Paradigm Trap

The development establisment's embrace of Myanmar and how to break loose

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Walden Bello
Bangkok
May , 2018

Executive Summary

Is it possible for Myanmar to take a path to sustainable development that would avoid the pitfalls of the orthodox development paradigm? This report argues that this is not only necessary but possible.

Before elucidating this alternative paradigm, the report discusses Myanmar's economic past and where it's headed under the current paradigm. Starting with land and agriculture, it explains how the repressive extraction of the agricultural surplus coupled with massive land-grabbing produced a crisis-ridden and stagnant agriculture during the military regime. It then argues that the *Agriculture Development Strategy and Investment Policy* (ADS) proposed by the multilateral agencies will simply insert Myanmar into a regional process of agricultural and natural resource extraction that is termed, euphemistically, the "value chain," and further a process of "accumulation by dispossession" of peasant households and ethnic communities stemming from a fatal combination of coercive and market mechanisms.

The paper then moves to a discussion of industrial policy, where it probes how and why the military regime's experiments with industrialization failed, after which it lays out a critique of the foreign investment-led and export-oriented industrialization process promoted by the Japanese government, subjecting to close scrutiny the key pillars of this strategy: economic corridors to promote regional connectivity, special economic zones (SEZ's), and the "fragmentation" of the process of production that is supposed to benefit Myanmar.

In the next section, the report takes up the debate over Myanmar's energy future and closely examines the pros and cons of the coal, hydro, and renewable energy paths, showing how the coal and hydro options, are strongly influenced in part by corporate, institutional, and geopolitical interests, while raising some issues with respect to one of the proposed renewable energy strategies.

Moving from energy policy to a discussion of an extremely influential economic group, the so-called cronies, the paper takes a close look at the different conglomerates that have been favored by the military regime which now dominate Myanmar's economy, touches on the National League for Democracy (NLD) government's current relations with them, and discusses the likely future of the cronies in the foreign investment-led strategy favored by the Japanese and the international donors. It comes to the conclusion that without significant restitution for past plunder and strict tax rules aimed at redistributing a significant part of their wealth, the cronies will not desist from their predatory ways, thus jeopardizing the country's economic future.

Finally moving on to the proposal for an alternative development paradigm, the report first lays out its critique of the neoliberal paradigm that guides the proposed strategies coming from the donors, using Karl Polanyi's concept of the "dis-embedded market." An alternative strategy or Post-Neoliberal Paradigm (PNP) in contrast, would essentially be one where the market is re-embedded in and governed by a matrix of overarching values.

The paper then recommends an agriculture-led PNP for Myanmar, laying out the key principles that would guide it, such as the priority of equality, synergy between the economy and the environment, subsidiarity, and democratic decision-making in all aspects of economic management. With respect to the role of the agricultural sector in the PNP, the report contends that among the key institutional preconditions for the success of such an approach would be the establishment of a body to dispense agrarian justice and the repeal and amendment of a number of land-related laws.

Moving on, the paper proposes an agriculture- and countryside-led industrialization process promoted by local community enterprises, cooperatives, small and medium private enterprises, and state enterprises that focus on socially useful production such as making

industrial inputs for organic agriculture, medicinal products for treating tropical diseases and relieving pain, and solar and renewable energy devices for a decentralized renewable energy path.

The elements of an alternative trade strategy are then highlighted, followed by a discussion of what a solar-based energy infrastructure would entail. The report concludes with a discussion of process and proposes principles that would guide the elaboration and implementation of an alternative PNP.

About Walden Bello

Walden Bello, PhD, is currently the International Adjunct Professor of Sociology at the State University of New York at Binghamton. Engaged in human rights, environmental, political, and economic issues as an activist, he also served as a member of the House of Representatives of the Philippines from 2009 to 2016. He made the only recorded resignation on principle in the history of the Congress of the Philippines in March 2015 owing to principled differences with the policies of then President Benigno Aquino III, with whom his political party was allied. He was professor of sociology at the University of the Philippines from 1994 to 2009, when he retired, and is the author or co-author of numerous articles and 20 other books, among which are *Capitalism's Last Stand: Deglobalization in the Age of Austerity* (London: Zed Press, 2013), *Food Wars* (London: Verso, 2009), and *Dilemmas of Domination: The Unmaking of the American Empire* (New York: Henry Holt, 2005). An associate of the Transnational Institute and co-chairperson of the board of Focus on the Global South, he received the Right Livelihood Award (also known as the Alternative Nobel Prize) in 2003 and was named Outstanding Public Scholar by the International Studies Association in 2008.

Introduction: Paradigm Trap

The research for this book was done in 2017. Myanmar was in the headlines of the international media, but the narrative had shifted from Aung San Suu Kyi and her National League for Democracy (NLD) leading the country into a new era of civilian democracy to a less positive one triggered by what many saw as a disconcerting failure to take a moral stand on the alarming developments in Rakhine State.

The Critics' View

On the domestic scene, it was not so much the events in Rakhine but the lack of movement on the peace settlement with the ethnic nationalities and what some saw as the NLD's unclear economic agenda that were the cause of frustration.

Among those voicing frustration were representatives of the official donor community and diplomatic circles. One oft-repeated criticism was that Aung San Suu Kyi was "micromanaging things" and not trusting her colleagues and subordinates in the NLD. "Nothing gets done without her approval, and it's not just the big decisions. Everyone is scared to do anything," said a former key staff member of the Asian Development Bank.[1] Commenting on the slow flow of investment into the country, another asserted that "the government has to give a "clear signal" of where it wanted to go.[2] Also expressed were doubts about the capabilities or "capacity" of the government. Said one, "There's definitely a sense that there was more experience on the part of the previous [Thein Sein] government. However, you have to realize that these people [the NLD] had never been in government, or had been in prison or in exile. So it's been quite challenging for them."[3] In private, the words were more blunt, claimed a prominent Myanmar political analyst: "I often meet with Japanese and Chinese officials and their main complaint is, the government doesn't seem to know what it wants and this has become something of a joke for them…They find things being done completely ad hoc." To illustrate his point about the government's incompetence, he cited what he called Aung San Suu Kyi's "ill-advised request" to the Chinese government to impose taxes on the border trade between Myanmar and China's Kunming province, which had the effect of reducing trade and disrupting people's livelihoods and employment.[4]

To some local analysts and representatives of donors, there appeared to be little or no economic strategy guiding the government. According to one respondent, Suu Kyi's approach was a variant of trickle-down theory: "Let the economy grow, let the rich get richer and the powerful become more powerful, and they'll take care of you."[5] Another was more charitable, saying, "I don't think the government has a strategy. What it has are priorities, like peace and poverty reduction and inclusive growth"[6]

The Other Side of the Story

Listening to the critics, I felt that while many of the complaints about lack of direction, incompetence, and the slow pace of decision-making were justified, this was not the whole story.

When it assumed office in February 2016, the NLD found itself inserted into a situation where economic programs supported by the multilateral agencies were already rolling. The international financial institutions had come in like gang-busters once the Thein Sein transition government said it was open for business in 2011. "The former government said yes to a lot of things coming from the development partners, so in the energy field, you ended up with three energy master plans, one from JICA [Japan International Cooperation Agency], one from the Asian Development Bank, and one from the World Bank," said Paul Donowitz, formerly the ADB liaison with civil society.[7] The Japanese were the biggest donors, and "they knew what they wanted from the beginning." The ADB, for its part, "focused on infrastructure since

that is what it had the most experience with." The World Bank came up with a massive $450 million project called "Community-driven Development" (CDD) covering 70-80 townships.[8]

The donors, both multilateral and bilateral, formed a "Development Partners' Working Group" to coordinate their programs, and the country was roughly divided into zones for which different agencies were primarily responsible, with the ADB, for instance, taking the lead in Southern Myanmar owing to its work on the "Southern Corridor" linking Myanmar, Thailand, and Vietnam that was a central element of its "Greater Mekong Sub-region Paradigm."[9] Coordination did not mean that frictions did not arise--for instance, over the World Bank's CDD, of which the ADB, along with a number of civil society groups, was critical owing to a number of reasons, including its being imposed from above, its broad sweep, and its susceptibility to corruption.[10] In any event, by the end of the Thein Sein government, the multilateral agencies had their five-year or multiyear or "interim" plans, and, with civilianizing Myanmar being billed as the "last frontier," they were under pressure to lend from their headquarters in Washington, DC, Manila, and Tokyo.[11] Thus their impatience with what they saw as the slow-moving NLD.

The main problem was that the donors' grandiose plans had been formulated without or with little consultation of the NLD, the coming to power of which, via the combination of a decisive electoral victory in the 2015 elections and the surprise creation of the position of "State Counselor" for Suu Kyi, was most likely not anticipated by them. In other words, while many in the official development community were understandably frustrated with some aspects of the NLD's management of the economy, there was also some justification for the NLD's caution in making decisions within a development framework or paradigm inherited from the previous government to which they had made no or little input.

Trapped in a Paradigm?

What were the main features of this paradigm, on which there was a rough consensus on the part of the main official players, the World Bank, ADB, and JICA? From a close review of key documents that these agencies were central in formulating, such as the *Agricultural Development Strategy and Investment Plan, Industrial Policy Strategy,* and *the Myanmar Energy Master Plan,* the following key elements emerge:

First of all, Myanmar was so far behind in the development process that rapid GDP growth was a central objective.

Second, there were key bottlenecks that had to be addressed with urgency, such as the bad road infrastructure and the shortage of power generation facilities.

Third, Myanmar's route to development was going to be achieved partly by linking it to what was seen as the dynamic regional economy of Southeast Asia, a process given the term "connectivity."

Fourth, the thrust of economic policy would be to promote export-oriented growth.

Fifth, foreign investment would be the central driver of the process.

The role of foreign investment was emphasized. To borrow the image shared with us by Daniel Aguirre, who was at the time of the interview working with the International Commission of Jurists (ICJ) in Myanmar, when it came to foreign investment, the Thein Sein government's policy was "like a stoplight with all lights flashing green."[12] The government had come up with new investment laws in 2012 and 2013, but the international financial institutions were dissatisfied with these, since they had all sorts of nationalist and protectionist provisions that they found objectionable.[13] In its official statements, however, the World Bank stressed procedural difficulties associated with the 2012-2013 laws: "Onerous entry and screening

procedures for foreign direct investment (FDI) and domestic investment greatly prolonged the closing of deals. Investment proposals, even small ones, had to go before the Myanmar Investment Commission (MIC) for investors to benefit from protections and receive tax incentives."[14]

The donors wanted a more foreign-investment friendly code, and they had their way. The World Bank's International Financial Corporation (IFC) took the lead in drafting the new investment act that would merge the previously separate foreign and domestic investment laws into one. In a workshop held on the new consolidated investment bill, Aguirre recounts, the IFC consultant

> compared Myanmar to a "beautiful woman who must dress in a way that attracts the person whose attention she wants." I couldn't believe my ears. In addition to its sexist nature, the comment also endorsed a long discredited notion of a 'race to the bottom' in terms of regulation.... They not only eliminated provisions that could be interpreted as offering preferential treatment to local investors, but they wanted to include an Investor-State Dispute Settlement (ISDS) provision in the national law that would allow all investors – both foreign and national – to sue Myanmar government through international arbitration for passing regulation contrary to investor interests.' Fortunately, civil society was able to strike this out from the final bill.[15]

This was the paradigm to which the NLD, without its being consulted, was inserted, and it was, most likely, presented to them as "TINA," that is, that "There is no Alternative," to borrow Margaret Thatcher's infamous, albeit magisterial, declaration. It would not be surprising if one of the factors that might have contributed to the slow pace, if not paralysis, of the NLD's decision-making process was its having to come to grips with a model of development that was largely formulated and imposed from the outside.

Neither Scylla nor Charybdis

One of the central objectives of this book is to show that there are development alternatives for Myanmar aside from the export-led, foreign investment-driven, resource-intensive model that may promote high growth in the short term but also trigger rising inequality, uneven development between the countryside and the city, environmental destruction, and marginalization of ethnic minorities, as it has throughout Southeast Asia. Myanmar is often touted as the "last frontier." It is, but not in the positive sense meant by the promoters of the foreign investment-led paradigm. Rather, it is in the sense that it is the last big country in the region to be lassoed into a failed development model. At the same time, there is no question of returning to the disastrous paradigm that sold itself as "socialist" but was actually a repressive program of surplus extraction from the people for the benefit of a military oligarchy.[16]

To borrow an image from the *Odyssey*, Myanmar is not trapped between the treacherous isles of Scylla and Charybdis, the choice of either of which would lead to shipwreck.

Order of the Study

The next three chapters of this book provide a critique of both the old so-called socialist economic regime and the foreign investment-led, export-led, and resource-intensive paradigm proposed by the donors. Following this is a discussion of the dynamics of Myanmar's infamous "crony capitalism" and the likely consequences of policies that appease the cronies. The final chapter lays out the principles of an alternative paradigm we call the Post Neo-Liberal Paradigm (PNP) and how they can be concretely applied in key sectors of the economy.

In the second chapter, we take up the question of land and agriculture. We look at how the repressive extraction of the agricultural surplus coupled with massive

land-grabbing produced a crisis-ridden and stagnant agriculture during the military regime. We then argue that the *Agriculture Development Strategy and Investment Policy* (ADS) proposed by the multilateral agencies will simply insert Myanmar into a regional process of agricultural and natural resource extraction that is termed, euphemistically, the "value chain," and further a process of "accumulation by dispossession" of peasant households and ethnic communities stemming from a fatal combination of coercive and market mechanisms.

In the third chapter, on industrial policy, we examine why the military regime's experiments with industrialization failed, after which we lay out our critique of the foreign investment-led and export-oriented industrialization process promoted by the Japanese government, subjecting to close scrutiny the key pillars of this strategy: economic corridors to promote regional connectivity, special economic zones (SEZ's), and the "fragmentation" of the process of production that is supposed to benefit Myanmar.

In the fourth chapter, we take up the debate over Myanmar's energy future and closely examine the pros and cons of the coal, hydro, and renewable energy paths, showing how the coal and hydro options, are strongly influenced in part by corporate, institutional, and geopolitical interests, while raising some issues with respect to one of the proposed renewable energy strategies.

The fifth chapter, on the cronies, takes a close look at the different conglomerates that have been favored by the military regime which now dominate Myanmar's economy, touches on the NLD government's current relations with them, and discusses the likely future of the cronies in the foreign investment-led strategy favored by the Japanese and the international donors. We come to the conclusion that without significant restitution for past plunder and strict tax rules aimed at redistributing a significant part of their wealth, the cronies will not desist from their predatory ways.

In the final chapter, we first lay out our critique of the neoliberal paradigm that guides the proposed strategies coming from the donors, using Karl Polanyi's concept of the "dis-embedded market." An alternative strategy or Post-Neoliberal Paradigm (PNP) in contrast, would essentially be one where the market is re-embedded in and governed by a matrix of overarching values.

We then propose an agriculture-led PNP for Myanmar, laying out the key principles that would guide it, such as the priority of equality, synergy between the economy and the environment, subsidiarity, and democratic decision-making in all aspects of economic management. With respect to the role of the agricultural sector in the PNP, we contend that among the key institutional preconditions for the success of such an approach would be the establishment of a body to dispense agrarian justice and the repeal and amendment of a number of land-related laws.

Moving on, we propose an agriculture- and countryside-led industrialization process promoted by local community enterprises, cooperatives, small and medium private enterprises, and state enterprises that focus on the production of industrial inputs for organic agriculture, medicinal products for treating tropical diseases and relieving pain, and solar and renewable energy devices for a decentralized renewable energy path.

We then discuss elements of an alternative trade strategy and underline the importance of a solar-based energy infrastructure. We conclude with a discussion of process and propose principles that would guide the elaboration and implementation of an alternative PNP.

One final note: Poverty and inequality do not have separate chapters as topics but are woven into the discussions of agriculture, industry, energy, ownership, and investment. In our view, poverty and inequality are mainly generated by the conditions of the process of production and the political system, and while they might be mitigated by foreign

aid and redistribution through taxation and transfer payments, they cannot be eliminated or substantially reduced without altering the conditions of production, in particular the ownership and control of the means of production, and the system of governance.

The Countryside: From Coercion to the Market

Agriculture currently accounts for slightly less than 38 per cent of Myanmar's gross domestic product and 70 per cent of the country's work force, the proportions being even higher a few decades ago.[17] Not surprisingly, the politics of rice, long the most valued crop owing to its dominant role in the country's diet, has been one of the central drivers of the country's political economy. Squeezing the peasantry has been a time-honored tradition practiced by ruling elites in agrarian societies. Myanmar is no exception. From the point of view of the generals that constituted the country's ruling elite for over fifty years, peasants were there mainly to be squeezed of the rice surplus to serve their political and economic objectives. While some of these goals might have changed over time, a constant one was to ensure that peasants did their bidding so that Yangon, Mandalay, and other urban centers did not riot for lack of rice and thus destabilize their rule.

This chapter begins by analyzing the mode of surplus extraction from peasants in the so-called socialist period. It then moves to discussing the coexistence of coercive and market mechanisms during the period of liberalization, focusing on a number of trends: accelerated land-grabbing, the worsening of the condition of rural workers, and the opening up of the borderlands to natural-resource exploitation. The various manifestations of peasant resistance are touched on before we move to an extended discussion of the *Agricultural Development Strategy and Investment Plan* (ADS) which is viewed as a plan to accelerate the capitalist transformation of Myanmar's agriculture and its integration into the global agricultural economy.

Surplus Extraction in the "Socialist" Period

From 1962 to 1988, Burma, later renamed Myanmar, was ruled by the dictator Ne Win, who called his regime "socialist" but who actually presided over a military oligarchy.[18] Yet when it came to agriculture, there was one thing at least that Ne Win's regime shared with the socialist Soviet Union: it was a system that sought to extract the agricultural surplus for the development of industry by keeping food prices and urban wages.[19] A good description of this is provided by Koichi Fujita and Ikuko Okamoto:

> A policy of agricultural exploitation generally implies the following two elements: first, food prices are repressed and wages kept low in order to promote industrialization; and, second, export crops are purchased at below the international price, with the resulting revenue used to promote industrialization. Myanmar's rice policy during the socialist period was typical of agricultural exploitation. The government introduced a compulsory paddy procurement system at below-market prices and a system of rationing the supply of cheap rice to consumers through people's shops and cooperatives, and it monopolized rice exports, which became the largest source of foreign exchange earnings at that time.[20]

The system was production oriented, with the principle being that the higher the output, the higher the surplus that could be extracted for industrial investment and for consumption in the urban sector, the most favored groups being the military and civil servants. Over time, as the industrialization effort failed and the regime became unpopular, keeping the rice supply stable and rice prices low to prevent food riots and other acts of rebellion became the chief motivation.

This labor-repressive system reigned in most of lowland Myanmar as well as the peripheries of key urban areas in the highlands that were within the effective reach of the Yangon-based government's military power. Production in these key rice-growing areas, such as the Irrawaddy Delta, was mainly done by small-holder farmers, the majority of them being ethnic Bamar.

For large parts of the country that were populated by autonomous ethnic peoples whose systems of land tenure were often communal, the regime's economic policy was dictated by the overall policy of militarily subjugating their homelands, with deliberate depopulation, predation, and massive land-grabbing accompanying the extension of military control. In many of these highland and forest areas, lack of stable military control made it difficult to institutionalize a system of surplus extraction as in the central part of the country. Flexible forms of resistance on the part of ethnic peoples, like retreating to the forest when the Tatmadaw, or national army, arrived, then returning to the village when it left, frustrated the central authorities since surplus extraction needed both land and people to work the land. As one study of Karen communities showed, villagers found strategies for retaining control over land they had been ordered away from:

> When villagers are ordered to move off their land and into Army-controlled sites to bring them under control, they usually respond with flight and displacement – but not beyond reach of their land. Instead, they adopt mobile livelihoods allowing them to evade authority, monitoring military movements so that they can continue working their lands. This usually involves living in the village whenever soldiers are not around and in the forests at other times; caching food in hidden locations or with relatives living in more stable villages; shifting to more durable root crops or concealable cash crops (such as cardamom) if necessary; and trading with sedentary villages for dry goods in pre-arranged covert 'jungle markets' which spring up for a day and then as quickly disappear.[21]

Such mobile forms of resisting surplus extraction were not available to the sedentary lowland Bamar communities, which were subjected to three key policies of labor repression: 1) a system of compulsory delivery of rice and other commodities; 2) a planned cropping system that mandated crops to be planted; and 3) the nationalization of all land, with peasants not enjoying property rights but merely usufruct, a "right" that was, moreover, conditional on their following farming guidelines imposed from above.[22]

Before the advent of the military regime in 1962, the countryside had a relatively unequal distribution of income owing to some land reform and limited land redistribution carried out in the late fifties.[23] This relative equality persisted during the Ne Win dictatorship, but it was relative equality among poor households that were collectively exploited by the Yangon-based military elite. Severe exploitation was achieved through the strict enforcement of the three key policies of the regime. The rigorous repression that accompanied implementation was illustrated by the hugely unpopular "High-yielding Variety" (HYV) program pushed by the government in the period 1974-1982. While the program led to higher yields in the beginning, it was accompanied by a policy of compulsory sales to the central government that eroded peasant living standards:

> Farmers were allowed to keep certain amounts of paddy for their family consumption (15 baskets per person annually), but were required to sell the rest (usually 60-70 per cent of their produce) to the government at below market prices. Consequently, rural producers were left with almost nothing to sell on the market. Government strategy allocating priority to rice production also led to a prohibition on the cultivation of non-paddy crops, such as mung beans and pulses. The punishment for violating these rules was death.[24]

Not surprisingly, peasants resisted, though this opposition was not of the overt kind displayed by the ethnic communities. Some did not fulfill their quotas. Others sought to shift to producing commodities that were not as tightly controlled as rice. Others engaged in the proliferating black market. But perhaps the most effective form of resistance was foregoing investment in land and production, leading to long-term stagnation not only in agriculture but the whole economy, the growth of which depended on rising agricultural output.[25] In this sense, one can say that peasant disaffection and resistance was one of the key factors that eroded the legitimacy of Ne Win's rule, leading to his withdrawal from formal leadership following massive protests in 1988.

Post-1988 Liberalization and the Peasantry

With the Ne Win yielding formal leadership and moving behind the scenes in 1988, the succeeding military regime—first called the State Law and Order Restoration Council (SLORC), then the SPDC (State Peace and Development Council)-- initiated a process of liberalization to restart the stagnant economy. Over the next two decades, the political economy of the countryside had the following features: a) inconsistent application of the coercive policies of the socialist period; b) the rise of "state-mediated capitalism" or "military-crony capitalism;" c) the emergence of a "ceasefire economy" or "ceasefire capitalism" in those ethnic regions where ceasefire agreements were reached; and d) worsening conditions of existence for landless labor.

