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Fast and Strong: Myanmar’s Struggle to Resolve its Ethnic Conflict

By Anne Lichtfuss and Klinton Cahoy
Abstract

Since the late 1940’s, Myanmar, formerly known as Burma, has faced a long-lasting ethnic conflict, impacting every part of the country. Although the conflict between the various minority ethnic groups and the central government was rooted in issues of sovereignty, the conflict today appears to have evolved into a constant struggle between each of the states to gain the greatest access to Myanmar’s resource production. Despite the fact that the former military junta was democratically replaced by the N.L.D., a democratic political party, the conflict and struggle for natural resources continues, and is now accompanied by a weak democratic state, therefore giving Myanmar both added obstacles of legitimacy and accountability, and added opportunity to end the ethnic conflict with outside-of-the-box solutions.
This study, which encompasses Myanmar’s unity, security and future economic growth, is vital for several notable reasons. First, Myanmar’s unity, with the alternative being the succession of several large states competing for influence and economic advantages, could change the relationships within Southeast Asia, especially considering any foreign operations within the country, the clearest example of this being China’s activities within Myanmar. Of course, the number of smaller and weaker states would prove to make Southeast Asian relations extremely delicate in and around the affected region. In this case, the best alternative is to maintain the strongest form of unity possible, which will ultimately work in the best interests of the states within Myanmar and the surrounding countries.

Second, while assuming that Myanmar’s unity remains well-established under the leadership of the new government, which was elected in 1990 and finally allowed into power in 2011, the ethnic civil wars will likely continue unless the relationship between the rebel groups and the Myanmar government improve. There is no question that the new government and majority party, the National League for Democracy (NLD) must establish legitimacy in the eyes of each of the states within Myanmar. If the new government fails to do so, Myanmar could very likely experience decades further of serious internal conflict.

Paired with the second point is the presence of clear, substantial support from armed rebel groups, located within the many states of Myanmar. This includes the supply of arms, drug trade, human trafficking and public support for rebel actions. All of these actions create reactions that continue to fuel the conflicts within Myanmar’s ethnic groups. It is clear then, that the new government will need to develop a policy toward such corruption, which in many ways could also build its legitimacy, but could also hurt the progress it has made toward unifying each of the existing states under one single government.
Third, in many instances, all of the issues listed above have acted as catalysts that nearly sparked hidden unrest into violent conflicts with other nation-states such as Thailand and China. Much of this could be fixed if Myanmar’s government provides policy against the corruption already existing within its own borders. There is no doubt that Myanmar is facing an uphill battle as the new leadership struggles with the challenges within and without its borders. The resources, refugees, and numerous conflict spillovers across Myanmar borders, in addition to international actors’ influence on Myanmar, have together, aided in further growing the corruption and the potential for future conflicts with its neighboring nation-states. Ultimately, these are signs of a weak government and a citizenry in turmoil, however we argue this is not impossible to overcome, and Myanmar has much to look forward to in the area of growth, prosperity, and unity.

Finally, the economic state of Myanmar, a developing country at the moment, is in the middle of a rather common crisis, known as the “Resource Curse.” International pressures and influences have molded Myanmar’s exports and imports to such a point that it has hurt its economy and the process by which the whole country benefits from the profits made. These elements are crucial to this paper, because of the motivations, goals, and identities of all actors involved. Each point of influence from the grassroots level to the national level will directly affect Myanmar’s future and should be taken into account. Myanmar stands to gain significantly if it is able to harness its own economic potential with resilient policy against corrupt practices. This policy must include a way forward in multiple spheres such as accountability, trust over corruption, and transparency. It will need to prioritize and confidently re-define who holds direct control of each resource extraction site, so as to overcome the challenge of parallel governance that exists at the current moment. All of these needs are time-sensitive and require the new
government to step up and build a reputation against corruption. Time will tell if the new government is willing to act upon these needs.

Myanmar’s new government is a topic of both great concern and even greater hope. The new government is now relied upon to continuing the betterment of relations with the various rebel factions within its own states and to maintain friendly relations abroad, especially with China and the United States. Within Myanmar’s borders are the domestic relations between the Wa state, other minority groups, and the Myanmar central government. Every actor is very important, because of the Wa state’s unique position economically, politically, and militarily as well as its relationship with other nations-states. Of all existing states, the Wa state poses the greatest threat to the new government’s ability to maintain unity and stability, all topics of great concern for the young government.

The main focus of this study, however, is the ethnic conflict itself paralleled by its economic foresight; these are the overarching themes and will be paired with how economic inequalities have managed to effect both elements in Myanmar today. This study will aim to identify and understand exactly how the ethnic conflict has evolved over time with great consideration of its history, beginning from the time it was colonized to present day. This study will also ask why the conflict has changed and how access to Myanmar’s natural resources have influenced the seemingly endless ethnic conflicts throughout the country.

It will discuss the major changes occurring in Myanmar, to include a shift of focus from maintaining its sovereignty to gaining the greatest economic leverage as possible. Within each key challenge remains Myanmar’s sense of unity, security and economic growth; however, Myanmar faces a clearly defined battle of authority. Two common types of authority tend to clash severely and are not a surprise by most situations similarly defined. The first is tradition,
formed from years of history, loyalty and honor, and the second is development, caused by the need to grow Myanmar's ability to engage the world economy without being overwhelmed by a global economy that regularly experiences very high highs and very low lows. It is the classic struggle between honoring tradition and addressing the need for growth to maintain its existence as a legitimate country in Southeast Asia.

In order to answer these questions, this study will seek first to cover the historical roots of the conflict followed by an analysis of each key area of contention already mentioned. The relations with both Myanmar’s current government as well as specific international actors will be analyzed with a final ending on the relationship between Myanmar’s natural resources extraction and distribution processes. Each of these elements has changed over time and will be addressed accordingly. The “new era” in Myanmar, brought about via the successful election of the new democratic government, will also allow this study to identify possible outcomes of the ethnic conflict. Although the end of the conflict within the next several years is extremely unlikely, transitions towards more peaceful conflict-resolutions are being made already, and are certainly reasonable goals.

