

Strategic Choices of Small States in Asymmetric Dependence: Myanmar – China Relations through the case of the Myitsone Dam

Viktor Eszterhai¹, Hnin Mya Thida²

In the transition to a multipolar international system, the literature has focused on great power competition while little attention has been given to the strategic possibilities of smaller states. However, as a result of globalization, states are so closely interconnected that the primary strategies of even major powers are not to achieve zero-sum solutions but to create asymmetric dependency through which they can influence the behavior of other states and non-state actors. States are assisted in this effort by a variety of tools, including setting up institutions, direct economic influence and through building different forms of infrastructure connectivity networks. By discussing asymmetric dependency situations from the perspective of the great powers, the literature presents smaller states primarily as passive actors, paralyzed by their dependence on great powers. Our paper argues that interdependence allows smaller states to effectively influence larger actors and examines strategies from which smaller states can choose in order to influence the behavior of larger states. Despite an extremely asymmetric relationship between Myanmar and China, actors in Myanmar have sought to influence China's Myanmar policy. We examine a case study of the Myitsone Dam, including Myanmar's strategic aims, chosen strategy and limitations in maneuvering space. Semi-structured interviews with local decision-makers and stakeholders are conducted in order to portray the full picture. Our study concludes that further research on the influencing strategies of small states in response to asymmetric dependence can contribute to a better understanding of the interdependence of states.

Keywords: Interconnectivity, Asymmetry, China, Myanmar, small states

1 (Corresponding Author) Viktor Eszterhai, PhD is a senior researcher at the Institute for Foreign Affairs and Trade, Hungary. E-mail: viktor.eszterhai@ifat.hu.

2 Hnin Mya Thida is a PhD candidate at the Doctoral School of International Relations and Political Science, Corvinus University of Budapest.

1. Introduction

As a result of globalization countries and other actors live in a highly complex web of interconnectivity. While interconnectedness was seen as a key to economic growth in the early decades of the post-war era, this common perception has changed dramatically. With the weakening of US hegemonic power, the emergence of great power competition exposes interconnectedness to abuse by stronger actors who use it as a weapon to enforce changes in the behavior of other actors. Although the importance of asymmetric interdependencies has been recognized by international relations theorists in recent decades, this major characteristic of current international politics has remained underexplored. This is particularly true with regard to the strategic options of the weaker party in asymmetric relationships since the attention has mostly focused on the strategies of great powers. Smaller states are usually seen in the literature as paralyzed puppets of the major powers, which are unable to exert any meaningful influence on their bilateral relations. The aim of our study is to challenge this simplistic picture, as it assumes that in a mutually interconnected world, in which actors are unable to engage in zero-sum behavior, weaker actors have considerable scope to influence their relationship with great powers. This makes the strategic options and tactical moves within each strategy considerably more complex than assumed in the literature. This enables the weaker party to be not only a victim but also a shaper of the relationship, effectively influencing the behavior of the larger actors.

One of the best areas to select a research field for a study like this is East and Southeast Asia. As part of the Indo-Pacific, the region has become the center of the globalized world economy in recent decades, making it one of the winners of globalization. The states of the region are interconnected in myriad ways, while the hierarchy of relationships is becoming increasingly China-centric. China is seeking to build its influence and shape the behavior of smaller states through a variety of tools, including setting up institutions, direct economic influence, and building different forms of infrastructure connectivity networks and not to mention the military cooperation between the People's Liberation Army (PLA) and the countries of the region is also growing. Therefore, the focus of our study is, on the one hand, China, being a dominant actor. On the other hand, our paper sought to find a country with a truly asymmetric bilateral relation to China, in which Chinese influence based on various forms of connectivity is evident. One such ideal candidate is Myanmar, which in recent years has been seen by many as China's junior partner and a player completely vulnerable to the Chinese economy. Beijing and Myanmar often refer to their asymmetrical bilateral relations as "Pauk-Phaw", or brotherhood. Although the presence of Western countries and the Cold War caused a rupture in relations, diplomatic relations began to normalize in the late 1970s, with the opening up of China's foreign policy to a change of leadership, which resulted in the restoration of the 'Pauk-Phaw' relationship. A major point in the deepening of bilateral relations was the international community's sanctioning of the military government for its suppression of the 1988 uprising in Myanmar (Holliday, 2005), which led to the country's increasing dependence on the Chinese economy (Clapp, 2010). The quasi-civilian government took office in March 2011, formally ending five decades of military rule in Myanmar, the country's political and economic crisis has

led to a decline in the Chinese government's ability to control the country. Despite the international community had expected Myanmar's dependence on China to decline, breaking away from Chinese dependence was not a realistic option. China's asymmetric influence was further reinforced by a military coup in Myanmar in February 2021, overthrowing the government of the National League for Democracy (NLD), restoring military rule, and leading to further international isolation and certainly further deepening the relations with China. Myanmar, therefore, seems to be nothing more than a puppet in the web of China's increasingly muscular supremacy, with a very narrow strategic maneuvering space. Furthermore, Myanmar is not considered a stable nation-state, which gives Beijing an additional opportunity to influence Myanmar's internal and external affairs. As Myanmar is neither a single country nor a well-defined federation of states, the actors and their relationship with China illustrate the true complexity of relations between the two states. The internal military forces from Upper Myanmar (Shan state or Kokang) Beijing had built a special relationship that can be used to strengthen or weaken central power in Myanmar. This dynamic situation limits the options for the central government's options towards China. But is this really what Myanmar's relationship with China shows?

