

CHINA US Focus

Playing the “Great Game” between U.S. and China in Burma

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Relations between the U.S. and China have grown tenser as the latter has developed economically and advanced internationally. After all, few Americans want to cede their dominant position while most Chinese are determined to regain what they believe to be Beijing’s rightful influence. The two are waging a bitter but so far nonviolent struggle in Burma, or Myanmar. And the U.S. appears to be winning. Maybe America isn’t in danger of being tossed out of Asia after all.

Burma’s military seized power in 1962. For decades the generals ruled ruthlessly. After holding elections in 1990, won by Aung San Suu Kyi’s National League for Democracy, the junta invalidated the vote, suppressed protests, and punished dissent. Suu Kyi won the Nobel Peace Prize but spent 15 years under house arrest. The West responded by isolating and sanctioning the generals, who renamed their nation Myanmar over popular opposition.

The so-called State Peace and Development Council turned to China for military cooperation and economic support. Beijing, which desired Burma’s natural resources—including minerals, timber, and water—was happy to oblige. The embrace from Burma’s northern neighbor grew ever tighter—too tight, in the view of many Burmese. Burma’s situation brought to mind Mexico’s traditional lament: so far from God, so close to the United States.

In 2008, the military began a gradual process of carefully-limited political reform. A new constitution was instituted. Parliamentary elections were held. A civilian government was established. Political prisoners were released. Full and free, if not entirely fair, legislative elections were conducted in November.

The junta’s members had not undergone a miraculous conversion to liberalism. Rather, an important, though largely unarticulated, objective was to reduce reliance on the People’s Republic of China.

For years, Burma was a pariah state almost akin to North Korea. There was only limited interaction with both the U.S. and Europe, the most obvious sources of aid, investment, and trade. While Asian tigers roared, Burma slumbered.

Neighbors Bangladesh and Laos only offered more poverty. Relations with Thailand were tense as brutal Burmese military operations pushed hundreds of thousands of refugees across the border. India willingly engaged, but remained poor, with little ability to spur development. Which left the PRC.

Explained Dhruva Jaishankar of the German Marshall Fund: “China was Myanmar’s main backer and largest investor during its years of international seclusion, supporting strategic infrastructure projects such as oil and gas pipelines, ports, and dams.” While Burma benefited economically, the costs were high and resentment was palpable. The junta had little choice but to agree to Chinese terms, which the public saw as exploitation.

In fact, Burma is not alone in this regard. High-handed Chinese behavior in Africa sparked public protests and turned Beijing’s role into an election issue. North Korea remains tied to the PRC but continues to look for new friends, most recently in Moscow.

For Burma, opening to the West was the answer. Seemingly locked into a policy, which had delivered few practical results, the U.S. and Europe were quick to claim success and switch direction. Sanctions were eased, Western leaders rushed to visit, and business investment flowed in.

Unfortunately, the foreign ardor has since faded. Economic reforms have not kept up. Romain Caillaud of FTI Consulting recently warned of the economy: “We are at the point where a lot of people are very negative.” Political backsliding also has occurred with the suppression of protests and arrests of journalists.

Nevertheless, the country has moved dramatically from “the bad ole’ days.” It would be very difficult for the military to reverse democratization even if it wanted to. Which means China no longer is the essential investor.

The PRC has noticed. Policy analysts and university students alike have complained to me that the U.S. was undermining Beijing’s relationship with Burma. Merely being willing to engage Burma has allowed the West to shift the geopolitical balance.

At the same time, bilateral problems between China and Burma have multiplied. Four years ago the new government suspended the Chinese-financed Myitsone Dam, whose power was destined for the PRC. Chinese loggers have been illegally operating in Burmese territory for years. But earlier this year, 155 were arrested and prosecuted, the vast majority receiving life sentences—to Beijing’s great consternation—before being deported.

Insurgents in Burma's Kokang area are ethnic Chinese and have appealed to their "common race and roots" in the north for assistance; some 30,000 refugees have crossed into the PRC. In March, while targeting Kokang rebels, Burmese airstrikes killed five and injured eight Chinese citizens. In May, several Chinese were injured by artillery fire. The PRC responded with a live fire exercise along the border.

In September, representatives of both nations' militaries sounded conciliatory while meeting to discuss border security. Yet, the following month Burma accused Beijing of discouraging two ethnic groups—the Kachin Independence Organization and United Wa State Army, long engaged in the illicit gem and timber trade—from signing a national ceasefire.

Concerned over relations, Beijing hosted Suu Kyi in June, an extraordinary step by a regime which fears elections and opposes meddling in other nations' affairs. After Kyi's party's election victory, Beijing lauded the smooth process and maintained its support for its southern neighbor. Although Suu Kyi expressed her desire for better relations, her government is unlikely to be as close to China as was the junta. India and Japan offer friendship at lower cost. Moreover, she obviously prizes access to the large, sophisticated Western economies, and knows that she would still be under house arrest if China had continued to dominate Burmese affairs.

Burma's relationship with East and West offers important lessons for both. It is not enough to arrive with fistfuls of cash, whether yuan or dollars. No one likes to be treated as a client state. As China has expanded its influence overseas, it has hardened its attitude, undermining its progress. In Burma, the U.S. only had to offer away the junta to join the global economy. Without deploying a ship or threatening a shot, Washington found an effective balance to the PRC.

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