoning middle class to receive speedier deliveries of oil from the Persian Gulf. These routes must pass north from the Indian Ocean through the very territories wracked by Burma's ethnic insurrections" (Kaplan 2008: 87). The Chinese recognize the convenience of transporting goods through their neighbor as a more efficient trading system. Access to the Indian Ocean would give China a more direct route to import oil and gas from resource-abundant West Asian and African regions to meet the increasing demand for energy by its citizens (Lall 2009: 141). One of the large concerns about China developing its new trade route is the future of the countries that lie on the new path. I believe that there is risk of further militarization in places like Ethiopia, Somalia, Iran, and other Persian Gulf countries that are the target for Chinese foreign direct investment in natural gas and oil. These countries that are already fairly unstable with questionable human rights records, may find themselves at the mercy of Chinese influence. Unfortunately as Kaplan describes, China would like Burma to be "supine" so that the SPDC will not do anything to obstruct the Chinese mission. The Chinese mission is to accumulate resources and gain access to markets so that the country can continue to grow into a super power. In repressive settings like Myanmar, the regime's aim to keep the Burmese population from uprising offers a strategic role for China to play in the dynamic between the state and its population. When the regime systematically forces its citizens to perform acts for the In this setting, Chinese support is needed to meet the regime's

goal of forced stability which allows China to also achieve its mission. In fact a state that is so effectively controlled by the regime is an ideal place for investment for China.

This creates another perpetual cycle: the Myanmar military is fostering a good investment environment characterized by low costs and civilian resistance, in exchange for support from China, who is providing the capital and power for the military to maintain control of the Burmese state. The regime needs the support of its neighbor and thus allows China to push forward with building ports and pipelines while having the country give up very little. China appreciates the benefits from this system and does not harp the SPDC for its human rights policies.

The interest in Burma has become very commercial. Chinese corporations identify the proposed new route as a method to increase profits and expand the magnitude of trade. In his research for his work "Lifting the Bamboo Curtain" Kaplan interviewed a man who "put on reading glasses and opened a shiny black loose-leaf notebook to a map of the Indian Ocean. A line drawn on the map went from Ethiopia and Somalia across the water past India, and then north up the Bay of Bengal, through the heart of Burma to China's Yunnan province. 'This map is just an example of how CNOC [the Chinese National Oil Company] sees the world'" (Kaplan 2008: 94). Again, the ambitions of Chinese involved in Burma are very narrow – the corporations are not looking to ameliorate the humanitarian crisis in Myanmar or to engage the SPDC in such a way to entice political change. They are simply looking to make a profit. Kaplan further detailed that the Chinese are building a new port at Kyauk Phyu on Burma's Western coast, which will be able to handle the world's largest container ships sent from China's Hobyon port on the Ethiopia-Somalia border in the Ogaden Basin (Kaplan 2008: 94). The development of such capabilities is very important to Chinese national development.

The alternative trade route also reduces Chinese dependence on the Malacca Straits. Currently 80% of China's oil and gas imports pass through these straits. Transport routes through Burma will help China protect itself from potential disasters in the future. Fearing an eventual outbreak of war between China and the United States, China is looking to diversify its modes of energy delivery (Dalliwall and Clarke 2008). If the United States were to capture and occupy the straits today, China would experience a power crisis. But if China can diversify the way in which it receives natural gas and oil, the country will be less vulnerable to an attack on its import system.

The Chinese have strengthened their position in Myanmar through trade relations that help prop up the Burmese military through physical armaments and training. This support contributes to the increased militarization of the state. Under the SPDC, China has emerged as the most important source of economic and military backing for the regime. Chinese military assistance is estimated at more than \$3 billion (Steinberg 2010: 121). A year after the People's Revolution in 1989, representatives from the SLORC visited China and initiated "co-operation" of military affairs, launching an intense series of arms purchases (Ruland 2001: 142). In the period since 1989 China has provided between \$1.5 and \$2 billion worth of hardware to the Burmese military and signed a number of military agreements (Ruland 2001:142). In the timeframe from 1991 through 1993 China provided Burma with significant number of Navy ships (Egretau 2008: 45). The third military agreement, negotiated in December of 1996, outlined an exchange of military strategy; it included provisions for training of the Burmese officers, trading of intelligence, and "fiscal assistance", which scholars read as a promise to continue to sell military hardware at discounted prices (Ruland 2001: 142).

In return for this support, Burma offers China access to ports around the Indian Ocean, allowing Chinese forces to monitor the military developments in neighboring India (Green 2007: 152). Utilizing better surveillance of India, China hopes to assert its dominance as the true regional superpower. By gaining access to the Indian Ocean, China is strategically a two-ocean power and is thus in a stronger position to challenge New Delhi's claims to an influence zone in the Indian Ocean." (Ruland 2001: 142). Additionally, as Burma and China have deepened their economic and political ties, China has been able to increasingly seek preferential treatment in regard to access to Burma's rich oil and gas reserves (Green 2007: 152). By increasing the level of military backing China provides for the Burmese regime, China is increasing its leverage to gain control of Burma's coveted natural gas reserves.

