Power, Greed, Impoverishment: Economic Aspects of Oppression in Myanmar.

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My purpose today is not to determine the economic impact on Bangladesh of the displacement of over 688,000 Rohingya who have fled mass atrocities in Rakhine State, Myanmar in the weeks and months since August 25, 2017. Of course, the nation of Bangladesh, already one of the most populous in the world, struggles to host a total of well over a million Rohingya refugees and forced migrants. It is also somewhat early to draw on sufficient data on the economic impact of displacement on Rakhine State itself.

Instead in this presentation I seek to explore the root causes of marginalization and displacement of the Rohingya people, to understand the logic of a repeating pattern of persecutions and pogroms. Though as a human rights activist I consider Myanmar's policy of increasingly comprehensive human rights restrictions as the root cause of the current humanitarian disaster, as well as Islamophobia, it is worthwhile exploring the economic factors as well, the profit motive hiding within the machine of military clearance and expansion.

Myanmar is composed of 14 states and divisions, and depending on how you count them, 135 ethnic categories; not to mention the state, Tatmadaw military forces, and 21 ethnic armed groups. While most of the country is peaceful, there have been ongoing ethnic conflicts on the country's borders for decades well before the latest ethnic cleansing of the Rohingya. The largest of the ethnic armies act as mini governments, running services and collecting taxes in the territories. Despite high infant mortality and the lowest per capita income in the ASEAN region, the Myanmar Government's defense spending makes up 14% of its budget, including arts funding for propaganda projects, according to CNN reports in September 2017. Despite elections in late 2015, the military remains embedded in key ministries and parliament. Moreover, the military is heavily involved in running many of the main industries, as I will describe in this paper.

Myanmar is located between the two huge markets of China and India, increasingly impacting its patterns of foreign investment, development and policy decisions as it becomes part of global trade networks.

The former British Colonial system and current gold rush globalization have much in common in the destabilizing impact on local economies. Dennis MacCornac of Loyola University observed the rising inequalities in Myanmar since the military opened markets to foreign investors in the last decade. As he wrote five years ago, "A significant factor contributing to the urban versus rural income inequality is that the vast majority of investment in Burma is concentrated in the urban sector, despite the fact that only one-third of the population lives in these areas. The construction of five-star hotels and office space continues to receive investment priority." Professor MacCornac goes on to remind us that "As the World Bank has reported, the 60 million people of Burma have literally been in the dark for too long with three out of four living without reliable electricity. Roughly 30 percent of Burmese do not have access to safe water and the rural poor face harsh environmental conditions and frequent natural disasters."

At least 32 percent of Myanmar's 50 million population, or 15.8 million people, are living in poverty, with a further 14 percent near-poor according to the Myanmar Poverty and Living Conditions Survey compiled jointly by the Ministry of Planning and Finance and the World Bank and released just this past December. However even before the recent mass displacement of the Rohingya population from the Rakhine region, Rakhine State's poverty rate was 78 percent, double the national rate, according to Kofi Annan's Rakhine Commission report released the day before the displacement began on August 25, 2017.

To paraphrase from the Commission's report, Rakhine is fertile, well-endowed with natural resources, and strategically located but its economy is marked by stagnation, underinvestment and under-development. The bulk of the Rakhine economy is made up of farmers, fishermen, and family-run business, and wages in the agricultural sector are low. Landlessness is more common in Rakhine than other parts of the country – especially in the northern part of the state, where 60 percent of households are landless. While other parts of Myanmar have seen rapid economic growth over the past years, Rakhine has fallen further behind. Violence in 2012 significantly reduced trust between the communities, disrupting trade and commerce across the state, as well as cross-border trade with Bangladesh. Over 120,000 Rohingya have been deprived of their livelihoods and freedom of movement and locked up in displacement camps and ghettos since 2012. Numerous Rakhine employers have come under intense pressure from Rakhine nationalists to avoid hiring Muslims, thus further disrupting the labor market. Within the Rakhine community, many unskilled laborers have also left, for instance for the jade mines in Kachin or the garment industry in Yangon. Women workers suffer from uneven pay, not least in the agricultural sector, and within the Rakhine community, more women than men migrate to find employment outside the state. In addition, according to UNICEF, 58 percent of Rakhine State children under five are stunted from malnutrition.