To this end, the paper first provides an overview of the key findings of the theory of asymmetrical interdependence. Second, it examines in the light of the literature, what kind of strategies can be expected from the weaker actor in the relationship. It then argues that, despite the extreme asymmetry, smaller states do have strategic room for maneuver, which is especially true in terms of interconnectivity. This will be examined through the example of Myanmar - China relations between 1988 and 2020. In selecting a case study of the Myitsone Dam, the paper presents a micro-strategy applied by Myanmar, by means of which this small country has been able to effectively shape the behavior of the dominant party. Myanmar's strategic aims, chosen strategy and maneuvering space will be explored by semi-structured interviews with local decision-makers, academics, and stakeholders in order to portray the full picture. Finally, we conclude that the dominant passive image of small states in the mainstream literature must be rejected.

2. The Theory of Asymmetrical Interdependence

The concept of asymmetrical interdependence as a source of power is a frequently used term in our contemporary globalized world. However, the theory received attention long before globalization, thanks to early research in the international political economy. Albert Hirschman described the political influence based on economic interconnectivity in his seminal book *National Power and the Structure of Foreign Trade* as deriving 'from the fact that the trade conducted between country A, on the one hand, and countries B, C, D, etc., on the other hand, is worth something [emphasis in original] to B, C, D, etc., and that they would therefore consent to grant A certain advantages – military, political, economic – in order to retain the possibility of trading with A' (Hirschman, 1945 [1980], p.17). The book argues, therefore, that trade is a good tool for the government to threaten to interrupt its trade with another and can be "an effective weapon in the struggle for power" (Hirschman, 1945 [1980], p.17), since "the power to interrupt commercial or

financial relations with any country, considered as an attribute of national sovereignty, is the root cause of the influence or power position which a country acquires in other countries, just as it is the root cause of the “dependence on trade” (Hirschman, 1945 [1980], p.16). “Dependence”, in this context, means “need” while “asymmetry” can be seen as the weaker party’s need for the benefits derived from a relationship more than the other. The fundamental idea in this argument is that if a trading relationship is much more important to one actor than to another, then the stronger actor is in a position to achieve political concession and conformity to its political aims (Wagner, 1988). However, interdependencies at the same time also question the goals of states because they make it impossible to achieve absolute gains in a conflict situation. Giving up the zero-sum game approach, the most that actors can achieve is that they suffer smaller losses compared to the other party (“relative losses”) (Roberts, Choer & Ferguson, 2018).

Trade is not the only form of economic interdependence; states can use economic instruments in many ways to achieve their foreign policy goals. In his 1985 book *Economic Statecraft*, David A. Baldwin describes how powerful states can use economic means in diverse ways to pursue their foreign policy goals. Other than dealing with economic diplomacy, leverage, sanctions, or even coercion, the concept of economic statecraft focuses on describing the multitude of economic tools and techniques that can be used ‘to pursue a number of noneconomic ends’ (Baldwin, 1985, p.40). In addition to economic diplomacy, most economic instruments have an incentive and coercive side. Incentives include export or import subsidies, favorable tariff discrimination, financial support, investment, etc. Coercive measures include tariff increases, embargoes, boycotts, blacklists, denials of licenses, and the freezing of assets. (Baldwin, 1985; Norris, 2016; Blackwill & Harris, 2017).

Interconnection is one of the most defining characteristics of our time. In the contemporary globalized world, states and non-state actors are dependent upon one another. “Interdependence, most simply defined, means mutual dependence. Interdependence in world politics refers to situations characterized by reciprocal effects among countries or among actors in different countries.” (Keohane & Nye, 1977, p.8). Due to the cost of conflicts, cooperation was seen as the dominant characteristic of international politics (Genest, 1996, p.140), therefore interconnectedness was seen as a key to economic growth and global peace after the Cold War. The identification of interdependencies as exposure to national security risks became increasingly apparent after the 2010s, primarily as a result of great power competition in a more multipolar world. Although the primary focus is still on the use of economic instruments for political purposes, recent trends have already seen all areas of connectivity as a means of changing the behavior of actors (Kahler & Kastner, 2006). According to this new approach, there are essentially connectivity wars taking place in the world in which individual great powers aim to gain relative power by uniting regional markets and thereby deepening their asymmetric cooperation (Leonard, 2016). States are assisted in this effort by a variety of tools, including setting up institutions, direct economic influence, and building different forms of infrastructure connectivity networks. This makes economic statecraft primarily a policy instrument – though not solely (Kahler & Kastner, 2006) – available to superpowers, great powers or even regional powers (Buzan & Wæver, 2003: pp.34–37) with a strong relative economic position vis-à-vis

other states or who hold critical resources for other actors (Kahler & Kastner, 2006; Leonard, 2016).

3. Asymmetrical Interdependence and Small States

The literature on asymmetrical interdependence has mainly focused on great power competition while little attention has been given to the strategic possibilities of smaller states. Generally, small states are defined by international relations theories depending on their vulnerability, or lack of capacities, in terms of population, economic strength, and military power as well as the state's public administration ability or governance. Most of the relations are asymmetric based on the differences of political, economic, and military capabilities which profoundly impact the small states' ability (Womack, 2006). By discussing asymmetric dependency situations from the perspective of the great powers, the international relations literature traditionally presents smaller states primarily as passive actors, paralyzed by their dependence on great powers. Neal Jesse and John Dreyer noted that 'the great powers establish not only the norms and structures of the international system but also the regional security hierarchies' (Jesse & Dreyer, 2016, p.3), therefore there are fewer rooms for small states and their roles in world history.