The ethnic conflict in Myanmar has been defined by both historical events as well as modern instability within the central government and between its relations with foreign entities. Although Myanmar’s ethnic civil wars are fought between the central government and the various rebel factions from the surrounding states, unity among the rebel factions is considered “loose” at best. However, these rebel groups are united in their historical reasons for rebelling, to include their experiences with the Myanmar government, and their wary future with the new democratic government, foreign actors, and access to natural resources.
First, the root of all of these ethnic civil wars can be observed in the signing of the Panglong Agreement in 1947. This agreement, according to the rebel factions, guarantees sovereignty to all of the various states that make up Burma (modern-day Myanmar). Sovereignty, although desired, has yet to be granted by the Myanmar government, thus creating the spark that ignited Myanmar’s ethnic civil wars, which have lasted over half a century. Despite the perceived notion that the Panglong guarantees all states their sovereignty, the Panglong Agreement was signed without certain critical details. Larry Diamond, author of the article entitled “The Need for a Political Pact”, states “But Panglong did not specify these groups’ autonomous powers and rights, and the rise of secessionism in the late 1950s was a key factor in the military’s takeover of power” (Diamond, 2012:146). The agreement was a rather short document that only gave vague terms and structure to succession from Myanmar.

Second, simple negligence and vague promises aren’t the only reasons for the start of the conflict. Two sides exist in the dispute and Myanmar’s 1947 Constitution is among the causes. As Josef Silverstein, author of the article entitled “Politics in the Shan State: The Question of Secession from the Union of Burma” states:

In spite of the broad language of the Constitution, only two states-the Shan and Kaya-are eligible to secede. Two others-the Kachin and Karen-are explicitly denied the right, while the remaining two states-the Special Chin Division and Burma proper-are usually considered outside of the discussion because the former is in many ways the appendage of the latter and Burma proper is the nucleus around which all the others cluster (Silverstein, 1958:43).

It is at this point that the constitution of Myanmar only allows certain states, including the Shan state, from seceding and even these states are not given independence due to their inabilitys to unite as a people. Several ethnic minorities that exist in even smaller numbers than
their Shan countrymen in particular divide the Shan state. However, this is simply not true. According to Myanmar’s Constitution in 1947, Amendment X states, “Save as otherwise expressly provided in this Constitution or in any Act of Parliament made under section 199, every State shall have the right to secede from the Union in accordance with the conditions hereinafter prescribed” (1947 Constitution. amend. X). In fact, the Constitution of 1947 never states that the Karen or Kachin states are excluded from such rights. One could then conclude that all states are thus given such rights to secession after ten years from the signing of the 1947 Constitution (1947 Constitution, amend. X).

Finally, after the signing of Myanmar’s first constitution in 1947, sovereignty to the states who desired it, who faced ethnic suppression from the government, began more violent means of protest. Fighting escalated substantially after the 8888 Uprising, named for falling on the date of August 8, 1988. The 8888 Uprising consisted mainly of students and non-Myanmar citizens that protested peacefully in the streets of Yangon (modern-day Rangoon). The protests, which focused mainly on the then-recent economic downturns, police brutality, corruption, and the overall failure of the Myanmar socialist state, became violent when the government killed an estimated ten thousand protesters. The 8888 Uprising, along with the former government’s broken ceasefires and continued suppression of minority groups, has cemented the rebel groups’ attitudes towards the military junta, thus making negotiations nearly impossible.

The new democratic government of Myanmar, which consists of a parliament, executive branch, and a judiciary branch, has given hope to the people of Myanmar as well as the international community for peace and conflict resolution to take place. The new democratic government has even begun creating reforms for minority rights, anti-corruption policies, and improving relations with the surrounding states including the Shan, Chin, Karen, and Kachin
states. However, several problems exist within the new government that may fail to improve Myanmar’s security.

First, being a new democracy, the Myanmar government is fragile. According to Joseph Wright, author of the article entitled “Political Competition and Democratic Stability in New Democracies”, he states in his research that “Conflict might also impact on democratic stability by draining public economic resources and thus fueling opposition not only to the democratic government, but also to the democratic regime. Similarly, conflict casualties may breed opposition to a democratic regime” (Wright, 2008:231). Myanmar’s ethnic conflict has been existent for several decades now with varying intensities throughout its history. However, this conflict has, especially in the Shan and Chin states, nearly cemented attitudes towards the government as an untrustworthy, brutal, and oppressive entity.

In general, trust between the rebel groups and the government are, like the government, unstable. The mixture of mutual atrocities, broken ceasefires by the military junta, and general oppression by the government have all contributed to the hatred of the former Myanmar government and the suspicions of the government’s actions. According to Michael Lwin, author of the article “Ending Myanmar’s Civil War”, he states that “As Tharckabaw said in 2010: ‘It's very difficult to trust people that have been killing, displacing and abusing your people for over 60 years.’ He said this year, ‘We felt that there are positive changes taking place that leave room for cautious optimism. Although it's more caution than optimism’” (Lwin, 2012:1). Together with the expected distrust from the rebel groups, the possibility that if the new democratic government and its reforms fail to improve Myanmar’s economic situation, issues regarding ethnic equality, and progress towards conflict resolution, the new regime may be seen as a failed state. Even worse, if the reforms fail to even be passed into policies and laws, frustration among
the people could ultimately result in more violence and even coups to replace the ineffective
government, possibly resulting in the return of an authoritarian regime.

Negotiations are possible, but as Lwin states in his article, “The leader of the KIA on
January 30, 2012, said that they want a formal ‘political dialogue’ with Thein Sein's government,
not ‘ceasefire talks’”(Lwin, 2012:1). The new government, however, could also find itself
behaving in a similar manner as the former military junta based on the possible corruption that
already exists within the state. Relating to this, Joseph Wright states “Authoritarian regime type
may not only affect the type of transition but also its prospects for success. The institutional
legacies of various types of authoritarian regime types and their consequent transitions may,
therefore, systematically impact on the durability of the democratic regime” (Wright, 2008:231).