Unfortunately, danger arises when the relationship between Myanmar and China interferes with international efforts to end human rights abuses committed by the military and the SPDC. In January 2007, the United Nations Security Council voted on a Burma Resolution. Unfortunately both China and Russia, two permanent members of the council and coincidentally two main providers of military hardware to the SPDC, vetoed the resolution (Green 2007). Although both countries claimed that it was not the U.N.'s responsibility to intervene in intra-state matters, they rejected a resolution that was intended to enforce conditions that would improve human rights for Burmese citizens. The lack of effective international action against Myanmar's repressive policies has further hurt the local populations. This is a case of China putting its national interests above the humanitarian issues in Burma. In fact, this attitude is rooted in China's original engagement with Myanmar. When the international community attempted to shun the SLORC for the deplorable human rights atrocities committed during the 1988 People's Revolution, China seized an opportunity to develop a strategic relationship with a country that has a lot to offer its government. As Egreteau notes, "when the SLORC, ostracized by the international community after its harsh repression of the pro-democracy movement during the summer of 1988, indicated its willingness to establish a new partnership with Beijing, China swiftly filled the vacuum left by international donors and regional powers" (Egreteau 2008: 39). China continues to support Myanmar at the expense of its inhabitants. Another example of this behavior is the eagerness of Chinese corporations to enter the energy market, despite widespread concern about the human rights abuses committed due to corporate presence in the Yadana and Yetagun pipeline projects. Shockingly, the spokesman for the China National Offshore Oil Company (CNOOC) does not mention the reasons against corporate engagement but does acknowledge that the abstention of many international corporations has benefited China's interests in participation; Lucid declared that, "thanks to Western sanctions policies conducted toward Burma, 'it [was] also easier for Chinese oil companies to gain access, as most oil companies [would not] go there'" (Egreteau 2008: 54). The willingness of China to provide Burma with the support the international community hopes to use as leverage to evoke change in the state makes any international effort ineffective.

India

Like China, India has a great appetite for energy. As mentioned earlier India's population is expected to exceed 1.57 billion people by 2030; with such growth, India needs to secure energy resources quickly. Currently the country consumes 34.5 billion cubic meters of electricity – that number is expected to rise to almost 200 billion cubic meters by 2030 (Dalliwall and Clarke 2008). This increase will constitute more than a 575% jump in India's demand for electricity. How will India meet this demand? At this time, India imports 50% of the natural gas

it uses and 70% of its oil (Dalliwall and Clarke 2008). The majority of these resources are coming from the Middle East and Northern Africa. Importing natural gas and oil from its neighbor would certainly be more convenient and economical than from Africa (Dalliwall and Clarke 2008).

However, until the mid-1990s India, the largest democracy in the world, was hesitant to interact with the anti-democratic military regime in Burma. Eventually India's national interests overcame its moral considerations. Since 1985 India and Burma have really fortified their trade relations; Burmese exports into India have gone from 188.90 in the year spanning 1985-1986 to 1956.32 in 2004-2005 (Taylor 2009: 466). India has increased their imports from Burma ten-fold since 1986, before India changed its attitude towards Burmese relations. India's pro-democracy approach was abandoned for access to the country's natural resources and to limit the level of Chinese influence in the region.

Beyond hurting India's economy and access to natural resources, Sino-Burmese relations threaten India's national security. China's military involvement with the Burmese armed forces has given China access to significant ports and enabled the Chinese military to build bases by the Indian border. This was the spark that led Indian policymakers to reexamine their approach to Burmese engagement (Egretau 2008: 40). India embarked on a mission to quickly fill the growing gap between Sino-Burmese and Indo-Burmese relations:

The change occurred during the past decade, after New Delhi detected that China's political and military influence in Burma was filling the void left by the international community's deliberate isolation of the junta. Like China, India is hungry for natural gas and other resources and is eager to build a road network through Burma that would expand its trade with ASEAN. As a result, it has attempted to match China step for step as an economic and military partner of the SPDC, providing tanks, light artillery, reconnaissance and patrol aircraft, and small arms; India is now Burma's fourth-largest trading partner. (Green, 2007, 154)

As a result there are now two strong countries filling "the void left by the international community's deliberate isolation of the junta". Unfortunately, this gives the SPDC added leverage to manipulate the two countries into providing support. It means that one country will provide what the other will not. Competition in the region may lead to a fascinating situation where "China and India will find... the Burmese military skillfully playing the balance" (Egretau 2008: 46). India and China are both willing to supply military equipment in exchange for access to natural gas and oil reserves, the Indian Ocean, and other trade routes. This desire ignites the cycle; with two major countries willing and able to develop pipelines, the SPDC can start natural gas development projects at a much faster rate. With more projects, the SPDC will receive more income, be able to fund more military expenditures, increase security in the pipeline regions, and thus promote further militarization of the state.