Inconsistent regime policies. During this period, the compulsory procurement system and planned cropping were said to have been abandoned, to allow market forces to revive the rural economy. However, the reality was that there were huge inconsistencies in the liberalization process, leading some analysts, like Fujita and Okamoto, to assert that, in fact, after 1988, "the government tightened these systems in order to control the farmers."[26] Thus their characterization of the period as one of "partial liberalization." For instance, the compulsory sale of rice to the government was abolished in 1987, only to be reestablished in 1989. The reestablished policy was then removed a second time in 1997, only to be reinstated again in 1998, creating great confusion and social disaffection. As Ardeth Thawnmung notes in her detailed study of government-peasant relations:

> Some farmers complained they had already sold most of their produce when the rice procurement system was reimposed. Consequently, they were then forced to buy paddy in the market at higher prices, so as to comply with central government policy. In 1999 one farmer from Tharrawaddy township commented: "you can never predict what the government's next move is, and I am worried that the government might re-establish control over the production and marketing of beans and pulses, which could re-empower the local police to interfere in our life ... you just cannot tell what's going to happen...."[27]

Another controversial program was the summer paddy or multi-cropping system. Initially successful in raising yields, the program lost popularity when its implementation involved forced labor, draconian enforcement, and the foisting from above of Green Revolution technologies that had worked in some areas but were unsuitable in others, leading to farmer distress. For instance, in Bogalay Township, in the Ayeyarwady Region, rigid implementation of rice-after-rice cropping led to a decline in yields owing to lack of rotation of rice with nitrogen-fixing beans and pulses, increased incidence of pest and disease, and lack of fertilizer. "As yields declined and fertilizer prices increased," noted one study, "farming households were caught in a vicious cycle of not being able to afford fertilizer, and decreasing value of yield."[28]

When the prescription of unsuitable technologies was accompanied by demands on peasants to feed the hordes of extension agents that came to administer them, peasant resentment could not but increase. Further stoking this was the fact that the summer paddy program was accompanied by corruption, which one important study of rural Myanmar described as increasing "to an unimaginable level, stretching from the highest ranking to the lowest position of state institutions."[29]

"Military-Crony Capitalism." During the period of partial liberalization from 1988 to 2010 and the fuller liberalization following the elections of 2010, which ushered in the Thein Sein regime, capitalist relations began to coexist with coercive control as a mechanism of surplus extraction. What Lee Jones called "state-mediated capitalism" and others termed "military-crony capitalism" emerged, the main feature of which was promoting market reform in order to revive the country's stagnant economy, but with preferential treatment accorded to private interests with close links to the military. Jones has a good description of this process:

> The relationship between the new business class and the state was very complex. On the one hand, business elites clearly depended on state patronage, and the regime retained means to keep them in line. This is best understood as the creation and manipulation of a "limited access order," whereby the economy is manipulated to create rents which are selectively dispersed to non-state actors to buy their loyalty and encourage co-operation. The retention of monopolies, trade and investment licenses and arbitrary regulations was not simply "mismanagement," but a deliberate means to regulate businesses' access to resources.[30]

One of the first activities where this variant of crony capitalism was observed was the land reclamation program, which was pursued from 1991 on, in an effort to expand the acreage under cultivation to make up for declining productivity per acre. The process was accompanied by much land grabbing:

> The policy is...considered inequitable, since it provides capitalist enterprises with incentives, thereby privileging the urban rich at the expense of poor small farmers. Some of the latter have lost land that they have worked for generations to urban commercial interests, because the land was incorrectly classified by the state as "fallow and uncultivated" and thus earmarked for reclamation by government. One peasant farmer from a Karen village in Auk township, Rangoon division, who lost her land to a local military officer, commented that "the current policy drives farmers off their land toward the town there to work for low wages, whereas it attracts the army back to the villages and rural areas." The same peasant farmer, who until recently refused to leave her property, added that she now had to ask permission from the owner of land that was previously hers to pick mangoes and fruits from the trees that she herself had grown, nurtured and cared for.[31]

By 2013, land grabbing had gone beyond the land reclamation enterprise to become a prominent feature of Myanmar's consolidating military-crony capitalism. According to a Forest Trends Report, companies, mostly domestic, had been able to get control of approximately 5.3 milliion acres of land—35 times the size of Yangon—mainly for agriculture.[32]

"Ceasefire Capitalism." The unholy alliance between the military and emergent business interests in the ethnic and border areas came to be known as the "ceasefire economy" or "ceasefire capitalism." In some of the ethnic and frontier states, ceasefire agreements were accompanied or followed by economic arrangements of rent-seeking worked out between military commanders, crony

businessmen, Chinese middlemen, and local ethnic elites. Focused on the exploitation of land, natural resources like timber, and mining of precious stones like jade, these activities often involved large-scale land grabbing, with capitalist enterprises riding rough-shod over the customary land tenure practices of indigenous groups. These activities went hand in hand with the Myanmar's military's extension of its territorial reach into ethnic areas whose control was previously disputed with armed ethnic resistance forces. Thus, the term "ceasefire capitalism."[33]

In both the ethnic areas and in central Myanmar, new legislation, designed to promote market relations in land, were used by powerful interests to bring land under their control. Two new laws, in particular, the Farmland Law and the Vacant, Fallow, Virgin Land Management Law (VFV), were instrumental in this regard. When they were legislated in 2012, these two laws received a torrent of criticism from CSO's, which denounced them as really an effort to legalize and promote land grabs, especially in ethnic areas. So blatant were the depredations facilitated by these two laws that the government's *Agricultural Development Strategy and Investment Plan* (ADS) paper was forced to acknowledge them:

> There is growing concern that the Farmland law does not always provide security of tenure for all smallholders. First, the law only applies over "farmland" which is narrowly defined and does not include all agricultural production systems such as agro-forestry. Second, the issuance and holding of a LUC [land use certificate] over farmland is conditional to crop choices; unauthorized changes may result in land confiscation, landlessness and loss of livelihoods. While the dynamics of a land market support the effective use of land, it may also facilitate stress sales as a result of indebtedness.[34]

As for the VFV Law, the ADS paper asserts, "Unclear definitions and perceptions of "Vacant", "Fallow" and "Virgin" result in the alienation of land from customary rights holders who do not qualify to secure their land under the Farmland law."[35]

This admission by the ADS nevertheless did not adequately capture the level of distress, especially in the ethnic regions, brought about by the two laws. As the Transnational Institute saw it, what the two essentially did was to strip communities living in upland areas – now labelled 'wastelands' – of their right to the lands they had traditionally owned, putting them "under the real threat of losing their lands, which are precisely the areas heavily targeted by resource extraction and industrial agricultural concessions as well as infrastructure development. The two land laws dispossess farmers, especially upland subsistence farmers, of their right to farm, and more broadly their right to land and to decide how they will use and manage their farm and forestlands."[36]

The Tatmadaw and Land Grabs

Especially in the ethnic areas and borderlands, the Tatmadaw, the Myanmar national army, was involved in land grabs. In a survey of 2000 respondents subjected to land confiscations from 62 townships in six states (Kachin, Kayah, Kayin, Mon, Chin, Shan (North & South) and seven regions (Yangon, Bago, Ayeyarwady, Mandalay, Sagaing, Magway and Tanintharyi), the military was the perpetrator in nearly half of the cases.[37] According to the Farmland Investigation Commission, it received complaints that the Tatmadaw had forcibly confiscated 247,000 acres or almost 100,000 hectares of land.[38] "Conventional wisdom," noted one study, "has it that when military barracks are built, nearby farmlands are taken over to feed soldiers, and forests are cut for their income."[39]

The Tatmadaw's role, however, went beyond taking over land to support itself to expropriating land for private interests close to the military leadership. A good example

of the collusion between the Tatmadaw and business interests was highlighted in a case study of the establishment and expansion of rubber plantation in Northern Kachin. The accumulation of 4608 acres (1865) by the private, domestic company Sein Wut Hmon, now the largest rubber company in northeastern Shan State would not have been possible without the active participation of the military.

> Sein Wut Hmon colluded with the North East Regional Command and the Land Statistics Department in Lashio in order to gain control of the majority of their land holdings, evidence suggests. A manager of the company accompanied soldiers as they confiscated land in some villages while, in others, officers in uniform presented themselves as Sein Wut Hmon representatives. The officer who led the confiscations, Major Myo Yee, now works for the company.
>
> The confiscations largely targeted hillside land, used by the villagers for *taungya* (shifting cultivation). This form of agriculture is common among the ethnic minorities of northern Myanmar, including the Shan, Palaung and Kachin who make up the com- munities impacted by Sein Wut Hmon's rubber operations. *Taungya* fields are viewed by the authorities as 'unproductive' and therefore classified as 'vacant' or, put in other words, 'up for grabs'. In the context of decades of discrimination towards ethnic minority groups, this can be seen as an attempt by the Burmese authorities to undermine these groups' means of subsistence and way of life.[40]

At no point before the confiscations took place were the villagers consulted by the company or the military for the land they took. None of the villagers had hard titles for their land, having instead land tax receipts as their only proof of ownership. But regardless of whether they could show receipts, the villagers' saw their lands forcibly taken, with almost no compensation paid by the company or military. As a result, "some villagers are struggling to feed their families or have had to send their children to Thailand to find work. The company has done nothing to develop infrastructure in the area and not a single person from the local villages…had been employed on its plantations. The confiscated land included ancestral graveyards and spirit shrines belonging to the villagers which are all now under rubber plantations."[41]

Major Land Grabs

With or without the help of the Tatmadaw, extensive land grabbing is taking place all over the ethnic areas. One of the biggest has been the decade-long process by which one of the big crony conglomerates, the Yuzana Corporation, has been forcibly seizing farmlands belonging to local civilians as well as 270,000 acres and 190,000 acres of forestlands in Hpakant and Danai townships in Kachin state to plant cassava and other cash crops. "Locals have been forcibly driven out from their own villages by Yuzana company's mega-agriculture projects contributing to serious deforestation. The victims have also turned into IDPs [internally displaced persons] because their livelihood has completely been destroyed," notes one account.[42]

One of the most extensive cases of land confiscation is currently taking place along the 771 kilometer-long Shwe Oil and Gas pipelines that go from Kyauk Township in Rakhine State off the Bay of Bengal, pass through Magway Region, Mandalay Region, and Shan State, and end in Kunming, China. The pipeline complex is one of Myanmar's biggest projects, with the Myanmar Oil and Gas Enterprise (MOGE) teaming up with a cast of foreign corporations that includes the China National Petroleum Corporation (CNPC), Bank of China, China Development Bank, Daewoo International Ltd of South Korea, and the Gas Authority of India LTD. In six townships in Magaway Region alone, numerous cases of outright land grabs, forced sales, inadequate compensation, deforestation, and erosion, were documented. Land confiscation was

driven by speculation, with most of the lands "given as gifts to crony businessmen and relatives of military officials, later to be sold at a mark-up to the investing companies."[43]

One of the most rigorous investigations of land confiscations was carried out by the Karen Human Rights Working Group between January 2011 and November 2012 in seven research areas encompassing all or part of Kayin and Mon States and Bago and Tanintharyl regions. Its main conclusion was that with business and development projects increasing substantially in the wake of Myanmar government reforms and the ceasefire signed with the Karen National Union,

> Villagers across all seven research areas described land confiscation or obstacles to land use or access directly resulting from natural resource extraction or developmental projects. Villagers described land confiscation as a result of the project expansion and encroachment onto land adjacent to the project site, as well as confiscation of land belonging to refugees or internally displaced persons (IDPs). Villagers in some cases received explicit information that their land would be confiscated, that they would no longer be permitted to use them as they had previously, or that decisions regarding the use of their land had already been made in meetings between State and non-state authorities and companies to which the villages were not invited. In other cases, villagers learned of the confiscation of their land only when construction workers arrived to survey and mark the project site.[44]

Finally, one must pose the question if the ongoing violence in Rakhine state, which has seen the flight to Bangladesh of some half a million Rohingya and charges of genocide made in the international community might not be connected to the military and its cronies' agenda for land confiscation. One report claims that quite recently the government allocated 1,268,077 hectares (3,100,000 acres) in the "Rohingya's area of Myanmar" for corporate rural development. As the account noted, "this is quite a jump compared to the first such formal allocation which was in 2012, for just 7,000 hectares (17,000 acres). To some extent the international focus on religion has overshadowed the vast land grabs that have affected millions, including the Rohingya."[45]

Worsening Conditions of Agricultural Labor. Aside from the inconsistent application of the traditional mechanisms of surplus extraction, the rise of military-crony capitalism, and massive land grabbing, another prominent feature of the political economy of agriculture during the period of liberalization was the worsening situation of agricultural laborers, who constituted some 30 to 50 per cent of the rural population, depending on the region.[46] Their real wage rate declined by some 10 to 20 per cent from what it is was during the "Socialist Period."[47]

Possession or non-possession of tillage rights and capital was apparently the key factor that led to greater inequality during this period. Many landholding farmers saw the value of their land appreciate and were able to profit selling it or devoting it to profitable crops like pulses, the demand for which grew in the world market. Likewise, traders with capital were able to accumulate wealth as the state monopoly on trade in most crops were removed. As Okamoto notes, "The benefits of the expansion were great for farmers, even for those operating on a small scale, but traders gained the most. These two groups possessed either the land to cultivate new crops or had capital to invest in marketing it."[48]

The lot of agricultural laborers changed also changed markedly in the transition from the socialist regime to the market-driven agricultural regime, but in the opposite direction. Paradoxically, despite its repressiveness, under the socialist regime, small landholders and rural laborers had a rough equality in terms of income, as Okamoto explains:

> In the socialist period, the disparities were reduced in relative terms, partly owing to the exploitative nature of agricultural policies towards landed farmers under the socialist government. Because of strict control of prices and marketing for major agricultural produce, agricultural production yielded little profit for farmers during this period. In other words, holding land in itself did not produce a significant difference in income among rural actors. In fact, during the 1980's the incomes of farmers with average size landholdings and seasonal laborers were almost the same...Another cause of the relatively small disparity can be found in government efforts to assure food security for general consumers, including agricultural laborers. The rice rationing system provided a reasonable amount of rice at low prices, benefiting agricultural laborers who otherwise could have had difficulty feeding themselves.[49]

The post-1988 regime, in contrast, did not have even a modicum of "safety nets" that would have alleviated the lot of landless labor. This left them at the mercy of loan sharks, with one of the central features of their condition being "their high dependency on the credit-labor link, namely advance payment of wages, for daily expenses. It appears that the laborers are locked into a cycle of small loans that carry exorbitant interest."[50] Interest rates could be as high as 20 per cent monthly for short-term loans, and between 10 and 15 per cent for long term loans.[51] Studies of local areas show very high degrees of indebtedness, with a rapid appraisal of six villages in southern Chin revealing that at least half of participants in focus group discussions in debt, with the figure up to 90 per cent in one village.[52]

It must also be noted that the dynamics of both the socialist system and the succeeding liberalization did not guarantee that farmers would not lose their land and plunge to the ranks of rural laborers. As the ADS paper notes, "Farmers had the right to use the land under leasehold and tenant arrangements but were legally not able to buy and sell land. Neither could land be used as collateral. While this system did give farmers a degree of security of tenure, it was always subject to arbitrary interference from the landlord and subject to confiscation. In practice land 'sales' have occurred, driven largely by the pressure on living standards and rising indebtedness resulting in stress sales."[53]

From "Weapons of the Weak" to Collective Protest

As in the socialist period, peasants found ways to resist the more traditional extraction policies of the state, the newer methods of outright land confiscation by the military-crony system, and their marginalization by market forces in the period of liberalization.

One successful "weapon of the weak" employed by farmers involved threatening local authorities that they would go to the central officials of the regime in Yangon to report their corrupt and abusive practices, a tactic that apparently worked in certain circumstances to moderate the demands of local authorities.[54] As James C. Scott notes in his review of Ardeth Maung Thawnmung's study, this was not a case of the peasant's endowing the central regime with legitimacy but the use of the "classic peasant ploy" of "strategic paternalism" to pit illegitimate local authorities against illegitimate central authorities."[55]

Indeed, as Scott notes, Thawnmung's characterization of the peasantry's attitude towards the authorities as "quiescence" is contradicted by her documenting many instances of the employment of weapons of the weak such as "the looting of rice storage bins, petitions to Rangoon, assaults on abusive local officials, rice procurement riots, blockades, resistance to government planting instructions, and support in 1990 for the democracy movement."[56]

Especially in the last few years, more and more peasants and communities, particularly

in the ethnic areas, have engaged in different kinds of protest, as people have taken advantage of the loosening of restrictions on media reportage and the right to organize.[57] Non-compliance with the demands of authorities to sign agreements was engaged in either individually or collectively, the Karen Human Rights Group found. Committees to organize protest or negotiate with the authorities were common. Dams, plantations, and mining operations became targets of collective protest.[58] A milestone in this regard was the protest against the Letpadaung copper mine in Sagaing Region, which had taken over 3,000 hectares from 26 villages. When the police responded with violence, leading to the injury of some 70 protesters, this local protest became a national controversy, provoking parliamentary investigation.[59]

The more villagers engaged in collective protests like demonstrations, the more they gained courage and confidence in themselves as well as experience in mounting effective resistance. Resistance slowed down projects, if not stopped them. Perhaps the most celebrated case of successful resistance owing to the ability of affected villagers to organize locally and link up with regional, national, and international civil society organizations was the effort that led to the suspension in 2011 of the Chinese-funded Myitsone Dam in Kachin state by the Thein Sein government.[60]

The Agricultural Development Strategy: Towards a New Era?

Understanding these trends in the countryside and the social contradictions from where they spring is essential if we are to have a good evaluation of the *Agricultural Development Strategy and Investment Plan* (ADS), the ambitious government program to transform the agricultural sector that was formulated with the assistance of the Asian Development Bank, the Food and Agricultural Organization, and the Livelihood and Food Security Trust Fund. The ADS is touted as one that builds on previous strategies, plans, and programs formulated during the reform period that have relevance to agriculture, among them the *National Water Policy, National Action Plan for Food and Nutrition Security, Rice Sector Development Strategy,* and *Food Value Chain Road Map.* The most important of these earlier documents is the *National Land Use Policy*, which will be discussed in greater detail in the last chapter.

Before we engage in a thoroughgoing critique of the ADS, however, we must point out its strengths. There are, in particular, three. First, it involved a broad consultative process that encompassed not only government agencies but also civil society organizations; it underwent four drafts between September 2016 and January 2017.[61] Second, it provides perhaps the most comprehensive and candid description of the manifold problems plaguing agriculture, from land-grabbing to the underdevelopment of infrastructure to poor credit facilities to a bloated agricultural ministry. Third, it acknowledges the centrality of the right to land for rural working people in Myanmar, especially the problems posed by insecurity of land tenure, including confiscation that has been facilitated and legalized by new legislation. For instance, it states:

> While both legal and unlawful practice occurs, the liberalization of the economy and the encouragement of some public (hydropower installations) and private (agricultural and mining concessions) investments are certainly exacerbating land confiscation. In fact, most of the land confiscation claims documented by the Parliamentary Land Confiscation Inquiry Commission relate to the pre-2012 period. Practices of land confiscation contribute, beyond doubt, to the many land disputes that have been arising over the last few years, setting up smallholders against land allocation beneficiaries. In addition, large scale land allocations for private investment in the agricultural sector did not yet result in tangible development of these areas. In fact, as little as 20-25% of allocated land under the VFV Land law

> are used according to contractual lease contract agreements. It will be difficult in such an environment of dispute and claims to plan for agricultural growth, especially for the smallholder sector. It is also acknowledged that a poor handling of land issues such as confiscation may impact more profoundly on Myanmar society as such and the national reconciliation and peace building process than just on the agricultural growth process. Any kind of economic growth cannot be achieved under circumstances of protracted conflict. Dealing with land needs therefore be considered in a larger context than just as a production factor for agricultural production.[62]

Frank acknowledgment of the key issues confronting Myanmar agriculture does not, however, necessarily translate into coming up viable solutions to them, as we shall see.

The Problem with ADS

Now to the flaws of ADS. The main ones, in our view, are the following:

There is no prioritization of tasks. From our historical survey of agricultural policy, it is clear that addressing the landownership and tenure issue is the overriding task, the *sine qua non* of a successful agricultural development strategy. As it is written now, everything is a priority—reforming the agricultural ministry, infrastructure, credit provision, land conflict resolution, etc. This means that, in practice, nothing is a priority.

A second problem is that the ADS approaches the agricultural population as a homogenous entity, not distinguishing the specific conditions faced by ethnic communities that call for possibly different policy responses from those proposed for the Bamar community. For instance, there is no discussion of how to approach the problem of millions of people, mainly in the ethnic areas, who have been displaced by decades of civil war.[63]

A third drawback is that the ADS displays an inadequate grasp of the problems of landless workers. While it does recognize that land grabbing creates landless workers, it does not have a grasp of the dimensions of the landless worker problem. It seems to lump together the smallholders and landless workers, but as we have already seen, landless workers make up a significant section of the agricultural population—some 30 to 50 per cent, depending on the region—with specific problems that mark them off from smallholders. As noted earlier, while some smallholders have seen their conditions improve with the gradual liberalization of agricultural policy since 1988, the lot of most agricultural workers has worsened.

This lack of appreciation of the conditions of agricultural laborers makes the ADS look at the problem of land mainly as one of assuring security of tenure for smallholders mainly in order that they can become more productive and competitive. The main threat to farmers, in its view, is rapacious land grabbing. Land grabbing is definitely a very serious problem, as we have documented above. In our view, however, it is not the central problem. The key problem stems from the very dynamics of capitalist agriculture and the market, including the commodification and privatization of land, a process promoted by land titling, which is differentiating the rural population into winners and losers in the liberalization process--the losers including the many who lose their land through the operation of market forces. In fact, land grabbing might be seen as being driven by this more fundamental process of capitalist transformation. With Myanmar becoming more integrated into the regional and international circuits of capital, land, with its different meanings and dimensions for rural communities, is being reduced to the single dimension of real estate. Divorced from its communal rooting, the monetary value of real estate has risen, inviting massive land grabbing by powerful economic actors. And the reason the ADS misses this link between the market and land grabbing is that its authors and sponsors are themselves sponsors

of this process of capitalist transformation of the significance of land.[64]

Three Pillars of Capitalist Transformation

The ADS is said to have three "pillars:" governance, raising productivity, and raising competitiveness.

A key concern of the governance pillar is securing the property rights of smallholders while plunging them into global capitalist competition. The pillar is an effort to square the circle, as it were, to marry smallholders to agribusiness, with a modern agricultural technocracy performing the wedding. As one critique of the third draft notes, "In essence, the dual focus on "smallholders" and "agribusinesses" of the ADS (and of the Agricultural Policy more broadly) swings between the government's need to facilitate capital accumulation, while keeping social legitimation."[65] Successfully managing this contradiction will require changing administrative supervision of agriculture from a top-heavy bureaucratic process to a "market-friendly" one within a global capitalist system.

"Improved productivity of land and labor," the second pillar, is said to be the "cornerstone of the ADS."

> Agricultural productivity requires the adoption of appropriate technologies and know-how to increase efficiency and sustainability of agriculture consistently with market demand. The measures to raise agricultural productivity include those related to (i) effective agricultural research and extension; (ii) efficient use of agricultural inputs; (iii) efficient and sustainable practices and use of natural resources (land, water, soils, and forests); and (iv) increased resilience to climate change and disasters."[66]

Here, as in the case of the oscillation between promoting smallholders and promoting agribusiness in the governance section, there is an oscillation between the contradictory poles of "efficiency" and "sustainability."

The "competitiveness" pillar focuses on ensuring that "farmers and agro-enterprises are integrated into effective value chains and are competitive in regional and global markets. This is achieved by facilitating the process of transforming the agricultural sector from a situation where a substantial proportion of farming is carried out primarily for subsistence or for local markets into a sector in which most farming is carried out for profitable commercialization and is connected to the local, national, and international markets." [67] While there is a nod to small farmers, the key institutions of this pillar are plantations--euphemistically termed "producer companies"--and other agribusiness actors in the so-called "value chain": "storage operators, logistic companies, agro-processors, importers and exporters of agricultural and food products, distributors, traders, and agricultural service providers (including financial service providers, insurance providers, business service providers)."[68] A favorite World Bank mechanism makes its appearance here as a key actor in this pillar: the public-private partnership, which is described as "blending...private sector and farmers' energy and innovation with the facilitation of the government to ensure positive public outcomes..."[69]

Making Myanmar agriculture efficient will require the participation of foreign agribusiness. Thus in a document that is supposedly mainly concerned with reinvigorating local agriculture, the ADS pushes for an item of particular interest to foreign transnationals:

> The ADS will protect intellectual property rights for the agricultural and food sector. Key measures include the Plant Variety Protection Law consistent with the International Union for the Protection of New Varieties of Plants (UPOV); the Trademark Law and implementing regulations to enable

> protection got geographical indicators (GI) and trademarks for agricultural/ food products; and IPR protection against counterfeit agricultural inputs, especially for pesticides, including stronger border control measures to reduce the import of counterfeit products.[70]

The ADS also appears to treat agriculture as an adjunct of industrial policy, with special economic zones in what are considered strategic points for industrial development also serving as nodal points for agricultural transformation.[71] Myanmar's transformation into a capitalist agricultural economy is also placed in the context of the so-called Greater Mekong Subregion (GMS) "Core Agricultural Support Program" for regional development supported by the Asian Development Bank and other multilateral agencies. Indeed, priority for the establishment of agro-industrial zones is accorded to border points that connect Myanmar to China and Thailand.[72]

Stripped of its avowed concern for smallholders and poverty-reduction language, the ADS and its associated investment plan emerge as "good examples of a cutting- edge, neo-institutional approach on how to harness the development of capitalist relations of production in farming and agriculture," as one analyst puts it.[73] As already noted, one of the central links of this approach is the so-called "partnership" between smallholders and agribusiness. But even the ADS' authors themselves appear to have doubts about this partnership's being able to secure the interest of farmers, as is evident in the following passage:

> Value chains are organized systems of linkages aimed at increasing value and competitiveness. Smallholder farmers can benefit from value chain by engaging into productive partnerships with agro-enterprises. These partnerships usually require effective farmer organizations able to mobilize large numbers of farmers and protect their interest. Farmers and their leaders will need to build their capacity in organizing, planning, accounting, negotiating, and marketing. In order to gain competitiveness in agrifood value chain, farmers, private sector, and government have to form strategic alliances aimed at integrating the efforts towards the solution of bottlenecks at different stages in the value chain.[74]

The ADS seeks to made smallholders junior partners with big domestic capital and transnational capital in a fierce competition for global markets. The dynamics of global capitalism has always favored those with huge investment resources in this market warfare where ruthless cost-cutting is the norm. It is extremely doubtful that playing by the rules of the global market, the farmer organizations that the ADS pays lip service to would be able to protect the interests of smallholders. What is more likely to happen is that, with their integration into the commodity value chain dominated by big capital, the gains that have already been made by smallholders-- for instance, in the production and export of pulses--would be lost to transnational capital. In this system, the future that awaits a large number of current smallholders is their likely conversion into landless laborers—already the status of 30-50 per cent of the country's agricultural work force—working in domestic and foreign own plantations, mines, and industrial enterprises.

In sum, despite its effort to square the circle by reconciling—at least in theory--the interests of smallholders and big agribusiness, the ADS is the mechanism by which Myanmar agriculture will be completely transformed from small farmer-based agriculture dominated by a military elite extracting agricultural surplus to a fully market-based agriculture dependent on rural labor to produce the surplus appropriated by a globalized transnational capitalist class to which domestic economic elites are integrated.