The previous government, the military junta, was infamous for its corruption. However,
the new democracy faces the enormous task of removing itself from such a system. Its ability to
do so has already been questioned. Aung San Kuu Kyi, the female leader of the democratic
values in Myanmar, is unable to become president within the new constitution. However,
Shannon Tiezzi, author of the article “What to Expect From Myanmar's New Government”, an
interview with Joshua Kurlantzick, a senior fellow for Southeast Asia at the Council on Foreign
Relations, included the question of Kuu Kyi’s role in Myanmar’s government despite her
inability to become president. Kurlantzick responded with “I think we should take Suu Kyi at her
word on this, and assume that, no matter who is president, she intends to be the driving force
behind policymaking, as well as the person in control of the NLD” (Tiezzi, 2015:1).

This statement can be both optimistic as well as the foreshadowing of a possible flaw in
Myanmar’s democratic government. In the more positive view, Kuu Kyi has proven herself to be
the voice of democracy within Myanmar for years and has helped pushed values that included
equality and transparency. However, as the rebel groups may likely fear, Kuu Kyi may be undermining the democratic values of the government if she, a non-member of the government, is heavily influencing the government. If she could influence the government, money and special interests may also influence decision-making. This could in turn produce a corrupted democracy. Although it is too early to tell, the actions of Kuu Kyi and the new democratic government of Myanmar will determine Myanmar’s security as well as Myanmar’s prosperity depending on if the government and Kuu Kyi can effectively produce a transparent democracy.

A whole different, yet equally relevant challenge facing Myanmar’s new government is its policy toward managing its economy and natural resource processes, all of which have proven to be potential catalysts in the ethnic conflicts. The abundance of natural resources within the borders of Myanmar are stunning to say the least. Many of these resources are exported to either neighboring investors or overseas investors who seek to benefit from what Myanmar’s lands have to offer. This is both strength and a great challenge to Myanmar, especially for its brand new government with all the appearances of being capable enough, however unproven by the test of time.

Many of the following numbers and statistics are taken from the CIA World Fact book, and thoroughly present a detailed list of the current state of Myanmar’s natural resources. The country enjoys a rich combination of many types of resources, to include rubies, sapphires, jade, pearls, wood, oil, natural gas, metals, and hydrothermal reservoirs in Yangon, one of the largest cities in Myanmar. Although Myanmar benefits greatly in this sector, it also faces an incredible challenge to manage it efficiently, to grow its stability as a country first, and also as a country engaging the world economy. Myanmar is smaller than Texas, yet proof provides that this state boasts a great deal of resource potential. Arguments surrounding a country like Myanmar, rich in
natural resources and struggling to develop, points significantly toward what many analysts argue is called the “Resource Curse.”

The resource curse is also known as a “paradox of plenty,” and it refers to those specific countries and regions that have an abundance of natural resources, many of which are noted as non-renewable resources. The paradox is that with all the potential provided by these resources, countries struggle to have as much economic growth, development or strong governing institutions. Mehlum, Perry, and Collier, key researchers on the issue of the resource curse and of Myanmar specifically, argue “for resource-rich nations, the absence of good governance acts to confine the nation within a development trap that is difficult to escape” (David and Thein, 2010:276). What this means for Myanmar is the potential existence of its economy remaining static in a very tough position due to its economic strength remaining notably weaker than some of its neighboring states. The concern arises when the economy remains static and corruption grows or is allowed to remain because the income is not being managed well enough and funneled to strengthen the whole country. The new government is not only faced by the challenge of the resource curse, it is also called on to fix the ongoing conflicts within its borders, between key ethnic groups, who are still coming to terms with the fact that for Myanmar to grow, it must unite as a country.

More specific to the fundamental issue that continues to drive the conflict, additional theorists would agree that Myanmar in fact, does face what has been termed in similar cases around the globe, as the “resource curse.” Among these theorists are Humphrey’s, Stiglitz, and Sachs, authors of Escaping the Resource Curse. As taken from their own definition, the “resource curse” is the inability of a country to benefit profitably from the revenue created by its
natural resource extraction and exportation (Stevens and Dietsche, 2008). At the forefront of this curse are many theories and explanations, seeking to find a solution to this paradox.

Many theorists believed the resource curse could be explained using macroeconomic transmission mechanisms. While applicable, more recent explanations place more emphasis on the political and institutional state of the economy, especially within oil and mineral-exporting states. It becomes more and more apparent that there is no one-size-fits-all solution, but there are key economic elements that could very well lead to legitimate answers. These answers could bring struggling, developing states such as Myanmar, out from under the clutches of numerous economic challenges.

First, the structural explanation for the resource curse revolves around the idea of a rentier state, or a rentier society. In this specific example, the rentier state will experience natural resource incentives that will undermine the country’s ability to build a democratic political structure. “In rentier states the revenue generated by natural resource exploitation allows incumbent governments to diffuse pressure to democratize” (Resource curse, 2016). These natural resources give the existing government the needed leverage to stay in power and maintain influence over the supply, demand and tax levels. “Various quantitative studies have drawn a statistical link between the level of natural resource wealth and political regime type” (Resource curse, 2016). Enough revenue from natural resources may cause a state to remain corrupt. The resource curse as explained by the structural conclusion is rather limited, but it points to key factors within the problem. The structural explanation emphasizes a deterministic impact that resource wealth will have on the regime itself, and that is it will provide little motivation for change or significant growth.
Second, the resource curse as explained by agency argues strongly for political corruption. This argument is not entirely unexpected. The reality of the situation must be taken into account, being that the challenges facing Myanmar call for greater accountability and structural support than the country has seen before. The ability of Myanmar to address these issues is placed in the new government's motives and influences across the country, which historically has seen many challenges. The mountainous regions of the country are difficult to govern due to the difficult terrain and rather weak state of the government’s military prowess. In addition, many states face the confusing existence of parallel governing bodies, one that is the Myanmar government and one that is the state government. In more than one case, both will claim control over one thing.