Filling the void strategically left by the international community's policies also jeopardizes any international agents' goal to stronghold change in Burma. Ultimately, China and India are making most if not all of the current sanctions and restrictions on Burmese engagement futile. For instance, a helicopter that India gave to Burma violated the EU arms embargo against Myanmar according to Amnesty International and other European Union NGOs – the helicopter was made completely from different parts manufactured in EU states (Smith 2007: 53). If India

is going to give the equipment to the SPDC anyways, what is the point of the EU limiting military exports to Burma? It seems that India and China are too occupied with obtaining their own nationalistic goals to recognize the benefits of the international community's isolationism.

Amidst the 2007 Saffron Revolution, the Indian Minister for Petrol, Murli Deora, and the SPDC signed a \$150 million investment deal for the exploration of three new natural gas blocks despite the uproar after the monk and pro-democracy activists demonstrations (Egreteau 2008: 55). Much of the international community saw an isolationist approach as a way to illustrate the international objection to the brute force used by the regime to suppress the peaceful demonstrations. The problem with this approach is that the message is void if the action is not unified and coordinated effectively. Therefore, without cooperation from India, the international community was not able to punish the SPDC for their aggressive human rights abuses. Instead, India signed a \$150 million investment deal that provided further financial support, which bolstered the regime's ability to deflect foreign pressure to change its behavior.

International Responses to State Control

Unfortunately, Burma is in the hands of a repressive military regime that has a constant fear of being overturned by ethnic minorities or pro-democracy activists. The SPDC regularly partakes in offensives against these two perceived threat groups. Ultimately the pattern of human rights abuses has intensified with the development of natural gas and oil projects in the country. The foreign investment into these projects has supplied financial backing for the military regime's equipment and armament purchases. These expenditures have allowed the regime to place more armed forces throughout Burma. The concentration of these battalions is particularly overpowering in the pipeline regions, where the SPDC claims to be protecting the investments and their personnel from insurgency attacks. As a result of the increased number of troops in the area, civilians are increasingly subjected to forced labor, relocation, and other violations of their rights. This cycle of violence has continued for over 20 years. The international community has tried to put an end to the internal human rights problems. However, no change has come.

Regrettably, as seen in previous examples, Sino and Indo engagement with the regime has prevented external attempts to bring about significant policy changes in Burma. China and India have opportunistic motives that are not aligned with the rest of the international community's interests in Myanmar. Both neighbors are cognizant of the rich resources and strategic location Burma offers. With growing populations, growing demand for energy, and an increasing need to get these resources quickly and efficiently, China and India have looked to Burma to expand their power supplies and trade systems. They have fully engaged the SPDC in order to carry out their respective expansions.

By looking at the different levels of engagement in Burma, we see that the varying tactics to influence the SPDC do not complement each other. Andrew Selth writes about three separate methods of government intervention. The first is taking a "hard liner" approach, which demands extreme changes be made (Selth 2008: 285). The United States, the United Kingdom and the European Union have taken this type of approach with Burma. Through public condemnation and economic sanctions these countries wish to stronghold Burma into 'national reconciliation', releasing political prisoners and a regime change (Selth 2008: 287). The second type of engagement is taking a "soft liner" approach, which advocates constructive interaction with the regime. Almost all of the ASEAN countries believe that through support the global community can incite the current regime to change their policies and follow international standards to develop a positive civil society (Selth 2008: 287). The "soft liners" believe that isolation, a

method pushed by the “hard liners”, will simply drive the military regime to find alternative and often more disastrous ways to get what they want (Ruland 2001: 144). Thus they encourage a non-confrontational attempt to set off a smooth process of political change. The third type of approach is that of the “fully engaged”. These countries like China, India, and Russia maintain close ties with the SPDC and in some cases would like to see greater stability in Burma, but only for their own nationalistic interests. In fact, they may not want regime change at all because they currently profit from their close relationships with the SPDC. For example, China and India would like to maintain their diplomatic influence and may not be supportive of a new, western-appointed authority.