This was the overall situation even before the current humanitarian disaster made things much worse.

In Myanmar, originally named Burma, ongoing conflict has been an extension of the structural violence of power inequalities set up during colonial period and perpetuated by state-linked mafias under a range of ideological frameworks.

General Ne Win overthrew Burma's government in 1962's military coup, and instituted a new economic plan dubbed the "Burmese Way to Socialism." As part of this plan, Ne Win nationalized business and created government monopolies on staple goods such as rice and salt. Farmers in the largely agricultural economy were impoverished by forced sale at low prices to the state. By 1982, 86 percent of rural families were living below the poverty line. By 1988, the price of rice had skyrocketed. Growing discontent culminated in the 1988 demonstrations in Rangoon, which led to the seizure of power by the junta SLORC under General Saw Maung, who instituted the "Burmese Way to Capitalism," based at least in theory on the East Asian model of an open market controlled by a hard state.

Since the late 1980s, the government (now calling the nation Myanmar) has overseen an expansion of private investment as the basis of a state-controlled market economy. In 1988, the Government

passed a Foreign Investment Law, to facilitate the extraction of natural resources by private (especially foreign) companies. By 2007, approximately 1.1 million acres had been allocated to some 80 business groups. According to Ashley South in her important report on forced displacement in that year, the regime has transferred all economic output and surplus from a subsistence rural population to a state-subsidized entrepreneurial class of private and public investors. More than 4,000 reports of land grabs from farmers were recorded in 2012, indicating the scope of land grabbing in Myanmar. In 1991, the government had introduced laws that allowed the state expropriation and redistribution of "wasteland', or land that is not cultivated or used for production.

Land grabbing has been going on for decades in all the border regions of Myanmar, in context of military counter-insurgency "Four Cuts Doctrine" as well as simple economic exploitation in the absence of functioning rule of law. And many ethnic groups have been displaced by these disastrous policies. In 2007 there were half a million of IDPs in Eastern Myanmar alone.

In Myanmar, the government's euphemism of "economic development" describes allocations of land that the military has de facto control over and have been selling to Burmese and foreign firms for the past 20 years. Focusing again on Rakhine State, as a poor area at the margins of the country, it had not been on the government's radar for so called land allocations until recent years. In 2012 the government listed only 17,000 acres allotted. But by 2016 the amount had increased to 3 million acres of Rakhine rural land to be "developed."

Therefore, following State law, all villages and land occupied by the Rohingya population before they fled last year have been seized by the military, and lands and cattle sold. Most of these lands will probably be sold to third parties, some of whom may have already been displaced from other areas, creating a social and economic tangle difficult or impossible to straighten out. Land tenure has already been in a crisis, in part due to the nationalization of all land throughout Burma in 1953. The 1982 Citizenship Laws that took away Rohingya citizenship, and the subsequent and ongoing confiscation of their Identification documents, have thrown the Rohingya people into yet another level of legal limbo.

What happens in a nation with such instability and chronic conflict? Throughout the border regions of the country, the unofficial, black market economy has long prevailed, in large part driven by military leaders and their cronies, as well as by some insurgent groups. Chinese businesses are heavily involved in this "informal sector", as are money launderers in Singapore. Even banks in Yangon have engaged in laundering, charging a fee for "money whitening." Occasional state policies to address this problem, like the banning of all large bank notes –affecting 70 percent of circulating currency, have often simply impoverished the most vulnerable.

One major part of the chaotic shadow economy, the jade business is permeated by corruption and ties to ethnic conflict and warlordism and billions are lost each year on taxes through numerous dodges according to Global Witness, which, for example, estimates $6.2bn in mine site tax was lost in 2014. Global Witness' investigations into the value of jade mined in Myanmar have suggested that it may have been as high as $31bn in 2014 alone — half of the country's GDP, or 46 times government spending on healthcare, lost to the shadow economy. According to the World Bank, the biggest producers of Jade and Jadeite are Chinese-owned front companies.