Additionally, the agency argument takes into account the fact that corruption within high political ranks will exist. It states, “those holding power in resource-abundant countries – typically politicians or bureaucrats – take personal advantage of natural resource wealth” (Resource curse, 2016). The inconsistency of politicians is almost unavoidable, and a definite weakness found many developing countries. The issue rising within the agency explanation is that it points toward an external solution yet again, which will not always be welcomed, especially in a country such as Myanmar. Myanmar has struggled with instability within its borders and the threat of exploitation by its surrounding countries. The idea of external aid and influence would, unsurprisingly be perhaps more unwelcome in its present state. Seen through the eyes of more distrust than trust, it is key for Myanmar to work to strengthen its current governing system, rather than turn to another country that could easily exploit its weaknesses.

Myanmar is clearly struggling under the challenges of a resource curse. As a classic example of the “resource curse” Myanmar not only struggles to reap the necessary profits from
the exportation of its natural resources, but also the sustainable extraction of them. Myanmar has for a long time been an agriculturally focused country and the profits made in this sector of business have kept the country afloat for some time. With its vast amounts of natural gas, Myanmar has been able to focus on exporting this single major resource to primarily foreign investors. Now we see a shift toward the industrial and mining based work. Under this term, it is common to see a country unable to carefully manage its resources, thus it turns from one resource to another that it knows is safe and will provide substantial income. What happens is through this one resource, the country suffers as its economy either grows rapidly, or gets destroyed by even a short-term global economic low for that particular resource. Additionally, in the process however, the state is unable to broaden its platform of goods to export, and in this way it places all of its eggs in one basket. This basket is often made up of only a handful of specific, non-renewable natural resources.

As with all major and minor shifts towards progress there comes a degree of uncertainty and Myanmar is no exception. These uncertainties include a clear need for a detailed analysis of all natural resources within Myanmar. It needs a mapping of which regions have how many resources and how these resources are distributed, and a plan on how to extract and export the resources. Myanmar does not fully realize the complete potential of all of its natural resources, causing many vague plans to be made and inefficient processes to emerge. Not only does this effect Myanmar’s economy directly, but it also flows into how the government deals with the ethnic conflict. As stated prior, many ceasefires have vague terms and are easily broken. When applying this type of commitment to its management of natural resources, it is clear that Myanmar could benefit from stronger policies carried out by a strong government that is willing to provide serious oversight of how the policy is managed.
In order to write policy, Myanmar needs a thorough presentation of all its natural resources. However, Pick and Thein admit that gathering data on Myanmar’s current situation has proven rather difficult, due to government control of information. Humphreys, Sachs, and Stiglitz also noted that the resource curse easily allows an oppressive government to remain in power, thus the connection between the resource curse and the social conflict theories becomes quite clear. “Cross-national studies have shown that ‘access to oil wealth can allow leaders to successfully repress or co-opt their oppositions, and thus avoid having to relinquish power through electoral competition’” (James, 2010:431). Because of access to natural resources such as oil, leaders are able to step over any competition to their leadership as a whole and grasp onto their current power, holding onto it for decades.

Rather than encouraging new leadership and ultimately growth down to the lowest, grassroots level, the resource curse causes an unhealthy existence of stagnation when the institutions are weak. With an inflation rate of 9.2%, export percentages anywhere from 63% to China and 5.7% to India. Myanmar stands to grow in many directions. The issue here is growth that includes all factions within the state, equally, and efficiently, in such a way as to encourage this resource-rich state to flourish. Mineral and fuels is the most common today and tend to have less economic growth paired with worse development outcomes for the host country.

Myanmar is 58th in the world with a GDP of $267.7 billion and a GDP/capita of $5,200. Its terrain exists of rugged highlands and lowlands ringed by steep. However difficult this terrain is, Myanmar has direct access to many near ocean shipping lanes, all of which benefit its economy. Recent economic policy changes include a shift toward greater foreign investment. In fact, in 2012, Myanmar re-wrote its Foreign Investment Law to allow more foreign investment participation. More participation was given specifically to the Central Bank to operate
independently beginning in July of 2013. Like many countries in the region though, Myanmar struggles with smuggling and refugee movements. It is not a stranger to corruption, already mentioned such as illegal drug trade and human trafficking. In fact, Myanmar is currently rated in the second tier for human trafficking. The second tier is defined as a government that does not fully comply with the Trafficking Victims Protection Act’s minimum standards, but is taking a few of the necessary steps forward to bring itself into compliance with the international standards. These facts are indicative of Myanmar’s current state of corruption, which ultimately fuels its ethnic conflict and lack of strong, legitimate governance over the country as a whole.

Myanmar is a country with a complicated past, however much potential for the future. According to the World Bank, on the world stage, Myanmar is ranked 72nd of 194 countries from the size of its GDP as compared to its population size. This number looks positive, however when compared with Sudan, a country in serious turmoil who is ranked 70th puts it into a better perspective. Myanmar has work to do. The states claiming the high to upper middle-income status, such as the U.S., China, India, Saudi Arabia, Germany and South Africa all have elements in common that Myanmar lacks. One such element is a strong economic support system. Myanmar is building its economy. It does not have a legitimate support structure. Even the Myanmar government is unable to regulate its natural resources with sufficient transparency and accountability. On the global scale, Myanmar is viewed as a developing country with little in the form of serious competition except in very specific natural resources and services it offers to the market.

All of these facts point toward Myanmar’s potential, which is arguably very high. While Myanmar absolutely faces many complicated problems and challenges, what this means for its future is simply a new outside-of-the-box solution, a creative solution that directly meets its
specific challenges with a solution that could very well not work for another developing country. It will be unique to Myanmar, yet it will work just as well.

All of this being said, it is clear Myanmar stands a fair and highly competitive chance of becoming a powerful country within its region. Its population size is moderate in comparison to its neighbors. The real work to be done is in its economy. Much of this work is simply forming a ready and able governing body that is committed to greater transparency, accountability and ultimately efficiency. The purpose for this analysis of Myanmar, a key and highly important player in its region, is because its economy appears to be far more inert than it appears to be progressing forward, and that is a problem for its long-term growth. As discussed, key reasons behind this inertia include the more than 50 years of civil war experienced by the country. Over one third of its GDP comes from the exportation of many of its natural resources, which has placed the country behind its neighbors economically and politically.