Conclusion

This chapter began with the exposition of the historical development of the inequities that have plagued the countryside in

Myanmar, from the so-called socialist period to the present. A common thread has been the extraction of the agricultural surplus from peasants by the military elite to promote its objectives, which have included industrialization, supporting its consumption of food and luxuries, and maintaining stability in the restive cities. In the ethnic areas, economic policy has been at the service of military subjugation, with depopulation, predation, and land-grabbing being the main mechanisms of exploitation.

In the post-1988 liberalizing economy, coercive mechanisms of surplus extraction coexisted with monopolistic capitalist mechanisms as a class of cronies emerged that were favored by the military elite. This period was characterized by two main trends. One was large-scale land grabbing, especially in the post-conflict ethnic areas, with smallholder and communal agriculture pushed aside by military-supported plantations. The other was the marked decline in income and living standards of landless laborers owing to their lack of control over land as capitalist market relations became more and more widespread and intensive. In opposition to exploitation both during and after the socialist period, peasants resorted to various "weapons of the weak," like non-compliance, "strategic paternalism," looting of storage bins, and collective protest. With the transition to civilian rule that began in 2011, more press freedom and more space for organizing has witnessed more organized organizations, especially in the ethnic regions, directed at land grabbing.

The *Agricultural Development Strategy and Investment Plan*, which was formulated with the support of the Asian Development Bank and whose key recommendations were endorsed by the World Bank, seeks a more thorough capitalistic transformation of Myanmar's agriculture by integrating it into global value chains, with smallholders conceived as subordinate partners of domestic and transnational agribusiness. This can only lead to the marginalization of the smallholders and their falling into the ranks of landless laborers, a condition that now affects 30-50 per cent of the agricultural labor force.

Extraction as Industrial Policy

The economic history of Myanmar from independence in 1948 to the first decade of the 21st century is marked by one dismal failure at state-directed industrialization after another. With the transition to civilian rule that began in 2011, however, there appears to have been a decisive turn towards market-led industrial development, with the Myanmar government, multilateral agencies like the Asian Development Bank, and foreign governments like Japan, working closely together to develop a strategy to industrialize Myanmar by integrating it into regional production networks turning out manufactured goods mainly for export.

The developing paradigm, however, has its own pitfalls, and Myanmar's interests would be best served if the country followed another path to industrial development that places the priority on eliminating poverty and inequality, raising living standards, and servicing the domestic market. The NLD government has the opportunity to take a new, more constructive path in Myanmar's industrial quest.

Industrial Failure and "Socialist" Crisis

One might start this narrative of Myanmar's experience with industrialization by asking why Myanmar failed at state-led industrialization. It is not the purpose of this study to come out with a definitive answer, but looking at Myanmar in the shadow of South Korea, the "developmental state" par excellence, one is tempted to highlight one of what are undoubtedly a number of factors. In South Korea, the bureaucratic-military state elite saw industrialization as a means to gain legitimacy in a land that had been

divided by civil war, with a significant portion of the population sympathetic to the other side. Failure was not an option, which made the elite very results-oriented, despite the fact that the process often faced derailment by inefficiency and corruption. In Myanmar, on the other hand, the struggle against the British and the Japanese endowed the post-independence civilian and military elites with "unprecedented prestige and legitimacy to set the nationalist agenda for independent Myanmar."[75] These leaders brought with them to power in 1948 "a unique blend of nationalism, socialism, and statism that would dismantle the plural society and replace it with a prosperous and integrated society."[76] Also central to that vision was state-led industrialization and planning.

This unprecedented legitimacy among the dominant Bamar ethnic community was, however, frittered away over the next 40 years by widespread corruption, bureaucratic inefficiency, gradual isolation from the population, and a dogmatic and suicidal sealing off of the country from global trade. Whereas actual results became an important consideration for a Korean state elite fighting for legitimacy, rigid adhesion to ideology became the central one in Myanmar. Not surprisingly, as Tin Maung Maung Tan points out, "The next forty years saw a succession of plans, many unannounced and unimplemented…[that] invariably failed to fulfill the original expectations, and, more often than not, fell short of their targets."[77] Among the strategies for industrialization tried by the governing elite was import substitution industrialization, an approach that succeeded in Korea and, to a more limited extent, in some South American countries. It failed in socialist Myanmar, however, owing to a deadly combination of poor planning, bureaucratic inertia, and corruption.

By end of the "socialist" period in 1988, the regime had lost all legitimacy, having failed to deliver essential services, development, higher living standards, equity, and stability, and having degenerated into a system run by "vested interests of the nomenklatura operating under a rent-seeking economic regime predicated upon a quasi-shortage economy," with the top leadership "divorced from reality and [reveling] in the sanguine projections spawned by distorted statistics."[78]

Post-Socialist Industrialization under Than Shwe

Massive protests in 1988 led to General Ne Win stepping back from visible leadership of the government although he controlled events from behind the scenes for a few more years. The new military leadership that emerged did not give up on industrialization as a priority. Led from the mid-1990's by General Than Shwe, who till today remains the country's *eminence grise*, the regime initially followed, in contrast to the defunct socialist regime's autarkic industrialization an "open door policy" where the emphasis was placed on opening Myanmar to global trade, private enterprises were allowed to fill market demand, foreign investment was invited, and industrialization was attempted along export-oriented lines.

Than Shwe's policies must be understood in the context of the lack of any legitimacy of his regime since it had usurped the governing power that should have belonged to the National League for Democracy that had won a resounding victory at the polls in the elections of 1992. His model, according to Toshihiro Kudo, was the export-oriented, authoritarian "developmental state": "Than Shwe…thought that rapid economic growth could be achieved without endangering his political power by following a 'developmental state" model, which quite a few Asian countries successfully employed…He must have been confident that the combination of domestic abundant and cheap labor and foreign markets and technology will realize export-led growth."[79]

The first phase lasted from 1988 to the late nineties. This phase, which may be described as one of controlled liberalization, was marked by a domestic market boom, as private firms opened up to take advantage of the pent-

up demand for consumer goods, not all of which could be filled by imports. It also saw the growth of an export-oriented garments industry, spearheaded as well by the private sector, to fill apparel demand mainly in the US and the European Union. This industrial activity paralleled an upswing in agriculture production stemming from the regime's allowing production and export of beans and pulses and liberalizing the granting of rice export permits.

There was also a boom in construction and tourism, as well as an inflow of foreign investment, principally in the oil and gas sector as the regime entered into contracts with foreign firms to develop these energy resources to supply foreign markets such as Thailand. Some 21 industrial zones were formed to encourage clustering and synergy of industrial enterprises.

Coming out of the straitjacket of state control in the Ne Win period, the domestic capitalist class was very weak. The regime found it necessary to help this class get its footing, and it did this by favoring certain business people close to the regime with import permits, monopolies, and construction contracts. On the other hand, these privileges tied the new capitalists to the military elite and served as a way of keeping them under control.[80]

Privatization was a stop-and-go process, but the overall thrust was "for government to gradually transition from directly providing services and refocus on economic governance (e.g. planning and regulation)."[81] As of early 2003, 180 out of some 600 state-owned economic enterprises (SEE's) under 18 ministries had been privatized, though this did not substantially reduce the weight of SEE's in production.

By the late 1990's, however, the boom had petered out owing to a combination of sanctions on investment in and trading with Myanmar due to human rights abuses and anti-democratic practices, the spillover effects of the Asian Financial Crisis of 1997, and the small size of the domestic market stemming from widespread poverty. With the private sector sluggish and an unfavorable external climate, the regime pushed state enterprises to pick up the slack, changing the industrialization strategy from an export-oriented one to import-substitution, focused on assembly of components into final products.

The share of the industrial sector's total capital investment of state-owned economic enterprises (SEE's) increased from 3.7 per cent in 1995 to over 32 per cent in 2000 and to over 40 per cent in 2005.[82] Most of the financing of the SEE's is said to have come from oil and gas revenues, and much of the technical advice from China.[83] But, as was the case with the attempts at import substitution during the socialist period, it was not the strategy per se, which had proven successful in South Korea, Malaysia, and Latin America, but poor planning, bureaucratic inefficiency, corruption, and policy inconsistency that made a mess of things. For instance, strict control of car imports, including second-hand cars, made vehicles assembled by Myanmar's "car industry" the most expensive in the world. Not surprisingly, their market share was very small. Not surprisingly, too, when second hand car imports were liberalized in 2011, the assembly lines of the industry practically halted. This included a brand-new state-owned truck factory, built with technical aid and financial assistance from the Indian government and Tata, the big Indian conglomerate. Assembly of vehicles was halted even before full-fledged production could begin because the trucks could not compete with second-hand vehicles from Japan, South Korea, and China.[84]

By the second half of the 2000's, it was obvious that Than Shwe's industrialization push had failed. With both industry and agriculture mired in stagnation, his project to use high economic growth to reduce the population's alienation from the military failed to materialize. The exhaustion of viable alternative policies reconciled the military elite to the cautious but comprehensive liberalization pushed by reformers in uniform

led by Gen. Thein Sein who, upon assuming the presidency, led the transition to quasi-civilian rule beginning in 2011.

A New Industrial Paradigm: SEZ's and Economic Corridors

Under Thein Sein, the state's ambition of taking the leading role in industrialization was radically scaled down. The Ministry of Industry's Feb 2016 *Industrial Policy* strategy is, in form, much like the old socialist documents that consisted mainly of rhetorical goals and motherhood statements. But in contrast to the leading role of the state in promoting industrial import substitution during the socialist period and the latter part of the Than Shwe period, the *Industrial Policy* paper places the state in a largely supportive role, that is, creating the conditions for profitable investment by both local and foreign capital. These conditions are passing tax incentives for investors, setting up a "one-stop" investment application process to cut red tape, setting up industrial zones and special economic zones (SEZ's), and facilitating the building of infrastructure via public-private partnerships, with private capital in the leading role.[85]

The innovative elements in the *Industrial Policy* strategy are the creation of domestic "economic corridors" and the linking of these corridors via infrastructure development and SEZ's to industrial and agro-industrial processes taking place in in neighboring countries, a process called "connectivity."

What the *Industrial Policy* paper did not mention was that much of the projected infrastructure would be erected in or pass through Myanmar's ethnic border lands, where most of the country's natural resources are located. Owing to fighting in these areas, most of them are undeveloped. The ceasefire agreements that were arrived at during the Than Shwe regime opened the way to the exploitation of these areas, which has alienated many ethnic groups and served to trigger a new round of fighting in recent months.[86]

These unpleasant facts did not seem to register much, however, with Japanese experts with close ties to the Japanese government and the Japanese-dominated Asian Development Bank who have played a central role in articulating the new industrial policy of developing economic corridors that link Myanmar to its neighbors. An important strategy paper in this regard is the document "Five Growth Strategies for Myanmar: Re-engagement with the Global Economy" published by the Japan External Trade Organization (JETRO), an arm of the fabled Ministry of Economy and Industry (METI).[87] There are a number of key proposals in the JETRO paper, but we shall focus on three: "unbalanced growth," the establishment of domestic "economic corridors" with connections to regional corridors, and the establishment of special economic zones (SEZ's).

Unbalanced growth. The authors feel that Myanmar's economic interests are best served not by a policy of balanced or dispersed growth, which they say is an "attractive policy slogan" but by an unbalanced one where "scarce development resources" and growth are concentrated in two centers separated by over 600 kilometers, Yangon and Mandalay. Inevitably, economic growth is "geographically uneven" because "economic agglomeration enhances economic growth."[88]

Economic corridors linking Myanmar to neighboring countries. Myanmar, the authors contend, is the "missing link" that is needed to reciprocally promote national economic development and "enhance regional connectivity." To achieve this, the JETRO paper proposed four domestic economic corridors running through or near one of the three growth poles that connected to infrastructure in neighboring countries. Since the proposal corridors was adopted lock, stock, and barrel by the Myanmar government, it is worth quoting the JETRO study in full:

> The North-South Corridor will be the primary corridor, connecting a growth pole (Yangon) and a growth center (Mandalay), and will extend to Kachin State and up to the Myanmar-China border. This corridor is intended to serve as the primary route for border trade as well as transmission of goods from Upper Myanmar to Yangon's ports for export....
>
> The East-West Corridor will become a sub-route of the GMS [Greater Mekong Sub-region] North-South Corridor that links Thailand and China through Myanmar and will provide cost-effectiveness along the trade route between India and Thailand, which has borne relatively high transaction costs due to insufficient road infrastructure. In addition, this corridor will connect the GMS East-West Corridor (EWC), which begins at Danang in Vietnam and ends at Mawlamyaine in Myanmar.
>
> The [Northeast-Southwest] Corridor, connecting Muse in the north to Kyaukphyu in the south through Mandalay, will be a new trade route between China and India along the China-Myanmar oil and gas pipeline, linking Yunnan Province to the Bay of Bengal through Myanmar. It will connect with the GMS Northern Corridor along the breadth of Yunnan Province before connecting with northern Myanmar on the west and finally reaching the Indian border at Tamu. Infrastructure development between Kyaukphyu and Muse will not only facilitate trade between China and India but also trade with ethnic groups residing and trading along the corridor.
>
> The [Southeast-Northwest] Corridor will be an extension of the GMS East-West Economic Corridor (EWEC) by including the Yangon-Hpa-an link. It will address the weak physical connectivity between Myanmar and North India and will provide a route for an attractive industrial location for exports to Thailand. Once the GMS East-West Corridor is operational, Mawlamyaine and Myawaddy will become regional hubs, attracting industries from Thailand and Southeast Asia to invest along the corridor.[89]

The Japanese vision for Myanmar's evelopment via economic corridors is summed up thus by the authors: For the region, the main benefit provided by the economic corridors will be to "deepen the integration of ASEAN countries with East Asia." For Myanmar,

> The immediate and most obvious benefit of the economic corridors is their contribution to border trade. Myanmar's economic corridors are essentially trade routes between China, India, Myanmar, and Thailand that have the potential for transit trade if a cross-border transportation mechanism materializes. In addition, remote locations in Myanmar may benefit from positive spillover effects, because such places are untapped eco- and cultural tourism destinations.[90]

Special economic zones. An important component of the economic corridors strategy is the building of special economic zones, where firms specializing in complementary industrial processes can be set up. Japan's massive relocation of industries in Southeast Asia during the late eighties, nineties, and 2000's involved placing different processes going into the making of the finished product in different countries, taking advantage of wage, location, infrastructure, and tax regime differences to bring down cost. This was industrial planning on a regional scale. Now, the Japanese government proposes to integrate Myanmar into these production networks pioneered by Japan. By building special economic zones offering competitive combinations of these factors, Myanmar, the Japanese believe, can still attract selected manufacturing processes associated with industries such as motorcycles, electrical and electronics products, electric furnaces, non-ferrous metals, and oil refining and

petrochemicals. As a top technocrat of Japan's Ministry of Economy, Trade, and Industry puts it, "the worldwide division of production processes has also opened the way for greater fragmentation into short-step processes, and this deepening international specialization presents Myanmar with the opportunity to develop its competitiveness by specializing in certain processes."[91]

The building of the Thilawa Special Economic Zone 25 kilometers from downtown Yangon, with Japanese aid money and the participation of Japanese corporations, was seen as a special contribution by Japan to Myanmar's new industrialization strategy.[92] But before committing themselves, the Japanese wanted major revisions to the 2012 SEZ Law, which the government acceded to. In the 2014 SEZ law, decision-making for individual SEZ's was largely devolved to the SEZ's management committee, with the central authorities confined to a broad supervisory role. Moreover, the law allowed seven years' income tax exemption for local and foreign investors and eight years for construction companies, in addition to the already generous privileges provided in the earlier law.[93]

While at a standstill, mired in controversy, the Dawei Special Economic Zone in the Tanintharyi Region is also seen by Japan as a key link of the "Mekong-India Industrial Corridor" (MIEC). Dawei "will enhance the connectivity between Bangkok and Chennai, where large manufacturing agglomerations have been formed...especially in the automotive and electronics sectors."[94]

A third major SEZ is in Kyaukphyu, an island in Rakhine State. It is part of a complex that includes a deep water port and an oil and gas pipeline. The plan is to have the port receive oil and gas that will then transferred to an oil pipeline running for 771 kilometers from Kyaukphyu to Kunming, China, and a gas pipeline running from Kyaukphyu all the way to Guizhou and Guangxi, a distance of 2,806 kilometers. Kyaukphyu is pretty much a Chinese-dominated SEZ, and one way to see Dawei and Thilawa is that they are Japan's push in the south and center of the country to match China's economic presence in the north.

More SEZ's are planned for construction in other parts of the country, three of which will be located in Karen State, and four in Nay Pyi Taw, Mandalay, Shan State, and Rakhine State. [95]

Japan's Stakes in Myanmar's Industrial Future

Why is Japan so involved in formulating Myanmar's industrial strategy? There are two key reasons for this.

The first is geopolitical and geoeconomic competition with China. Industrial policy is another front of this struggle for advantage, much like energy policy is, which will be discussed in chapter 4. In Tokyo's view, the two decades where China was the sole backer of the Myanmar military's rule gave Beijing a tremendous edge that Japan had to overcome. There is an allusion to this --written diplomatically, of course--in the IDE paper:

> Before democratization under the Thein Sein administration, China functioned as a guardian for the military government. During the absence of other development partners, China initiated several development projects, such as a deep sea port and an SEZ in Kyaukphyu, oil and gas pipelines connecting Kyaukphu and China's Yunnan Province, and hydropower plants in the border areas, based on its strategic interests to open an alternative route to the Indian Ocean and meet the rapidly growing demand for energy. The resulting over-dependence on China has been reviewed since the opening up of Myanmar, and bilateral ties are currently at a crossroads. The suspension of the Myitsone Dam [a Chinese-funded project] declared on September 30, 2011, is regarded as a historic event.[96]

The second reason for Japan's heavy involvement in promoting its vision for

industrialization is that the production networks it has established in Southeast Asia would be among the main beneficiaries of the fuller economic integration of Myanmar into region. In the late eighties and the 1990's, Japan was the main force promoting the industrial integration of the region as its conglomerates transferred many of their manufacturing processes to Southeast Asia in search of cheap labor to make up for the revaluation of the yen, which made it expensive to continue production in Japan. With the long stagnation of the Japanese economy, these production networks have become even more important as a source of profits for the *keiretsu* or conglomerates. Setting up factories in Myanmar—if the conditions, like full liberalization of the foreign investment regime, are there—would fulfill the twin objectives of cutting production costs for the *keiretsu* at the same time as deepening Japan's ties with Myanmar. As with the promotion of "clean coal" as Myanmar's key energy option, which will be discussed in the fourth chapter, the corporate bottom line and geopolitical interest are wedded in Japan's economic corridors paradigm for Myanmar and Southeast Asia.

The Corridors Paradigm as Extractivism

In Japan's rose-tinted vision, Myanmar is the region's missing link, and "Once the Corridors reach their full potential, the ASEAN region will be united by reliable transportation structure and will be well positioned to become a driving force in the world's economy."[97] But there is a less rosy interpretation of the Corridors paradigm, also known in the parlance of the Asian Development Bank as the "Greater Mekong Subregion" (GMS) development, and it is that it is not so much a strategy for industrialization as one for "extraction." One of the best documented and argued presentations of this view is the Focus on the Global South publication *SEZs and Value Extraction from the Mekong* authored by Thammasat University Professor Charlie Main. The Focus study makes the following four key points:

1. The GMS strategy is actually driven by the dynamics of reproduction of regional and global capital. It involves both primitive accumulation and accumulation by dispossession. "Whereas primitive accumulation refers to the historical production of the conditions of capitalism, whereby means of subsistence and production are turned into wage laborers, accumulation by dispossession involves recreating the conditions for capital's expansion…[A]ccumulation by dispossession is a structural drive that is an on-going and permanent feature of the reproduction of capitalist and colonial social relations."[98]

2. Massive investment in infrastructure or the creation of SEZ's and the Corridors "has provided corporations access to the underexploited natural and human resources, enabling value extraction."[99] If one looks at foreign investment inflows so far, this is an argument that is hard to refute "since most FDIs in Myanmar were driven by resource-seeking motives, particularly in the energy sector, by its neighboring countries such as China and Thailand."[100]

3. Infrastructure development also "facilitates the disaggregation of production networks and the further development of 'Factory Asia.' Increasing inter-regional connectivity allows multinational firms to relocate parts of their production process to areas where resources cost less, and thereby slice up the value chain, retaining profitable stages and exporting low value-added or socially or environmentally damaging aspects of production. As labor costs have risen in China, for example, garment firms are looking to relocate production to Cambodia and Myanmar, while Japanese automobile and electronic firms are relocating some stages of production to Cambodia and Myanmar from Thailand, and Thailand

itself intends to relocate heavy industries from its Eastern Seaboard to Dawei."[101]

4. Investment in infrastructure not only serves the function of facilitating value extraction and disaggregating production networks for greater profitability but also provides, via public-private partnerships (PPPs) "a profitable outlet for overaccumulated [finance] capital."[102]

An important dimension that must be added to this discussion of the GMS paradigm is that much foreign investment, whether in industry, mining, or agriculture, takes place in Myanmar's ethnic borderlands. As noted in the second chapter, investment is often accompanied by the military's forcible confiscation of land from ethnic peoples for use as plantations, industrial zones, or space for dams and roads. Thus, ethnic peoples disproportionately suffer the downside of foreign investment, with ceasefires with the Yangon government leading not so much to a cessation of civil war but to dispossession by bulldozers backed by guns. As one landmark study puts it, "Large-scale investment projects are focused on the borderlands, which is where most of the natural resources of Burma are to be found. There areas are home to poor and often persecuted ethnic minority groups. Burma's borderlands are where regional cross-border infrastructure and millennium-old trade networks converge and are some of the remaining resource-rich areas in Asia. "[103]

In sum, the GMS paradigm is a strategy of commodifying natural resources and labor and extracting value from them to sustain the diminishing profits of corporations functioning in global capitalist economy that is in the grip of stagnation. With much of its focus on Myanmar's borderlands, ethnic peoples bear much of the negative impact of the GMS.

Accumulation by Dispossession: Case Studies

A close look at developments in the Thilawa SEZ , Dawei SEZ, and Kyaukphyu SEZ provides a good illustration of accumulation by dispossession at work:

Thilawa: Japan's SEZ. The Thilawa Special Economic Zone is a huge 2400-hectare industrial estate located some 25 kilometers from central Yangon. It is being developed as a joint venture between Japan Thilawa SEZ Company, which includes the Japanese conglomerates Mitsubishi, Sumitomo, and Marubeni, the Myanmar Thilawa SEZ Holdings, Thilawa SEZ management committee, and the Japanese International Cooperation Agency(JICA). Following the revision of the Special Economic Zones Law in 2014, Thilawa was the first to become the first operational SEZ, ahead of the Chinese-controlled Kyaukphyu SEZ which received its license to operate much earlier, in 2009.

JICA has been candid about Japan's objective in setting up Thilawa, saying that "[b]attling stiff competition with companies from other countries around the world, Japanese companies have a strong interest in Myanmar, which is known as the 'last frontier in Asia,' and are particularly interested in gaining market share there. Despite interest in investing in Myanmar, many companies are concerned about the lack of power and other such infrastructure, as well as underdeveloped economic legislation. Improving the investment environment is a major challenge that must be faced in order for the Government of Myanmar to encourage the Japanese companies it hopes will come."[104] To bring in Japanese companies, JICA is providing most of the investment for the first phase of the project, the development of the so-called "Class A Area."[105] This is essentially a subsidy for Japan's private sector.

As of mid-1017, some 87 companies from 17 countries were said to have invested in Thilawa, with 32 beginning commercial operations.[106] But industrial firms are not the only actors invited; a key component of the Thiwala plan is attracting local and global speculative capital or equity finance to support the building of the SEZ's infrastructure. The

Myanmar Thilawa SEZ Holdings, which serves as a vehicle to attract private investors, both local and international, is said to have 17,000 shareholders,[107] but critics say that the most significant of these are cronies of the military. Since the project became operational, the value of the shares are reported to have risen significantly.[108]

More than 1,000 farming households have been or are in the process of being evicted from 2400 hectares in the townships of Kyauktan and Thanlyin covered by the Thilawa SEZ. Interviews with some of these displaced villagers brought home the realities of accumulation by dispossession.

First of all, they said that there was no consultation of the affected villages. "They just told us to get out," said one villager.[109]

Second, while compensation was offered and this was large in the eyes of many villagers, this could never make up for their loss of land. "They'll spend all that money in no time at all, and then what?, Land is security, and that's what they're forfeiting," said a village leader.[110]

Third, the compensation scheme appeared to be intended to divide and rule the affected households to break down collective resistance, and here JICA appears to have won over some families. Its representative in Myanmar claimed that "a relatively large number of them are supporting the project,"[111] though this might be exaggerated.