As I have discussed earlier, the presence of this third category of engagement, mainly Sino and Indo influence, has derailed most of the goals of the “hard liners” and “soft liners”. The drivers of these “fully engaged” relationships are Burma’s rich natural resources and its strategic location – Burma has what the other countries want. Therefore, as long as the military regime has control over the country’s natural resources, there will always be countries that are “fully engaged” and seeking to fulfill their own self-interests by interacting with the SPDC. Unfortunately, “this monopoly [of natural resources] provides a constant funding stream that allows the military to sustain its power position notwithstanding international sanctions.” (Nyein 2009: 647). The SPDC is immune to the effects of the “hard liners” and the “soft liners” because of its ability to get support from China and India. Problematically, the flow of capital supports the regime’s militarization of the state and continued repression of its citizens. The intersection of all of these characteristics that define the Myanmar political economy make change in Myanmar quite difficult.

The counter argument would be: why can’t China and India change their policies towards Burma to make international efforts more effective in pressuring the military regime? The neighbors have a much greater national interest in Burma’s resources and location. Neither country would be willing to cooperate with the international community’s policies for fear of retribution by the SPDC. Losing access to the natural gas and oil fields and the trade ways would be major set backs for both China and India. But what is even more daunting to Burma’s neighbors is that the other country may use the policies in such a way that they gain an advantage with the military regime. Much like the prisoner’s dilemma, each country fears that the other is not going to support the international effort. As a result neither country is willing to support the international response. For example, India, fearing China’s rise in the region and growing relationship with Myanmar, could not stand by and maintain a “hard liner” attitude as China developed a strong presence with the SPDC. Ultimately, since both countries value Burmese control so highly neither will cut off economic ties to the country despite the social and political landscapes. Therefore, with the continued support of China and India the human rights abuses will likely continue in Myanmar.

IV. Burma’s Resource Curse

The Making of a Resource State

Through an examination of the importance of natural resources in Myanmar, it is clear that these resources are helping the regime stay in power. Le Billion argues that the “significance of resources in wars is largely rooted in the political and economic vulnerabilities of resource dependent states” (Le Billion 2005: 1). Myanmar is a prime example of a country that has political and economic vulnerabilities. As discussed, political tensions in Burma are very

high and have been since independence in 1948. The illegitimate military dictatorship recognizes a potential overthrow by its political opponents as one of the greatest threats to its continued rule. As a consequence, we have seen that the regime is desperately holding onto its power at the expense of human rights. Natural resources, like gas and oil, are a means for the regime to further its power and control of the state.

In a state where the BSPP's isolationist and socialist policies have been replaced by repressive policies of a military dictatorship, economic viability has been compromised (if not destroyed). The majority of all formal revenue that flows to the state is from natural resources. Le Billion cites large resource revenues as a great opportunity for the state; since natural resources are tradeable on the international markets they offer a unique income and chance to interact with the international community (Le Billion 2005: 5). Access to such markets offers the state a way to fund itself, as seen in Burma. Because of these qualities, states with totalitarian agendas seek to manage natural resources so that they can oversee the corresponding international commodities networks and trade systems. These conditions have pushed the Myanmar regime to grasp at total control of the state through an aggressive military offensive and strict management of Burma's natural resources. This intersection between violence, resources, and control is at the root of what Le Billion claims is the significance of resources in war for a resource dependent state. Rule of natural resources is a method for the regime to protect its political and economic vulnerabilities.

Strategically unequivocal command of natural resources fosters a centering of power, reaffirming the commander's rule. Watts writes that "strategic and economic powers of oil actually heighten and amplify the centrality, or perhaps more accurately, the visibility and presence of the state in public life, (and therefore of claims over nation and citizenship), and the visibility of transnational capital (and therefore of questions of sovereignty and accountability)" (Watts 1999: 9). By controlling all of the country's natural resources, the regime reaffirms its position and, in the case of Myanmar, stolen authority. From the regime's perspective, this allows the SPDC to foster greater stability. Unfortunately, Le Billion adds that this type of stability complicates some of the problems in resource states. He writes, "Through patronage or coercion, large resource revenues can 'pay for stability' and maintain a generally autocratic, stable political order... [Such regimes] are generally characterized by the low accountability of elite groups." (Le Billion 2005: 6). As mentioned throughout the paper, there is little (if any) regime accountability in Myanmar.

Unfortunately, the geographic characteristics of resources reinforce state political and economic issues in another way. Natural resources are very territorial and thus the control of natural resource sectors becomes a very territorial act (Le Billion 2005: 5). By classification, resources have boundaries; ultimately, in a resource state these boundaries become political. Watts notes, "the unit of oil exploration and extraction is geographical (clock or concession) which does not necessarily correspond with territorial boundaries, which are property issues which are about social relations and local identities" (Watts 1999: 10). This creates more divisions and boundaries within the state, perpetuating the existing tensions between territories. In Burma, this is of particular concern because the extent to which the population is already divided is so great.