Many developing countries find themselves stuck economically by no fault of their own, rather because a country does not have the infrastructure yet or the stability to engage the global economy in a more prominent way. A country that is able to balance its imports and exports is stronger than a country that only brings in revenue from its exports and this is what Myanmar must do. Its current GDP composition is 31.7% exports, 33.7% imports and investments, consumption make up the remaining roughly 35% of its GDP.

When compared with three economically strong countries such as the United States, China and Germany, it becomes clear that Myanmar’s current GDP breakdown reflects its current economic state under the resource curse. The United States has a primarily import-driven economy with its exports at 12.7% and imports at 16%. Its percentages of investments and household consumption are its highest rates. China is on the majority, balanced between industry
and services with a four-point difference between its imports and exports and a fairly balanced percentage of investments and household consumption levels. Finally, Germany has slightly more exports than imports. However, unlike Myanmar its investments and household consumption percentages are much higher.

The reason these three countries are used as points of comparison in this paper is their dynamic levels of success. It is important to take into account how each country’s economy is different, yet successful. The solution to Myanmar’s paradox must fit the country itself. As proven, clearly no country is based on one economy of exports or imports. Germany itself presents the case that having greater exports is a potential path to success, however it is a fully developed country, unlike Myanmar, which holds much potential for development, but has yet to see it flourish.

First, the role of institutions is irreplaceable for many examples of successful countries with large amounts of natural resources. “The resource curse can be turned into a blessing for countries with good institutions…” (Van, 2011:373-4). It is arguable that it takes more than good institutions; it takes motivation and the willingness to pursue ingenuity for the best of the whole society. Many countries fall into the trap of poor regulation, poor institutions all of which lead to the powerful becoming increasingly rich and the poor remaining stagnant.

The positive experiences of the United States with its mineral abundance from the mid-nineteenth to the mid-twentieth century explain much of subsequent economic growth…it was a choice driven by collective learning and leading education in mining engineering and metallurgy, geological knowledge, transportation, increasing returns, and an accommodating legal environment where the U.S. government claimed no ultimate title to the nation’s minerals (Van, 2011:39)
A country stands on the shoulders of those that work for its success, whether that be at the capital or out in the fields. Both are equal and both must grow for the country as a whole to grow economically. When applied to Myanmar, the resource curse is easily identifiable in the state of its economy.

One of the key analyses of Myanmar’s agriculturally focused economy is its level of productivity. According to Wang, Chien and Yin, the productivity index “can be divided into five categories: Agriculture-Related Trade, Mining Industry, Manufacturing Industry, Construction Industry, and Service Industry” (Wang, Chen & Yin, 2004:279). In Myanmar’s case, the emphasis falls on the first stage.

As an agro-based society, Myanmar’s economy has a clear imbalance of manufacturing versus productivity. “The total value of agriculture is eight times that of manufacturing. In 2001, the order of productivity, for from highest to lowest, different categories is agricultural industry, services industry, manufacturing industry, construction industry, and the mining industry” (Wang, Chen & Yin, 2004:279). To solve the serious lack of efficiency within Myanmar’s agricultural system, it comes recommended that the country implement a “basic infrastructure and…invest more in manufacturing and service industries” (Wang, Chen & Yin, 2004:279). Over the years, Myanmar has seen a degree of improvements, however small they may be, they are still steps in a very positive direction for the country. It also is not surprising that Myanmar has many more steps to take in order to step onto the stage and compete with its neighboring states such as Thailand, China, and India. Additionally over the years, Myanmar has shown a shift from agriculture to a more industrial focused economy as well as a mining-based economy.

When a country has one product to export, it becomes a very volatile economy, one that ebbs and flows with the global market. Take into consideration the already volatile state of the
Myanmar economy and how strongly the new government needs resources to govern so many states that are not all willingly subject to its laws and policies. This instability, matched with the unpredictability of the global market, faces Myanmar with far too many challenges. The global economy is subject to many changes, all of which will either drag Myanmar through drastic increases in profit that the country is ill-prepared to take in, or drag it through severe losses that will leave the country reeling for months and years to follow. What Myanmar needs is to broaden its resource exportation base so it is able to weather the highs and lows of the global market with more balance.

Because Myanmar has shifted toward a more industrial and mining based economy, it stands to benefit on a more stable level, making it more competitive on the national stage. As a stronger competitor, the ability and legitimacy of the new government would likely grow. If this were to happen, Myanmar could see greater stability within its own borders and an exiting from its current state of civil war.

Within all of these facts comes the key challenge facing this new democratic leadership, and that is how to develop and maintain a sustainable process of extraction of the natural resources and how to keep accountability of these vast resources. As stated by James Helen in his article discussing natural resources in Myanmar, “Myanmar has the unenviable distinction of being identified as one of the world’s most corrupt politics by the 2007 Transparency International Corruption Index, which accorded it a score of 1.9, just above Haiti” (James, 2010:429). Taken over 8 years ago, Myanmar’s government has seen key changes and transformations, however its current government has yet to fully rise to the challenge. “’Myanmar today is at a fledgling stage and still requires patient care and attention…Understanding the process of gradual maturity is crucial’” (James, 2010:445).
Myanmar to develop a thorough process that enables the extraction of its natural resources, and for it to have a detailed system of accountability is an uphill battle that will take time and patience to work out completely. This is not to say Myanmar appears to desire such an outcome, something that helps to motivate the country in a positive direction.

Many current news sources positively point toward the new government already taking the necessary steps forward toward a democratic state with a strong economy. This is a hope-filled process but also a change-filled process. Therefore, Myanmar could easily be expected to succeed in many, but not all, of its endeavors to propel the country forward. The leadership is willingly planning to satisfy the requests of the people, however it is no doubt an effort of which all citizens will need to take part. Myanmar’s history is not clean-cut by any definition in government, leadership, or corruption. It is this history that defines the root issues that today’s new, young government faces in the quest to resolve and grow beyond in the future.