Fourth, there were no plans for resettlement and provisions for alternative livelihoods, except an estimate that there would be job opportunities for 10,000 people. In contrast to its generous provisions for foreign capital, the SEZ law does not prohibit forced eviction or provide safeguards for those who are forced to relocate. It does not explicitly guarantee or protect the substantive rights or interests of affected communities or residents in or around the SEZ site. Nor does the law say anything about compensation for confiscated land.[112] "With the Asian Development Bank and the World Bank, there are resettlement and livelihoods programs before they ask people to leave. There's none of that here, with JICA," said the village leader. "They said we would have jobs at the SEZ. But only 17 of 267 people belonging to 68 households have jobs." He added, "They were considering giving us shares in the project, but we're not interested."[113]

Some representatives of the villagers had gone all the way to Tokyo to air their complaints, but no adequate response was forthcoming, in their view. Asked to comment on the villagers' claims, the JICA's representative in Myanmar conceded that "it is not easy to create opportunities for everyone."[114]

Dawei SEZ: Thailand's dumping ground. The Dawei SEZ project is a much more ambitious project than Thilawa. Encompassing some 196 square kilometers, it envisions a deep sea port, an industrial zone, a dam, and infrastructure links to Thailand—a complex that is intended to be Southeast Asia's largest trade and industrial zone. Dawei is the western terminal of the GMS "Southern Corridor," which begins over 1700 km away, in Vungtau, Vietnam, and passes through Thailand. The Southern Corridor is meant not only to promote the integration of Vietnam, Thailand, and Myanmar but to "enhance the connectivity between Bangkok and Chennai [India], where large manufacturing agglomerations have been formed by a significant amount of FDI, especially in the automotive and electronics sectors." This "enhanced connectivity" is expected to enable these manufacturing companies "to improve their competitiveness by reviewing and restructuring their production networks, including further fragmentation of certain production processes."[115] Thailand and Japan are intended to be the principal beneficiaries of the western link of the GMS, with Myanmar seen mainly as catching spinoffs from the fragmentation processes. Not surprisingly, too, Thailand and Japan have devoted much energy and resources to the project, with the Thai firm Italian-Thai Development

Corporation (ITD) doing most of the heavy-duty work in the first phase of the project, with the Japanese coming in in the second phase.

Hardly had the agreement for the project been sealed when it was dogged by controversy. A major issue was industrial pollution. The mega-project was conceived as complementary to Thailand's Eastern Seaboard industrial complex in Mataput. It emerged, however, that a key motivation of the Thai government was locating environmentally damaging industries that could not be placed in Mataput owing to citizens' opposition. Another source of controversy was the Myanmar government's promoting the area as vacant land whereas, in fact, the land belonged under customary tenure to the Tavoy people and the ethnic Karen communities that inhabited the region. This meant that compensation for land taken, initially a very small part of the budget, ballooned as an expense item. A third problem was posed by the fact that the planned 150 kilometer two-lane highway would pass through the territory of the insurgent Karen National Union, meaning that the latter did not take kindly to the prospect of its military operations being disrupted.[116]

The chief problem the project managers faced was relocation. Covering 19,600 hectares—eight times the size of Thilawa—the Dawei SEZ involves massive relocation or requires addressing its direct negative impacts on 20 to 36 villages, or some 4,384-7,807 households, or approximately 22,000 to 43,000 people. As in the case of Thilawa, there was no consultation of residents who would be affected. In a survey of affected villagers conducted by the Dawei Development Association (DDA), 74 per cent of respondents said the government did not get their consent before beginning the project. Only 7 per cent said they had received notice from the authorities about the project from the authorities, and 66 per cent claimed they had not received any information from the project, either from the government or the company, ITD, that was contracted for the project.[117]

Faced with the prospect of being relocated, only 4 per cent said they would opt for resettlement, 79 per cent said they opposed it, and 17 per cent were not sure. On the compensation offered for relocation, 91 per cent said it was not sufficient to sustain their family's future.[118]

The experience of one of the villages affected appeared to be representative. In Kalehontar, the site of a planned hydroelectric dam, the first time the villagers knew about the project was when Thai workers connected with ITD, the main contractor, showed up at the village to say they were going to be a project site. To disarm the villagers, the company said it was there merely to improve the roads leading to the village and build an irrigation dam. It was only later that the villagers learned that they were going to be displaced for a much bigger project, a hydroelectric dam that would flood many of their fields. As controversy built up, villagers were called by township and village authorities to meetings where they were pressured to sign over their lands. A promise of substantial compensation was used to divide villagers. This did not succeed, however, with only 20 villagers signing up for compensation and 120 refusing to do so.[119]

Problems in China's SEZ. Work has barely begun in the Kyaukphyu SEZ but it is already facing many of the same problems that have plagued Thilawa and Dawei. Although the SEZ was originally planned to be located four miles away from the town of Kyaukphyu, it was later moved to a site near Thittaw and Simaw villages in Kyaukphyu township due to the discovery of a clay volcano at the original site, threatening hundreds of famiiies with displacement.

The SEZ has also been expanded to include 4000 acres than were originally intended. This resulted in a plan that places the construction of the residential zone in the sea area, exposing residents to the frequent typhoons, strong storms and flooding that hit Rakhine state.[120] As one report notes, "Displacement of residents is quickly becoming an issue

in the development of the SEZ. Residents that currently reside in the areas set for development doubt the benefits afforded by an SEZ will impact their socioeconomic prospects. With residents having to sell and give up their land and livelihoods now, it could be decades before these individuals feel the economic benefits of the project."[121]

Why Resistance Matters

This narrative of Myanmar's experience with industrialization would not be complete if we only looked at the decisions and actions of the political and economic elites. In fact, the actions of those on the receiving end of their decisions have had an impact on the implementation of industrial policy and may affect its future prospects. This dynamic is most evident in Dawei.

Despite its announcement with much fanfare in 2011, the Dawei project is stalled, its prospects for resumption growing more uncertain by the day. The fraying maps on the display boards of a deserted makeshift welcome center and the sad state of ill-constructed temporary quarters of the small number of villagers who had agreed to relocate testify to this state of affairs. News items regularly appear trumpeting the resumption of the project, but it has so far showed no signs of revival.

What has brought on this impasse?

According to those who have followed the fortunes of the project closely, there are several factors. There was, for one, problems in raising financing for the ambitious multibillion dollar project. Another was the compensation package, which ballooned once ITD realized it was not appropriating vacant land. Also apparently unanticipated was the wage difference between Thailand and Myanmar, with local labor preferring to migrate to Thailand owing to the higher wages there.[122] Yet, another was a difference in intention between the two main backers: Thailand put the emphasis on a huge industrial estate that would house dirty industries that it could not keep on its Eastern Seaboard complex. Japan, on the other hand, wanted a much smaller industrial zone since it already had Thilawa for its industrial operations. What it wanted mainly was the development of the port for shipping goods. Frankie Abreu, a Karen activist, described the difference between Thai interest and Japanese interests this way: "The Japanese are greedy, but they are not blindly greedy."[123]

But probably the key variable was the resistance mounted by the affected communities and civil society organizations, which created so much controversy that the project's key actors became very circumspect about their commitments. The resistance began with the three most affected villages on the ground. Knowing they faced the same enemy, they created a defensive network, which then incorporated civil society organizations based in the city of Dawei. Different tactics were employed, including writing to financial institutions not to fund the project and sending representatives to Japan to persuade the Japanese government to withdraw support for the project. Very significant was the mass intervention of the villagers in hearings designed to persuade them to support the project. How they turned the tables on representatives of the project was recounted by Abreu:

> The Environmental Research Institute of Chulalongkorn University was commissioned to do the environmental impact assessment. But they invited only four villagers to speak…People decided to attend the hearing, but they had a plan. Some sixty people attended. After listening to the academics speak for 10 minutes, someone stood up to speak. They said you would have your chance after one hour. But he said, no, we're here not to listen to you but to get you to listen to us. Others then started to speak their minds. After a while, one said, we respect academics, but academics should

> also respect us. If you want us to work with you, then you have to follow our guidelines.[124]

Transborder solidarity was forged between Thai activists and progressive academics and the Dawei network.[125] This process resulted in the event that was central to turning the tide. A delegation from the Human Rights Commission of Thailand, one of whose members was the Buddhist social activist Sulak Sivarakasa, visited the area to conduct extensive interviews. Upon completion of the investigation, the Commission issued a report to Thailand's Council of Ministers which concluded that,

> The construction of the [Dawei SEZ] infrastructure facilities have caused human rights violations to Myanmar people without providing fair and just compensation or remedy. The local villagers have also lost their houses and farmlands, and their livelihoods have been adversely changed. No environmental impact assessments have been conducted in line with academic standards. Project implementation by Italian-Thai Development Company (ITD) has violated the human rights of the Myanmar people."[126]

The contrast between developments in Thilawa, where opposition was defeated, and Dawei, where the resistance succeeded merits some comment. Perhaps the difference is accounted for by the following factors: 1) Unlike the Thilawa grassroots opposition, the affected communities in Dawei were able to forge a working alliance not only among themselves but with CSO's both in the region and across national borders; 2) In contrast to the Thilawa villagers, the Dawei network had a multi-dimensional approach that included appeals to international financial institutions and foreign governments; and 3) The Dawei network made good use of time. Organizing began as soon as news about an understanding between the Myanmar and Thai governments had been reached in 2008. The Thilawa opposition appeared to have been slower in building up. "Our strategy was to stall the project when we learned about it, and we used the time to build resistance to it in our communities," noted a key Dawei organizer.[127]

The Dawei network's successful resistance was historic. It was a shot fired across the bow of the military-technocrat-corporate alliance that people at the grassroots would no longer passively accept their impositions from above. It is important, however, not to overemphasize this point: Some observers contend that nine years of struggle have taken their toll, with many apparently disconcerted by their uncertain future and some becoming less unreconciled to the promoters' promise of jobs and economic growth.[128]

Observations

The foregoing narrative of Myanmar's industrial development elicits a number of observations about Myanmar's industrial sector.

An extractive, not an industrial policy. One is that the current industrial paradigm is part of a largely extractive process where Dawei is a dumping ground for dangerous and environmentally destructive industries transferred from Thailand's Mataput industrial area, and Thilawa is a site for Japan to take advantage of the ongoing "fragmentation" of production by relocating industrial processes that can be done by cheap, unskilled labor. This is hardly a process that would build up an industrial sector with a solid footing. In fact, it hardly deserves to be called an industrial policy.

Government and production. A second point about the current paradigm is that it sees the state mainly as an entity that creates conditions for the profitability of local and domestic capital through investment and tax policies, not engage in production itself

or "pick winners," that is, favor certain industries with tax breaks and other benefits in the belief that these industries will provide the country's "competitive advantage" in future competition. But as much recent research has shown, most successful industrializing countries have involved a degree of activism on the part of the state, in terms of favoring certain industries to be developed, if it has not actually been directly engaged in some phases of production.

A related point has to do with import substitution as a strategy, whether through the use of tariff protection or tariff protection cum local content policies, that is, providing a schedule that specifies when a commodity must achieve a certain percentage of local inputs in its composition. What appears to distinguish Myanmar's experience with state-managed production and import substitution, in comparison with successful experiences, was the amazing degree of poor planning, bureaucratic inefficiency, and corruption in Myanmar that overwhelmed the process.

As pointed out earlier, a key difference in the different outcomes in Korea and Myanmar could be the fact that the South Korean military-bureaucratic elite saw import-substitution industrialization as a way to gain legitimacy whereas their counterparts in post-war Myanmar enjoyed "unprecedented legitimacy" at the beginning of the process, causing them to be lax and casual in the implementation of the strategy.

Especially relevant to the discussion of the state's role in industrial policy or any other economic policy for that matter is the issue of feedback. Genuine feedback mechanisms were sorely lacking in Myanmar during the socialist period and under Than Shwe that the elites ended up believing statistics and reports that came back from the bottom of the authoritarian system. The market is, of course, one mechanism of feedback that neoliberals are fond of recommending. Yet prices, by themselves, are inadequate since they measure only present "efficiencies," not projected ones, and the latter are especially critical when building up an industrial sector. In economese, the latter is called "dynamic comparative advantage." A more critical, multidimensional feedback mechanism is democracy. Democratic management and discussion, from top to bottom, from national planning to factory floor, are likely to be extremely useful not only from the point of view of justice but also from the point of view of effective planning and management.

One may, in fact, see the Dawei resistance as feedback from the bottom to policymakers. But communities should not have to go to the extent of active resistance to provide feedback. Democratic, participatory mechanisms in the process of conceiving and implementing industrial policy should, instead, be institutionalized.

Conclusion

The attempts by Myanmar's military-dominated governments at industrializing the country resulted in unmitigated failure. The lofty intentions of successive regimes were undermined by poor planning, bureaucratic inertia, and massive corruption, so that the initial endowment of "unprecedented legitimacy" stemming from the military elite's role in the independence struggle was frittered away.

In 1988, a different path was tried by the post-socialist regime, which initiated a period of partial liberalization, with industrialization efforts left initially to the private sector. By the late nineties, however, with industrial activity slowing down, Than Shwe promoted state-led import substitution. A combination of factors that included sanctions owing to human rights abuses, the Asian financial crisis, mismanagement, and persistent poverty and inequality derailed this effort.

With the transition to civilian rule led by President Thein Sein, a new approach to industrialization was attempted. This involved a radical scaling down of the role

of the state and the adoption of a paradigm consisting of promoting local "economic corridors" that would link up to the regional economic corridors that were the focus of infrastructural development in the Greater Mekong Subregion. Central elements of these economic corridors were Special Economic Zones where companies could relocate certain industrial processes in order to maintain or increase their overall levels of profitability or could transfer processes that were harmful to public health and the environment. While Japan, in particular, championed the economic corridors approach as leading to Myanmar's greater integration into Southeast Asia's production networks and thus to its prosperity, CSO's saw the paradigm in darker terms. The latter viewed the corridors and SEZ's instead as part of a process of extracting value from Southeast Asia's rich natural resources and from its cheap labor in order to sustain the reproduction of global capital in a period of deepening stagnation. Also to be noted is that much of the negative impact of the GMS paradigm is being borne by ethnic peoples in the country's borderlands, since it is in their lands where most desired natural resources are found.

A process of "accumulation by dispossession" has marked the establishment of the Japanese-dominated Thilawa SEZ near Yangon and the Dawei SEZ in the southern Tanintharyi region that will mainly benefit Thai capital. Whereas community resistance has been broken in Thilawa, a strong network of affected communities and CSO's has been able to delay, if not indefinitely freeze the Dawei project. Even before work on it has substantially begun, the Chinese-backed Kyaukphyu SEZ is already plagued by residential relocation issues.

Contrary to the hype about the strategy serving to make Myanmar the prosperous junction of South Asia, Southeast Asia, and China, the current export-oriented, extractive industrial paradigm is a dead-end for the country.

Coal, Hydro, or Sustainable Energy? The Debate over Myanmar's Energy Future

Over the last few years, as Myanmar has slowly liberalized its political system, there has not only been a scramble of investors to get onto the ground floor in that country. There has also been jostling among multilateral agencies, bilateral donors, and aid NGO's to offer their services, all offering to uplift that benighted land to the nirvana of development. Myanmar is turning out to be the last frontier not only for turning a good--if not a fast—buck but also for doing good works in the manner of the 19th century Christian and secular missionaries who saw Asia as full of souls to be saved and savage minds to be polished.

The energy or power sector is one area of competition, and this is one that is barely concealed. Three key players are lobbying the government to push the government along their preferred lines of energy development: the Japan International Cooperation Agency (JICA), Asian Development Bank (ADB), and the World Bank Group. While the three have different emphases and, in the case of the World Bank and JICA, outright contradictions, they are guided by the same assumptions. The leading assumption is the necessity for rapid economic growth, which is laid out confidently by the Myanmar Energy Master Plan put together by consultants financed by the ADB:

> Strong economic growth is anticipated by the Asian Development Bank in all key sectors of the economy. Compound annual growth rate projections range from 4.8% to 9.5% with a most likely growth scenario of 7.1%...If this most likely growth rate is achieved it will mean that Myanmar will have exceeded the economic performance of most Asian developing countries (with the exception of People's Republic of China (PRC) which has recorded a growth of 9.5% for a 15 year period).[129]

Under this assumption--and promotion--of rapid growth, the following imperatives are assigned to the power sector:

- The country must move towards 100 per cent electrification;
- Electrification will take place through connection of the whole country, except for very remote rural areas, to a central grid;
- Power will be generated through diverse means, but the country will have to rely mainly on traditional sources of power generation, like hydropower, natural gas, oil, or coal;
- Less disruptive renewable power sources like solar, wind, mini-hydro, and biomass will play a relatively minor role in the short and medium term for technological and cost reasons.

The paradigm is familiar, and that is one of catch-up development, a paradigm that places the emphasis on achieving growth, leaving the quality of development as well as distribution issues as secondary issues. Undoubtedly, there is a bow towards food security, addressing inequality, and minimizing environmental damage, but the underlying thrust is conventional rapid growth.

Japan Pushes for a Coal-Intensive Path

ADB is largely controlled by Japan, and sharing its view of Myanmar's development path is JICA. JICA has maintained its presence in Myanmar since it was established in 1954, providing aid to that country even when it was ruled by the repressive military regime that was cut off as an aid recipient by other developed countries. In 2013, the government of Prime Minister Shinzo Abe wrote off part of the $5 billion in debt that Myanmar owed to JICA as part of Tokyo's assertive diplomacy towards the semi-civilian but military-controlled regime of President Thein Sein. It also announced some $700 million in new loans and another $250 million in grants, making Japan's Myanmar's biggest donor. In June 2016, on the heels of the electoral victory of Aung San Suu Kyi's National League for Democracy, the Abe government put together a whopping $7.7 billion loan and grant package. Beyond the usual nostrums about supporting development, Japan has a strong geopolitical interest in a big aid push: diminishing China's influence. Ostensibly commenting on then President Obama's visit to Myanmar, this aim was implicitly acknowledged by the head of JICA's Myanmar office in 2012:

> Starting in 1988, amidst economic sanctions imposed by the U.S., China's presence in Myanmar became more intense, creating a strong feeling of imbalance in Myanmar-China relations, particularly on economic and security issues. While people in Myanmar often joke about the quality of Chinese products with the phrase "*ti yoke set, ti yet soke*" (Chinese machine, broken in one day), there are growing problems, such as environmental destruction and the relocation of people, due to large-scale development (hydropower plants, mines, gas pipelines, etc.) by Chinese corporations. President Thein Sein has stated, "China has been there to help us when we have been in trouble." Nonetheless, there is definitely a growing sense of crisis among the people regarding China, whose presence is becoming more and more predominant.[130]

Most of JICA's aid has been made up of grants and loans for infrastructure and electrification. As of March 2017, it had 12 ongoing projects in all phases of the power sector, from generation to transmission and distribution. More consequential than these projects, however, was JICA's influence as an adviser on Myanmar's future energy path. It has pushed for a strategic energy mix that would have power from coal-fired plants rising from 2 per cent in 2015 to 33 per cent in 2030.[131] Not surprisingly, given the dominant role of Japan at the ADB, the

ADB-financed Energy Master Plan moves in the same direction, though not as drastically: in its projections, coal's contribution to the country's recommended energy mix goes from 1.5 per cent in 2015 to 20.4 per cent in 2030.[132] In both the JICA and ADB projections, the role of hydropower is significantly reduced by 2030—though more drastically in the case of the JICA scenario--and that of renewables other than hydropower is marginal. Given coal's reputation as being a dirty source of energy generation both in terms of its health and climate impacts, it goes without saying that this advocacy has been controversial.

Japanese development and energy experts say that coal is best for a rapidly developing country like Myanmar for four reasons. First, given the country's urgent need for electricity, coal plants are faster to set up than hydropower facilities, with an average of three years compared to five.[133] Second, renewable energy is not yet capable, cost-wise and technology-wise, of meeting base load, or the minimum demand for electricity for a certain period. Third, compared to other power sources, coal is the cheapest source of power.[134] Fourth, Japan has been able to solve the problem posed to public health by sulfur dioxide and nitrous oxide emissions, and while carbon emissions remain a problem, that should not be a concern of a country like Myanmar whose contribution to global CO2 emissions remains very low.

The Case against Coal

All four contentions are hotly disputed. On the question of speed of going online, a World Wildlife Federation (WWF)-Spectrum study correctly asserts that "Solar PV [photovoltaic] and wind projects could be built in months while fossil fuel, nuclear and hydropower projects could take several years."[135] As for the base load question, the same study claims, with some confidence, that if a decentralized power system is the path taken, then one built on a mix of solar, wind, biomass, and other forms of renewable energy can eventually provide most, if not all, of Myanmar's energy needs.[136]

On the question of cost, which has been one of JICA's key rationales for favoring coal, it has rightfully been pointed out that the economics of technology are not static. As one analyst points out, the cost of solar and wind energy dropped more than 80 percent and 60 percent respectively, from 2009 to 2016, decreasing 11 percent annually on average.[137] In the meantime, "higher production costs and environmental preservation costs made the cost of power from coal to increase by an average 5 percent annually. If this trend is maintained, the price of renewable energy will beat coal by 2020."[138]

But even on *current* relative costs, coal's advantage is lost when the coal technology involved is "clean coal" or ultra-supercritical coal technology, the one that Japan is pushing on Myanmar and other countries. Estimating the costs for Australia's adopting clean coal, *Bloomberg News Energy Finance* put the cost of power from ultra-supercritical coal power, the most advanced clean coal technology, at AU$134-$203 a MW/h including carbon costs and financing and construction risks; by comparison, power from new wind plant costs AU$61-$118 per MWh, and from new solar plant, AU $74-$90. For a 1000 MW clean coal facility, capital investment would come to US$3.5 billion.[139] This expected cost for a plant in Australia, however, is topped by the $3.9 billion that building such a plant came to in South Africa. Such a sum spent on one plant is an enormous expense for a poor, developing country like Myanmar. And indeed, even for a rich country like Australia, the cost would not be insignificant, admitted Akihiko Kazuno, head of global strategic planning for Mitsubishi Hitachi Power Systems, the producer of top of the line "clean coal" plants. His qualification that export finance might be available from the Japanese government for a developed country like Australia simply underlines the fact that cost-wise, clean coal is not appropriate for a poor country like Myanmar.[140]

A big block to JICA's push for coal has been the World Bank Group. The World Bank, in its effort to project itself as a leader against climate change, cannot afford to be seen as endorsing coal, not even so-called clean coal. It has staked its opposition not only on environmental grounds but on cost considerations. As Vikram Kumar, the Country Manager of the World Bank private investment arm, the International Finance Corporation (IFC), in Yangon, explained, "They say coal is cheap. But we're talking about massive investment in a 1000 MW plant or at the least a 600 MW plant and if you factor in all the necessary facilities like port facilities for imported coal and transmission lines from the coast, I say maybe not." Moreover, he continued, owing to the massive capacity of a clean coal facility, "once you switch on a coal-fired power plant, it's hard to switch if off, and you might have to export surplus electricity to China or Thailand. So you're not only technically polluting Myanmar but creating all sorts of problems that have to do with the surplus power." In fact, he claimed, "importing electricity from China, which now has a surplus, would be cheaper that setting up a coal-powered system."[141]

The implications of choosing on grounds of present cost-effectiveness a technology that could be outstripped by advances in rival technologies that are rapidly descending down the cost curve are underlined by one study:

> This would lead to risk of stranded assets…diesel, hydro, gas, or coal power pants where the break-even has not yet happened but the assets are priced out of the market. This is already happening to some extent with a series of gas and coal power plants in Europe. Countries that are planning their power sector on the basis of coal and/or large scale hydro might see their electricity markets becoming more expensive than other countries, losing out in terms of competitiveness and environmental reputation.[142]

It is the fourth argument—that the coal technology available for Myanmar is indeed clean--that JICA puts the greatest emphasis on. Its showcase is the Isogo coal-fired power plant in Yokohama, which is said to have achieved the world's lowest emission levels of sulfur dioxide (0.01 grams per kilowatt hour or g/kWh) and nitrous oxide (0.05).[143] This is said to be a 90 per cent drop from the average level of emissions from coal-fired power plants.[144]

The Isogo plant's performance when it comes to carbon dioxide emissions is far less impressive, managing to reduce them only by 17 per cent relative to the level of emissions of the former coal-fired Isogo unit that it replaced.[145] This is not said to be relevant, however, since, while it is certainly right for Myanmar to be concerned with sulfur dioxide (SOx) and nitrous oxide (NOx) emissions for public health reasons, carbon emissions are the responsibility of advanced industrial countries like Japan. As Professor Toshihiro Kudo, a development expert close to JICA, asserts, global warming is "our problem, not a problem of Myanmar."[146] He doubted whether the farmers and community leaders brought to Japan by anti-coal Japanese NGOs really knew the distinction between the effects Sox/NOx pollution and those of carbon emissions, and faulted NGOs for creating this confusion.[147]

Basically, the argument of JICA and its apologists is a variant of Malaysian Prime Minister Mohammed Mahathir's argument in the 1990's that developing countries have not yet exhausted their quota of pollution, so they must not be prevented from moving towards fulfilling it. Myanmar's contribution to global warming is still minuscule, so it can afford to spew greenhouse gases in ever greater quantities for the sake of development.

There are three problems with this argument. First of all, setting up a power infrastructure based on coal as the largest source of electricity, as JICA proposes, will institutionalize the country's dependence on coal, creating the momentum for the establishment of more coal-fired power plants and thus rapidly and irreversibly

increasing the country's contribution to greenhouse gases. Second, adopting the coal energy path goes against the commitments made by all countries to reduce their greenhouse gas emissions in the historic Climate Agreement reached in Paris in 2015. Third, Myanmar has already been assessed as the second most vulnerable country to climate change;[148] thus, significantly raising its contribution of greenhouse gases by adopting a coal-energy path would be tantamount to participating in bringing about one's own misery.