The Consequences of a Resource State

Does it matter if Burma is a resource state? Despite the positive inflows of capital from natural resources, the effect of resource exploitation has been mainly negative. Levesque writes,

“Myanmar’s natural resources are a considerable asset. But overreliance on them and mismanagement burdens the economy. The military government has not been earnest in making wealth trickle down to the unskilled worker. It has found in its hungry neighbours a source of strength that it ably managed to remain in power.” (Levesque 2008: 4). There appears to be a general relationship between resource states, underdevelopment, and armed conflict. Le Billion comments “resource-dependent countries tend to have lower social indicators and their states tend to be more corrupt, ineffective and authoritarian and, to prioritize military expenditures.” (Le Billion 2005: 5). In Burma’s case, the military regime owns all of the resources and is thus the sole beneficiary of the profits. These profits are then put into the cycle of militarization, instead of programs that would benefit the entire population like education or healthcare. Even worse, the increased militarization is at the detriment to the unskilled worker, who is then the target of many human rights abuses perpetuated by the troops.

Inappropriately, resources produce “an overwhelming concentration of revenues in the hands of one party,” giving the one party significant power and strength to rearm and reorganize (Le Billion 2005: 12). Le Billion often refers to the ability of rebel groups to find financing through exploitation of natural resources for funding of their offenses. In Myanmar, however, it is mostly the military regime that is using the resources in this way. Ironically, the regime is constantly justifying their actions with claims that the rebel groups are going to assault the natural gas pipelines. But, except for the 1995 incident on the Yadana project, it does not seem like attacks on the natural gas lines are particularly frequent. It is possible that the rebel groups in the border regions are using timber, teak, and other resources for funding, but that is outside of the scope of this paper.

A further symptom of a resource state is ‘monoeconomia’. As described by Watts, “Oil rents reinforce particular patterns of class power... and the boom produces depressive effects in other non-oil sectors (typically the collapse of agriculture and of other forms of state revenue generation, i.e. tax collection, which further deepens the monoeconomic tendencies” (Watts 1999: 8). Natural resources overtake the economy, intensifying the dependence on the resource sector. In resource states, like Myanmar, the rest of the economy falters as the resource sector is built u In Myanmar the agriculture sector is hurting because the regime demands that many of the villagers, who typically work in the agricultural sector, are used as forced labor, porters, or security along the pipelines and thus cannot perform their daily jobs. As mentioned, Myanmar does not have other strong forms of state revenue generation.

Looking theoretically at the characteristics of a resource state, Myanmar seems to epitomize the effects of a state that is physically resource abundant and has full control of the country’s natural resources. The concentration of resource revenues is dangerous when found in a state run by a regime with an agenda to stay in power. Quickly these resources become a means to meet this agenda. Theory seems to suggest that as long as the Myanmar regime is in control of such a quantity of resources, the country will be subjected to human rights violations, monoeconomia, and a stalemate of other sector growths. Le Billion suggests that an international response or change could alter the significance of resources in armed conflict and control. He proposes that “revisiting pricing mechanisms should take place in tandem with an international framework for the regulation of resource revenues, which would seek not only greater stability in revenues, but also greater transparency, and increased accountability to local populations.” (Le Billion 2005: 24). The development of new international guidelines for natural resource sectors could limit the political and economic leverage a single party enjoys when it is in control of all of a country’s resources. The complex combination of circumstances in Burma

discourages this international approach. It is an idealistic solution to the resource curse problem that underestimates the influence of a country's neighbors.

Prospects for Change in Burma

Burma's Outlook

Both Chinese and Indian corporations have future plans to develop in Burma (Dalliwall and Clark 2008: 3). With these plans come more pipelines, increased security, further human rights abuses, new revenues for the SPDC, and stronger "fully engaged" relationships with the military regime. These relationships are likely to perpetuate the cycle of violence in Myanmar. As each of the political, economic, and social aspects of Burma collide and reinforce one another it may be very difficult to break from this cycle. Unfortunately, the problem in Burma is two-fold: the country is under military authoritarian rule, which is focused on holding power through politics of violence and fear, and Burma's neighbors have identified strong national interests in securing access to the country's resource endowment and potential trade routes. With the intersection of these two issues, Burma's internal turmoil presents a very tough challenge to resolve. Ultimately the two sides of the problem compound one another, making change of the regime unlikely; through increased militarization of the state, the regime effectively controls the population by means of terror and uncompromising brutalization. The second part of the problem is that the opportunistic motives of countries like China and India harbor supportive relationships with the SPDC that enable the regime to continue its repressive policies and support the military's expansion. This collision of support and militarization is what exacerbates the human rights abuses, solidifying the regime's control of the state. Therefore without the help of China and India, there appears to be little hope for the international community to pressure the SPDC to change its political, economic, and social policies. That is not to say change is unattainable. Instead, through careful examination of the military regime's current position, it seems that any solution to the oppressive climate in Burma must arise from internal pressure. This change will manifest itself in either new leadership from within the regime or from a total overthrow of the current authorities.

