

COVALENCE ANALYST PAPERS

**‘Rain dancing’: the effect of the West on Myanmar’s development**

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*“[A tragedy of the world’s poor has been that] the West spent \$2.3 trillion on foreign aid over the last five decades and still had not managed to get twelve-cent medicines to children to prevent half of all malaria deaths. The West spent \$2.3 trillion and still had not managed to get four-dollar bed nets to poor families. The West spent \$2.3 trillion and still had not managed to get three dollars to each new mother to prevent five million child deaths”<sup>1</sup>*

Overseas aid and its effect on the development of a country have long been debated by politicians and citizens alike. While the results have differed on a case-by-case basis, due to its subjective nature, there has been a growing trend of resentment towards the US, UK and EU (or the ‘West’) foreign policy in developing nations and the actual whereabouts of the money granted to helping the people in question. In contrast, the foreign policy action to freeze or restrict aid to an underdeveloped country has a similar effect, usually deterring the target country’s growth and development as a result of the senders’ own desires. In the case of Myanmar, the sanctions placed on the country have been ineffective and counterproductive, resulting in ‘rain dancing’: an action of reassurance that the senders despise the situation but have no expectation of changing the behavior of the target state, diminishing the well-being of its vulnerable populations in the process. Additionally, it decreases the possibility for democracy and the improvement of human rights.

Burma, officially known as the union of Myanmar, is the largest country geographically in Southeast Asia. It houses around 55 million people, mostly of Buddhist and Badar culture. The Burmese military junta in 1989 officially changed the English version of the country’s name from Burma to Myanmar, as well as other location names throughout the country. A strict military dictatorship has been the consistent form of leadership, from 1962 to the present, over this underdeveloped nation. It is a corner of the ‘Golden Triangle’ (including Burma, Vietnam, Laos, and Thailand) of opium production—the majority of the world’s heroine is exported from this triangle and has contributed to the illegal narcotics market. In addition, there has been an extensive history of human rights violations against the ‘Karen’ minority, claims of state sanctioned sex crimes, and human trafficking.

The ‘8888’ uprising in Burma (Myanmar) was the starting point of all international human rights concerns. The national revolution that demanded democracy was triggered by protesting university students and began on August 8, 1988; it came to a halt on September 18, 1988, when a bloody military coup took place by the State Law and Order Restoration Council (SLORC) and thousands of

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<sup>1</sup> Easterly, William. The White Man’s Burden; Why the West’s Efforts to Aid the Rest have Done So Much Ill and so Little Good. Penguin Press, 2006.

Buddhist monks and civilians were slaughtered by the Tatmadaw (armed forces).<sup>2</sup> Afterwards, the military regime kept a tight grip on the state until they held a surprisingly fair election in May 1990 which resulted in an overwhelming victory for the opposing National League for Democracy (NLD). However, the SLORC refused to resign, claiming that a new constitution would have to be drawn in order to transfer the power. Following this event, many political parties, politicians, and student activists were jailed and the nation's struggle to attain democracy from the governing military has continued to this date.

The West responded to these political actions immediately by suspending all types of non-humanitarian bilateral aid, placing an arms embargo, denying tariff preferences to imports from Myanmar and denial of preferential financing for trade and investment. The US also banned new investments from firms and blocked all imports and financial services. "Smart sanctions" targeting military rulers and their families were put in place, denying visa rights, freezing assets, and banning new investment in state and military-owned companies<sup>3</sup>. According to Helen James, Visiting Fellow at the Australian National University, the sender countries domestic political considerations that keep sanctions in place, added to the lack of progress towards political reform in Myanmar (the target country), results in Western economic and financial sanctions unlikely to be lifted in the future.<sup>4</sup> This stalemate of a situation may also be caused by Myanmar's resistance to comply with the sender countries demands to change its system of governance, causing national resentment against the international community.

Since Myanmar is a largely agrarian country working on a subsistence economy, lacking interaction with the international political economy, it's not economically dependent on any Western country. The financial loss inflicted by the sanctions was easily alleviated by their neighboring Chinese and Indian markets. These sanctions consequently counteract the West neo-liberal institutional theory that dominates most international relations policies: greater economic investment leads to greater influence for political change. Therefore, the original goal of the sanctions (for an evolution towards sustainable democratic governance by impacting the target country's economy) has left the reigning government unaffected while creating hardship for the poverty-stricken mass.