The push for coal only makes sense, not out of concern for Myanmar's energy future, as JICA specialists are wont to claim, but out of concern for the corporate bottom line. Japan is the leading exporter of coal power plants to developing countries, accounting for $22 billion of the total of $42 billion in loans, aid, and other forms of financing that went into these projects in the period 2007-2015. "Japan continues to be the only G7 country undertaking a coal rush in spite of the Paris Agreement," said Kimiko Hirata, international director for the Japanese NGO Kiko Network.[149] While many other industrialized countries are moving to develop renewable energy sources for their electricity to meet their commitments to the Paris Accord, Japan is moving in the opposite direction, adopting "clean coal" to eventually replace its obsolete and unsafe nuclear power infrastructure to supply base load. Japan's export drive is an extension of this domestic energy path, one that is calculated to provide additional demand that will make the vast investment in coal technology profitable. Asked if the push for coal-fired technology in Myanmar had to do with the interests of Japanese corporations, Kumar, the Country Manager of the IFC, said, "Of course," though he was careful to add that "It goes beyond this. The Japanese have convinced themselves that relying on hydro won't work. And this constitutes a fundamental difference between them and the World Bank group."[150]

There is another, related reason, one already alluded to earlier: geopolitics. Technologically, China's competitive advantage is in hydro, while that of Japan is in coal. Getting Myanmar to adopt coal would give Japan an edge in the struggle for influence in the country.

The bride in this high stakes courtship, the National League for Democracy (NLD) government, still has to decide whether or not to go for coal. In the meantime, JICA continues to host official and civil society visitors from Myanmar, including Hanthar Myint, the head of the NLD Economic Committee, and Kyaw Win, director of the Ministry of Planning and Finance, to convince them of the merits of clean coal. The sales effort has been aggressive. For instance, when Hanthar Myint, an engineer by profession, said he did not trust the technical capabilities of Myanmar engineers to run a sophisticated coal fire plant like Isogo, one Japanese expert involved in the drive to get the NLD government to go for coal replied, "I think you should not underestimate your engineers."[151] This effort has not gone unrewarded: a visit to JICA and the Isogo plant apparently turned one prominent anti-coal activist, a member of the so-called 88 Generation Peace and Open Society, into a true believer in clean coal.

Hydropower and Hydropolitics

If coal has been controversial, so has hydropower.

As of June 2014, total installed hydro capacity was 3005 MW, with some 23 dams that each had an installed capacity of more than 10 MW and 40 micro and mini dams with total installed capacity of 34 MW.[152] Over 59 per cent of electricity generated by the country is accounted for by hydropower.[153] Hydropower is renewable energy. Unfortunately, the record of hydro in Myanmar and the Mekong region is bad, and this is one reason that coal is being seriously entertained as the main supplier of base load—with a lot of Japanese prodding, of course.

The Dangers of Hydro

The Myanmar Energy Master Plan is candid about the environmental dangers posed by hydro power. It is worth quoting its assessment at length for it is rare that a government document is so candid in assessing an energy option (though one must bear in mind that the Asian Development Bank that financed the study is dominated by Japan, which is strongly pushing the coal strategy):

> While hydropower brings numerous economic, technical and financial benefits, also significant negative social and environmental impacts are predicted. Many of the proposed dams remain non-researched or under-researched, making it particularly difficult to assess the exact impacts of the projects. Another complicating factor in estimating the impacts of the dams is the uncertainty over which dams will be built and their configuration and construction sequence. As numerous plans on large mainstream hydropower projects have been introduced, increasing number of concerns have been raised by different environmental and human rights groups on the environmental, social and political impacts of the hydropower projects.
>
> A preliminary EIA conducted by an environmental group on the planned dam cascade in the upper Ayeryawady basin, commissioning of which has not yet been confirmed, finds that potential multiple impacts from dam building on biodiversity, wildlife species, aquatic ecology, subsistence fishing, rice cultivation and local livelihoods can be anticipated. The planned hydropower projects on the Thanlwin [Salween] River are expected to seriously affect the ecological conditions by flooding vast areas and changing the river flows in the downstream reaches, including the delta, causing salt intrusion. An extensive damming scheme would also affect the future sediment flux, which could impact the densely populated delta regions, where sedimentation and seasonal flooding are important for rice growing. In terms of energy and food security, the rivers form a particularly critical resource. Unfortunately, the two forms of security seem not to be complementary, but largely contradictory: increasing energy security through large-scale hydropower could radically reduce the food security. Based on impact assessments done on the dams in Mekong, the construction of mainstream dams will affect fish biodiversity in Myanmar, with cumulative fish loss and reduction of capture fisheries. Fisheries are the fifth largest earner of foreign exchange and fish is also a major part of the diet in Myanmar.[154]

The Energy Master Plan also underlined the inadequacy of the country's regulatory framework to deal with the environmental and social impacts of dams:

> The legal framework is considered by many analysts and consultants still as too weak to enable sustainable hydropower development in the future without risk of major socio-political and ethnic controversies. Under the new laws on farmland tenure and fallow lands management, the farmers still lack land tenure security. MOAI may confiscate lands demarcated as wastelands from subsistence farmers without compensation. The small farmers' ability to influence and challenge land classification in cases where lands are cultivated with traditional manner is limited. The Environmental Law has been criticized of too low penalties as compared to the economic interest of developers in large scale projects.
>
> The environmental law did not yet require environmental impact analysis (EIA) to be carried out systematically and by independent agencies and consultants... There were no formalized, regulation based process of public consultations with local communities and hearings of interest groups.[155]

Loss of national sovereignty was another major concern voiced in the master plan when it came to regional hydropower schemes involving the sale of hydropower to neighboring countries:

> Further, the foreign-owned hydropower development potentially threatens national sovereignty over water resources. While hydropower infrastructure can improve flood control in the wet season and benefit irrigation during the dry season, communities living in the vicinity of the hydropower site may remain without electricity and have other elements of their security, such as food, water or livelihood, undermined. Meanwhile, the adverse social and environmental impacts are disproportionately burdening the rural ethnic communities in the immediate watersheds, while the energy importing countries receive many of the positive political and economic impacts.[156]

Another key concern was the cost of hydropower and the long lead time dams required before they were ready:

> Hydropower is a capital intensive technology and requires long lead times for development and construction. It is also very engineering- and design intensive. Before financing can be secured, substantial effort needs to be put on site surveying, feasibility analysis, planning, preliminary civil engineering design, environmental and social impact analysis, planning of resettlement measures, fish, water quality and biodiversity mitigation, and analyzing ways to preserve historical and archaeological sites. Therefore, lead times for hydro power schemes can easily vary from two to up to 13 years and even more and the owner's development cost prior to construction may represent up to a quarter of the total cost of a hydropower scheme.[157]

Despite these largely negative comments about hydro power, the ADB seems to be of two minds about developing it, which may account for the fact that its projection of hydro's contribution to the energy mix in 2030 is significantly higher than JICA's—49.7 per cent to 36 per cent. This ambivalence comes out in the discussion of Myanmar's hydro projects providing power to the Greater Mekong Subregion, China, Bangladesh, and India:

> Myanmar is located between the geographic and political regions of South and Southeast Asia and PRC. With demand on electric power in PRC and throughout South and Southeast Asia on the rise, as well as the need to encourage 'clean' energy options, hydropower is becoming an increasingly popular alternative to more environmentally harmful energy forms. The differences in energy endowments, level of development and energy consumption needs have driven the region to push for resource sharing and interconnecting resulting in an increasing focus on energy trade and cross-border hydropower development. The existence of the regional cooperation initiatives, the Greater Mekong Subregion (GMS), the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) and the Association of Southeast Asian Nations (ASEAN), further boosts this development, as they all emphasize energy as one of the priority areas of cooperation.
>
> The neighboring countries, India, Bangladesh, PRC and Thailand, are potential cooperation partners for hydropower schemes and importers of the planned new hydropower capacity. Both India and PRC, though investing heavily on domestic hydropower, are also interested in importing to their large power market where demand growth constantly exceeds the supply growth. PRC and India also seek strong bilateral relations with Myanmar to ensure continuous access to resources and to maintain a major role in the region's energy market.

> For PRC, Myanmar is also an important southwest link to Bangladesh and India. India's eastern states form nearly a third of its population while being amongst the most underdeveloped areas and could benefit from cooperation with Myanmar, ASEAN and BIMSTEC. Furthermore, many of Myanmar's neighbors have ambitious electrification targets. For instance, the Government of Bangladesh has set a target to electrify the whole country by 2020. Thailand's interest in Myanmar's resources is a combined result of the depletion of domestic resources, pressure to diversify electricity sources, electricity demand growth, resource availability in Myanmar, and rising environmental awareness in Thailand.[158]

The Chinese Presence

China is the foreign country most heavily invested in hydropower in Myanmar, Beijing having established a foothold there when many other governments were reluctant to have dealings with the military regime. According to some estimates, at least 45 Chinese corporations have been involved in approximately 63 hydropower projects in the country, including some related substation and transmission line projects.[159] There are some 100 dams each year built in China, so its dam builders are extremely cost-competitive. The problem is that environmental sustainability is not among their priorities.[160] Perhaps the most controversial Chinese project is the 6000 MW Myitsone Dam in Kachin State in which China planned to invest $3.6 billion. A project approved before it came to power, construction of the dam was halted by the Theirn Sein government in 2011, after widespread protests against its negative impacts on the environment and indigenous communities. A good summary of the key problems with the dam project is provided by the International Rivers Network:

> The Myitsone mega-dam project on the headwaters of the Irrawaddy River, once completed, would have exported 90% of its electricity to China. The Myitsone project is part of a seven-dam cascade that represents a USD$20 billion investment by China, with project funding from China Export Import Bank. However, there are serious doubts about the quality and independence of the Environmental Impact Assessment for this mega-dam project, as well as concerns regarding the resettlement process and the role of the project in exacerbating the long-standing conflict between the ethnic Kachin people and the military government.
>
> At the time of project planning, Burma did not have any environmental protection laws and much less study and planning has been conducted for the Myitsone project compared to the Three Gorges Project. While the developers have committed to studying the downstream impacts on the rich and vital Irrawaddy River delta during the project construction period, it may not be enough to save the communities and ecosystems that depend on this critical river system.[161]

As noted above, the Myitsone Dam was suspended in 2011 by the Thein Sein government—after some $800 million had already been spent in its construction, according to some reports[162]--owing to strong opposition from communities that would be affected by it. Perhaps having this experience in mind, the Master Plan states that:

> The people's awareness of and concerns over environmental and social impacts of large scale developments has increased in Myanmar during recent years, and a lot of public attention has been paid particularly to hydropower development. A number of NGOs, associations, religious groups and ethnically based associations take today active role in monitoring whether projects are planned and implemented considering protection of environment, mitigation of impacts, benefit-sharing, compensation, labor issues and human rights.[163]

The future of the project will be decided

by the NLD government, which sees itself pressured by the people's opposition on the one side and the Chinese government on the other. There are reports that China is willing to withdraw from the project in exchange for being given smaller projects, but there has been no confirmation of this. One analyst noted that with China's Yunnan Province now experiencing a surplus of electricity, "the Chinese don't actually need Myitsone anymore. But they can't lose face over Myitsone. I think they'll leverage it to get the other projects they want (port, SEZ, pipelines) until Myanmar has paid a sufficient price for suspending Myitsone and the Chinese save face."[164]

Whatever the real story is with China and Myitsone, Beijing has not retreated on its plan to build other dams in Myanmar. Two of these are on the lower Salween or Thanlwin River. In Shan state, the Chinese are pushing the construction of the massive 7,100 MW massive Mong Ton Dam, via a partnership of Three Gorges and Sinohydro, both Chinese firms, and EGAT International Thailand. Further south in Karen state, the planned 1,365 MW Hatgyi dam is another Sinohydro-EGAT partnership.

What makes the Chinese push to build the two dams especially controversial are two things. First, according to the terms of the 2013 agreement, 90 percent of the electricity generated would be exported to China and Thailand. Second, the Chinese have decided to cancel 13 dams that lie along the Upper Salween, on the portion of the river that runs through China's province of Yunnan. The key factor that led to the suspension of the 13 dams was fear that "large-scale dam construction could trigger an earthquake in the volatile seismic zone along the Salween."[165] The same earthquake fault line is reported to run from the Upper Salween and across into Myanmar, affecting all the Chinese dam projects downstream.

Not surprisingly, China's policy has been attacked by grassroots organizations as double-faced. And the NLD has also been criticized for its continuing hesitation to definitively shelve further hydro development when so much of its ill effects are already evident. With the NLD government courting investment from China and Beijing's support for the peace process, and with China regarding Myanmar as a geographically strategic country providing it with access to the Indian Ocean,

> The complicated web of diplomacy between the two countries has created an almost complete disconnect between the ecologically bright future that beckons for the Nu [Upper Salween] flowing through China, and the more troubled prospects for the same river as it courses its way through the conflict-ridden ancestral lands of ethnic peoples in Myanmar struggling to protect their indigenous rights, culture livelihoods, and traditional way of life.[166]

"Sustainable Hydropower" and the World Bank

What makes the situation even more complex is that China is not the only external actor lobbying for hydropower. There is also the International Finance Corporation (IFC), the private investment arm of the World Bank Group.

The World Bank, in its effort to project itself as a leader against climate change, cannot afford to be seen as endorsing coal, not even so-called clean coal, as pointed out earlier. Claiming that Myanmar has "great advantage in terms of hydropower resources," the IFC's preferred option is for a combination of hydro and gas-fired power plants to provide the base load or the minimum level of demand, with solar thrown into the mix but as a secondary power source.[167] The IFC's endorsement of hydro has been quite bold, claiming that Myanmar is only tapping into less than 5000 megawatts of its 100,000 MW hydropower potential, but that "unleashing this potential could turn Myanmar into the largest energy producer in the region with the ability to supply electricity to neighboring countries."[168]

With all the controversies caused by China's dam projects, the IFC knows it is treading on dangerous ground, so it has used the term "sustainable hydropower" and formed a Hydropower Developers Working Group for current and future private sector developers, which includes developers of the Chinese projects that are suspended or facing possible suspension owing to popular protest, such as CPI Yunnan International Power Investment Company (CPIYN).[169] Kate Lazarus, the senior operations officer for the IFC's Sustainability Hydropower Program, claimed in a Yangon conference in 2015 that "a sustainable hydropower sector will help mitigate environmental and social risks, while realizing Myanmar's huge energy potential, contributing to economic growth and shared prosperity."[170] The agency also laid out an ambitious plan "to map all the key hotspots for critical habitat, biodiversity and ethnic minority areas. We will overlay that with planned and potential future hydropower projects, to ensure projects are developed in the most sustainable way."[171]

Big dams have had a notorious reputation ever since the searing report of the World Commission on Dams (WCD) in 2000. Thus it is not surprising that ethnic communities in the areas affected by dam-building, environmental NGOs, and academics have viewed the IFC's push for "sustainable hydro" with a great deal of suspicion and skepticism.

The basic thesis of the IFC position is that despite its checkered reputation, big dams can be made more congenial to the environment and the ethnic communities where they are located. The experience with the Nam Theun 2 Dam in Laos is supposed to be Exhibit A in this regard. Many experts, however, question the claim that the World Bank-funded Nam Theun 2 was, in fact, a success in meeting its own environmental and social standards. An (unpublished) letter-to-the-editor submitted to the *Myanmar Times* by a leading critic of Nam Theun 2 details the problems: "Resettlement programs have failed to sustainably restore livelihoods. Biodiversity conservation, promoted as a key attribute of the project, is an embarrassing debacle. The once pristine watershed suffers from mismanagement which has led to massive wildlife trade and logging."[172] A key hydropower specialist, Thayer Scudder, a member of the World Bank's own Panel of Social and Environmental Experts (POE) has called Nam Theun 2 his "final disappointment" in a long career of trying to make big dams more environmentally and socially sustainable.[173]

Summing up the views of many experts, Philip Hirsch, a highly respected specialist on the Mekong region, reflected after decades of field work "After 30 years of studying dam impacts, I have yet to come across one [dam], whose impacts have been well-mitigated. Let's start with dams that are already there, before using 'anticipated mitigation' as a pretext for going ahead with new projects. The impacts of some dams are just too great to mitigate."[174]

Winning Over the Grassroots

The IFC knows that grassroots organizations will have to be won over if hydropower is to become the main generator of Myanmar's power. "I'll need civil society to make the case for hydro," admitted Kumar of the IFC.[175] The relations of IFC to Oxfam, the Britain-based international funder of civil society projects, have become quite controversial in this regard. Oxfam is a co-signatory to the manifesto "Ten Reasons Why Climate Initiatives Should Not Include Large Hydropower Projects" which states, among other things, that "dams cause severe and often irreversible damage to critical ecosystems" and "have serious impacts on local communities and often violate the rights of indigenous peoples."[176]

Yet, Oxfam also appears to be working with the IFC with the intention of mitigating the impact of big hydropower projects in Southeast Asia. As a key Oxfam officer explained:

> Oxfam has and continues to monitor and engage in key IFC-supported initiatives

> related to hydropower in Myanmar, particularly the Strategic Environmental Assessment (SEA) and the Environmental and Social Impact Assessment Guidelines for the Hydropower Projects in Myanmar (ESIA Guidelines). We have done this by participating in consultations, making written submissions, having meetings with relevant IFC staff and consultants; sharing information and updates – and coordinating meetings – with key civil society partners and allies etc. ...Our aim has been to influence the SEA process and outcomes so that it reflects civil society concerns, particularly in relation to social and environmental issues/ criteria (e.g. conflict); and also energy plans vis-à-vis priority placed on large-scale hydro as source of electricity and revenue (given number of large dams also planned for export)...Re ESIA guidelines, similar to SEA our aim has been to ensure that proposed ESIA guidelines improve consideration of environmental and social impacts and rights of affected communities in hydropower planning and decision-making.[177]

Not surprisingly, some people have found Oxfam's position confusing, if not opportunistic, with one noted analyst of hydropower projects saying the agency "seems to hold multiple positions."[178]

Oxfam's position, some say, is compromised by its receiving significant funding from the Department of Foreign Aid and Trade (DFAT) of Australia, which has a large water resource management program in the Mekong region. The DFAT program includes both IFC and Oxfam Australia as development partners, with the former working to raise "environmental and social standards—and accountability in general—in the hydropower industry," and the latter pushing for "more inclusive regional water governance."[179] Significantly, DFAT describes the civil society groups it works with as having "created networks to counteract resistance against state development projects and act on a regional scale."[180] There could be no clearer statement of what might be not inappropriately termed the agency's counterinsurgent intent in recruiting Oxfam.

It is highly unlikely, however, that many ethnic communities or civil society groups will be convinced to endorse hydro, even when packaged as "sustainable hydropower." As in the case of coal, there is just too much negative empirical evidence for hydro that it would be foolish for civil society organizations to risk losing their moral capital endorsing it. Indeed, should the NLD government endorse either hydro or coal, it is certain to see strong opposition from ethnic communities and civil society.

Why is the World Bank so high on hydro? In the interview with the Yangon-based IFC officer, he said, as noted earlier, that one reason JICA is pushing coal is that it has convinced itself that hydro "won't work." One can say similarly that the World Bank has convinced itself that coal won't work. But there is a shared assumption that underlies both positions, and this is that power generation by renewable sources like solar, wind, geothermal, and biomass are technologically incapable of providing the volume, consistency, and reliability of power delivery required by a rapidly developing country. With endorsement of coal being politically impossible, the Bank sees hydro—mistakenly in our view—as the only option. Moreover, having been involved with supporting hydro power projects in the past, one suspects that the Bank has not really shed its sentimental ties with big hydro.

The Sustainable Energy Option: Pluses and Minuses

The pro-hydro and pro-coal positions have been challenged by a variety of CSO's specializing in energy. One line of criticism coming from them is that the donors have made tremendous overestimates of power demand projections to justify a "hard energy" path. Contradictory figures have made the donors particularly vulnerable to

this charge. For instance, the World Bank estimate for residential demand for power by 2030 is that only 2,636 MW of generation capacity is needed, whereas JICA's projection of non-industrial load is almost 10,000 MW, leading critics to ask, leaving over 7300 MW unaccounted for.[181] Even more glaring is the gap between the World Bank's estimate of needed generating capacity for 2030, which comes to only 6,104 MW in 2030, whereas the ADB-financed master plan puts it at 18,000 MW.[182]

Another glaring gap has to do with projected cost. The World Bank estimate for electrifying the country's 7.2 million households is $5.8 billion. But according to JICA's estimates, building the transmission system of power alone will amount to $8 billion. In other words, the cost of the JICA transmission plan alone would be higher than the cost of electrifying the entire country![183]

The best known study challenging the big donor's prescriptions was conducted by a consortium of environmental organizations led by the World Wildlife Fund. The WWF study boldly asserts that Myanmar has a unique opportunity to "leapfrog" 20th century technology and move to renewables since the power infrastructure of the country is still undeveloped, in contrast to other developing countries where power is mainly provided by big coal, oil, or nuclear plants and distributed through a central grid.[184]

The WWF's conclusion was based on two assumptions. The first was that the cost of power provided by renewables would plunge below that of fossil-fuel or big hydroelectric plants. The second was that renewables would be more amenable to decentralized electrification, dispensing with the need for expensive large capacity coal, oil, or hydro facilities. "With increasing capabilities for distributed renewable generation, and the possibility that battery based solar becomes cheaper than the grid in coming years to decades," the study contends, "it would be prudent to consider all options and not focus on centralized grid, which is investment heavy, shows little flexibility over time and locks in investment for the next half century, regardless of its use over time."[185] One might add that, politically, decentralized electrification is more appropriate for Myanmar than centralized electrification since the latter would contribute to even more control by the center over the ethnic regions, which have chafed under the repressive hegemony of the Bamar majority. Decentralized electrification would be more suitable for a federalist political system that the ethnic communities and a large number of CSO's favor.

The WWF has two scenarios. The first is the "sustainable energy scenario" (SES), the second, the "advanced sustainable energy scenario," which assumes that the transition to renewables takes place faster than in the SES scenario. In the SES scenario, solar would provide 23 per cent of generated power in 2030 and 42 per cent in 2050; hydro would provide 31 per cent in 2030 and 14 per cent in 2050; onshore wind, 15 per cent in 2030 and 17 per cent in 2050; and biomass 5 per cent in 2030 and 6 per cent in 2050. In the ASES scenario, solar would provide 21 per cent in 2030 and 37 per cent in 2050; hydro 31 per cent in 2030 and 14 per cent in 2050; onshore wind 13 per cent in 2030 and 19 per cent in 2050; and biomass 10 per cent in 2030 and 9 per cent in 2050.[186]

While there may be skepticism in traditional circles over the study's claim that technological breakthroughs in renewables that would allow the latter to meet base load with a high degree of reliability are to be expected soon, this may be unwarranted given the tremendous investments now being plowed into renewables research globally. Putting technological advance in perspective, the WWF study states:

> Technology moves fast. Just 50 years after the Wright Brothers made their first flight, jet planes were carrying passengers from London to Johannesburg. Tim Berners-Lee wrote the first World Wide Web page in 1991: there are now over 3

billion web users and an immeasurable number of web pages. Tablets have already overtaken the sales of laptop computers in the incredibly short space of six years.[187]

There are, however, a number of questions that may be posed of the WWF scenarios. One is the role of large-scale hydro. In the SES, hydro's generating capacity may drop in percentage terms, but in terms of absolute numbers, it rises from 1450 MW in 2010 to 6213 MW in 2030 and 2050.[188] Concretely, this will mean not just one or two but about five 1000 MW mega-dams. With the WWF itself acknowledging the negative impacts of big dams, its proposal is inexplicable from the point of view of the interests of the environment and ethnic communities. If the role of big dams is part of a transitional strategy aimed at eventually phasing them out, then the study should have been clear about this and defended them explicitly on these grounds, though this would be difficult if not impossible, especially with the ethnic peoples in whose lands in Kachin, Shan, and Karen states the major hydropower projects would be located.

A related issue has to do with the role of wind farms and biomass, which are expected to have 19 per cent and 5 per cent of generating capacity respectively by 2050 in the SES scenario.[189] Wind farms, the report states, "take up large areas and have a visible effect on the landscape."[190] This might be a very understated warning when it comes to Myanmar, where land rights are severely disputed and powerful interests have illegally grabbed large parcels of land. The same concern might be voiced of the report's recommendation on biomass, where the it foresees "dedicated biomass plantations" as being among the future sources of bioenergy.[191]

Related to this issue is the broader issue of the ownership and control of all planned renewable energy facilities on which the report is largely silent. Alternative energy, democracy, and equality do not necessarily go together. Foreign capital and crony capital can just as easily gain control of an alternative energy system, unless there are strong safeguards built into it that assure popular ownership and control of energy facilities and democratic decision making in energy management.

The WWF report is definitely superior to the business as usual plans for Myanmar relying on coal or hydro for power generation within a traditional industry-intensive and urban-intensive development paradigm. However, as shown by the issues related to the salient role of hydro, wind, and biomass in the projected ideal energy mixes and the question of ownership and control of the planned facilities, it shares a technocratic perspective with the JICA and World Bank proposals. The SES and ASES paradigms are being proposed from above, and while environmental and social considerations play a greater role in them than in the JICA and World Bank approaches, they still have their blind spots.