Regarding this relationship, according to the mainstream literature, the weaker sides employ limited strategies. Kenneth Waltz (1979) classified the behavior of smaller states primarily along the lines of two behaviors: balancing and bandwagoning. In recent decades, the literature challenged this strict dichotomy to present alternative alignment choices, distinguishing between engagement, binding, buck-passing, soft balancing, hedging, and limited-alignment, while the more complex drivers behind the behavior of small states such as security-maximizing and reward-maximizing had also been explored (Khong, 2004; Pape, 2005; Sidel, & Ciorciari, 2011; Pempel, 2010; Kuik, 2016). These identified forms of small state behavior have proved that small states have their ability to tackle asymmetrical relations by handling different strategies to achieve their own national interests. Even though they cannot afford to counter influence their great neighbor or hegemonic power, they may have the ability to change the behavior of those states to a certain extent. Despite all this, relatively few studies have attempted to examine the relationship between the tactical, or "micro," aspects of macroeconomic coordination behavior, which consists of several components, some complementing each other, while others compete with and even contradict each other (Kuik, 2016). In addition, in these relations between weaker and stronger states the literature continues to reinforce a security policy lens, although one of the key attributes of mixed-strategies may be that of the economy, which further complicates the methods used in relations. This is especially true in an age of globalization and interdependence, which further favors the use of mixed strategies, not least because the actors implementing the strategy also have their own network of contacts, economic interests, cultural and historical memory, all of which have an impact on practical implementation.

Despite this, the literature on interconnectivity almost completely ignores the role of smaller states. However, the use of connectivities as weapons, or even the conscious destruction of them, also expands the toolbox of smaller states, so that these micro tools do not necessarily

undermine their grand strategy (like balancing or bandwagoning). Finally, it is also necessary to mention the aspect that infinite forms of interconnectivity give a myriad of new actors a role in shaping foreign policy, which often does not coincide with the strategy of governments. These actors (local governments, NGOs, academia, the tourism sector, etc.) mostly act according to their own interests, often negating, violating, or altering the central macro strategy.

4. Hypothesis and Methodology

On the basis of the most recent literature, we can therefore assume that smaller states have a substantial capacity to influence the behavior of larger states, despite asymmetrical incapacity. While at the level of the larger strategy bandwagoning and balancing strategies can be identified, smaller states use different tactics to push larger states to behave in accordance with their interests. The interconnectivity that has emerged as a result of globalization makes them particularly well placed to do so. On the basis of these theoretical considerations, we assume that interdependence allows smaller states to effectively influence larger actors. Therefore, we examine different strategies from which smaller states can choose to influence the behavior of larger states. To test our hypothesis, we review the asymmetric relationship between Myanmar and China from the 1988 military coup to Chinese President, Xi Jinping's Myanmar visit, in January 2020. We assume that the general international view of Myanmar being a puppet of China does not hold true. In fact, in addition to its general macro strategies of bandwagoning and balancing, Myanmar uses a myriad of tactical micro-elements that help to maintain its room for maneuver. Among these, it is worth highlighting the action against forms of connectivity, through which it can exert pressure on China. In addition to a complex presentation of bilateral relations, the dynamics and nature of these relations will be demonstrated through a case study. The Myitsone Dam, one of China's most important projects in Myanmar, is both a good illustration of the Myanmar government's tactics and a good example of how China's policy towards Myanmar has changed.

For this paper semi-structured interviews with 12 local policymakers, academics, NGOs, and professional observers in Myanmar were conducted between November 2020 to January 2021. The military coup on 1 February 2021 had a significant impact on the research, not just interrupting the interview process, but also requiring that particular attention be paid to anonymity to protect our interviewees.

No doubt, the investigation has a number of limitations. A systematic exploration of the different forms of connectivity has not been achieved. In many cases, it was only after summarizing the results of the interviews that we realized the importance of how each form of connectivity can serve foreign policy aspirations. An inherently significant limitation is that the interview process was interrupted by the military coup, which forced many pre-arranged interviewees to withdraw from an already accepted invitation.

5. Bandwagoning with Limits

After the military regime had taken power in September 1988, bilateral relations between Myanmar and China rapidly improved. As the international community rejected the military coup, Myanmar could do nothing but approach its giant neighbor. First, Beijing became a major supplier of weapons for Myanmar, providing combat aircraft, warships, main battle tanks, armored personnel carriers, small arms, and anti-aircraft guns (Myoe, 2011). Secondly, at the end of 1988, when the Myanmar government liberalized trade and lifted restrictions on private sector trading, as well as introducing the market economy, China became the major supplier of consumer and capital goods to Myanmar (Myoe, 2011). Because of international sanctions against Myanmar, the extraction of natural resources was the key financial resource for the military regime. China became the largest consumer of Myanmar's natural resources and the dominant trade partner of Myanmar. In addition, China, as the only major foreign investor, has promised to modernize the country with its ambitious investments. In international relations, Myanmar faced strong Western attempts to condemn and impose sanctions in the United Nations General Assembly and other international organizations such as the International Labour Organizations, because of human rights violations, suppression of pro-democracy movements, and forced labor issues (Than, 2003). Whenever the junta encountered international pressure, China protected Myanmar from the imposition of punitive measures against the junta. Under this situation, the Myanmar governments relied greatly on China in various forms of connectivity, including political, economic and, also for security support (Myoe, 2015).

