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Located at a strategic Asian crossroads, Burma (Myanmar)<sup>1</sup> is one of the world's most ethnically diverse countries. Surrounded by Bangladesh, China, India, Laos and Thailand, it is also one of the most strife-torn and lawless along its 3,650-mile border. Its post-colonial experience exemplifies how illicit economies, insurgent or military-based politics and cross-border human movement can flourish in the wake of failed attempts to create a modern nation-state.

## *the paradox of Burma*

# CONFLICT AND ILLEGALITY AS A WAY OF LIFE

Martin Smith

Since Burma's independence from Great Britain in 1948, an array of state, quasi-state and insurgent groups have used armed violence to pursue their goals across all three political eras: parliamentary democracy (1948-62), General Ne Win's 'Burmese Way to Socialism' (1962-88), and the military State Peace and Development Council (post-1988). In the 21st century, Burma's socio-political landscape continues to reflect conditions of conflict. Particularly in the conflict zones, the line between 'legality' and 'illegality' is frequently blurred.

However, the notion that Burma is on the verge of collapse – or that 'regime change' is imminent – is unlikely. Six decades of civil warfare have shown that the management and economics of contemporary internal conflicts – rather than reflecting chaos or societal collapse – can be quite structured between the various stakeholders. Indeed, as Mary Callahan has argued, war and state-building have become so intertwined in Burma as to produce the 'most durable incarnation of military rule in history'.<sup>2</sup> The same adaptive systems of survival have long existed in armed opposition politics as well. Thus Mark Duffield's paradigm of 'emerging political complexes' rather than 'complex political emergencies' is most apt of how military-political life has unfolded in Burma in the absence of an inclusive rule of law.<sup>3</sup>

### *The economics of survival*

Understanding how such social and political complexity has been sustained requires tracking the underpinnings of post-colonial economic life. The International Peace Academy's research has shown that both 'greed and grievance' can provide causes for civil war.<sup>4</sup> In Burma, both are endemic. Political repression, ethnic divisions, the existence of porous borders and a freewheeling economy that frequently operates outside state or international legal parameters have created an arena where military-based organisations can carry on their struggles.

Burma in 2006 is estimated to have fallen to 18th in the world's 'Failed States Index' from 23rd the previous year.<sup>5</sup> Paradoxically, the conditions of conflict have often remained stable in many borderland regions since 1948, when the central government virtually collapsed after the British departure. Since then, various armed groups – from local village militias to insurgent armies 15,000 troops strong – have maintained territory by raising taxes on local populations and trade. In the process, insurgency became a way of life and the national armed forces came to dominate government. Although often regarded as the 'hermit nation of Asia', Burma has long been the regional epicentre of many international crime and smuggling networks. International factors and complicit parties

both in Burma and abroad have repeatedly revitalised cross-border wheeler-dealing.

Burma's rugged, resource-rich geography is ideal for rural-based insurgencies and illicit activity. Its illicit opium trade was first elevated to the global stage by U.S.-backed Kuomintang elements invading the Shan state following Mao Zedong's 1949 communist victory in China. Ever since, Chinese networks have been crucial to Burma's borderland economy, linking it to Hong Kong, Thailand and all of Southeast Asia. Ethnic conflict and illicit narcotics remain intertwined.

General Ne Win's 'Burmese Way to Socialism' dramatically intensified illicit border economies. Governmental repression and the doomed attempt to isolate the country from the world by autarchic dogmas fanned the flames of rebellion. Neighbouring authorities also did not approve. A kaleidoscope of Chinese-backed communist forces and mostly pro-federal ethnic armies, empowered by Bangladesh and Thailand's 'buffer-state' policies, entrenched themselves throughout 'liberated zones' along Burma's frontiers. The more ambiguous Indian border, where Naga, Chin-Mizo and other insurgent movements operated on both sides, made Burma's strife complete. By the early 1970s, Burma had become integral to a 'regional

conflict complex'<sup>6</sup> in which cross-border population movements, smuggling and political support sustained conditions of conflict.

Economic consequences followed. The government economy failed and the black market boomed. Through insurgent check-points cattle, timber, jade and opium flowed out of the country past manufactured products such as medicines and luxury goods flowing in. The scale was astonishing: by 1987, when Burma had declined to United Nations Least Developed Country status, US\$3 billion, or 40% of the gross national product, annually changed hands on the black market. In remoter areas some borderland insurgent groups were better-financed and equipped than government forces. Small-calibre arms were easily acquired in China, or purchased as Vietnam and Cambodia war surplus and smuggled in through Thailand. Larger insurgent organisations, such as the Karen National Union and Kachin Independence Organisation, ran parallel administrations to the central government along Burma's frontiers, and they – not the Ne Win government – were the *de facto* authorities in several key border regions.

### *The post-1988 era*

Under the present SPDC government, Burma's socio-political landscape metamorphosed once again. International attention focused on issues of democratic reform, while the post-Ne Win regime emphasised accommodation with neighbouring governments and borderland ethnic opponents. Two events presaged this changing of strategies: the government's 1988 declaration of a market-oriented economic policy, and the 1989 collapse – owing to ethnic mutinies – of the Communist Party of Burma, which had long been the country's largest insurgent force. The military government then offered ceasefires to ethnic forces in the borderlands, including the Kokang, Wa and other CPB mutineers. Ethnic leaders also considered rival offers of support from pro-democracy groups in the anti-regime resistance but eventually agreed to truces in the first ethnic peace process in three decades. In contrast, the National League for Democracy (NLD), which had won the 1990 general election, was repressed and democratic reforms put on hold.