The deficiencies of the WWF approach could have been remedied had there been actual active consultations with civil society organizations and communities engaged in struggles with power issues on the ground instead of mainly relying on macro data and engaging in macro scenarios, as do JICA and the World Bank, albeit with different assumptions. Unfortunately, there was very little consultation, with only two consultative sessions held, one with CSO's in Yangon and another with government officials in Nay Pyi Taw. Most of the major local environmental and energy CSO's were not invited to the sessions, with some not being aware they were being held. Most agreed that there was insufficient consultation, and, in the case of ethnic communities, none at all.[192]

There is another question that must be raised with respect to the WWF Study. It was done by the same technical consulting firm that was contracted by the ADB to do the Myanmar Energy Master Plan. Yet the same outfit came out with two very different conclusions, the study for the ADB favoring

a coal-hydro mix and the WWF document a solar-wind-biomass mix. The two studies used the same data input and many of the same assumptions. While the IES-WWF projections certainly look attractive if the priority is placed on a sustainability, they stand the risk of being discredited by pro-fossil fuel advocates using the IES-ADB study against them, even if the IES-WWF study may be found to be more empirically solid. The point is, strategies based on the manipulation of large but imperfect data by handsomely paid technocratic consultants with no value commitments have major drawbacks There is no substitute for close, intensive, and widespread consultation of affected communities in drawing up a truly alternative energy plan. Process is central to substance.

Nevertheless, the WWF study is a good beginning, one that needs to be fleshed out with active consultation and engagement with people's organizations and communities on the ground.

Conclusion

Myanmar is confronted with the choice of three energy paths.

The coal-intensive path favored by the ADB and Japan via its development arm, the Japan International Cooperation Agency, is hardly a viable option, given the likelihood that renewable energy is likely to slide beneath coal in the cost curve in the near future, renewable energy facilities are faster to set up than coal-fired power plants, and "clean coal" plants have not solved the problem of high levels of carbon dioxide emission.

Large-scale hydropower, which is favored by China and the World Bank, has proven negative impacts in terms of the welfare of the environment and communities that the World Bank's approach of "sustainable hydropower" has not been able to address. Indeed, despite the hype, "sustainable hydropower" remains more of a slogan than a viable strategy.

The Sustainable Energy Path proposed by the WWF and its allied organizations, which relies mainly on renewable energy resources is the most promising approach. However, it has some questionable elements, like the addition of significant capacity to large-scale hydro and the establishment of large wind farms and biomass plantations which might precipitate more conflicts over land in a country where massive land-grabbing has already marginalized hundreds of thousands of rural families. It also does not address the question of ownership and control of the planned renewable energy facilities, which must be along the lines of energy democracy. Moreover, the WWF approach is, like that of JICA and World Bank, top down, with little or no consultation of civil society organizations and little grasp of realities on the ground. However, it does provide a good starting point for an alternative strategy, one that needs to be fleshed out and nuanced with the participation of communities and organizations on the ground.

Crony Capital: A Necessary Evil?

What have come to be known as "cronies" are business people that have emerged in Myanmar who have close ties to the military and built up business empires on the strength of those ties. Their emergence occurred mainly in the years following the collapse of the military-controlled Burma Socialist Program Party (BSPP) and the withdrawal of the strongman Ne Win from overt control.. The succeeding military regime, which was led by Than Shwe after 1992, pursued a policy of liberalization of the domestic economy, trade, and investment. Liberalization in Myanmar has been a process of loosening state control of the economy accompanied by preferential treatment of selected business groups. Liberalization has not, however, meant a total withdrawal of the state from production, with conglomerates directly tied to the military continuing to dominate some sectors of the economy.

Military Enterprises

In the latter category are the conglomerates Union of Myanmar Economic Holdings Limited (UMEHL) and Myanmar Economic Corporation (MEC). These two operations are conglomerates in the classic sense of having their fingers in unrelated fields such as jade mining, construction, hotels, steel plants, and automobile assembly. Founded in 1990, UMEHL was set up to generate profits from light industry, trade, and services. For a long time, it dominated the rice trade, alcohol and cigarette production and distribution, and virtually monopolized the import of cars.[193] A key function of UMEHL was to support welfare programs for the military, veterans organizations, and retired military personnel, with one analyst remarking that a pension fund for retired officers that it runs "provides a yearly return normal schemes can only dream of."[194] Some of UMEHL's shares are in the hands of the Ministry of Defense's Army Directorate of Procurement. Though it is a quasi-state firm, it has enjoyed a great degree of independence from the central government, an example of this being the workings of the mining operation, the Letpadaung copper mine, that it operates in Sagaing Region as a joint venture with a Chinese firm: until just recently the two companies shared most of the profits most of the profits, leaving the government a measly four percent.[195]

MEC was founded in 1997 "to give the military access to supplies of important material in order to build up heavy industry."[196] It grew rapidly to eventually encompass 21 factories, including four steel plants, a bank, and a cement plant.[197] A rough division of labor appeared to be for UMEHL to focus on light industry and services, while MEC specialized in heavy industry, though this was rather a rather flexible divide since MEC also had a bank and was a dominant force in the insurance industry. Not unimportant were two other functions both MEC and UMEHL filled: one, to serve as a source of off-budget support for the military, and two, to provide revolving funds for the commander in chief that would not be subject to budgetary oversight.[198]

Not surprisingly, the financial transactions of both institutions—indeed, most dimensions of their operations--are opaque. "This is a military company. Some matters must be kept secret," a UHEML spokesman told a news investigating team, echoing the company's line on transparency.[199] Also, the military companies were apparently the main beneficiaries of the different rounds of privatizations in the lead-up to full civilian rule. For instance, most of the heavy industries owned by the Ministry of Industry were transferred to MEC via a privatization scheme.[200]

Top Conglomerates and Their Links to the Military

The military cronies emerged as key adjuncts of the post-1988 political economy. To help manage a liberalizing economy, the Than Shwe regime favored certain business people close to the regime with import permits, monopolies, and construction contracts. At the same time, it could not allow the new capitalists to accumulate too much power, and these privileges were used to keep them in line and firmly subordinated to the whims of the generals.

Aung Min and Toshihiro Kudo have compiled a fairly detailed list of conglomerates built up by these cronies and their operations. Along with UMC and UMEHL in their list of Myanmar's eleven top conglomerates were three with very significant ties to the military (Htoo Group, Max Group, and Kanbawaza Group), two with significant ties (Asia World and IGE), and two with some ties (Shwe Taung and FMI).[201] Invaluable descriptions of the range of activities covered by the Htoo Group, Max Group, Kanbawza Group, and Asia World provided by Min and Kudo would give us a sense of how big these actors have become in Myanmar's economy and how much their success has been dependent on their ties with the military.[202]

One of the country's top conglomerates is the **Htoo Group of Companies**. It is engaged in a variety of businesses, from banking and gems to hotels, tourism, and airlines. According to Min and Kudo, founder U Tay Za "is perhaps best known and admired 'business tycoon,' or in a negative sense, a 'top crony,' and seen by the public as a man who has a close relationship with former Senior General Than Shwe and the previous SPDC regime."[203]

> In the late 1980s, U Tay Za founded Htoo Trading Ltd. by leasing a rice mill and engaging in the agricultural sector. Later, the company profited from the teak extraction and timber business and enjoyed close ties with the top ruling junta. Over the next decade, the Htoo Group morphed into a conglomerate with several new business ventures. In 2004 it launched Air Bagan, the first private airline in Myanmar. It also rolled out branded luxury hotels and began leasing heavy machinery. Of the 14 subsidiaries, the Htoo Group's well-known companies and firms include AGD Bank, Air Bagan, Elite-Tech Co., Ayer Shwe Wah, Aureum Palace Hotels and Resorts, Htoo Trading, and Htoo Wood Products Ltd. etc. The group owns 17 hotels across Myanmar. The annual income of the Htoo Group of Companies is USD 500 million according to U Tay Za and according to a *Forbes* article, thus making the Htoo Group of Companies Myanmar's largest conglomerate...Several subsidiaries of the Htoo Group of Companies, together with U Tay Za and his family members, are still on the sanctions list of the US Department of the Treasury citing U Tay Za and the Htoo Group as being actively involved in the arms trade business during the former military regime. Recently, the group has moved and diversified into an insurance business, become a private fuel pumping station operator, and is involved in tourism and hotels etc.[204]

The Max Myanmar Group was founded in the early 1990s by U Zaw Zaw. The conglomerate attracted international attention in the 2000's when it became the prime beneficiary of 5000 acres of land confiscated by the military from ethnic villagers in Mon State.[205] The conglomerate has nine subsidiaries engaged in gems, timber, mechanical engineering, construction, transportation, rubber plantations, hotel and tourism, and banking. It is one of the country's most successful (or notorious) construction conglomerates, being awarded almost all the construction projects for the stadia and gymnasia for the 2013 South East Asia Games. It has also participated in the Yangon-Nay Pyi Taw Expressway construction project and in building the government's ministry buildings in Nay Pyi Taw. In hotel and tourism, the group has currently three hotels in operation: the Hotel Max Chaung Tha Beach, the Royal Kumudra Hotel, and the Landmark Hotel. Its growth strategy is to "open more hotels and resorts in key cities and become the owner of the largest chain of hotels in Myanmar."[206]

As a gift for services rendered before the transition to civilian rule, the last round of privatization of state-owned firms in 2009-2010 not only benefited the military firms UMC and UHEML but also some of the crony conglomerates, among them the Max Myanmar Group, which got land for the future Novotel Hotel as well as 12 gas stations.[207]

The Kanbawza Group is headed by U Aung Ko Win, also known as Saya Kyaung, a former school teacher who rose to wealth through close connections with Gen. Maung Aye, former Vice chairman of the State Peace and Development Council (SPDC). "He started in business with support from the military leaders during the early 1990s, when he struck it rich by gaining access to rich sapphire and ruby mines," note Min and Kudo. "His ties with the top ruling junta were strengthened by his marriage to Daw Nan Than Htwe, the niece of former Secretary 3 of the junta, Lt. Gen. Win Myint." The Kanbawza Group's main strategic focus is in the banking, finance, and airline sectors. The Group has about 28 subsidiaries, the major ones being Air KBZ, Myanmar Airways International, the Kanbawza Bank, and IKBZ insurance.[208]

The Kanbawza Bank Limited (KBZ Bank) is now the largest private bank, with nearly 500 branches, 1000 ATM's, and 20,000 staff nationwide.[209]

Perhaps the most colorful conglomerate is the **Asia World Group of Companies,** which is now headed by U Tun Myint Naing (alias Steven Law and Lo Ping Zhong), the son of the late Lo Hsing- Han, the notorious drug lord. Its origins will be touched on briefly in the next section. It is said to be the most diversified conglomerate, with interests in industrial development, construction, transportation, import-export, garments, paper mills, palm oil, infrastructure development, and supermarket retail. It was one of two major contractors--the other being the Htoo Group of Companies—commissioned to build the country's new capital at Nay Pyi Taw, including the National Landmark Garden.[210] Its broad reach is described by Min and Kudo:

> Asia World is currently operating the Nay Pyi Taw Airport. In Yangon, the company has stakes in supermarkets, office towers, condominiums, and road construction projects. In 2011, it partnered with the Yangon City Development Committee to construct the extension of Strand Road. The company is also involved in garments, paper mills, palm oil, and infrastructure development. Asia World has also operated a port in Yangon's Ahlone Township since 2000. There are three wharfs controlled by the Asia World Port Management Co., Ltd... In December 2010, Asia World was granted a contract to build 13 jetties at the Thilawa and Yangon ports...Asia World established one of the first major chains of cold-storage supermarkets in Yangon, which is the Asia Light Supermarket chain, during the early 1990s. Under the former junta, Asia World Energy Ltd. partnered with the China Power Investment Corporation to build controversial dams (including the [now suspended] Mytisone Dam) along the Irrawaddy River in Kachin State...In September 2012, Asia Mega Link Ltd., a subsidiary of Asia World, was granted a joint venture with the Myanmar Post and Telecommunications Department to sell cellular phone SIM cards.[211]

With the power industry taking off with financial support from JICA, the World Bank, and the ADB, Asia World has made sure it's on the ground floor: In August 20, 2013, it was granted permission to distribute electricity to 37 townships in the Eastern Bago Region. The company was also licensed to supply electricity to 84 townships in other states and regions.[212] Among its recent big ticket projects was the construction of the of Thaukyegat 2 Hydropower Plant said to be the 4th largest hydroelectric dam in Myanmar and the largest power plant to be built by a private company.[213]

Asia World is also probably the most internationalized conglomerate, with markets in the US, Europe, and Southeast Asia. It is, in fact, as much a Singaporean as a Myanmar enterprise, a link symbolized by the marriage of Steven Law to his Singaporean business partner Cecilia Ng. There are three "Overseas branch companies" of Asia World in Singapore run by the couple. More than half of Singapore's investment in Myanmar goes through partnerships with Asia World, totaling more than US$1.3 billion. There is, in fact, a special relationship between Singapore and Asia World. As Benjamin Cheah notes, "Singapore invested S$1.57 billion in Burma in 2005, making her the largest direct foreign investor in the country from the Association of Southeast Asian Nations. Since 1988, Singapore has invested S$2 billion in Burma, mostly in tourism and the military. A substantial portion of Singapore's investments has gone into Asia World, a Burmese construction company, owned by drug traffickers and money launderers."[214]

In most cases, the generals were content to receive huge payoffs from the cronies. There were, however, a few, like the notorious U Aung Thaung, the former minister of industry, who successfully made the transition from military leadership to capital accumulation, making use of their

triple roles as military brass, government functionary, and businessman.[215] U Aung Thaung's successful transmogrification from general to businessman paved the way for the **IGE Conglomerate** headed by his son, U Nay Aung. As noted by Min and Kudo, "The rise of U Nay Aung and IGE could not have happened without the influence and support of his father, Minister U Aung Thaung. IGE is the second largest timber company in Myanmar, earning more than US$75 million in 2007. A revealing US diplomatic cable quotes a Rangoon-based businessman as stating that both men 'Have used their family connections and close ties to the regime to amass great wealth.'"[216] Unfazed by its negative image and apparently realizing that offense is the best defense, IGE loudly proclaims that it "takes part in anti-corruption movements, when the government has shown its willingness to address corruption as a matter of national concern" and boasts that corporate social responsibility is "an integral part of its operations."[217]

IGE has eight subsidiaries employing over 4,000 people and is engaged in timber, oil, gas, electricity, banking, hotel, telecommunications, agriculture, steel, power generation products, plastics, and construction. The company exports rice and imports machinery and spare parts for electricity generation, steel products, fertilizers, and chemicals. IGE also runs a bank, hotels, a telecom company, and a trading company.[218]

Coopted Elites: Drug Lords and Ethnic Economic Collaborators

In addition to the crony capitalists, there are those elites in Myanmar's borderlands, such as Shan and Kachin states, that prospered owing to the opportunity given by the military regime to launder their crime-based wealth or took advantage of the conditions of "ceasefire capitalism" to build their capital, then used it as lever to gain strategic positions in the regional and national economies.

Of the first type--people that joined the elite after they were allowed to launder their wealth, mainly from derived from the drug trade--the most famous internationally was Khun Sa, the warlord in Shan State, who made millions producing opium that was then smuggled as heroin internationally, including to the United States, but the most successful in terms of "whitening" his wealth and becoming part of the economic elite was Lo Hsing-han.

At the height of his power as "King of Opium," as he called himself, Khun Sa controlled strategic territory along the Thai border through which the bulk of the heroin and opium that came out of Myanmar passed through.[219] By taxing these shipments, Khun Sa was able to build up his wealth. In the 1990's most of the heroin originating from Myanmar found its way to the streets of the United States, though currently most of it is exported to Asia, especially China.[220] After he cut a deal with the Myanmar military in 1996, he was allowed to leave in peace in Yangon, allegedly running some businesses before he died in 2007.[221]

Lo Hsing-han's life had two phases. He built up a drug empire, with the Nixon administration branding him "king of the heroin traffic in Southeast Asia." In this period of his life, Lo, "who was of Chinese descent, commanded a militia of 3,000 men in the impoverished borderlands of northern Myanmar, where his soldiers guarded caravans of raw opium and multiple heroin refineries. The drugs were then sent to Thailand, where they were dispatched to global markets."[222] In the second phase of his life, after being pardoned by the military regime, Lo helped the government negotiate ceasefire accords with ethnic armed organizations, then went on to rebuild and expand his wealth as one of the top cronies of the generals. These government connections allowed Lo's business empire to grow, on the back of countless construction projects. In 1992 he founded Asia World, running it with his son Steven Law, who had been educated in the United States, as managing director.

One report claimed that the "United States government described Mr. Lo and his son, Mr. Law as "key financial operatives of the Burmese regime."[223] The dimensions of the Asia World have been detailed above, though the value of the Lo empire is not known. Lo's death in 2013 and the assumption of the leadership of Asia World of his foreign-educated son, Steven, might be said to complete the final stage of the "whitening" of his empire, with Steven, perhaps not without a sense of irony, changing the spelling of his family name from Lo to "Law."

The other type of coopted elite was one that emerged from the complex military-insurgent interactions that accompanied the ceasefires negotiated by the military regime with different ethnic armed groups like the Kachin Independence Organization (KIO) and its military wing, the Kachin Independence Army (KIA). Essentially military agreements that were not accompanied by political arrangements that would address the grievances and aspirations of the ethnic groups in the country, the ceasefires created what Tom Kramer has called a "neither war nor peace" situation. Instead, the armed groups and some of the ethnic elites were offered business opportunities by the regime.[224]

In Kevin Woods' account, ceasefire capitalism involves, under conditions of an armed truce, the use of resource extraction instead of direct military assault to extend effective military control of insurgent areas, while at the same time enriching military commanders, land-grabbing or resource grabbing capitalists, and foreign investors and middlemen. Although the guns are largely silent and business rules, the ethnic community seldom benefits from the substitution of resource extraction for firepower. However, some ethnic political leaders and economic elites do. Essentially, the Tatmadaw strategy formulated by the ceasefire brain trust General Khin Nyunt was to coax "rebel leaders to refashion themselves as businessmen,"[225] and the resulting "cooperative" schemes "enabled elites on both sides of enemy lines and political borders to profit…"[226]

While the promise of profits did not materialize for many ethnic entrepreneurs, who were marginalized by big players from Yangon in the post-ceasefire accord resource rush, there were a few that used contacts on both sides of the political divide to build their business empires, like the Kachin jade magnate Yup Zaw Hkawng of Jadeland Co. Already occupying a dominant position within the mining industry in the early nineties, "Yup Zau Hkawng secured his position by helping to mediate the progress of the KIO ceasefire in exchange for lucrative mining concessions from the regime," writes one analyst. "He has since occupied an ambiguous and sometimes precarious position, alternating between regime ally and local patriot and philanthropist, thereby maintaining his business empire."[227] So successful has Yup Zau Hkawng been in cultivating this double image that *Forbes* portrayed him as having been reduced by the rush of non-Kachin capital into the jade industry to a small player, neglecting to mention the big infrastructure and logging contracts he got from the military regime.[228]

Aung San Suu Kyi and the Cronies

With the transition to civilian rule that began in 2011, the cronies apparently saw that they had to adjust to a new era where the old way of doing things might no longer work. As one analysis saw it, the cronies made moves to "rebrand and reposition themselves,"[229] seeking to be known, to use the words of Max Myanmar chief U Zaw Zaw, as "good cronies." They reached out to Aung Sang Suu Kyi, one of their moves being their contributing to the NLD's campaign for the 2012 elections that the party won overwhelmingly. That was merely the beginning, with crony money later flowing to the NLD as "charitable" donations or as campaign contributions in the 2015 general elections.[230]

For her part, Aung Sang Suu Kyi gave the go

signal to the Obama administration as early as 2012 to lift the sanctions that the US had imposed on Myanmar during the military regime.[231] Later she issued her let-bygones-be-bygones statements. "Anybody should be given a chance to mend their ways, no matter how much wrong they have done," she said in 2013.[232] On another occasion, she explained, "We can't mend the past. But I would like to request that they [the cronies] act fairly at present... "Can't those who have previously worked for their own self-interest work for others in the future? Don't they have the necessary attributes to work for others? I believe it is possible."[233] Sean Turnell, said to be Syuu Kyi's top economic adviser, was more ambivalent, saying the cronies were "living off government regulatory largesse, the recipients of monopoly and quasi-monopoly profits and so on... But certainly there are some too who may emerge as something else. On this front, I guess we have to hope so, since they are amongst the few with sufficient capital to do transformative things, if this is what their desire is."[234]

Some have said that Suu Kyi's actions are smart in that they promote a split between the military and the cronies while harnessing the latter's wealth to national development. More likely, however, the cronies will interpret her statements as the equivalent of the "whitening tax" that the military regime used to impose on the money of drug dealers like Lo Hsing-han: their wealth will be legitimized so long as they contribute to the NLD's coffers. This "pardon," moreover, is unlikely to serve as positive reinforcement for good behavior; indeed, it is more likely to serve as reinforcement for bad behavior since, as in the case of moral hazard in financial investment, the cronies will see themselves as being regarded as too important to be really disciplined. A former MP summed up the NLD's dilemma thus : "[U]nable to ignore or bypass the cronies, but aware of the moral pitfalls of cooperating too closely with them."[235] Another observer was less sympathetic, saying, "Suu Kyi is the best political laundering machine."[236]

To some observers, the question is not black and white. The problem, they say, is that there is so little "clean capital" available locally, that if the NLD wants rapid economic development that does not rely on corny capital, it might have to go for foreign investment. Foreign capital rushing into the country would have its downside, however, especially as much of it would most likely go to extractive activities that have already wreaked havoc in the ethnic areas. As analyst Kevin Woods puts it, "That will spell a different type of doom to the country."[237]

But beyond seeing them as a source of funds for the party, does the NLD have a strategy to reduce the economic power of the cronies or harnessing it for development? The closest articulation to a strategy was given by Hantha Myint, the chairperson of the Central Economic Committee of the National League for Democracy. First of all, he said that the NLD had no plans to shut down the enterprises of the cronies or even taxing them, but they would have to comply with laws protecting public health and the environment. Then he went on to explain that "economic growth" was the formula for reducing the cronies' power since the portion of the economy controlled by the cronies would become smaller proportionally to the size of the total economy.[238]

Now, a combination of some redistribution of the cronies' past wealth and strict controls on their moneymaking activities in the present and future could bring about this outcome.[239] But without redistribution and without strong controls, this would be difficult to achieve since the cronies are the best positioned to take advantage of economic growth, so that there might in fact be a different outcome: a bigger pie, yes, but with an even bigger slice of it for the cronies. Indeed, the lifting of some US sanctions on the trade and financial operations of some of the cronies--a move they owe to Aung San Suu Kyi--has strengthened their ability to shape the country's economic future in their favor.

Future of the Cronies

The accelerated opening up of Myanmar's economy poses both threat and opportunity for Myanmar's crony capitalists. As Min and Kudo see it, the crony conglomerates "will face strong competition from international conglomerates that often have stronger financial muscle compared to the local conglomerates. It is getting tougher for the local conglomerates as the big multinationals establish a presence in Myanmar, because they are more powerful and stronger in terms of several capacities. Another worry for local firms is that multinational corporations have regional ties and networks in neighboring Southeast Asian countries, particularly in Thailand, which would allow them to quickly engulf local competition."[240] The authors then provide a word of advice to both foreign investors and the cronies: "As conglomerates are potential local partners, foreign investors should join hands with them for win-win opportunities."[241]

The cronies and their foreign friends are not waiting for anyone's advice to move the cronies to greater cooperation with transnational capital. The cronies are among the key investors in the Myanmar Thilawa SEZ Holdings, which serves as a vehicle to attract local and international investment to develop the SEZ, and Japan has made no secret of its aim of having the SEZ host joint ventures between the cronies and Japanese corporations. The cronies, particularly Asia World, have a formidable web of ties with Singaporean corporations and banks, with over half of Singaporean investment in Myanmar going in via the Myanmar conglomerate.[242] All Nippon Airways announced in 2013 that it would purchase a 49% stake in Asian Wings Airways, a corporation belonging to the Htoo conglomerate, for around 3 billion Japanese yen.[243] With the "reputational risk" considerably reduced by the virtual elimination of all international sanctions on the cronies, transnational corporations are now likely to have less apprehensions to forge deals with the Myanmar conglomerates.

Why Conciliating Predators Won't Work

There is no doubt that the cronies that made billions of dollars during the military regime have gotten off lightly in the last few years. One cannot even characterize Aung San Suu Kyi's treatment of them as "kid's gloves treatment." There have been absolutely no penalties for past behavior nor sanctions for future behavior. Being essentially predatory, the cronies can only be encouraged in further aggressive economic behavior by the combination of the State Counselor's conciliatory posture, the NLD's lack of a coherent economic strategy, the eagerness of transnational corporations to do business in the so-called "last frontier," and the international development establishment's desire to effect a marriage between transnational capital and crony capital in the interests of economic growth. As one former MP saw it, after Aung San Suu Kyi's well-publicized meeting with the cronies in Nay Pyi Daw in October 2016, "the cronies would continue their harmful practices if they could still profit from them, meaning the government needs to send a strong message that 'under the table practices' would no longer be tolerated, and that cronies would be expected to 'pay tax and abide by the law.'"[244]

There is likely to be a backlash against "let bygones be bygones" arrangements once the majority of the population realizes that what Min and Kudo characterize as a "win-win" solution for transnational and crony capital has no place for small and medium industry and for cooperatives. Aung San Suu Kyi's popularity may not be enough to contain the resulting discontent, especially when the military and Buddhist extremists will be capitalizing on the NLD's perceived "softness" on the Rakhine issue to discredit her and her party.