So, at first glance, it does not seem surprising that the international community mostly portrayed Myanmar as a pawn or puppet of China. With reference to this, the term *Pauk-Phaw* (brotherhood) was widely used by the military government in relations with China (Interview, LR 2, LR3, LR4, LR5, LR6, LR7, LR11). Notwithstanding having close ties with Beijing, most of the interviewees agreed that Myanmar's military government did not use the bandwagoning strategy with China (Interview, LR1, LR2, LR5, LR6, LR7, LR8, LR9, LR10, LR11, LR12), but rather relied on a limited friendship. China was an essential partner for diplomatic support and protection, which generated a deliberate defense and security cooperation (Haacke, 2011). In return, the State Peace and Development Council (SPDC) 'rewarded' Beijing by giving economic and infrastructure projects that also delivered the regime's interests (Interview, LR7). The junta, however, successfully positioned its limited bandwagoning strategy to avoid Beijing's willingness to control the regime (Interview, LR3, LR4). Despite great dependence on China's diplomatic shield and its dependence on China, Myanmar tried to maintain its autonomy with various micro tactical steps (Interview, LR1, LR2, LR5, LR10). First of all, the regime had invariably refused any Chinese military presence in its territory or establishing a strategic alliance (Than, 2003). Second, despite international isolation, Myanmar has sought to use the tool of soft balancing (Interview, LR2). Its foreign relations were cautiously managed through 'equal-distance diplomacy' while discretely maintaining channels with ASEAN and India (Li, 2010). And finally, the Myanmar government has in some cases taken steps to erode bilateral relations, by intentionally destroying connections. These include when in 2004, the junta arrested and took into detention Prime Minister General Khin Nyunt, who had strong personal relations

with China. His removal can be seen as a counter-response to the Chinese influence in Myanmar's political arena, which was designed to offset the boom in relations with China in the early 2000s (Cook, 2012). Again, in November 2005, the relocation of the country's capital from Yangon to Naypyitaw without advance notice to Beijing, intentionally destroyed the trust between the parties. China had strong and extensive ties in Yangon, so the move reflected in Beijing that the military junta wanted to loosen those ties. This deliberate destruction of connectivity, while not fundamentally changing macro-strategies, was largely capable of increasing Myanmar's room for maneuver and limiting Chinese influence, and even then, its dependence on Beijing was unquestionable. It is an interesting question why Beijing has tolerated Myanmar taking such steps. Probably because these micro tactical steps did not cause a dramatic change of direction in Myanmar's politics, but Chinese intervention would have come at a high cost, above all in terms of a worsening perception of China in Myanmar and the international community.

6. Balancing with Limits

Myanmar's democratic reform was rooted in both internal and external factors. Internally, the need to improve governance and increase legitimacy was one of the major factors, as was the desire to reduce China's influence within the country. Externally, the international sanctions led by the United States, to secure its ASEAN chairmanship position in 2014 and the Arab Spring sweeping across the Middle East and North Africa were also important push factors for Myanmar military leaders to adopt the political reform (Sun, 2012). In March 2011, the newly elected President Thein Sein's reform agenda was discreetly uncovered in this inaugural speech, including reconciliation with the opposition group, especially with Daw Aung San Suu Kyi, rapprochement with the West, good governance, promotion of human rights, and the abolition of repressive laws (Htut, 2019, p.3).

China's role in the reform process and in changing the direction of Myanmar's foreign policy cannot be denied. Increasing Chinese predominance in Myanmar drew concerns about Chinese influence in the country's internal affairs. Solving the issue of the overwhelming dependence on China had become a pressuring one (Sun, 2012). All the interviewees highlighted that the progressive reforms of President Thein Sein brought more diplomatic options for the country and favorably convinced the international community, especially the United States. Myanmar's desire to open up has thus coincided with a fortunate change of direction in U.S. foreign policy. The Obama administration embarked on the 'Pivot to Asia' or 'Rebalance to Asia' strategy that turned U.S. priority to the Asia Pacific region with the aim of attempting to manage China's rise through regional balancing (Silove, 2016). As a result of establishing relations, the U.S. Secretary of State, Hillary Clinton paid a visit to Myanmar in 2011. She met with President Thein Sein and, also the democracy icon Aung San Suu Kyi during her visit. In the interests of international recognition, the US had requested the Myanmar junta to release political prisoners including Aung San Suu Kyi and launch political changes. The Myanmar government was ready to introduce reforms, such as easing media censorship, unblocking the internet, amnesties that included some political prisoners, a cease-fire to end longstanding violence with several ethnic minority groups, allowing union and worker strikes, and permitting

Aung San Suu Kyi and her NLD party to register and run for office (Poling, 2011). The Myanmar government was ready to introduce reforms. The establishing of relations between the U.S. and Myanmar culminated in President Barack Obama's visit to Myanmar in 2012 as the first serving U.S. President to visit the country. The semi-civilian government's decision for rapprochement with the United States was internationally labeled as a classic case for the balancing strategy, since it was intended to reduce Myanmar's huge dependence on China by implementing domestic political reforms and a foreign policy realignment (Interview, LR2, LR6, LR7, LR8, LR11). This clearly paved the way for further anti-Chinese steps, like the suspension of the Myitsone dam project, which was a signal to Washington proving Myanmar's willingness to escape from China's asymmetric relationship.

But how realistic was it to break away from Myanmar's dependency on China, and was this really the goal of the Myanmar government? The dominant Western explanation is that the aim of the new balancing strategy was to break ties with China by switching security and political sides to the U.S. However, it seems reality was again much more complex. Above all, the U.S. could not and probably did not want to fill China's role. The change in Myanmar was positive for the U.S. pivot strategy, but in a country with deep links to China, it was not possible to build a realistic counterweight to China's influence. Cutting ties with China, therefore, was not in Myanmar's interest, and because of the continued dependency, it had little chance to do so. In bilateral relations, on 27 May 2011, President Thein Sein and his Chinese counterpart President Hu Jintao agreed to upgrade bilateral relations to a 'comprehensive strategic cooperative partnership' (CSCP) (Sun, 2012). The 'comprehensive strategic cooperative partnership' was the highest category in Chinese diplomacy in the early 2000s. This showed that the relationship still had essential importance. Given the continued importance of maintaining a grip on Beijing, while Myanmar's "engagement" with the U.S. had been reduced to gestures, it is difficult to argue that Myanmar's foreign policy followed the logic of balancing. It is more correct to interpret that the nature of the relationship had changed, but not necessarily the content. The aim was therefore not to counterbalance China or to switch sides for perceived gains, but to increase Myanmar's room for maneuver and to extract better terms from Beijing (Interview LR2, LR6, LR7, LR10, LR11, LR12). From this point of view, gestures such as the Myitsone dam are not just a gesture towards the U.S., but rather a direct violation of Chinese interests to enforce the change of Beijing's behavior in order to fight for better conditions for itself in the relationship. The following case study shows how micro strategies can be successful.