Sanctions have been described as a "two edged sword" which 'entail losses for the sanctioning state as well as the target state'<sup>5</sup>. Specifically, in autocracies like Myanmar's that are ruled by a small cluster of elites, sanctions worsen national welfare and inspire little chance for the desired policy change. An example that exhibits the ineffective consequences of sanctions can be seen following the Depiyin incident in May 30, 2003. On this date, groups supporting the government attacked humanitarian leader Daw Aung San Suu Kyi's cavalcade in Upper Myanmar, causing attention and an international outcry at Myanmar's political violence. President Bush took immediate action and signed the Burmese Freedom and Democracy Act 2003, which closed all US trade in textiles with Burma.

This loss of 300 million dollars a year in foreign exchange caused economic hardship for the lowly paid women workers who lost their jobs when factories were forced to close; they were left without options and turned to prostitution as a means to make money. However, alternate markets were developed in India, China, and Thailand, grabbing that lost economic opportunity from the US.

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<sup>2</sup> "8888 Uprising." Wikipedia. Wikimedia Foundation, Inc. 2008. June 2008.

<[http://en.wikipedia.org/wiki/8888\\_Uprising](http://en.wikipedia.org/wiki/8888_Uprising) >

<sup>3</sup> Pedersen, Morten B. Promoting Human Rights in Burma. Rowman & Littlefield Publishers, Inc.: New York, 2008.

<sup>4</sup> James, Helen. Security and Sustainable Development in Myanmar. Routledge: New York, 2006.

<sup>5</sup> James, Helen. Security and Sustainable Development in Myanmar. Routledge: New York, 2006.

Another side effect of the incident was an increased animosity among the nation towards the West and their harsh foreign policy. Therefore, a response that was made to improve human rights and conditions for the people of Myanmar led to a decrease in their standards of living, a depressed future outlook, and deteriorated international relations.

For the citizens of Myanmar, the general political environment remains highly oppressive, refusing them such basic human rights as freedom to speak, organize, and assemble. Other atrocious acts in bordering regions include arbitrary killings, rape, and forced portering for the army. Upon hearing this, the West have devised their “core strategy”: assuming that in order to break the military’s power, they must be denied of all external reinforcements and that all human rights concerns (basic human rights, peace building, and poverty alleviation) in the country are hostage to democratic reform<sup>6</sup>. As a result, Burma has become the only country in the world where the UN’S first priority is to promote democracy and receive less international assistance than any other least developed country. The major actors stepped up in the campaign for human rights and democracy in Burma which include Western governments, led by the US, followed by the UK and the EU. Other actors include international organizations such as the UN, International Financial Institutions, and the neighboring countries. The “Free Burma Movement” was born out of a joint effort from advocacy groups, human rights organizations, non-governmental organizations, and individual parliamentarians, to lobby governments and bring about a regime change in Myanmar.

However, this ‘moral issue’ has been executed poorly, as increased pressure since the 1990s has elicited the US to place one of the strongest sanctions regimes against any country in the world. Sanctions and isolation have not only failed in their mission to bring democracy and justice, but have all together held back development in the country. There is no sense of shame or failure among the top leaders of Myanmar, no economic groups with significant impact that can pressure the regime to change according to international demands, and no expectations of progress amongst the general population. While they may blame the government for their destitute socioeconomic status, the fear of the military regime is too great to lead to any sort of catalyst for political change. Therefore, the Western foreign policy on this small, poor country has inhibited its potential to develop, worsening the lives of the innocent, general population in the process while leaving the implacable, elite leaders virtually untouched.

Interior threats to the security of the state are other contributing factors in inhibiting Myanmar’s development, making it increasingly difficult for the country to grow and become an independent and prosperous nation. Such threats include the poverty of the population, diseases (such as HIV/AIDS, malaria, etc), drug trade and human trafficking, environmental degradation, lack of a quality education system, and “non optimal” relations with civil society and minority peoples.<sup>7</sup> All of these factors must be addressed accordingly, in order to build a strong infrastructure and allow international influences to help bring change to the population and regime.

Returning to a previously mentioned concept, if the West disregarded their need for these ‘moral’ and ‘symbolic’ sanctions and instead increased investment in Myanmar, perhaps they would have a greater chance to influence a political change. However, the country’s strategic value to the West is minor and not worth challenging their large, powerhouse neighbor China over it. In China’s eyes, Myanmar is a key strategic investment to forming a unified front in Asia. Undoubtedly, it wouldn’t want a democratic country with a Western-influenced government under its wing. One thing the two sides share is the need for a stable government, even if it means a reigning military junta. However, given the other actors involved in the political situation (human rights activist,

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<sup>6</sup> Pedersen, Morten B. Promoting Human Rights in Burma. Rowman & Littlefield Publishers, Inc.: New York, 2008.