The broader challenge is, of course, to articulate, specify, and implement a clearly pro-people paradigm, one element of which will be how to deal with the cronies. Rhetoric about everyone having a chance to mend their ways and contribute to development

will no longer suffice. Is there an alternative paradigm of development that would not involve reliance on the cronies, thus encouraging reformers to take strong steps to discipline them? This is a topic that will be explored in greater detail in the last chapter. Here we limit ourselves to a few suggestions specifically addressing the crony issue.

If restitution is to be established as a principle of dealing with the cronies, then one measure that would certainly be popular owing to its being a great source of controversy would be for the cronies and other favored capitalist groups to turn over lands that they confiscated from smallholders and ethnic minorities. That the military has agreed to turn over some of the land identified by the Land Acquisition Investigation Commission as having been confiscated by the Tatmadaw could be cited as a precedent for demanding that the cronies and other capitalist beneficiaries do the same. Definitely among those that must be returned to their rightful owners are the 1,865 hectares (4,608 acres) of land forcibly confiscated from Shan villagers to make room for a rubber plantation by the Sein Wut Hmon Group in Northeastern Shan State.[245] Also deserving to be expropriated and returned to their rightful owners are the 2,023 hectares (5,000 acres) of land forcibly taken from villagers in Bilin township of Thaton District in Mon State in December 2004 and converted into a vast rubber plantation originally operated under a joint military-business arrangement between the military and the Max Myanmar conglomerate.[246] A third potential major target is the notorious Yuzana Corporation, which grabbed vast tracts of land in the Hukawng Valley in northern Kachin state, displacing some 1000 Kachin families.[247] And these are just three examples of countless land grabs that must be rectified.

Another important priority must be the revision of corporate income tax laws and upgrading them to international standards to serve as the basis for reparation payments as well as present and future taxation. A 30 to 40 per cent tax on annual net income made retroactive to a decade ago would have bite, though it still would leave much wealth in the hands of the conglomerates.

Tax and investment laws must also be revised to provide incentives to small and medium enterprises, worker-managed firms, cooperatives, and community enterprises that provide the latter with significant advantages relative to crony firms and foreign corporations. Beyond tax breaks, they must have access to start-up subsidies. To give them a leg up in the competition, they should also be provided opportunities to partner with reformed state enterprises.

Conclusion

The last several decades have witnessed the amassing of tremendous wealth in the hands of crony conglomerates from contracts they had with and favors they received from the military regime. The question of how to relate to them in the post-transition era is one of the central challenges confronting the NLD government. For some external actors like Japan, the most desirable outcome would be joint endeavors between crony firms and foreign corporations, this being allegedly a "win-win" situation. Aung San Suu Kyi and the NLD have, so far, been quite benign in dealing with the cronies, saying bygones are bygones, asserting that the cronies should have a chance to mend their ways, and inviting them to participate in national development. In so far as the NLD has a strategy, it is to promote rapid growth so that the portion of the economy controlled by the cronies would shrink relative to the total economy. The problems with the NLD approach are twofold: 1) being predators, the cronies would be encouraged to persist in their ways if no penalties for bad behavior are instituted; and 2) under a strategy of growth that does not involve reforming the cronies and redistributing part of their wealth, the total economy may grow but the crony economy may become an even bigger slice of the whole.

Imposing reparations for the past and strict progressive taxation for the future is necessary not only on grounds of social justice but also to avoid a political backlash that could erode the legitimacy and stability of the NLD government. Such measures should be accompanied by positive tax and investment incentives for small and medium enterprises, worker-managed firms, cooperatives, and community enterprises. In addition, start-up subsidies as well as partnerships with reformed state enterprises should be made available to them to give them a leg up in the competition with both the conglomerates and foreign corporations.

Conclusion: A Post-Neoliberal Paradigm for Myanmar

When then President Thein Sein declared the beginning of a period of economic reform when he assumed office in 2011, there was at first a guarded response on the part of the donor community. When, after a few months, the government appeared to be intent on leaving behind the decades of enervating control of the economy by the military, guarded response turned into enthusiasm. As the partnership between donors and the transition government solidified, not a few were reminded of the famous last words of the last Burmese royal envoy to England in the late 19th century: "We are glad to note that western nations agree with us that the time has now come to develop this rich country."[248]

In the next few years, the donor agencies, in particular the Asian Development Bank and the World Bank, along with the government of Japan, worked with the Myanmar government to produce a strategy for development. Having cooperated on other occasions, the donors had a meeting of minds on the new model. It would be market-driven, export-oriented, and fueled by foreign investment. This was not surprising, since this had become since the 1980's the accepted neoliberal prescription for development.

Damaged Goods

What the so-called Myanmar reformists did not know was that the model they were being sold had increasingly run into difficulties elsewhere in the world. In Latin America, Africa, and parts of Asia, the same structural adjustment model that had been imposed on developing and so-called transitional (or post-socialist) economies had neither produced growth nor reduced poverty and inequality. What they were told by the donors as the model that had resulted in Asia's miracle economies was, in fact, very different from the real strategy followed by Japan, South Korea, and Taiwan, which had involved a significant degree of state intervention and planning, protection of the domestic market, and strong controls on foreign investment.[249] What they were not told was that the export-oriented model of growth had run its course as export markets in the global north were drying up as stagnation gripped the global capitalist economy from 2008 on.

The reformist regime was being sold damaged goods, and not knowing any better, it gave the donors free reign to transform the economy. From a semi-closed economy Myanmar was turned into an almost totally liberalized economy. Not even two already fairly liberal investment laws passed in 2012 and 2013 could satisfy the donors. They pressured the government to agree to the World Bank's International Finance Corporation to redraft the laws and consolidate them into one law for both foreign and domestic investors that eliminated a few weak provisions favoring domestic investors.[250] And the IFC proceeded to make Myanmar "a beautiful woman" who would be able to attract the desired suitors, as one of its consultants put it.[251]

The Paradigm's the Problem

The NLD government that assumed office in 2016 undoubtedly had a number of flaws, including the strong tendency of Aung San Suu Kyi to micromanage economic policy. But it was right to go slow in following

up on the commitments made by the past government. What was and is needed, however, is not a piece by piece review of commitments but a comprehensive evaluation of the development paradigm proposed by the donors and a decision whether to adopt it or opt for another strategy. To take an example, what the NLD government must decide is not whether or not to accept foreign investment, but what would be the development paradigm within which foreign investment will be inserted. Within an alternative strategy to that of the donors, foreign investment may well be positive in some areas of the economy, but not in others. Moreover, the kind of investment matters. As one Karen leader made clear while discussing JICA projects, "We're not saying no investment. We want good investment. We want investment that benefits the people, that does not harm the people."[252] To take another example, within such a framework, the question is not whether or not to produce for export, but how much of an emphasis exporting should have and which exports to support? To take a third, within such a paradigm, the question is not whether or not to grow, but what level of growth should be targeted—high, medium or low—and what *kind* of growth should be supported.

But just as important as the question of which paradigm to adopt is the process of deciding on it. Myanmar is a classic case of the neoliberal paradigm being imposed from above and from the outside, with no participation at all from the population. To the donors, what mattered was not the people but the governing military elite, in particular its reformist wing, and the cronies, who had to be persuaded to place their ill-gotten wealth behind the development strategy they were advocating. If the donors did little, if any consultation of the NLD, which was by all indications a popular political force, they could hardly be expected to consult the people about where they wanted to go.[253] In so far as the donors put in place so-called consultative mechanisms, it has been mainly to disarm communities and coopt them to their developmental choices, like the IFC's move to "consult" and convince ethnic minorities to support "sustainable hydropower."

With the change in the governing elite, the donors now want to bring the NLD into the process. They have no choice. But it would be a strategic mistake for the NLD to confine the discussion and debate on the economic future of Myanmar to itself and the donors. Aung Sang Suu Kyi should take this opportunity to lead the country to a new process of making decisions by mobilizing the people to participate in the discussion on which economic road to take.

Avoiding the ASEAN Road

In this participatory discussion, the people of Myanmar should look closely at what is happening around them in the region. The other countries in ASEAN are growing in traditional terms, but this growth is taking place with growing disparity between the countryside and the city, rising inequality, further marginalization of ethnic communities, greater obstacles to the collective organization of labor, a growing migrant work force with few recognized rights, commodification and privatization of communal lands, corporate confiscations of small landholders and deteriorating conditions for rural workers, and accelerated deterioration of the environment everywhere. If there is any place where one can point to as a classic case of "accumulation by dispossession," it is ASEAN. As Derek Hall, Philip Hirsch, and Tanya Murray Li put it, the process of accelerated capitalist transformation in the region "systematically produces wealth and poverty, accumulation and dispossession."[254] One might be more precise: It is creating wealth and accumulation for the few and poverty and dispossession for the many. In the past this process of transformation was justified by some as the price of progress, by others as the inevitable consequence of the development of the "forces of production."

Confronted with this bleak landscape that they cannot deny, the donors are either rendered speechless or they say, there is no alternative to the neoliberal development model they propose. But if this is the future that Myanmar opts for, it is clear that it would just have traded a semi-closed economy marked by shared poverty to a liberalized economy marked by multiple disparities and growing inequality. Indeed, throughout Southeast Asia today, more and more voices are saying that the destruction of community, environment, and livelihoods in exchange for permanent insecurity, widespread poverty, life in squalid urban slums, and man-made "natural" disasters is unfair, unequal, fraudulent, and definitely not an inevitable price for the achievement of social well-being and individual fulfillment.

Re-embedding the Market

There is an alternative, or one might prefer to say, there are alternatives, and they have been building up over the last few years as the global capitalist economy has slid from crisis to crisis and settled into long-term stagnation. These alternative approaches have been given different names, like social democracy, socialism, participatory economy, deglobalization, degrowth, ecological economics, or post-capitalism. Many thinkers and activists on the ground have contributed to elaborating this perspective while emphasizing different dimensions of it, and it is mainly the dimension they have stressed, and not their fundamental values and perspectives, that has distinguished proponents from one another.[255]

The central issue that these perspectives have dealt with has been the role of the market. In the neoliberal view, the highest value is giving the market free reign, with as few obstacles to its operations as possible except when it comes to criminal fraud. From the alternative point of view, which we will provisionally call the "Post-Neoliberal Paradigm" (PNP), the free market is not a natural condition but one that arose historically with the rise of capitalism and involved what the great Hungarian thinker Karl Polanyi described as the "dis-embedding" of market relations from the larger matrix of social relations that were governed by the values of community and solidarity.[256] Today, when the supreme market has become the prime force driving marginalization, dispossession, poverty, and inequality, the pressing task is not to eliminate the market, as in socialist central planning, but to "re-embed" it in the social matrix, subordinating its dynamic to the higher values of community, solidarity, equality, and justice.

To the people of Myanmar, coming as they do from a past where state coercion was the main mechanism producing dispossession and marginalization, it may not be immediately obvious why the unrestrained market should be regarded as the problem. Yet, even the dynamics of the period of partial liberalization in the 1990's and 2000's was already marked by a volatile process that saw the market supplanting state coercion as the main mechanism of dispossession and marginalization. Land-grabbing, which became rife during this time, was, in fact, driven by the rise in land values as Myanmar became more integrated into the regional and global markets. With full liberalization, market exchange may become the main mechanism of land alienation in place of coercion, but it will be no less destructive of community, solidarity, and justice as coercion, as it has throughout Southeast Asia. For example, many of the malls and elite and middle class housing estates that have mushroomed in suburban areas throughout the region were purchased from farmers in once vibrant agrarian communities that voluntarily engaged in what they thought was a good deal, only to realize, once the cash was gone, that they had exchanged relatively secure livelihoods for insecure existence in urban slums.

It is this perspective, where the market operates but is guided or constrained by the overarching values of community, solidarity,

and justice that we have brought to the task of formulating an alternative economic path for Myanmar.

An Agriculture-led Post-Neoliberal Paradigm

Our proposed strategy is an agriculture-led strategy, where industry, trade, and energy provision are developed principally through synergy with the needs of the agricultural sector. The goal might be formulated as *equitably shared prosperity, with mutually enhancing and balanced development between city and countryside, among states, among social groups, and among the ethnic communities of Myanmar.*

A fundamental precondition for a successful strategy is establishing the people's right to their lands on a firm basis. Thus it would be important to establish a Ministry of Agrarian Justice that would have executive and judicial powers to return wrongfully confiscated land to their rightful owners. It would also be necessary to amend or repeal all those laws that have been used to legitimize land-grabbing and to pass a land use law that would guarantee people's rights to land and recognize different forms of ownership including customary tenure by ethnic communities. Finally, the bulk of the current *Agricultural Development Strategy and Investment Plan*(ADS) should be abandoned and replaced by a PNP.

Establish a Ministry of Agrarian Justice. Forcible dispossession has been such so widespread in Myanmar that any viable plan for agricultural transformation prioritizing eliminating poverty, eliminating inequality, and promoting generalized security must have security of ownership and tenure over land and reparations for past dispossession as a centerpiece. As noted in the second chapter, it has been estimated that some 5.3 million hectares have been forcibly confiscated, with some 247,000 acres attributed directly to actions by the *Tatmadaw*. These figures might, in fact, be underestimates, since they apparently go back only to the late eighties. Confiscations during the socialist period by the state, asserting its so-called "ultimate ownership" of land, of the lands of peasants who did not comply with government directives or for other arbitrary reasons must be included in any final tally.

There is a need to establish an executive body with far greater powers than the current Land Acquisition Investigation Commission that is independent of existing ministries.[257] In fact, it must be a separate ministry, with a name like Ministry of Agrarian Justice. The powers of such a body must include a) investigative power; b) dispute settlement power; c) power to prosecute land grabbers and their accomplices, with no time limitations; and c) power to provide restitution or reparations to victims of land grabs, a process that will not only include restitution of lands but also provide income foregone over the years by the victims. The mandate of the ministry must extend all the way back to the socialist era and all the way to the present land grabbing that is accompanying the ethnic cleansing visited on the Muslim population in Rakhine State, where an unholy alliance has apparently been forged on the ground between the military and radical nationalist Buddhist elements.

The establishment and work of such a ministry would have consequences beyond just the settling of concrete land disputes. It could have a transformative effect on the legal basis of ownership, moving it from a narrow interpretation of property rights to a broader right to land with multiple dimensions, including the land's being the ground of identity and community.

Repeal, revision, or amendment of agrarian laws. Myanmar's laws relating to land and land use are a thicket of laws, many of them contradictory, most of them not sympathetic, if not hostile, to the interests of the poor and communities, especially in the ethnic regions. Foremost in any process of legal reform must be amendment of Section 37 of

Myanmar's Constitution which states that the union or national state as "the ultimate owner of all lands in the Union, shall enact necessary law to supervise extraction and utilization of State-owned natural resources by economic forces; shall permit citizens right of private property, right of inheritance, right of private initiative and patent in accord with the law." Aside from being a source of abuse, like forcible dispossession of communities, this provision gives the state blanket power over property that it does not possess and is a holdover from the anachronistic ideology of bureaucratic socialism. This constitutional provision must be amended to recognize at least five fundamental forms of use and ownership: communal, cooperative, collective, state, and private. Property owned under these categories may be alienable, but under very strict legal and customary processes.

Recognition of rights to land possession and use is, as we have seen, the key to individual and community welfare and prosperity. In our opinion, two recent laws, the Farmland Law and the Vacant, Fallow, and Virgin Land Management Law, have posed such great obstacles to the achievement of this goal that they must either be repealed or radically amended to eliminate their use for future land grabs.

Revise the National Land Use Policy paper and legislate it. We feel that the National Land Use Policy document serves as a good beginning for an eventual National Land Use Law.[258] It contains sections mandating the participation of smallholders and communities in decision-making over land use and management, providing for their protection vis-ˆ-vis business and political interests, and giving them significant control over business and development projects. However, there are some essential revisions that need to be made before it can be submitted to Parliament as a bill.

There must, first of all, be an overarching, explicit acknowledgment and articulation of people's right to land, and that this is concretely exercised through the principle of land sovereignty, that is, the right of working people to have effective access to, use of, or control over land and the benefits of its use and occupation, where land is understood as resource, territory, and landscape.[259] Here it must be emphasized that the state must be especially vigilant of the right to land of the ethnic nationalities and must be committed to restitution to these communities for past and ongoing violations of this right.

it also needs a preamble that captures the various dimensions of the value of land for the people. A model for such a preamble might be found in the primer *The Meaning of Land in Myanmar* produced by the Transnational Institute. The primer breaks down the meaning or importance of land into the following dimensions: "Land is livelihood and life with dignity," "Land is freedom from exploitation and slavery," "Land is inheritance and remembrance," "Land is family integrity and togetherness," "Land means family continuation across generations and represents knowledge passed from one generation to the next," "Land is the link between people's past, present, and future," Land is individual identity," "Land is ethnic identify; land is community," Land is education and health," "Land is safety and security," and "Land has value that cannot be measured."[260] Discourse is an important factor in any terrain of struggle. Discourse is power, as Foucault reminds us, and a preamble of this kind to a National Land Use Act would help transform the national discourse over land from one that focuses on it mainly as an economic commodity to one that values it as many-sided resource of communities.

Aside from stating overarching principles and adding a preamble, there are a number of revisions that need to be made to the National Land Use Policy document, the most important of which are:[261]

- A greater stress on women's equal rights to land as men, based on their central role not only in production but in the social reproduction of the community.

- Elimination of the reference to Section 37 of the Constitution that gives the state the ultimate ownership of land;

- Removal of references to the use of "market mechanisms" to curb problems like land speculation, since legal penalties and community action are most likely to be more effective and just;

- An explicit blanket ban on all forced evictions, an item in earlier drafts that disappeared in later ones;

- Affirmation of restitution or the return of lands to communities from which they have been confiscated or from where they have been displaced by civil war.[262]

- Setting of an across-the-board land size ceiling not only on land concessions but on redistributed and restituted lands;
- An explicit provision that in case of disputes, projects are not only suspended but discontinued if a ruling goes against them.

- Respect and support for emerging environmental enclosures or sanctuaries.[263]

- Provision of alternative land-based livelihoods for opium growers instead of the purely repressive approach of the current drug eradication campaigns.[264]

- A process whereby Township and Ward Land Use Councils can appeal if not override decisions made by higher bodies like the State Land Use Council or the National Land Use Council.

Replace ADS with the PNP. Our analysis of ADS in the second chapter concluded that while it has some useful sections, its general direction is very questionable. It is essentially an export-oriented strategy which integrates smallholders as subordinate partners of large capital at different parts of the so-called value chain. It proposes to insert Myanmar's agriculture in a globalized production and marketing system over which its farmers and citizens would have little control. Thus we oppose adopting it and propose the formulation of an alternative strategy.

In terms of basic principles, the agriculture-led PNP should be guided by, among other principles, the following:

- Producing for the domestic economy must have precedence over producing for export.

- Achieving self-sufficiency in essential food products such as rice and other grain, meat, poultry, and vegetables, guided by the principle of food sovereignty, meaning the right of producers and consumers to determine and produce healthy, nurturing, and culturally appropriate food.

- Promoting and spreading smallholder farming through the restitution and redistribution of land confiscated from land grabbers.

- Where land is limited, promote collectives, cooperatives, or state agricultural enterprises organized and managed by rural workers.

- Institute strict controls on the size of private landholdings.

- Active promotion of organic and other methods of sustainable, low external-input agro-ecological production system and setting up a program of transition from chemical-intensive agriculture.

- Promote sustainable livelihoods for forest communities, including mixed agro-forestry production systems.

- Make use of both traditional and modern knowledge in developing sustainable agriculture that does not stress the climate.

- Provision of living wages for rural, industrial, and service workers, and promotion of their rights to organize.

- In line with the principle of subsidiarity, emphasize decentralized and democratic planning and decision-making--at the cooperative or communal level if possible--on crop choices, technical options, and social preferences.

- In decision-making, response to the market should be just one of several central considerations that must include equity, gender justice, and social solidarity.

- Form producer associations and consumer associations to influence the prices of agricultural and industrial commodities, with the participation of government bodies.

- Establish foreign investment rules that are strict, fair, and widen access to useful and sustainable foreign technologies.

- Use quotas and tariffs to protect local agriculture, while not allowing corporate-biased intellectual property rights to limit the use of useful and sustainable technologies.

- Promote use of and research into environmentally benign, climate-resilient farming technologies that make use of local knowledge.

Agriculture and Industry

Most conventional economists prescribe agriculture as the leading sector, with the development of industry occurring as a response to the needs of agriculture. Upon closer reading of their proposals, however, it emerges that they see small landholders as producers that are mainly serviced by industrial enterprises that control seeds, fertilizers, and pesticides. In fact, one has the impression that the conventional prescriptions are only paying lip-service to smallholders as producers and would much rather have agribusiness plantations in the role of producers.

Yet there is a lot of space for a truly positive interaction between small agricultural producers and local industrial enterprises. Owing to growing concerns about health, biodiversity, and climate, there is increasing demand for organically produced grain, vegetables, fruit, and livestock all over the world. Myanmar and Asia are no exceptions. Smallholder agriculture is particularly suited to agroecology – an approach that makes use of natural ecosystems and relies on local knowledge to plant a diversity of crops that raise the sustainability of the farming system as a whole by reducing the ecological stresses induced by chemical-intensive monoculture.

Organic agriculture or agro-ecology could be serviced by a local industry of small and medium enterprises and cooperatives that would be geared to supplying the diverse, "tailor-made" inputs to organic farmers. Distribution could also be done by small and medium enterprises and community cooperatives. Also, there is likely to be demand for Myanmar's organic products in foreign markets, although servicing the domestic market should be the priority.

Industrial potential of a local pharmaceutical Industry. Instead of being focused on becoming an appendage of existing Southeast Asian production networks, Myanmar could focus on industries that do not demand large capital inputs whose products are in growing demand. One of these is the pharmaceutical industry. The success of the Indian, Thai, and South African pharmaceutical industries in producing generic drugs owing to a combination of strong government action and local initiative is one that has important lessons for Myanmar.

> At the time of independence in 1947, India's pharmaceutical market was dominated by Western MNCs that controlled between 80 and 90 percent of the market primarily through importation. Approximately 99 percent of all pharmaceutical products under patent in India at the time were held by foreign companies and domestic Indian

drug prices were among the highest in the world. The Indian pharmaceutical market remained import-dependent through the 1960s until the government initiated policies stressing self-reliance through local production. At that time, 8 of India's top 10 pharmaceutical firms, based on sales, were subsidiaries of MNCs. To facilitate an independent supply of pharmaceutical products in the domestic market, the government of India founded 5 state-owned pharmaceutical companies. Today, India is the world's fifth largest producer of bulk drugs.

Government policy culminated in various actions including: the abolition of product patents on food, chemicals, and drugs; the institution of process patents; the limitation of multinational equity share in India pharmaceutical companies, and the imposition of price controls on certain formulations and bulk drugs. Subsequently, most foreign pharmaceutical manufacturers abandoned the Indian market due to the absence of legal mechanisms to protect their patented products. Accordingly, the share of the domestic Indian market held by foreign drug manufacturers declined to less than 20 percent in 2005. As the MNCs abandoned the Indian market, local firms rushed in to fill the void, and by 1990, India was self-sufficient in the production of formulations and nearly self-sufficient in the production of bulk drugs.[265]

The same synergy between state action and local initiative on the part of private enterprises and cooperatives can be repeated in Myanmar, with the government taking strong action in the area of patents, like employing compulsory licensing, disregarding product patents in favor of process patents, and avoiding commitments or compliance with unfair agreements like the WTO's Trade Related Intellectual Property Rights Agreement. The government can also facilitate technical assistance agreements with India and South Africa. It can also establish its own pharmaceutical enterprises to spark a healthy competition with the private sector and cooperatives. Allocating money for research and development will, of course, be an important role for the state to fill, and there is much flexibility here since a significant chunk of funds can be transferred from the bloated military budget to public health R&D.

In terms of specialization for the industry, this can be in the area of developing medicine for tropical diseases such as dengue fever and malaria, recrudescent diseases such as tuberculosis that are again becoming major killers, and new afflictions such as bird flu.

Especially relevant here for Myanmar would be the transformation of poppy producing smallholders and farming communities from participants in the narcotics trade to being sources of supply for poppy-based medicinal drugs such as morphine and codeine. These pain relievers, which are included in the World Health Organization model list of essential medicines, are critically important to treat a wide range of medical conditions, such as post-operative pain management, palliative care for terminal cancer patients, accident-related trauma and chronic pain syndromes. Such production for therapeutic use is also allowed under the 1961 United Nations Single Convention on Narcotic Drugs. Nevertheless, they remain hardly accessible in Myanmar hospitals, as a result of stringent rules that severely restrict their availability. Here again, Myanmar could learn from the Indian experience, where opium cultivation for medicinal purposes is permitted under a scheme of licenses controlled by the Government. A specific model of partnership between the Government, pharmaceutical companies and independent small-scale poppy farmers could be designed to ensure an affordable supply of medicines for Myanmar patients, while providing a legal source of income for small-scale farmers and so doing contribute to reducing opium production that is directed to illicit markets.