7. The Irrawaddy Myitsone Dam Project: connectivity within Pauk-Phaw relationship

How micro elements can be successful in the relationship to formulate the dominant partners behavior in the relationship of Myanmar and China is perhaps best identified in the case of the Myitsone Dam. The name Myitsone means the confluence of two rivers, N' Mai and Mali, joining together to form the Irrawaddy River. For Myanmar people, Irrawaddy is the main artery of Myanmar's civilization, and, for the Kachin ethnic group who live in that State, Myitsone is regarded as the birthplace of their race. In addition, the Irrawaddy River is the vital river of Myanmar and regarded as the lifeblood of the Myanmar people. It is the longest river in

Myanmar and, also the most important river for the commercial and maritime transportation of Myanmar. The river originates in the northern part of the country from the confluence of the N'Mai and Mali rivers and then passes through the whole country from north to south and finally flows into the Andaman Sea.

In 2006, negotiations over the Myitsone Dam project were begun between Myanmar and China. In December 2006, the Ministry of Electric Power No.1 (MOEP- 1) and the China Power Investment Corporation (CPI), later known as State Power Investment Corporation, signed a memorandum of understanding (MOU) to start the Myitsone project. The cost of the project was USD 3.6 billion, and it is the largest (6 GW) of seven dams to be built on the Mali, the N'Mai, and the Ayeyarwady rivers. In December 2009, Myanmar and China signed an agreement on Myitsone and its sister-dams projects during Chinese Vice-President Xi Jinping's visit and then planned to upgrade Myitsone's capacity from 3600 MW to 6000 MW (Moe, 2011). The length and height of the dam are to be about 499 ft (152m) and the surface area of the reservoir is to be 195.8 mi (766 square kilometers, which is bigger than the size of Singapore (The Irrawaddy, 2011). According to the agreement, the state-owned China Power Investment (CPI) holds 80 percent of the shares and the Ministry of Electric Power No.1 and Asia World Company from Myanmar share 15 percent and 5 percent, respectively. The mega-project was envisioned to construct a cascade of altogether seven dams on the Mali and N'Mai rivers. The electricity generation from all seven dams can produce around 18,000 MW. When the Myitsone dam is completed, it will be the 15th largest hydropower station in the world. The project is a Build-Operate-Transfer (BOT) project and 90 percent of electricity generated would be transmitted to China. During these years, Myanmar would also receive tens of billions of USD in revenue. The concession would extend for a 50-year period, after which the CPI would transfer the dam to the Myanmar government without any cost. Although the dam will be funded, designed, and built by a state-owned Chinese corporation and the electricity generated will be sent back to China in line with Chinese government policies, China's State Council's "Nine Principles on Encouraging and Standardizing Foreign Investment" (2006) clearly request from Chinese project to pay attention to mutual respect, environmental protection, and support for local livelihoods (Kachin Development Network Group, 2009, p.9).

However, there are other dam-related problems. In 2007 and 2009, the Kachin Development Network Group (KDNG) published reports describing and criticizing the shortcomings of the dam projects (Kiik, 2016). First of all, Myanmar as an agricultural country, its major economic survival is heavily dependent on the agricultural sector. The Ayeyarwady River is a crucial river that can support the essential water resources to the whole country because its water basin covers almost the entire country. If the dam project is built on the upstream region, building the reservoirs at Myitsone and other points in the cascade will capture much of the sediment from the upstream catchments and thereby significantly altering water flows and diminished sediment flows downstream - leading to concerns about scouring and related alteration of the river channels. Consequently, it will impact bridges and other structures associated with the channel, as well as human practices related to channel and flow characteristics (e.g., recession agriculture and seasonal flood irrigation, fishing, etc.) (International Rivers, 2013). The implications for the fishing industries can seriously jeopardize

the food security and livelihoods of the people. It can also harm not only freshwater animals but also terrestrial biodiversity and effect climate change. As a result of the construction, 47 villages will go under water, forcing people to move and threatening the livelihoods of 18,000 people from these villages (Chan, 2017; international Rivers, 2011). In October 2009, the CPI assigned the Biodiversity and Nature Conservation Association (BANCA), which is a Burmese NGO, to make an Environment Impact Assessment (EIA). In the assessment, the report warned that the construction of the dam will pose a huge risk because it is situated less than 100 km from the Sagaing earthquake fault line, and due to the danger of deforestation and the erosion of lands. The report also noted the increased possibility of the deluge of Myitkyina, the capital of Kachin state, in the event of dam breakage. Based on these facts, it recommended building two smaller dams instead of one mega-dam. Myanmar and Chinese stakeholders ignored the suggestions, and the report was leaked among scholars, researchers, environmentalists (Harvey, 2011). Therefore, the dam construction raised several problems such as social, environmental, livelihood, safety, and cultural concerns for local ethnic people and the downstream community and the unfair distribution of the benefits. Not surprisingly, the project has met with widespread opposition. On 21 May 2007, the 12 Kachin leaders from numerous villages sent an appeal letter to military leader Senior General Than Shwe calling for a halt to the dam construction at Myitsone. At the beginning of 2009, the concerns about the Myitsone hydropower mega-project started to mobilize other parts of the country, especially in the cities of Lower Myanmar. The military government responded to the growing resistance exactly as would be expected based on the Pauk-Phaw relationship, by fully serving China's interests and neglecting the problems. Perhaps one of General Than Shwe's most characteristic actions was when, in October 2009, the forced relocation of about 15,000 people from the project areas began, without giving fair compensation. The villagers were forced to sign compensation agreements regardless of their accuracy in calculating land size, the number of trees, or the value of properties (Kachin Development Network Group, 2009, p.10).