By definition, the government of Myanmar supersedes all ethnic governing bodies, however there are multiple cases where policies double up across the country. These uncertainties for Myanmar’s natural resource management include parallel governing by non-state groups that cause redundancy. This presents a unique challenge for Myanmar. Many of the problem states within the country demand a degree of autonomy if they are to pledge their loyalty to the new government. To grant this, the new government needs have the ability to implement its own policies if it is to be considered legitimate by its people.

Several political theories can be applied to Myanmar’s ethnic conflict. The general theme of Myanmar’s situation can be explained by the work of Karl Marx, and to a smaller extent Immanuel Wallerstein and Emile Durkheim for their application of the theory in their fields of study, and his idea of the social conflict theory, which includes the description of the overall
situation that has evolved in Myanmar today. The social conflict theory refers to the competition for limited resources within a region between differing classes or ethnic groups. This theory helps to put Myanmar’s ethnic conflict into focus as it summarizes the modern conflict between the ruling class including the former and present governments, and the minority ethnic groups.

According to Jonathan H. Turner, author of the article entitled “Marx and Simmel Revisited: Reassessing the Foundations of Conflict Theory”, he introduces six characteristics that help to define Karl Marx’s idea of the processes within the social conflict theory by stating:

While most of his theoretical work was concerned with revolutionary class conflicts in industrial societies, the basic assumptions underlying this substantive concern can be stated more abstractly (Turner, 1973; 1974): (1) Although social systems reveal interdependence of units, these interrelations always reveal conflicts of interest. (2) These conflicts of interest are the result of the inequal distribution in all social systems of scarce resources, particularly power. (3) Latent conflicts of interest will eventually lead to overt and violent conflict among social groupings in a system. (4) Such conflicts will tend to become bi-polar, since the unmasking of true interests reveals that a small minority holds power and exploits the large majority. (5) The eruption of conflict leads to social re-organization of power relations within a system. (6) This reorganization creates once again conditions of conflicting interests, which set into motion inevitable processes of bi-polar conflict and system reorganization. (Turner 1975:619)

Taking a closer look at the ethnic conflict in Myanmar, one could observe each characteristic-taking place. First, each state contains an abundance of natural resources including oil, jade, timber, and other precious materials. These states then often sell their resources that have been obtained at commercial hubs including Yangon and other large cities. Ports in the coastal states and pipelines/highways in the landlocked states all allow easier access to trade with
different buyers including China, India, Thailand, and Japan. In terms of the classes, the wealthier classes and the government support trade connections with other countries and plan the construction of the roads and ports while the middle and working classes, represented usually by the minority ethnic groups, help to produce the resources being traded or sold. Obviously, the classes are interconnected. Not as obvious to those outside Myanmar is the conflict of interest. The government especially has used corruption and predatory dealings to increase their revenue while the lower and middle classes have continued to face poverty, stagnate revenues, underdeveloped facilities and infrastructure, and little regulation on work conditions found especially in the jade industry.

Clearly, the former government used Myanmar’s natural resources to gain the abilities to both exert and maintain its power on the surrounding states, especially to control the production and trade of the resources by maintaining secrecy and poor living conditions for the producing classes. Because many of these resources are limited to certain locations and provide enormous wealth to the group owning the means of production of such a resource, competition between the ruling classes, or in many cases the formal government, and the minority groups has escalated to the point that the two actors have resorted to armed conflict in order to maintain or to attempt to gain the benefits of controlling these resources.

The ethnic conflict, which originated in questioned sovereignty and government oppression, gradually spilled over into the issues of resource allocation and wealth distribution. Access to wealth and resources is, especially in Myanmar, power, and violence has for decades been the popular choice of both the formal government and the rebel groups representing the various minority ethnic groups. Therefore, the competition of scarce and powerful resources and
the violent acts to obtain or maintain their means of production fits into Marx’s second and third characteristics of the social conflict theory.

Bi-polarity has, to a certain extent, also occurred in Myanmar. The core actors in the ethnic conflict in Myanmar are the rebel groups and the formal government. The rebel groups, despite belonging to different minority groups, rarely fight each other. Most aggression has been focused on the government forces. The government, on the opposing side, only shows direct aggression towards the minority groups, especially the rebels. But at least one exception and one change due to elections have occurred. According to Marx’s fourth, fifth, and sixth characteristics, these have occurred due to the reconstruction of power relations, which could change the conflict, and the organization of the actors once more.

An example of such a change in the organization of the actors includes the existence of the Wa state, which is the only large-scale exception where minority groups may have any grievances against each other. Several minority groups have been dispersed from their homelands in order to create the state and the Wa’s main sources of wealth include illegal timber production and narcotics trade, therefore making the Wa the least popular state for both the government as well as the other rebel factions. The Wa state itself is, however, a threat to the government because of its strength and its relationship with China. Illegal timber, methamphetamines, and opium have all helped to fund the Wa state’s military along with limited support from the Chinese government.

The Wa state poses a threat to Myanmar and its government because of its ability to govern itself and its ability to wage war with government forces. According to Jurgen Haacke, author of the article entitled “China’s role in the pursuit of security by Myanmar’s State Peace and Development Council: boon and bane?” he states that “The Wa State has by all intents and
purposes become a semi-independent, but unrecognized, buffer state between Burma and China, with its own laws and its own administration” (Haacke, 177). Because the government’s authority is weak in the Wa state, conflict can continue, especially if the United Wa State Army (UWSA) is funded by illegal industries and a powerful foreign government. This gives the Wa state the advantage of controlling its own actions and, indirectly, how the government of Myanmar interacts with it.

Politically, due to recent elections, the overwhelming popularity for the new democratic government has replaced the military junta, therefore reorganizing the government of Myanmar by replacing the former military junta and giving Myanmar the possibility to improve relations and the conditions of the minority. But the new government can still continue the conflict or even escalate it making the new government a new friend or foe in the eyes of the rebel factions. Although new events including a the election of a new democratic government and the organization of a powerful rebel state have since complicated relations and Myanmar’s security dilemma as a whole, two main actors, the government and the rebel groups, remain at odds in the competition for resources.