Sporadic ceasefires and a struggling peace process has done little to change this dynamic, as the Myanmar military continues to bomb various ethnic communities, well beyond its genocidal clearance operations in Rakhine State. Moreover, according to Catherine Brown of the Brookings Institute, one of the causes of ceasefire breakdown among various ethnic minorities has to do with attempts to restructure economic deals: Since 2008, the previous Myanmar government and military, as well as powerful Bamar and Chinese businessmen linked to Myanmar's military, have sought to restructure the 1990s economic deals to capture greater rents themselves.

At the same time drug-lords have made immense profits by trading opium and heroin in cooperation with the military junta, though most involved are poor farmers with no way to make an income other than through growing poppy. Protracted conflict has been good to the opium trade, which was Myanmar's only economic success in the 1990s. In the year 2000 Myanmar produced three quarters of the world's raw opium and 50% of the heroin that reached the US and Western Europe. Myanmar remains the second largest source of opium after Afghanistan, along with generating related criminal activity, violence and rise in HIV infection.

Global markets are of course not limited to illicit trade. As Myanmar continues to navigate its economic expansion triggered by the end of military rule, the development of Special Economic Zones forms a key element of the national industrialization plan. Special Economic Zones (SEZs) are clearly demarcated geographic areas where different legal and regulatory regimes relating to business and trading activities apply. Originally established as a way of circumventing trade restrictions, SEZs are usually intended to create an environment that will boost manufacturing, stimulate trade and foreign direct investment (FDI). The impact has been mixed, with some successes along with serious negative impacts on the surrounding environment and on local communities, particularly women and girls.

The Union of Myanmar Economic Holdings Limited (UMEHL), was formed in 1990 as a joint venture between the Ministry of Defense, individual military officers (active and retired), and individual military units. Military officers receive their military pay plus a salary for holding a position in a regional government plus compensation for being a director of a military-controlled enterprise

In the early years of Dictatorship UMEHL was the only company in Myanmar authorized to enter into a joint venture with foreign investors. It now manages 54 subsidiaries, joint venture companies, and factories spanning mining, banking, manufacturing, trading, and more. It is in business with China's state-owned Wanbao in the country's largest copper mine complex, which has long been dogged by land disputes and allegations of violence by the security forces. Other MEHL subsidiaries and affiliates have partnerships with Kirin, the Japanese brewer, and Posco, the South Korean steelmaker.

The arrival of international companies, many in consumer industries, has brought in approved foreign investment of more than $30bn since 2011, the year the military formally stepped down, according to official figures. They are suspected of being the main beneficiaries of a wave of crony privatizations of state assets just before the junta stepped down, according to a 2015 report by Transparency International.

The Bangladesh–China–India–Myanmar (BCIM) Economic Corridor will see a 1740-mile-long road connecting the four countries. This opportunity will link global trade and bring new opportunities for the four nations. To facilitate this for example, in addition to agreeing to build 69 bridges, India also plans to set up a Special Economic Zone in Rakhine State near Sittwe port at the mouth of the Kaladan river. Since Myanmar is India's land-bridge to Southeast Asia, this infrastructure is aimed at linking India to markets in the region. The port is estimated at $120 million and is being funded through a long-term interest-free credit line from India. The SEZ in Sittwe will rival a Chinese zone located at Kyaukpyu 80 km away.

However, India's investment in Myanmar is a fraction of that of China. India invested just over $224 million in Myanmar during fiscal year 2015-2016, and no new investments were made in the first four months of fiscal 2016-17. In comparison, China invested $3.3 billion in Myanmar in 2015-16.

Current ownership of the Kyaukphyu zone is 85% Chinese, while other ownership in some other zones are structured in a more balanced way (Thilawa SEZ – Myanmar owns 51pc while Japan owns 49pc). Though Kyaukphyu is considerably larger than Thilawa, the current arrangement is one-sided so it does not sufficiently benefit the region and local economy. Sean Bain, a legal consultant for the International Commission of Jurists in Myanmar, is quoted by the Times as saying that "establishing the Special Economic Zone at Maungdaw would not be a right move."

However, Mr. Bain added: "Problems with the legal framework for SEZs and the human rights abuses associated with them are well documented. It is hard to imagine a more inappropriate site for the development of another SEZ given the ongoing conflict, overall insecurity and appalling human rights situation in the area."