8. Cutting Connectivity as a Micro-Strategy to Put Pressure on the Dominant Actor

When the new quasi-civilian government took office in March 2011 led by Thein Sein, who was a former military General, the government implemented a dramatic reform process as the country's first steps. With the relaxation of media censorship as part of democratization, the momentum of campaigns against Myitsone was intensified significantly. Despite beginning with a small group of environmentalists, the 'Save the Irrawaddy' campaign gained momentum with more participation of civil society organizations, political opposition, academics, retired officials, and popular media (Chan, 2017). Due to the outcome of democratization in Myanmar, people gained more room for manoeuvre in terms of involvement in the country's political affairs. Though citizens were not directly included in the decision-making process, they could put pressure on the government. On August 11, 2011, Aung San Suu Kyi sent President Thein Sein an open letter called 'Irrawaddy Appeal'. In her letter, Aung San Suu Kyi called for environmental experts, conservationists, and lovers of nature, peace, and harmony everywhere to join the 'Save the Irrawaddy' campaign (Irrawaddy Appeal, 2011).

On 30 September 2011, President Thein Sein announced the suspension of the Myitsone Dam Project, arguing that ‘as our government is elected by the people, it is to respect the people’s will’. (The New Light of Myanmar, 2011, pp.6-7). On the one hand, it seems obvious the Myanmar government showed the stance of the democratic government’s principles in favor of its people’s desire (Interview, LR3, LR4, LR5, LR8). On the other hand, the Myitsone case clearly showed the strategic judgment of the Myanmar government. The cancellation of the Myitsone project is worth considering in terms of how a small country can seek to counter the influence its big power neighbor. The decision to halt the project came as a big surprise in Beijing. It was a unilateral cancellation by the Myanmar side without giving any hint to the Chinese government. In the announcement, President Thein referred to the public concern, which showed that the Myanmar government had successfully maneuvered by referring to domestic and also international voices to put pressure on China (Interview, LR6, LR11, LR12). Thus, the government portrayed the case as a victim of domestic and international pressure and not intentionally to cause harm to China. The rationale behind the counterbalancing act (Interview, LR2) was therefore not to break ties with a casus belli, but to achieve better terms in the relations of mutual interdependence (Interview LR2, LR6, LR7, LR10, LR11, LR12). Not surprisingly, the case of the Myitsone project is not entirely unique. As discussed earlier, Myanmar had previously challenged China’s national interest in the Pauk-Phaw period with the relocation of Myanmar’s capital from Yangon to Naypyidaw without giving advance notice to China. All of this shows that the strategic micro maneuver took place even before the democratic government came to power and not as a result of a clear balancing strategy. Therefore, these micro strategies were not the exclusive feature of the quasi-civilian government because they are similar to the actions of the military junta. Despite the fact that the political setup of the two governments was very different, which obviously had an impact on policymaking.

What can China's response be to a case in which its interests are so clearly violated by a much weaker party? First, China behaved exactly as one would expect from a great power. After the halt of Myitsone, the Chinese government urged the Burmese government to protect the legal and legitimate rights of Chinese companies and warned that a halt in construction could lead to legal action. China also used connectivity as a weapon: China dramatically reduced its investment and stopped senior official visits. Using connectivity as a weapon seems an obvious choice in such an asymmetric dependency situation. This is fully in line with what is expected in the literature.

The use of connectivity as a weapon, however, would have forced Myanmar to distance itself further from Beijing, so China slowly realized that its punishment was not achieving its goal and would instead harm Beijing's interests. Most of the interviewees agree that Myanmar’s dependence on China is extensively asymmetric, but stable bilateral relations are equally important for both countries just as deteriorating relations are detrimental to both. (Interview, LR 2, LR6, LR10). This has forced China to change its Myanmar policy. First China had to respond to the growing anti-China sentiment that forced Beijing to alter its behavior. All interviewees agree with the point that Beijing embarked on a major campaign to boost public diplomacy in order to enhance the unravelling bilateral relations. Before the suspension of the Myitsone project, China relied on government-to-government relations regardless of the opinion and

attitude of the local people. President Thein Sein's reference to the people's desire as a reason to suspend the Myitsone Dam project drew China's attention to the voices of the Myanmar people. Beijing started to realize that the people's endorsement is essential for the success of its future businesses (Interview: LR1, LR2, LR3, LR5, LR7, LR11). Furthermore, it has become obvious that corporate social responsibility on the part of Chinese businesses has long been neglected by both Myanmar and Chinese stakeholders (Interview, LR2, LR3). Consequently, the Chinese government has initiated a direct approach to the local people. The Chinese government warned its businesses not to commit the irreverent acts prohibited by the local community, thus creating awareness among them to respect the cultural heritage and national identity of the Myanmar people (Interview, LR2). According to some interviewees, the local Kachin people suffered from rude and disdainful behavior directed toward them by CPI staff who conducted prior tests for the projects in the ethnic villages.

