Myanmar, the latest petro bully
Sky-high oil prices allow the junta, and other bad actors, to thrive and buy political protection.
By Michael L. Ross

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Last Friday, President Bush announced new sanctions against Myanmar's military government. But world oil prices -- which hit record levels last week -- may undercut their effect. Myanmar has recently gained admission to an elite club of states whose governments use their oil and natural gas to buy their way out of trouble. Call them the petro bullies.

Myanmar is Asia's fastest-growing petroleum exporter; China is the world's fastest-growing importer. In May, Myanmar awarded China long-term access to its two largest offshore natural gas fields -- turning down rival bids from India and South Korea. China returned the favor by blocking a U.N. resolution seeking an embargo against Myanmar.

For Myanmar's people, the government's natural gas exports to China have a bitter irony. Myanmar is not a major gas producer; neighboring Thailand and Bangladesh, for example, produce more. But Myanmar is so poor -- thanks to the military junta's ineptitude -- that it cannot consume the natural gas it produces; this leaves it with a large surplus to export. Thus Myanmar's poverty is the junta's salvation.

As in other states beset by the "resource curse," Myanmar's natural wealth helps keep a despotic government in power and fosters corruption and civil conflict. What makes the petro bullies unique is their ability to buy political protection from powerful allies.

Sudan's president, Omar Hassan Ahmed Bashir, has used oil sales to China to hold off, then dilute, diplomatic pressure to stop the slaughter in Darfur. The government of Equatorial Guinea has one of the worst human rights records in the world, but thanks to its oil riches, it was welcomed in Washington last year by Secretary of State Condoleezza Rice as a "good friend" of the United States. Another good friend, the Saudi royal family, rules one of the world's most undemocratic regimes.

Some petro bullies violate treaties or pose threats to neighbors. Iran's uranium enrichment program violates the Nuclear Nonproliferation Treaty, but its government is counting on its oil to buy its way out of trouble. Even when they do face sanctions -- as did Libya's Moammar Kadafi, or Iraq's Saddam Hussein after the Persian Gulf War -- their oil exports allow them to evade economic pressures or cushion their effect.

The world's thirst for hydrocarbons has thus created a class of well-funded but unsavory governments that have little fear of economic sanctions. If the United States and its allies refuse to buy their oil, someone else will. Unilateral sanctions, like those announced by Bush, might help. But as long as Myanmar and other governments have petroleum to sell, they will have plenty of hard currency with which to buy new friends.

The link between oil riches and bad international behavior is even deeper than it first appears. One way to measure a country's "global citizenship" is to count the number of major international treaties that it ratifies. Another way is to count its donations to U.N. peacekeeping operations. By both measures, oil-exporting countries are unusually bad global citizens. They tend to ratify fewer major treaties and make stingier donations to U.N. peacekeeping operations than non-oil exporters with similar levels of wealth. Russia, Venezuela and Saudi Arabia, for example, use oil and natural gas exports as a substitute for international cooperation.

None of the bullies will run out of petroleum soon. But their political influence tends to rise and fall with world energy prices. The higher the price of oil, the less susceptible they are to diplomatic pressures. When oil prices drop, so does their ability to buy powerful friends. If Congress adopts an energy bill that produces large cuts in U.S. oil and gas imports, world prices will drop and the lower the price of oil, the greater the chance that Myanmar, Sudan, Iran and others will ultimately have to face the consequences of their actions.

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