Is Rohingya persecution caused by business interests rather than religion, asks Saskia Sassen in a Guardian article this past fall. Sassen, author of "Expulsions: Brutality and Complexity in the Global Economy", finds a pattern of disenfranchisement of small property holders in Rakhine State regardless of religious identity; while megaprojects like mines, dams, Special Economic Zones, ports and agribusiness plantations, benefit from land grabs, and this fuels ethnic conflict.

In public comments Lee Jones of St Mary's University in the UK disagrees with Sassen, at least up to a point, and asserts that, "Attributing complex events like this to "business interests" is crude and reductionist and can actually explain relatively little.

Mr. Lee adds, "Development-induced land grabs simply do not require vast ethnic cleansing displacing 40% of a given population. Nor, crucially, can "business interests" explain why this ethnic cleansing is greeted with indifference or even enthusiasm by the vast majority of Myanmar's population—even by groups, like the Rakhine, that have themselves been victims of previous land grabs. Nor, crucially, can it explain very similar pogroms in 1977 and 1992, both of which occurred decades before any megaprojects and their associated land grabs."

In the academy scholars may argue which factor prevails, hate-filled nativist ideology or economics, in driving policy and pogroms. Factors are certainly inter-related. And even Mr Lee acknowledges what he calls "the shocking announcement, just days into the anti-Rohingya pogrom, of the state's intention to establish an SEZ in Maungdaw, at the center of the recent violence. This certainly deserves investigation," he states. Indeed.

The Myanmar government has not been cooperating with the UN in the last year or so, refusing admittance to a UN investigative team last year and even banning the current Special Rapporteur from visiting this year. Just last week the Suu Kyi government refused the UN Security Council's request to visit. Given this troubling dynamic, and the protection that Myanmar enjoys from both Russia and China, what can be done to address the economic factors that support and encourage mass displacement in Myanmar and throughout the region?

International investors must be pressed to engage with their Burmese partners with complete transparency. This is key. Pragmatic engagement must not be the same as complicity. As in the SDGs, development and human rights protection are inextricably linked. Economic sanctions are needed to encourage reform in certain sectors, such as the Jade and previous stones, and logging. Trade in wildlife and endangered species must be stopped. And as US Ambassador Haley stated, there should be an international arms embargo on Myanmar. However, up till now only one military leader has been put on the US sanctions list.

Other demands to Myanmar might include: Ratify the international human rights treaties relating to housing, land and property rights, including the International Covenant on Economic, Social and Cultural Rights (ICESCR) and the International Covenant on Civil and Political Rights (ICCPR). Embed these standards into national legislation and implement them through policy. 3. Enshrine the United Nations Principles on Housing and Property Restitution ('the Pinheiro Principles') in national legislation and create legal and other mechanisms aimed at guaranteeing the rights of displaced persons to voluntarily return to their placed of origin in conditions on safety and dignity.

At the UNGA in October 2017 Philip Alston, Special Rapporteur on extreme poverty and human rights urged the human rights community to take into account the factors that render the poor particularly vulnerable and to move beyond the often, unwarranted assumption that generalized measures to address violations will necessarily assist that group.

Local knowledge matters. And what do the Burmese say, in Rakhine State? I recently wrote to an NGO with staff in Rakhine State that for the sake of its security, must be anonymous. They state that "Since around October or November… the local economy collapsed along with the exodus of the labor force, and most of the remaining people could no longer find work. Those with their own businesses such as market stalls or fishing boats, or those with farms and livestock have generally been prevented from accessing their shops and lands - these restrictions on movement are very much intertwined with the economic injustice.

We feel that the international community has somewhat overlooked the extent to which economic factors have driven displacement subsequent to the initial waves of refugees in August and September. It seems to us that people are holding on as long as they can, trying their best to weather the constant presence of security forces, but the total lack of livelihood opportunities is often what eventually pushes them to flee. Since 2012, the implementation of apartheid policies within the education system also has exacerbated economic injustice; Rohingyas were no longer able to study at university and as such their social mobility has been impacted."

Let us hope the United Nations system will be able to convince the government and nation of Myanmar that their best interests lie in the embrace of pluralism and equal opportunity for all.