According to all interviewees, Chinese soft power diplomacy also intensified in Myanmar. One of the distinct signs of progress can be seen in the education sector. More educational exchange programs are being signed through MOUs than ever before. University of Yangon and Yangon University of Foreign Languages have signed MOUs with Beijing Foreign Studies University to improve educational exchange programs, including the exchange of students, faculty members, scholars, and administrative staff as well as research cooperation in the field of mutual interests and the sharing of academic materials and information. (Tha, 2017). As a new approach to public diplomacy, the Chinese government invited Myanmar political parties, civil society organizations, and Myanmar media groups to China with the purpose of cultivating more understanding between the two countries. In May 2012, Beijing also advanced its public diplomacy by introducing the "Deep Fraternal Friendship" campaign in Yangon. The Deep Fraternal Friendship was constituted with five major components: a medical assistance program "Brightness Action" for cataract patients; the establishment of a Sino-Myanmar Ophthalmology Centre; the donation of computers to local elementary and secondary schools; a business forum targeting local small businesses; and large artistic performances "Linked by Mountains and Waters" with the aim of achieving firm relations between the two peoples (Tha, 2017, p.5). In November 2011, a sacred Buddha tooth from China was conveyed to Myanmar for obeisance as part of the fourth tour of the country since the 1950s (Barta, 2011). It was the Chinese unique and long-time strategy of cultural diplomacy or Buddhist diplomacy that has been used by Beijing towards Naypyidaw.

In the end, the deterioration of political relations was only temporary. In January 2020, Commander-in-Chief Min Aung Hlaing and Aung San Suu Kyi met with Chinese leader Xi Jinping in Nay Pyi Taw, finally restoring close ties between the two states. The friendly intent on the Chinese side was clear since President Xi was the first Chinese leader in almost two decades who visited Myanmar. The Chinese side has not come empty-handed but wants to show its goodwill by launching 33 new connectivity projects (among them, the Kyaukphyu port). And in the face of mounting international criticism over its treatment of the Rohingya Muslim minority, Myanmar was ready to return to its old brother.

9. Conclusion

Our study sought to answer the question of whether small countries in asymmetric dependence can shape the behavior of great powers. The results of the study confirm our hypothesis that smaller states, within the traditional balancing and bandwagoning strategy, use so-called mixed strategies, combining the macro strategic level with micro tactics, which are effective tools in influencing the behavior of the more powerful states. Our findings thus are in line with the recent literature that seeks to explore the role of these mixed strategies. However, the novel approach of our study shows that interconnectivity explicitly expands the toolbox of smaller states. In the case of Myanmar, the bandwagoning strategy within some interpersonal channels has clearly attempted to use soft balancing instruments. Another intentionally used obstacle was the destruction of personal ties by the dismissal of pro-China leaders, with the purpose to decrease Chinese influence. The reason for these tactical moves was to maintain greater room for maneuver by destroying connectivities, despite the fact that, due to asymmetric capacities and international diplomatic isolation, Myanmar had little choice at the grand strategy level but to bandwagon with China. In contrast, the balancing strategy openly undertaken after the democratic reforms, which included an open U.S.-friendly foreign policy and the symbolic stalling of the Myitsone stone project, did not in fact mean breaking ties with Beijing but was more important on the rhetorical level. Myanmar was still aware of its asymmetrical dependence on China, so the balancing strategy was rather a means to put pressure on Beijing to pursue a policy more in Myanmar's interests and to achieve better conditions in the relationship. Myanmar did not eliminate its diverse and diffuse channels with China but used them to send a message to Beijing. While Myanmar was able to avoid an open confrontation with the Beijing government, in the case of Irrawaddy Myitsone's suspension, the Myanmar government could deploy and discreetly manipulate tools by tackling the domestic power. The results show that China's Myanmar policy has significantly changed. People's endorsement became a major concern for the Chinese investments, and it also encourages them to undertake their corporate social responsibility and to improve their profit-sharing as well as to consider the environmental issues that have long been neglected. There is no doubt that China's realization that it has been pursuing an ineffective policy has also played a role in the changes. Nevertheless, our study points out that it would be a mistake to treat smaller states as passive actors even in extremely asymmetric relations because they seem to be able to influence the behavior of the major powers through a variety of means. And this is true even though the authors understand that in Myanmar's case, the weakness of central power and domestic challenges constantly undermine Myanmar's effective policies as the small state vis a vis China. All this leads us to conclude that it is therefore wrong to see international relations as the exclusive playground of the major powers.