Industrial potential of a renewable energy path. Should Myanmar decide to use renewable energy like biogas and solar

as the main source of producing power, this would constitute an immense boon to local manufacturers producing renewable energy devices. The demand is there: The country's current electrification rate is 27%, with much of the countryside still not connected to a central grid. "Disadvantage" or "backwardness" can be turned into opportunity.

The technology is also there. This is not the place for a detailed exposition of renewables technology, but the potential for developing a diverse and locally based industry to manufacture and service the energy demands of both rural and urban areas are indicated in a report of the United Nations Conference on Trade and Development (UNCTAD):

> Decentralized RETs [renewable energy technologies] are particularly suitable for providing electricity services in rural areas. It has been argued that decentralized systems can provide local power and so can be locally designed. Generally, they also have low up-front costs (though often higher costs per kW installed than centralized technologies), and can help avoid the high costs associated with transmission and distribution. They operate at smaller scales (kWh), appropriate to local needs and are accessible in remote locations as they are situated close to users. Also, the possibility of adopting RETs is particularly important in the light of the limited success of conventional national grid-based rural electrification programmes to reach small, dispersed rural communities in developing countries.[266]

The industry-agriculture linkage could operate at a very basic level, for instance, small-scale farm production and livestock breeding produce superfluous food crop biomass and livestock-manure biogas that can be channeled not only to household use but also to decentralized grids for community or commercial use.

UNCTAD warns, however, that "To be sustainable, efforts to strengthen access to RETs need to be accompanied by the right incentives, policy alignment, political and institutional support, and the development of local technological capabilities – the "know-how" and the "know-why."[267] This is where government can come in, to create the incentives, provide temporary subsidies, and protect small and medium producers from unfair competition from bigger enterprises, in addition, of course, to choosing the country's basic energy path.

In sum, the conventional economic paradigm sees Myanmar as an industrial latecomer in Southeast Asia's development that is imprisoned in a pattern of extractive development and whose only choice is to pick up those industrial processes being discarded by the other countries and their investors. A different paradigm, one that places the emphasis on ending poverty and inequality, raising the welfare of the population, and prioritizing serving the domestic market would yield opportunities that cannot be captured by the extractive, export-oriented lens. Within this alternative paradigm, an innovative interaction between an activist state and a dynamic private sector composed mainly of small and medium enterprises and cooperatives can develop in a way that is not possible under a neoliberal framework for industrialization.

Trade

We did not devote a chapter to trade, but discussed trade as it related to agriculture, industry, and energy. Trade policy, in our view, should be mainly determined by the country's policies toward the productive sectors. Contrary to the neoliberal principle of "consumer sovereignty," trade should also be equally responsive to the producer. While seemingly attractive to the individual qua individual, consumer sovereignty has actually often been destructive of the interests of individuals as constituting an economic community, since it has been used to undermine the function of production on

which the welfare of that community rests. Thus it is clear that a PNP trade strategy for Myanmar would directly conflict with a neoliberal trade paradigm, which would almost totally eliminate a constructive role for government and civil society in protecting and promoting the productive sector.

What would be the guiding policies for trade in a PNP?

First of all, the government should be able to raise or reduce tariffs and institute or remove quotas depending on what would be in the interest of the country's economy.

Second, the government should be able to use trade policy to expand, diversify, or deepen its industrial and agricultural capacity. It should also be able to use compulsory licensing, reverse engineering, and local-content policies, which prescribe that the local content of a product should be progressively increased, thus promoting the rise of suppliers for finished goods industries.

Third, the government should not allow the country, in its push for technological capacity, to be intimidated by trade-related intellectual property rights (TRIPS) sanctions imposed by northern corporations.

Fourth, to protect the country's economic sovereignty, the government should avoid entering into multilateral or bilateral treaties or agreements that mandate it to reduce tariffs, eliminate quotas, subject it to TRIPS, and bind it to lopsided investment protection mechanisms like "Investor-State Dispute Settlement" or ISDS. Since it would be required to adopt such constraining measures under the RCEP (Regional Comprehensive Economic Partnership) or the projected EU-Myanmar Investment Protection Agreement, it should consider withdrawing from negotiations. Where it has already entered into such treaties, as with the World Trade Organization (WTO), or the ASEAN Economic Community (AEC),[268] the government should creatively make use of escape or exceptional clauses such as ant-dumping provisions or sanitary and phyto-sanitary standards or resort to established principles like "Special and Differential Treatment" (SDT), or the right of developing countries to have a different set of rules to govern their trade relations from those of developed countries.

The general principle guiding these policies should be that trade should serve to enhance the economic capacities of the partners instead of leading to differential, lopsided development as is the case with WTO, neoliberal rules.

Energy

The Sustainable Energy Path proposed by the WWF and its allied organizations, which relies mainly on renewable energy resources is the most promising approach. However, as we noted earlier, it has some questionable elements, like the addition of significant capacity to large-scale hydro and the establishment of large wind farms and biomass plantations which might create more conflicts over land in a country where massive land-grabbing has already marginalized hundreds of thousands of rural families. Nor does it address the question of ownership and control of the planned renewable energy facilities, which must be along the lines of energy democracy. Moreover, the WWF approach is, like that of JICA and World Bank, top down, with little or no consultation of civil society organizations and little grasp of realities on the ground. However, it does provide a good starting point for an alternative strategy, one that needs to be fleshed out and nuanced with the participation of communities and organizations on the ground.

The key elements of an alternative energy strategy are the following:

- Adoption of solar energy as the fundamental source of power generation, along with other sustainable renewable energy systems like mini-hydro. For instance, there are said to be 1000 mini-

hydropower producers in Myanmar, mostly in Shan state, and about 10,000 mini grids not connected to the main national grid.[269] The government should provide support to these small energy producers as small and medium enterprises and promote them to other areas to show that there are alternatives to an energy path biased toward huge centralized hydro and coal installations.

- Decentralized electrification, with states and divisions determining connectivity within their areas. In this regard, the drafting of a fairly detailed "Green Energy Policy for Shan State" is an enterprise that might serve as a model for other states and regions. The rationale for decentralization, as opposed to connection to one national grid, is well articulated by the draft:

  Different states have different resources, needs and priorities. Decentralization of certain decisions from Union to state levels may have the advantages of allowing greater flexibility and participation by different states to meet their particular needs and policy objectives. In the case of Shan state, if a sustainable energy vision is to be successfully implemented, many diverse energy options would need to be deployed, including mini-grid microhydro, off-grid and on-grid solar, and biogas and biomass plants. Centralized planning does not always but tends to favor centralized energy options, at the expense of decentralized alternatives. As a result, a case could be made to shift toward decentralized planning to allow for each state or even localities within each state to plan and implement its own energy plan that is best suited to its local needs and resources.[270]

- Energy democracy is extremely important in Myanmar where crony capitalists and the military dominate most of the economy and would regard energy as a new frontier for massive profit-making. As much as possible the facilities must fall under public or community ownership, not under private ownership. And whether owned publicly, by the community, or privately, decision-making must be done by the community in a participatory democratic fashion, such as that championed above, by the Green Energy Plan for Shan State.

There are, of course, areas of economic policy that we have not covered, such as taxation, monetary policy, or fiscal policy. The specification of these policies must, however, be guided by the same values and paradigm governing the PNP as a whole.

Process

As important as substance is process in the formulation and implementation of the PNP. There are several principles proposed here.

First of all, in the formulation and support of the strategy, the Union government, in line with the principle of subsidiarity, should limit itself to articulating the basic principles for a PNP. The specification of the national principles to local conditions in the form of a regional PNP should be the responsibility of the state and regional governments since these units are in the best position to know the actual economic conditions in their areas. This process would be greatly facilitated by a federal structure of governance, a system that is now favored by significant sectors of the population, particularly the ethnic regions. Subsidiarity or devolution should not be taken to mean, however, that there are no policies which are not uniform for the whole country, such as trade, federal fiscal policy, federal monetary policy, and the federal budget.

Second, the Union government should provide the budget to all regions to implement the PNP, but this should be in line with the affirmative action principle of providing special financial support for those parts of the country that are poorer, more oppressed in the past, and more devastated by civil wars.

Third, people's organizations, communities, and civil society must be a central part of this process of formulating an agriculture-led strategy from below. Not only is this out of adherence to the principle of democratic decision-making, but without the local knowledge that would nuance the formulation and implementation of the PNP in different local contexts, such a strategy would be guaranteed to fail.

A Final Note

By way of conclusion, we would just like to say that when we began this study, a prominent civil society activist told us, "Instead of engaging us in dialogue, we're now seen [by the NDL government] as the problem."[271] This situation is unfortunate and needs to be corrected. The NLD government and civil society organizations have so much to learn from each other. Hopefully, both can transcend current difficulties and forge a productive partnership for the future of Myanmar.

Notes

1. Peter Brimble, former Deputy Country Director, Myanmar Resident Mission, Asian Development Bank, interview, Yangon, May 19, 2017.

2. Thomas Kring, Economic Adviser, United Nations Development Program, interview, Yangon, May 20, 2017.

3. Paul Donowitz, former Asian Development Bank liaison with civil society, interview, Yangon, May 20, 2017.

4. Min Zin, Executive Director of Institute for Strategy and Peace, Interview, Yangon, Sept. 26, 2017.

5. *Ibid*.

6. Donowitz.

7. *Ibid.*

8. *Ibid.*

9. *Ibid.*

10. *Ibid.* Also Peter Brimble.

11. Donowitz.

12. Daniel Aguirre, International Legal Adviser for Myanmar, Interview, Yangon, May 20, 2017.

13. *Ibid.*

14. "New Investment Law Helps Myanmar Rebuild its Economy and Create Jobs," World Bank, Jan. 25, 2017, http://www.worldbank.org/en/news/feature/2017/01/25/new-investment-law-helps-myanmar-rebuild-its-economy-and-create-jobs. Accessed Jan. 6, 2018.

15. Aguirre.

16. I find the word "socialist" to describe the pre-1988 political and economic regime problematic. However, owing to its widespread use, I will use it, sometimes with quotation marks or the prefix "so-called." A more accurate description of the pre-2011 system of rule is "military oligarchy," which I borrow from Paul Chambers and Napisa Waitoolkiat, *Khaki Capital: The Political Economy of the Military in Southeast Asia* (Copenhagen: NIAS Press, 2017), p. 30. This system "includes regimes where an institutionalized military rules as well as those where a military strongperson is in charge. The category tends to develop in countries where, at independence, military development was far ahead of that of other political institutions. Sometimes, military leaders govern through political parties, but generally such parties are simple smokescreens behind which the military is fully in charge. Examples of this variant include Burma/Myanmar (1962-88; 1988-2011); Cambodia (1970-75); Indonesia (1965-98); and Thailand (1958-68); 2014-present.)."

17. Food and Agricultural Organization(FAO), *Myanmar at a Glance*, http://www.fao.org/myanmar/fao-in-myanmar/myanmar/en/. Accessed Jan 17, 2018. There are varying statistics given for different dimensions of Myanmar's economy. Recent government statistics appear to have significantly played down agriculture's role in the economy. Comparing the statistics offered by various sources, the FAO figures appear, in our view, to be closest to reality.

18. As noted in the introduction, we do not use the word "socialist" here for the pre-1988 system of government in Myanmar to denote what is commonly meant by a socialist system of production. We are simply adopting a term that is usually used to describe the pre-1988 Essentially, however, that regime was a "military oligarchy," a category we borrow from Paul Chambers and Napisa Waitoolkiat, *Khaki Capital: The Political Economy of the Military in Southeast Asia* (Copenhagen: NIAS Press, 2017), p. 30. This system "includes regimes where an institutionalized military rules as well as those where a military strongperson is in charge. The category tends to develop in countries where, at independence, military development was far ahead of that of other political institutions. Sometimes, military leaders govern through political parties, but generally such parties are simple smokescreens behind which the military is fully in charge. Examples of this variant include Burma/Myanmar (1962-88; 1988-2011); Cambodia (1970-75); Indonesia (1965-98); and Thailand (1958-68); 2014-present.)."

19. Here we use the term surplus to refer to the value of that part of the peasant's product that is over and above what his or her family needs to reproduce their labor power plus what he or she needs as inputs to reproduce the cycle of production, such as seeds, fertilizers, and pesticides. In our interview with Hantha Myint, Chairman of NLD Economic Committee, in Yangon on May 19, 2017, he used the term surplus in roughly the same sense in dealing with economic distribution issues.

20. Koichi Fujita and Ikuko Okamoto, "Overview of Agricultural Policies and the Development of Myanmar," in Koichi Fujita, Fumiharu Mieno, and Ikuko Okamoto, eds., *The Economic Transition in*

Myanmar after 1988 (Singapore: National University of Singapore Press, 2009), p. 169.

21. Kevin Malseed, "Where There Is No Movement: Local Resistance and the Potential for Solidarity," *Journal of Agrarian Change*, Vol. 8 Nos. 2 and 3 (April and July 2008), p. 496.

22. Ikuko Okamoto, *Economic Disparity in Myanmar* (Singapore: National University of Singapore Press, 2003), p, 14.

23. Ardeth Maung Thawnghmung, "Rural Perceptions of State Legitimacy in Burma/ Myanmar," *Journal of Peasant Studies*, Vol.30, No.2, January 2003, p. 4.

24. Ibid., p. 9. Whether and how often the death penalty for violations of the ban on producing non-pady crops was imposed is a question that needs more research.

25. Okamoto, p. 17.

26. Fujita and Okamoto, p. 170.

27. Thawnghmung, p. 17.

28. NGO Food Security Working Group, *Food Security in Myanmar: A Review of Issues* (Food Security Working Group: May 2004), p. 16.

29. Thawnghmung, quoted in James C. Scott, Review of *Behind the Teak Curtain: Authoritarianism, Agricultural Policies and Political Legitimacy in Rural Burma/Myanmar*, by Ardeth Maung Thawnghmung (London: Paul Kegan, 2004), in Journal of Agrarian Change, Vol. 7 No. 1, (Jan. 2007), p. 121.

30. Lee Jones, "The Political Economy of Myanmar's Transition," *Journal of Contemporary Asia*, Vol. 44, No. 1 (2014), p. 151, https://www.tni.org/files/download/accesdenied-briefing11.pdf. Accessed, Jan. 22, 2018.

31. Thawnghmung, p. 30.

32. Cited in Global Witness, *Guns, Cronies, and Crops* (Global Witness: March 2015), p. 9.

33. See Tom Kramer, *Neither War nor Peace: The Future of the Ceasefire Agreements in Burma* (Amsterdam: Transnational Institute, 2009), pp. 24-29; and Kevin Woods, "Ceasefire Capitalism: Military-private Partnership, Resource Concession, and Military-state Building in the Burma-China Borderlands," *Journal of Peasant Studies*, Vol. 38, No. 4 (2011), pp. 747-770.

34. *Agricultural Development Strategy and Investment Plan* (ADS), Draft 4, Nay Pyi Taw, Sept 4, 2017, p. 17.

35. Ibid, p. 17.

36. Transnational Institute, "Access Denied: Land Rights and Ethnic Conflict in Burma," Burma Policy Briefing, No. 11, Amsterdam, May 2013, p. 4. See also Jennifer Franco, Hannah Twomey, Khu Khu Ju, Pietje Vervest, and Tom Kramer *The Meaning of Land in Myanmar: A Primer* (Amsterdam: Transnational Institute, 2015), https://www.tni.org/en/publication/the-meaning-of-land-in-myanmar. Accessed Jan. 16, 2018.

37. Land in Our Hands Network, *Destroying People's Lives* (Land in Our Hands Network, 2015), p. 29.

38. Global Witness, p. 9.

39. NGO Food Security Working Group, p. 13.

40. Global Witness, *Guns, Cronies, and Crops: How the Military, Political and Business Cronies Conspired to Grab Land in Myanmar* (March 2015), pp. 4-5

41. Ibid.

42. "Farmers in Kachin State Stand up to Yuzana Company's Land Grab," *Kachinland News*, March 2, 2017, http://www.kachinlandnews.com/?p=27614. Accessed, Jan. 23, 2018.

43. Khaing Mi Phue Aung, "Livelihood and Environmental Impacts from the Shwe Gas Pipeline in Nga Phe Towanship, Myanmar," in Chayan Vaddhanaphuti and Sabrina Gyonvary, eds., *Land and River Grabbing: The Mekong's Greatest Challenge* (Chiang Mai: Center for ASEAN Studies, Chiang Mai University, 2015), pp. 23-24.

44. Karen Human Rights Working Group, *Losing Ground: Land Conflicts and Collective Action in Eastern Myanmar* (Karen Human Rights Working Group: March 2013), p. 10.

45. Saskia Sassen, "Is Rohingya Persecution Caused by Business Interests Rather than Religion," *Guardian*, January 4, 2017, https://www.theguardian.com/global-development-professionals-network/2017/jan/04/is-rohingya-persecution-caused-by-business-interests-rather-than-religion. Accessed Jan. 13, 2018.

46. Okamoto, p. 2.

47. *Ibid.*, p. 4.

48. *Ibid.*, p. 200.

49. *Ibid.*, p. 3.

50. *Ibid.*, p. 201

51. NGO Food Security Working Group, p. 17.

52. *Ibid.*

53. ADS, p. 17.

54. *Ibid.*

55. James C. Scott, p. 122.

56. *Ibid.*

57. Transnational Institute, p. 2.

58. Karen Human Rights Group, pp. 41-49.

59. TNI, p. 9. Unfortunately for the affected communities, however, the parliamentary investigation headed by Aung San Suu Kyi ruled against them, with Aung San Suu Kyi herself traveling to the protest site to tell villagers to end their resistance, accept the compensation offered by the company, and make way for the joint venture between the military conglomerate UMC and a subsidiary Chinese weapons-making company.

60. Tom Kramer, TNI's Myanmar specialist, says that the resistance was ignited by a local protest at the planned dam site, which was then embraced by Kachin activists at the state level, "and then became a national campaign involving many ethnic Bamar activists, mainly because they see the Irrawaddy river—which starts at the confluence of the Mali Kha and N'Mai Kha rivers in Kachin state (Myitsone)—as a national treasure. New dams planned on the Tjhanlwin (Salween) river, which only flows through ethnic states in Myanmar, have so far mainly drawn protest from non-Bamar groups." Email comment, Jan. 18, 2018.

61. Compared to the National Land Use Policy (NLUP) consultations, though, the ADS were criticized by many as rushed, with people not getting the Burmese translation of the very long document in time.

62. ADS, p. 17-18.

63. On this issue, see Transnational Institute, "Reasserting Control: Voluntary Return, Restitution, and the Right to Land for IDP's, and Refugees in Myanmar," Myanmar Policy Briefing, May 20, 2017.

64. See Jenny Franco, Hannah Twomey, Khu Khulu, Pietje Vervest, and Tom Kramer, *The Meaning of Land in Myanmar: A Primer* (Amsterdam: Transnational Institute, 2015), pp. 12-17.

65. Transnational Institute (TNI), "General comments on the Agricultural Development Strategy and Investment Plan of the Government of Myanmar," Draft-3, December 2016.

66. ADS, p. 53.

67. *Ibid.*, p. 70

68. *Ibid.*

69. *Ibid.*

70. *Ibid.*, p. 71.

71. *Ibid.*, pp. 72-74.

72. *Ibid.*

73. TNI.

74. ADS, p. 74.

75. Tin Maung Maung Than, State Dominance in Myanmar: *The Political Economy of Industrialization* (Singapore: ISEAS, 2007), p. 307.

76. *Ibid.*, p. 307.

77. *Ibid.*, p. 37.

78. *Ibid.*, p. 225. As noted in earlier chapters, the Ne Win regime was essentially a military oligarchy, not a socialist government in the sense of a government working for the common good. We use the term socialist to refer to it, however, mainly because so much previous research has referred to it using this term.

79. Toshihiro Kudo, "Latest 'Developmental State' Failed in Myanmar: International Sanctions and Military's Growth Strategy," National Graduate School of Policy Studies, Tokyo, June 20, 2017.

80. Lee Jones, "*The Political Economy of Myanmar's Transition*," Journal of Contemporary Asia, Vol. 44, No. 1 (2014), p. 150.

81. Myanmar Investment Commission, Myanmar: Indicative Private Sector Development Framework and Action Plan (Nay Pi Taw: Myanmar Investment Commission, March 2016), p. 22.

82. Kudo.

83. *Ibid.*

84. *Ibid.*

85. Ministry of Industry, Government of the Union of Myanmar, *Industrial Policy* (Nay Pi Taw: Ministry of Industry, 2016).

86. See John Buchanan, Tom Kramer, and Kevin Woods, *Developing Disparity: Regional Investment in Burma's Borderlands* (Amsterdam: Transnational Institute, Feb. 2013).

87. Under its previous acronym of MITI, this agency is credited with guiding Japan's post-World War II renaissance in Chalmer Johnson's classic work, *MITI and the Japanese Miracle: The Growth of Industrial Policy* (Stanford: Stanford University Press, 1982).

88. Toshihiro Kudo, Satoru Kumagai, and So Umezaki, *Five Growth Strategies for Myanmar: Reengagement with the Global Economy*, IDE Discussion Paper, No. 427 (Tokyo: Institute for Developing Economies, 2013), p.p. 32-33.

89. *Ibid.*, p. 43.

90. *Ibid.*, p. 44.

91. Akira Sato, "Myanmar Industrial Development Vision," *IIST E-Magazine*, Oct, 30, 2015, https://www.iist.or.jp/en-m/2015/0248-0988/

92. *Ibid.*

93. PyldaungsuHluttaw, *Myanmar Special Economic Zones Law* (Nay Pi Taw: PyldaungsuHluttaw, Jan. 23, 2014).

94. Kudo, Kuamagai, and Umezaki, p. 40.

95. Buchanan *et al.*, pp. 29-30.

96. *Ibid.* pp. 39-40.

97. "Dream Takes Wing as ASEAN Steps Forward: The Vision behind the Southern Economic Corridor," JICA's World, Vol. 9, No. 2 (April 2017), p. 7.

98. Charlie Main, *SEZ's and Value Extraction from the Mekong* (Bangkok: Focus on the Global South, 2017), p. 52.

99. *Ibid.*, p. 63.

100. Toshihiro Kudo and Satoru Kumagai, "An Export-oriented and FDI-driven Growth Strategy for Myanmar," in Hank Lim and Yasuhiro Yamada, eds., *Myanmar's Integration into the Global Economy*, Bangkok Research Center Research Report, No. 13 (Bangkok: Japan External Trade Organization, 2014), p. 21. http://www.ide.go.jp/English/Publish/Download/Brc/13.html. Accessed Dec 28, 2017.

101. *Ibid.*

102. *Ibid.*, p. 59

103. Buchanan et al. p. 2.

104. Japan International Cooperation Agency (JICA), "Private Sector Investment Finance for the Thilawa Special Economic Zone (SEZ)," Press release, April 23, 2014, https://www.jica.go.jp/english/news/press/2014/140423_01.html. Accessed Nov. 23, 2017.

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106. Hsan Htoo Aung, "32 Companies Start Commercial Operations in Thilawa SEZ," *Eleven*, Aug 14, 2017, http://www.elevenmyanmar.com/business/11078. Accessed Dec. 3, 2017.

107. Myanmar Thilawa SEZ Holdings Public Limited, http://www.mtshmyanmar.com/

108. Interview with villagers, names withheld, from Phalan Village, Thilawa, May 23, 2017.

109. *Ibid.*

110. *Ibid.*

111. Interview with Masayuki Karasawa, Chief Representative, JICA, Yangon, Sept. 28, 2017.

112. Lauren Nishimura, "Facing the Concentrated Burden of Development: Local Responses to Myanmar's Special Economic Zones," in Melissa Crouch, ed., *The Business of Transition: Law Reform, Development, and Economics in Myanmar* (Cambridge: Cambridge University Press, 2017), p. 205.

113. *Ibid.*

114. Karasawa.

115. Kudo, Tumagai, and Umezaki, p. 40.

116. Interview with Frankie Abreu, organizer with the Tanintharyi Indigenous People's Network in Karen territory, Sept. 25, 2017.

117. Thant Zin, Presentation of "Voices from the Ground," Dawei, Sept. 23, 2017.

118. *Ibid.*

119. Interview with Phra Onta, chief monk of Kalehontar Buddhist temple, Kalehontar, Sept. 24, 2017.

120. Htun Htun Minn, "Myanmar's Special Economic Zones: Jumpstarting an Economy in a Rut," Myanmar Business Today, Sept. 3, 2014, Vol. 2, No. 35, https://www.mmbiztoday.com/articles/myanmar-s-special-economic-zones-jumpstarting-economy-rut. Accessed Jan. 18, 2018.

121. *Ibid.*

122. Maria Lall, *Understanding Reform in Myanmar: People and Society in the Wake of Military Rule* London: Hurst and Company, 2016), pp. 141-142.

123. Interview with Frankie Abreu.

124. *Ibid.*

125. See, for instance, Chulalongkorn University Professors Naruemon Thaubchumpon and Carl Middleton's "Redressing Transboundary Environmental Injustice at the Dawei Special Economic Zone and Road-Link Project," Presentation at the 13th Thai Studies International Conference, Chiang Mai, July 15-18, 2017.

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138. *Ibid.*

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