While there have been surface changes to the regime over the past six months, these changes represent very few fundamental changes. Holding elections for the first time since 1990 marked a turn for democracy. Unfortunately, that turn was dictated and manipulated by the military regime. Today, although the military regime has put on a large show of handing power over to a new parliament, they have effectively hand-picked the new leaders. Many of the old leaders continue to function in the same capacity as before the elections but (in some cases) under new titles (Moe 2011). Unfortunately, this façade is another way that the military regime is harnessing power; through these orchestrated changes the regime is once again thwarting off international pressure to change its policies. Claims of a new democratic leadership answer some of the international concerns but do not change the fact that the people in power and largely the same. As the monks warned, there is little hope brought about by these developments. The outlook in Burma remains grim, characterized by military control and resource exploitation.

Epilogue

There are two very specific conversations about Burma that stick out in my mind and highlight why this project is important to me. The first occurred a few months ago, after having already spent a significant period of time researching the current situation in Burma; I was

talking with Tom Brackett, co-founder of the Brackett Refugee Education Fund, and he told me a story about a time when he was on the Thai-Burmese border. He recounted that a refugee had come into his office carrying a poster of Aung San Suu Kyi and asked Tom, “What does this mean? What does this say?” It said ‘human rights’. But with the language barriers Tom struggled to answer the question. He didn’t know how to say ‘human rights’ in Thai or Burmese. Tom wanted to explain by describing the everyday things we believe to be human rights. But his words failed him because the refugee didn’t have any human rights for Tom to explain. He had never had human rights in Burma.

The second conversation that has really stuck with me is one that I had in the spring of 2009 with a Burmese monk who had sought refuge in Utica, New York. While talking about the differences between Burma and the United States he shared that “If I live in Burma, we cannot talk about policies, such as democracy or dictatorship because the Burmese military regime controls everything. So if I live in Burma I cannot study about politics. I cannot talk about human rights in Burma.” (Clark and Sills 2009: 13 min. 12 sec.). It is these conditions in Myanmar, which the refugees describe, that I hope to have highlighted. I hope to have shown the gravity of the human rights situation and to have demonstrated the perpetual cycle of militarization.

This paper focuses very narrowly on the role of foreign investment into the natural gas and oil sectors in exacerbating this cycle in Burma. These sectors are of special interest because of the value they hold for Burma’s neighbors; but there are many other natural resource sectors in Burma that are being exploited by the SPDC. Burma has large abundances of hardwood, timber, gems, precious stones, base metals and others, all of which are owned and controlled by the military regime. The combination of resources makes Myanmar more immune to the effects of public disapproval. The regime can diversify how and where it sells its resources, avoiding some of the international pressure from sanctions.

Just like there are many other resources in Burma, there are many other places in the world whose main revenue flow is from resource sectors. These places, depending on the type of government and level of central control, may wind up in situations like the one in Burma. The central power created from resource revenues is acceptable when the body in power makes decisions that benefit the entire population. However, in cases like Burma’s, power in the wrong hands simply perpetuates the existing problems in society.

Libya, a country currently making headlines around the world for its widespread political uprisings, has a very similar history and context to Burma. The effective authoritarian ruler, Col. Mu’ammar al-Qadhafi, has full control of the country’s natural resources, which are the largest source of income for the state. After anti-government protests broke out through out the state in February 2011, Col. Al-Qadhafi responded with unjustifiable levels of violence against the protestors. This story sounds very similar to the SPDC’s reaction to the Burmese monks’ peaceful protests. Again demonstrating how power in the wrong hands can be misused. This demonstration shows the dangers of allowing resource revenues to channel power to a repressive regime. At this time, international actors have gotten very involved in Libya; there has been an international military response. Beyond “fully engaged” these actors are directly involving themselves in causing change in Libya. It will be very interesting to observe how the conflict, that has recently turned very stagnant, plays out in Libya; we will see if this multi-lateral force approach is effective. If it is: maybe this can also be a solution for Burma?

Overall, only time can tell how the conflict in Burma will unfold. The political, economic, and social landscapes in Myanmar are extremely complex. A brutal and

uncompromising military regime is in full control of the state through militarization. This control is supported by a significant inflow of resource revenues and by strong political interests from the country's large neighbors. The interaction of all of these factors, make it unlikely that the regime will be swayed to change its policies by international pressure any time soon.