References

- Baldwin, D. A. (1985). *Economic Statecraft*. Princeton, New York: Princeton University Press.
- Barta, P. (2011, November 24). China Tests Buddha-Tooth Diplomacy in Myanmar. *The Wall Street Journal*. <https://www.wsj.com/articles/BL-SEAB-268>
- Blackwill, R. D., & Harris J. M. (2016). *War by Other Means: Geoeconomics and Statecraft*. Cambridge, Massachusetts: The Belknap Press of Harvard University Press.
- Buzan, B., & Waever, O. (2003). *Regions and powers: the structure of international security* (No. 91). Cambridge University Press.
- Chan, D.S.W. (2017). Asymmetric bargaining between Myanmar and China in the Myitsone Dam controversy: social opposition akin to David's stone against Goliath. *The Pacific Review*, 30(5), 674-691, DOI: 10.1080/09512748.2017.1293714
- Clapp, P. (2010). Prospects for rapprochement between the United States and Myanmar. *Contemporary Southeast Asia*, 30(3), 409–426.
- Cook, A. D. B. (2012). Myanmar's China Policy: Agenda, Strategies and Challenges. *CHINA REPORT*, 48(3), 269-281. DOI.10.1177/0009445512462745
- Genest, M. A. (1996). *Conflict and Cooperation: Evolving Theories of International Relations*. Belmont, CA: Thomson & Wadsworth.
- Haacke, J. (2011). The Nature and Management of Myanmar's Alignment with China: The SLORC/SPDC Years. *Journal of Current Southeast Asian Affairs*. 30(2), 105-140.
- Harvey, R. (2011, 30 September). Burma dam: Why Myitsone plan is being halted. *BBC News*. Retrieved from <https://www.bbc.com/world-asia-pacific-15123833>
- Hirschman, A. O. (1980 [1945]). *National Power and the Structure of Foreign Trade*. Berkeley: University of California Press.
- Holliday, I. (2005). Rethinking the United States's Myanmar policy. *Asian Survey*, 45(4), 603–621.
- Htut, Y. (2019). Myanmar's Political Transition and Lost Opportunities (2010-2016). *Yusof Ishak Institute*. Singapore.
- International Rivers (2011). *Myitsone hydroelectric project: An international river briefing*. <http://www.internationalrivers.org/files/attached-files/myitsonebriefing>
- International Rivers (2013). *Independent Expert Review of the Myitsone Dam EIA*. <https://www.internationalrivers.org/resources/independent-expert-review-of-the-myitsone-dam-eia-8129>
- Irrawaddy Appeal (2011, 11 August). Aung San Suu Kyi's an Open letter to President Thein Sein.
- Jesse, N. G., & Dreyer, J. R. (2016). *Small States in The International System: at peace and at war*. Lexington Books.
- Kachin Development Network Group. (2009). Resisting the flood: Communities taking a stand against the imminent construction of Irrawaddy dams.
- Kahler, M., & Kastner, S. L. (2006). Strategic uses of economic interdependence: Engagement policies on the Korean Peninsula and across the Taiwan Strait. *Journal of Peace Research*, 43(5), 523-541.

- Keohane, R. O., & Nye Jr, J. S. (1977). *Power and Interdependence: World Politics in Transition*. Boston: Little & Brown.
- Khong, Y. F. (2004). *Coping with strategic uncertainty: The role of institutions and soft balancing in Southeast Asia's post-Cold War strategy. Rethinking security in East Asia: Identity, power, and efficiency*, 172-208.
- Kiik, L (2016). Nationalism and anti-ethno-politics: why 'Chinese Development' failed at Myanmar's Myitsone Dam. *Eurasian Geography and Economics*, 57(3), 374-402. DOI:10.1080/15387216.2016.1198265
- Kuik, C. C. (2016). How do weaker states hedge? Unpacking ASEAN states' alignment behavior towards China. *Journal of Contemporary China*, 25(100), 500-514.
- Leonard, M. (2016). *Connectivity wars: Why migration, finance and trade are the geo-economic battlegrounds of the future*. European Council on Foreign Relations (ECFR).
- Li, C. (2010). 'The Politics of China and India toward Myanmar', in Lex Rieffel (ed). *Myanmar/Burma: Inside Challenges, Outside Interests*, 113-33. Washington, DC: Brookings Institution, Konrad Adenauer Foundation.
- Moe, W. (2011, September 16). Burma's Burning Issue—The Myitsone Dam Project. *The Irrawaddy*. Retrieved from <https://www2.irrawaddy.com.php?art—id=22094>
- Myoe, M. A. (2011). In the Name of Pauk-Phaw: Myanmar's China Policy Since 1948. Institute of Southeast Asian Studies. Singapore.
- Myoe, M. A. (2015). Myanmar's China Policy since 2011: Determinants and Directions. *Journal of Current Southeast Asian Affairs*. 34(2). 21-54. Retrieved from <https://doi.org/10.1177/186810341503400202>
- Norris, W. J. (2016). *Chinese economic statecraft: Commercial actors, grand strategy, and state control*. Cornell University Press.
- Pape, R. A. (2005). Soft balancing against the United States. *International security*, 30(1), 7-45.
- Pempel, T. J. (2010). Soft balancing, hedging, and institutional Darwinism: The economic-security nexus and East Asian regionalism. *Journal of East Asian Studies*, 10(2), 209-238.
- Roberts, A., Moraes, H. C., & Ferguson, V. (2018). *The geoeconomic world order. Lawfare blog*, 19.
- Sidel, J. T., & Ciorciari, J. D. (2011). The Limits of Alignment: Southeast Asia and the Great Powers since 1975. *Perspectives on Politics*, 9(3), 755.
- Silove, N. (2016). The Pivot before the Pivot: U.S. Strategy to Preserve the Power Balance in Asia. *International Security*. 40(4). 45-88. https://doi.org/10.1162/ISEC_a_00238
- Sun, Y. (2012). China and the Changing Myanmar. *Journal of Current Southeast Asian Affairs*. 31(4), 51-77.
- Tha, C.A.C. (2017). *Myanmar-China Relations: Historical Development and Strengthening Public Diplomacy*. Myanmar Institute of Strategic and International Studies.
- Than, T. M. M. (2003). Myanmar and China: A Special Relationship? *Southeast Asian Affairs*. 189-210. Retrieved from <https://www.jstor.org/stable/27913234>
- The Irrawaddy (2011, September 2). 'Save The Irrawaddy' Campaign Gains Momentum. *THE IRRAWADDY*. https://www2.irrawaddy.com/article.php?art_id=22010

The New Light of Myanmar (2011, October 1). *President of the Republic of Union of Myanmar U Thein Sein's message to second regular sessions of the first Pyithu Hluttaw and the first Amyotha Hluttaw.*

Wagner, R. H. (1988). Economic interdependence, bargaining power, and political influence. *International Organization*, 42(3), 461-483.

Waltz, K. (1979). *Theory of International Politics*. Reading, MA: Addison-Wesley.

Womack, B. (2006). *China and Vietnam: The politics of asymmetry*. Cambridge University Press.



Creative Commons Attribution-NonCommercial-NoDerivs License (<https://creativecommons.org/licenses/by-nc-nd/3.0/>)