A key question surrounding a weak government must be asked, and that is what are the ramifications for Myanmar, as its young government struggles to establish a legitimate foundational source of governing authority. Due to this lack of authority, how is the struggle for ownership and authority reflected in Myanmar’s natural resource extraction and accountability processes? The most important note to be made here is that Myanmar is an extraordinary country, rich in many desired natural resources, but there are multiple hands grabbing for ownership. Within Myanmar’s borders is a common tension on who owns what property within
the state. Myanmar’s central government lacks the legitimate leverage control over armed ethnic groups, leaving it undecided and vague, much like its Constitution.

One of the key issues facing the new, young government is overlapping claims to territory across the mountainous regions of Myanmar. There are no clearly defined territorial borders. As a result, many parallel governing systems are in place. Researchers ask why to this common occurrence in Myanmar and more often than not, their answers revolve around the country’s history. Since its existence, Myanmar was made up of “distinct cultural and linguistic groups having separate forms of political organization” (Lynn & Oye, 2014:iv) from which many multilateral disputes have persisted until today. What this means is the cultural diversity has, in key ways, fueled the ethnic conflict.

Each of these issues ultimately fuels the ethnic conflict by creating many challenges and barriers to any significant progress in efforts made toward peace negotiations. The fact that Myanmar experienced 50 years of civil war clearly explains why there are numerous parallel governments, fragmented territories, and armed ethnic groups still to this day. All of these factors play into Myanmar’s ability to govern the distribution of and the extraction of its natural resources.

First, the government itself will have to establish better relations with the minority ethnic groups. The former military junta used ceasefire agreements to launch raids and attacks on both rebel armies as well as civilian towns and villages. Reasonably so, many minorities distrust the government because of the years of oppression and violence. Maintaining ceasefire agreements would obviously allow future negotiations to take place between the rebel groups and the government. But the new government must also maintain authority and legitimacy. This is difficult task in Myanmar because of both the difficult terrain, which includes rugged mountains,
dense forests and jungles, and many rivers, as well as the traditional local governments that lead the different ethnic groups. Paul Staniland, author of the article entitled “States, insurgents, and wartime political orders”, states “State building amidst civil war is often bloody and cruel.

While problems of instability are sometimes caused by insufficient state capacity, sometimes they are driven instead by fears of excessive state power” (Staniland, 2012:256). However, when dealing with a population, or in this case “populations”, that distrust a large central state, several strategies exists that not only create stable regions outside of the country’s capital, but create incentives for the state to avoid confrontation.

Second, because of Myanmar’s terrain and the difficulty in gaining the trust of the minority ethnic groups, a strong central state would not only appear to be a relapse into a brutal authoritarian regime for the minority ethnic groups, but establishing authority and legitimacy throughout Myanmar would prove to be extremely costly for the federal government. Roads would have to be built, military personnel would likely have to maintain order in remote locations, and larger institutions would have to house more government representatives and employees. But by giving each state more authority within its own boundaries, the state can not only appear as trustworthy and less threatening to a worried populace all while maintaining order and saving time, money, and most importantly, lives. Other nation-states with similar ethnic conflicts have experienced better results from using indirect rule. Staniland explains “As the experiences of Iraq and Afghanistan show, violence management and indirect rule can be easier and more stable than trying to impose a violence-monopolizing central state on rebel peripheries” (Staniland 2012:244). Giving the states more authority over themselves and the populations residing within them will allow better relations between the ethnic minorities and the
state to form while allowing the state to focus on maintaining and creating strong government institutions – an important step for new and weak democracies.

Third, permitting more autonomy to each state in Myanmar can help state and federal groups improve relations that seemed nearly deteriorated years ago, but in order to maintain the unification of “Myanmar”, the federal government will need more incentives to prove that strong positive relationships and therefore strong unity among the various states and the federal government will be prosperous. To do this, the federal government of Myanmar can not only connect with the other states in a literal sense, but also aim to protect the poor and working classes. Former and current militants in the ethnic conflict are also an important subject because relations with them can help the progression of conflict resolution.

Starting with the connections, the people of Myanmar have known about their country’s abundance in natural resources and, as this study suggests, have fought for resource wealth, production, and accessibility of those resources. However, these resources must leave the country in order to be considered “exports”. In order to move these resources around, roads and highways are needed for faster transportation. The former military junta started such a task with several large highways including the Naypyidaw Highway, which contains eleven lanes, and the current planning and ongoing construction of a transnational-highway from India, through Myanmar, to Thailand. Therefore these highways not only allow Myanmar better trade opportunities by allowing faster transportation of resources, but these highways can allow cooperation between the federal and state governments for governance, trade, and other processes. Federal highways can also demonstrate, very subtly, the presence of a strong central government in other states without raising concern. Travel for civilians will also become much
easier, possibly giving the non-elite classes opportunities to break pre-existing perceptions about the government and other states simply by making travel easier and more accessible.

Poverty, the working classes, and the fragile middle class in Myanmar are not only larger than the elite classes in terms of population, but they also hold the potential of continued support of the ethnic conflict. Protecting them from further abuses by both the government as well as certain industries can help bolster support for peace and cooperation while bettering the national economy at the same time. Many industries within Myanmar are seen as predatory both in their corruption of profits but also because of the horrible working conditions in such environments.

The jade industry is especially abusive to its workers. Dan Levin, author of the article entitled “Searching for Burmese Jade, and Finding Misery”, states that “Some miners, like Bum Hkrang, a 24-year-old recovering addict, say they need the drug to steel themselves for the backbreaking and dangerous work their Burmese and Chinese bosses demand; others say they simply fell into addiction because the drug was so available, with some heroin dealers accepting jade as payment” (Levin 2014:1). An interview with a Kachin jade miner in northern Myanmar detailed why working conditions were so cruel. High demand for production and corruption have all contributed to widespread heroin addiction, prostitution, poverty among workers, and HIV contraction. In fact, Myanmar’s government has been linked to the continuation of such conditions by owning the larger jade mines and using drugs, prostitution, and high demand as tools to continue.