Appendix

Figure 1: Burma



Figure 2.1:

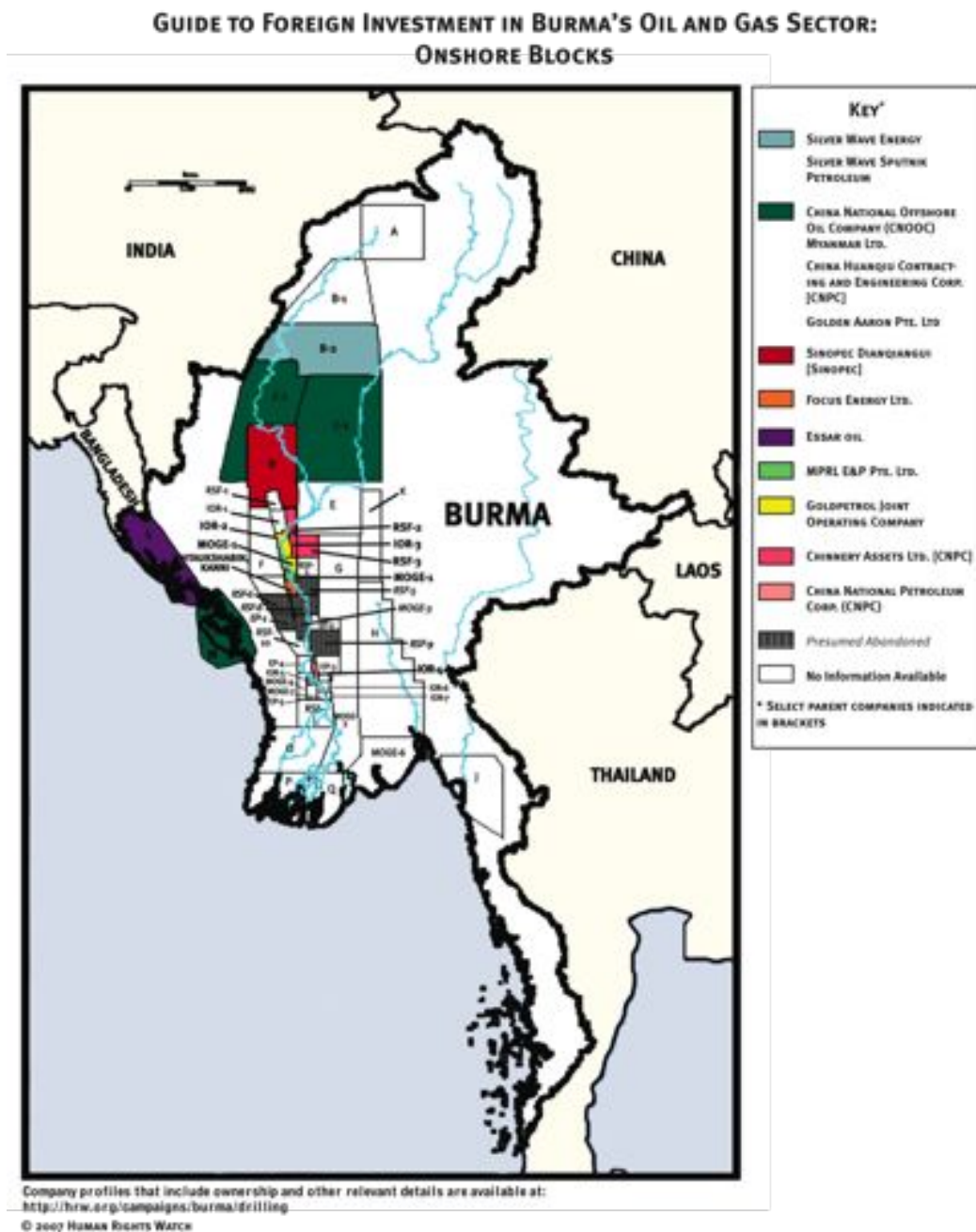


Figure 2.2:
Guide to Foreign Investment in Burma's Oil and Gas Sector: Offshore Production



Figure 3:

Countries included in the Fraiser Index

Albania, Algeria, Argentina, Australia, Austria, Bahamas, Bahrain, Bangladesh, Barbados, Belgium, Belize, Benin, Bolivia, Botswana, Brazil, Bulgaria, Burundi, Cameroon, Canada, Central Afr. Re, Chad, Chile, China, Colombia, Congo, Dem. Re Of R. Congo, Costa Rica, Cote d'Ivoire, Croatia, Cyprus, Czech Re, Denmark, Dominican Re, Ecuador, Egypt, El Salvador, Estonia, Fiji, Finland, France, Gabon, Germany, Ghana, Greece, Guatemala, Guinea-Bissau, Guyana, Haiti, Honduras, Hong Kong, Hungary, Iceland, India, Indonesia, Iran, Ireland, Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Latvia, Lithuania, Luxembourg, Madagascar, Malawi, Malaysia, Mali, Malta, Mauritius, Mexico, Morocco, Myanmar, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Panama, Pa New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Romania, Russia, Rwanda, Senegal, Sierra Leone, Singapore, Slovak Rep, Slovenia, South Africa, South Korea, Spain, Sri Lanka, Sweden, Switzerland, Syria, Taiwan, Tanzania, Thailand, Togo, Trinidad & Tob., Tunisia, Turkey, Uganda, Ukraine, Unit. Arab Em., United Kingdom, United States, Uruguay, Venezuela, Zambia, and Zimbabwe.

