Foreign Investment, Asymmetric Dependence and Intrastate Conflict: Chinese Hydropower Investment in Myanmar

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Motivation

- How FDI affects intrastate conflicts? Civil liberal peace?
- Multiple pathways, conflicting results
- Aggregate, country-level FDI vs. disaggregated FDI at the local level
- U.S. centric scholarship
Argument

- Disaggregate FDI according to source states and sector
- FDI from dominant investor state pacifies conflicts in host states
- Dominant investor state solving commitment problem
Case selection: China-Myanmar dyad

Visualization
Prior to 2011: conflicts in dam regions decrease after China and Myanmar sign dam construction contracts

Difference-in-difference analysis
Prior to 2011: regions hosting China-funded dams were less prone to conflicts than regions without.

Field research
In post-2011 period, no difference between regions with China-funded dams and others.
Battle deaths in Myanmar

Intrastate Conflict Deaths in Myanmar
1996-2013

Battle deaths
Pacifying effects of China-funded dams

China-funded Dams and Intrastate Conflicts in Myanmar (1996-2011)

Legend
- China-funded dams
- Administrative boundaries
  - Government-controlled regions
  - Ethnic regions
  - Main rivers
- Pre-dam conflicts
  - 30-50
  - 50-100
  - 100-
- Post-dam conflicts
  - 30-50
  - 50-100
  - 100-
Subnational comparison: Kachin and Karen

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FDI-conflict

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Spatial difference-in-difference analysis

\[ \ln C_{it} = \beta_0 + \beta_1 D_{it} + \beta_2 G_{it} + \beta_3 D_{it} \cdot G_{it} + \beta_4 P_{it} + \beta_5 GCP_{it} + \beta_6 EPR_{it} + \beta_7 GDELT_{it} + \epsilon \]

- baseline model: DID with 50km catchment zone
- \( C_{it} \): intensity of conflicts within specific areas
- \( D_{it} = 1 \) when within catchment zone; \( = 0 \) otherwise
- \( G_{it} = 1 \) when before dams; \( = 0 \) otherwise
- GCP, EPR, GDELT: economic production per capita, ethnicity, and peaceful protests
### Spatial difference-in-difference analysis

<table>
<thead>
<tr>
<th>Models</th>
<th>Coefficients</th>
<th>N</th>
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<td>UCDP, DID</td>
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<td>1865</td>
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<td>ACLED, DID</td>
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**Table:** Effects of China-funded dams on battle deaths in Myanmar (1996-2010)
Dozens killed in Burma amid clashes over Chinese dams

Fighting over hydropower projects ends 17-year ceasefire between Burmese government and Kachin militia

Government of Myanmar (Burma) - KIO

- Side A: Government of Myanmar (Burma)
- Side B: KIO
- Type of violence: State-Based
- Date: 12/31/2011 - 4/9/2012
- Fatalities: 173
- Location: Kachin State
Conclusion

- Dominant investor state reduces local level conflicts
- Diverse FDI structure bad for fragile states
- Implications of surging Chinese infrastructure FDI
Thank you!