To combat the HIV epidemic, poverty, and overall poor working conditions of the many industries residing within Myanmar’s borders, the democratic government of Myanmar needs to protect the rights of its workers. Regulation of such industries can provide the government with more details as to the current conditions of workers, the destination and origins of revenue, and
the identity of all parties involved. Laws that provide rights to workers will prove absolutely
essential, but the enforcement of these laws, including the establishment of a national minimum
wage and minimum requirements for suitable working environments, will also need to be
stressed.

Another theory includes the idea of using a reliable system of taxation. Because
the government and minority groups rely more on natural resources rather than themselves, there
is little need to work together. As Mick Moore, author of the article entitled “Political
Underdevelopment: What Causes ‘Bad Governance’”, introduces the idea of *earned income* by
stating, “Conceptually, the term is clear: state income is earned to the extent that the state has to
put in effort in working with citizens in order to get its money” (Moore, 2001: 401). By
increasing the focus on earned income rather than relying solely on natural resources, the
government and nation are forced to work together. To collect taxes, the state needs a reliable
work force and reliable source of income – emphasizing the need for a growing economy
(Moore, 2001: 402-403). For the nation, the state becomes more accountable because public
funds are expected to be more transparent than foreign aid or revenue from natural resources and
attempts at mobilizing violence will become less likely (Moore 2001: 403). Therefore, incentives
exist for both sides to peacefully work together for common good.

This would also apply to Myanmar where both the state and nation focus their
revenue on natural resources, but fail to be accountable to each other. Taxation could also lead to
incentives for developing civil services in the long run. Better schools, roads, and other public
systems could be the products of earned income as well as a politically active nation and a
government concerned for the well being of its people. Taxation could therefore act as a bridge
between two entities in need of building trust as well as infrastructure.
Within each of these uncertainties and challenges is an underlying issue of inefficiency. The result of vague policy, of a lack of accountability, of a limited export and import economy is the inability to streamline each process. The new government has promised a decentralization of governance in an effort to bring greater efficiency to the country as a whole. Examples of financial inefficiency and the trends therein include “deconcentrat[ing] revenue collection without aligning incentives through devolution” (Lynn & Oye, 2014:iii). If Myanmar were to delegate the revenue collection, more would benefit from the profits and the process would altogether hold greater efficiency for the country.

Not only is Myanmar looking to delegate out wealth and revenue collection, but it is also looking to bring local governments greater influence than they had before. The greatest reason for these changes is efficiency. Through delegating down to subnational governments, the desire is to bring a new reality “‘closer to the people’ than the Union governments so they can respond more” (Lynn & Oye, 2014:iii). Providing more power and voice to the people is a large step toward democratization of the country. If Myanmar succeeds in doing so, it could very likely be taking large, impactful steps in overcoming its “resource curse” and its seemingly rather inert progress toward a new democratic governing system.

In these initial steps, Myanmar would pave the path toward progress in a big way. Currently, many ethnic groups within Myanmar support this in “principle” but are not yet willing to take the necessary steps forward. The proposal for negotiations and agreements is the next step, according to Wennman, “a negotiated agreement about the distribution of income derived from natural resources” (Lynn & Oye, 2014:iii). The immense amount of natural resources within Myanmar would make such negotiations more complex, and likely far longer to find an
agreement. However, the complex state of these negotiations could provide many opportunities for creative solutions that meet the needs of Myanmar, specifically.

The negotiations and agreements on how to manage and maintain accountability of Myanmar’s natural resources will require all parties involved. Its resource revenue is a topic every ethnic group will have an interest in influencing, thus making it critical to the success of the negotiations to include all interested parties. “Non-inclusive decision-making practices in natural resource management [provide] a distinct issue from the sharing of revenue” (Lynn & Oye, 2014:iii). At these negotiations, Myanmar’s new government will have the opportunity to build its legitimacy as it works with each respective state and the natural resources located in each region. As a preliminary step, the new government has many key considerations it is considering as critical discussion points.

Myanmar’s new government is facing numerous considerations as it negotiates and creates a new policy toward its natural resources. Such considerations include all the goals regarding wealth sharing policies, resource transparency, sustainability, distributional effects, and best methods to integrate wealth sharing into the fiscal decentralization and budget. The simple fact that the new government could consider each of these elements proves its progress forward. However, it will need to utilize these negotiations for the benefit of all involved.

Resolving the ethnic conflict in Myanmar will be, as one could expect, as complicated as the situation itself. However, such obstacles are also opportunities to possibly resolving the conflict. Because the ethnic conflict has evolved into a struggle for resource accessibility, many steps to ending the conflict with revolve around Myanmar’s economy and wealth distribution. However, the new government itself will need to establish better relations with the minority ethnic groups and develop itself into a more reliable and transparent entity as well. With doing
so, conflict will not only continue, but another mixture of another failed state and economic disparity will spark more violence on a greater scale.

While the current legitimacy of the government is still in its beginning stages, it has already promised greater transparency and accountability measures. These measures will be taken in order to provide the framework for natural resource extraction and its exportation to countries around the world. Paired with this promise is the goal for greater fiscal decentralization. Myanmar needs all three elements promised because its current system is both inefficient and easily corruptible. In this stage of existence, Myanmar has not been making the necessary profits to economically bolster the plans created by the new government, or support the implementation of these plans.

With so many powerful factors, predicting the outcome of the ethnic conflicts, the relations with other state actors, and even predicting the new government’s reliability, authority, and ability, are all nearly impossible. In fact, deciding on where to begin Myanmar’s progress to sustainable peace, development, and economic prosperity will be difficult. Even with high poverty rates and the status as a developing third-world country, Myanmar has certainly been equally powerful as any developed first-world nation-state in its ability to influence and to gain attention from other actors in the surrounding area. Despite these setbacks, Myanmar has continued to slowly develop both in terms of economic wealth and infrastructure. The country has even managed to complete a 20-lane paved highway in Naypyidaw in order to accommodate for future growth along a list of other paved highways to help transnational travel. As its name in English suggest, Myanmar and its people have remained resilient through the numerous conflicts, economic setbacks, and government oppression, therefore deserving its name of “fast and strong”.

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