<sup>7</sup> James, Helen. Security and Sustainable Development in Myanmar. Routledge: New York, 2006.

international organizations, etc), Myanmar's current state is deemed unacceptable and active measures must be taken so that justice can be served to those who require it most: the working-class population.

Possible solutions to this complex situation would involve encouraging tourism instead of protests and boycotts, encouraging cultural and scientific exchanges, a supportive system of integration into the world economy, and encouraging full participation into international organizations and meetings; thereby, allowing Myanmar to become a partner in the international community and form an interest in the reputation of their nation and the consequences that their actions have on the rest of the world.

#### Case Study: The Impact of Chevron in Burma

Chevron, one of the United States largest multinational oil and gas companies, has been a culprit linked to exacerbating the human rights conflict in Myanmar, due to its investment in a natural gas pipeline. The company was first accused when it bought Unocal, a historical rival, and its stake in Burma in 2005. Unocal had invested in the Yadana gas pipeline project in the 1990s, together with France's Total, Myanmar Oil and Gas Enterprise and the Petroleum Authority of Thailand. The company was later sued by Burmese exiles for using forced slave labor in the construction of the pipeline and for other military-committed human rights abuses.

Unocal was exempt from the sanctions placed on Myanmar in 1997, permitted to stay under the grandfather clause; this exemption was later passed to Chevron when it bought the company, making it one of the only few major Western companies allowed to continue to operate in the country. International human rights organizations and other advocacy groups claim that the revenues from the Chevron pipeline have supported the military dictatorship, extending their argument so far as to claim that the company even assisted in the regime's success in maintaining power. On the other hand, the Yadana pipeline has been a key source of revenue for the military junta, indirectly involving Chevron as an investor.

Despite the ongoing protests and boycotts, Chevron intends on prolonging their business in Myanmar. The company holds a minor stake of 28 percent and has added this project to its portfolio of oil and natural gas projects in Asia. If Chevron were to leave, the other partners in the project (China and India) would most likely take their share of the investment, leading to an increase in growth and power in their own surging economies. According to Frank Verrastro, head of the energy program at the Center for Strategic & International Studies think tank, "Burmese law also would force Chevron to fork over much of the company's capital gains on the project if it sold its stake. That could amount to hundreds of millions of dollars, depending on the sale price. The project cost roughly \$1 billion to build in the mid-1990s and is doubtless worth far more today"<sup>8</sup>.

Chevron has a history of being involved in or connected to other human rights violations, making Burma just another case to add to its growing negative reputation as a company and of the oil and gas industry overall. In Nigeria, Chevron has been accused of paying soldiers to kill villagers and protesters who claim that the company is corrupted and that the money received from their oil fields isn't distributed throughout the nation; they have also called for compensation for environmental damage. Oil companies located in the area are criticized for being complicit in

Nigerian military and police crimes because they have not publicly condemned them or intervened with the government. Another case to be cited is the struggle that has occurred between the citizens

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<sup>8</sup> Baker, David R. 'Chevron's links to Burma stir critics to demand it pull out'. *SFGate*, 4 October 2007. <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2007/10/04/MNNBSIK4D.DTL>

of Ecuador and Chevron. A lawsuit is in place regarding oil-field pollution and the effect it has had on the Amazon jungle; the toxic 'Rainforest Chernobyl' that endangers the lives of the environment and the population. Illnesses have formed and spread from the 600 unlined oil pits left in the northern Amazon rainforest by previously-owned Texaco, as well as from the dumping of 18 billion gallons of toxic production water in rivers. Chevron bought Texaco in 2001, transferring the previous company's misdeeds on to their own plate. Severe health effects have been reported by the local population, including cancer, skin lesions, birth defects, and spontaneous abortions<sup>9</sup>. Additional cases of widespread health problems have been reported from one of their largest refineries located in California, USA. Oil flares and toxic waste are side effects from the 350,000 barrels of oil produced daily, leading to kidney and liver problems, tumors, cancer, etc.