Figure 4.1: (Egretau 2008: 49)

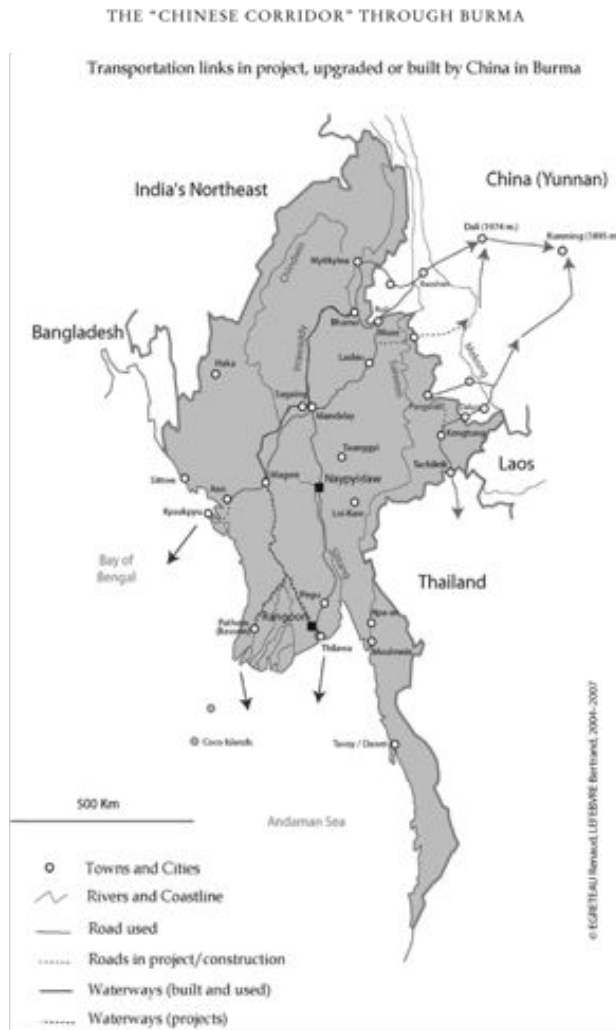
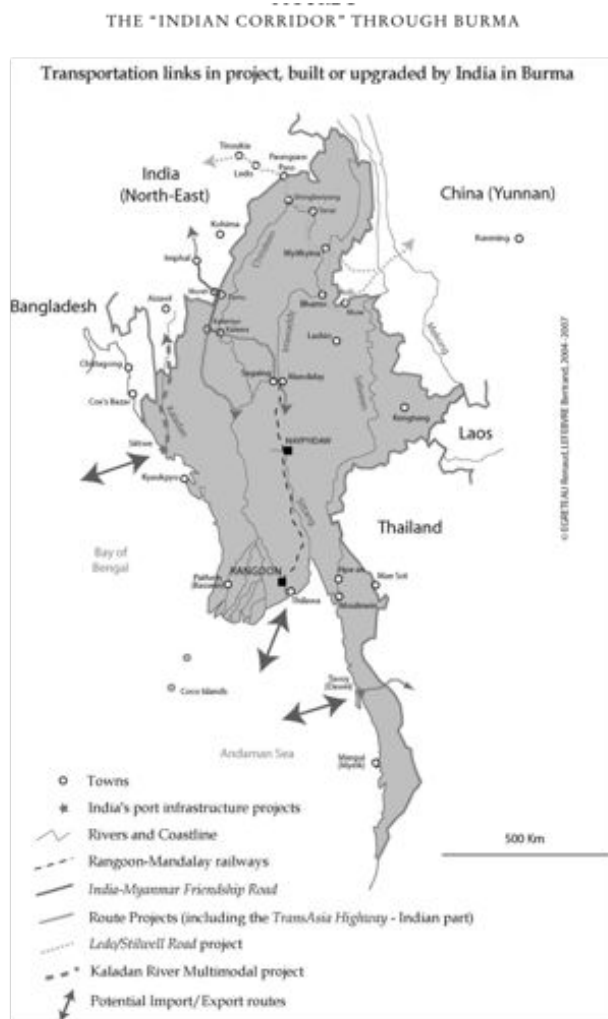


Figure 4.2: (Egreteau 2008: 51)



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