In response to the human rights allegations on their role in Burma, Chevron issued a statement in 2007 denying allegations and involvement with the human rights abuses that have been committed by the military junta. They call for a peaceful resolution to the situation in Myanmar and a respect for the human rights of the population. In defense of their business conducted in the country, they stated "Chevron's minority, non-operated interest in the Yadana Project is a long term commitment that will help meet the critical energy needs of millions of people in the region<sup>10</sup>". They finish the statement stating that Chevron has implemented a community development project that would improve the population's standard of living by employing local workers and funding health and education programs.

### The Ethical Question

With a history of entering into projects in politically controversial countries and the human rights abuse allegations and claims of corruptive company activities, one could begin to question Chevron's ethical standards as a multinational corporation. In this age of 'going green', transparency, and a demand for increased sustainability (which includes all types of volunteer and charity work) in corporations all over the world, a negative reputation could influence customers opinions greatly and ultimately, hurt sales and investments.

Further investigation into tracking the ethical reputation of the multinational company can be done by sourcing information from different types of media and setting it against Covalence's Ethical Quote CSR assessment system, allowing for a deeper analysis into its current track record and ranking set against others in the same sector. After reviewing records, data and graphs, Burma's impact in Chevron could be placed under the following Covalence Ethical Quote criteria: 40. Human rights policy, 42. Boycott Policy and 10. International Presence. Although there was both positive (offers) and negative (demands) information recorded among the news records, specifically in the year 2007, the latter heavily outweighs the former. This is mostly due to the heavy response from the international community and press on the matter and the different types of media they have at their disposal to increase exposure and bring about a positive change in Myanmar.

Review of the criteria:

40. "The Human Rights Policy is used to code information that pertains to how a company deals, or should deal, with the respect for, and promotion of human rights, internally and externally. In addition, it is used to code information that relates to how the company deal, or should deal, with governments and their individual human rights policy" (Covalence). This criterion assumes to be the most relevant of the three, as it directly deals with the human rights abuse situation, referred to

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<sup>9</sup> Author Unknown. 'Some of the "Most Wanted" Corporate Human Rights Violators'. *Global Exchange*, 02 December 2007. <http://www.globalexchange.org/getInvolved/corporateHRviolators.html>

<sup>10</sup> 'Chevron Statement on Myanmar'. Chevron, 02 October 2007. <http://www.chevron.com/news/press/Release/?id=2007-10-02>

under Chevron's impact in Burma, and how they have responded to the situation. The demands (negative information) are copious next to the offers (positive information) in the analyzed data, stating that the public opinion has largely rejected Chevron's decision to pursue business in Burma and their denial of allegations. Based solely on this sector, the ethical reputation of the company is extremely negative in comparison to other companies' human rights policies.

42. "Boycott policy describes how a company deals with calls to boycott certain countries and governments because of the human rights situation" (Covalence). Additional evidence to the allegations made against Chevron and its business in Burma. It refers to specifically when a company is linked to countries subject to international sanctions. This may also infer a sort of anti-West/democratic frame on Chevron by refusing to pull out or make any sort of governmental intervention/public display of the crimes.

10. "International presence describes the impact of the company's foreign direct investments and related policies. More broadly, it deals with how the international presence of a company is perceived." This last criterion sums the entire report on foreign investments and their impact on Burma/Myanmar and how they have negatively influenced the country by not achieving their mission and further hindering its development. In Chevron's case, it deals with its Yadana investment and the negative impact it has had on the international community by helping to finance the regime and indirectly allowing the human rights abuse to continue.

Based on the evidence provided by the media (books, internet, television) and the analysis of the criteria through Covalence's Ethical Quote CSR assessment, the effect of overseas aid on the development of a country can be researched and analyzed only to yield controversial and subjective results. However, the impact of Western foreign policy on Myanmar/Burma has been inefficient, counterproductive and demoralizing, resulting in growing resentment in the underdeveloped country towards international influences. In addition, the image of Chevron conducting business in the country amongst the international human rights campaign has drawn negative attention towards the situation, resulting in protests, boycotts, and a negative ethical reputation. The sanctions put in place by the West, in order to promote democracy and improve human rights has back-fired, leaving the US at a financial loss; it has also resulted in 'rain dancing' with the West displaying their resentment towards the Burmese government's actions but having no impact on the military regime or the Western companies still operating in the country through the grandfather clause. And the major victims of the entire situation have been the impoverished population, who not only have been stricken of their jobs and subject to worsened national welfare, but also left at the mercy of the strict military dictatorship that refuses them of their basic human rights and abuses them to their satisfaction.

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