Ceasefire critics accuse military leaders on all sides of opportunism reminiscent of General Ne Win's controversial Ka Kwe Ye 'home-guard' programme, which allowed selected ethnic forces, including those involved in opium trafficking, to maintain arms and control local trade as a means of stemming political opposition. For their part, ceasefire leaders argue that, unlike the KKY militias, the present agreements allow ethnic forces to join reform discussions and maintain arms and territory until a new constitution is introduced. Ceasefire groups, such as the Kachin Independence Organisation and

Kokang ceasefire troops near the Chinese border





Drug burning ceremony, Rangoon



With an estimated 20,000 troops, the United Wa State Army is the largest ethnic opposition force in Burma

New Mon State Party, perceive the present peace process as one of 'legitimation'; none of the armed ethnic parties stood in the 1990 general election. Neighbouring governments, meanwhile, privately urge the same peace priorities on all ethnic organisations. Thus since the Cold War's end the 'regional conflict complex' around Burma has slowly transformed.

However, after nearly two decades of the present incarnation of military rule, political progress lags. With the U.S. imposing economic sanctions, licit and illicit cross-border trade has exponentially increased on the most available markets under the SPDC's new 'open-door' economic policies. Concentrating on democratisation, western governments have underestimated the regional and domestic dynamics of Burma's political economy. Most notorious, the illicit trade in opium and heroin in the Kokang, Wa and Shan borderlands sky-rocketed during the 1990s to at one stage become the world's largest. By 1998, 500,000 households were involved in poppy cultivation.<sup>7</sup> Even as opium eradication programmes were introduced, a new illicit trade in methamphetamines sprang up, with an estimated 700 million tablets produced in Burma and annually smuggled into Thailand since 2000.

Meanwhile, during the 1990s, a logging trade of similar 'licit-illicit' complexity caused widespread deforestation in Thailand's borderlands, then spread to the Kachin state borderlands with China. Government, business, ceasefire and non-ceasefire groups have all been involved. Chinese and Thai networks drive the trade financially, even though (and also because) national logging bans have been imposed in their own countries. In impoverished regions where few income sources exist, survival relentlessly drives cross-border trafficking and natural resource exploitation. According to Global Witness, forest products are Burma's second most important source of 'legal' foreign exchange (US\$427.81 million in 2004-2005), and yet 'about 98%' of China's recorded 2003 Burmese timber importation was 'illegal'.<sup>8</sup> Incalculable sums are disappearing somewhere in between.

Narcotics and logging are only the most controversial shadow economies thriving in modern Burma's 'get rich quick' environment. Since 1989, a shake-up in military and business relationships has resulted in some industries – notably oil, gas and jade – being taken under centralised control, while others – such as construction, gold and gemstone-mining – have been marked by individual patronage and *ad hoc* arrangements often connected to Kokang, Pao and other ceasefire groups. This new enterprise frequently creates a misleading picture of the national economy's condition. Certainly, ceasefires have bought the SPDC time, and during the past decade state control has extended further into Burma's border periphery than ever before. Yet in much of the country per capita annual income averages just US\$300. Poverty is

worsening for most and the economy teeters on the brink of bankruptcy. Substantive social and political reforms have not been introduced.

#### Future outlook

How Burma's political labyrinth might resolve itself remains in question. Like the liberal ideologies of Woodrow Wilson and 20th century thinkers who saw good governance and the promotion of civil society as keys to peace and security, classic conflict resolution relies on legal process and 'political solutions first', both of which are advocated by the NLD and international pro-democracy groups. Recent analyses, however, by such economists and political scientists as Mushtaq Khan, Mark Duffield and Roland Paris emphasise working within the context of a given country's local realities and cultures. Paris has proposed what he terms 'institutionalization before liberalization' in war-torn states as the most stable foundation for legality and inclusive reforms.<sup>9</sup> Without such frameworks in place, hasty transition might rekindle rather than extinguish conflict.

Such discussions are relevant to the Burma paradox but take place out of earshot of protagonists on the ground. Thus Burma's neighbours, who have profited from licit or illicit trades that undermine its national economy, might determine the

future. In one of the world's fastest developing regions, transparency and the rule of law would help provide equal opportunities to local peoples and reduce corruption and cronyism. But good omens are few. The first decade of the 21st century has witnessed a new era of exploitation, with powerful interests contending for Burma's oil, gas, timber, hydro-electric power, fish and other natural resources. Narcotics trafficking and black market trades flourish in everything from fertilisers and vehicles to precious stones and wild orchids. Armed conflict continues in borderlands, involving Chin, Karen, Mon, Naga, Shan and Wa groups. More people are seeking sanctuary abroad. Ceasefires might exist, but Burma has not found peace. In a recent study of internal conflicts around the world, David Keen asked, 'War and peace: what's the difference?'<sup>10</sup> The long-suffering Burmese might ask the same question. ◀

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New bridge over the Irrawaddy River in Kachin state on the road to China



#### Notes

1. Burma was renamed by the present government in 1989. Although recognised by the United Nations, 'Myanmar' is not commonly used in English, including for historical writing.
2. Callahan, Mary. 2003. *Making Enemies: War and State Building in Burma*. Ithaca: Cornell University Press, p.3.
3. Duffield, Mark. 2005. *Global Governance and the New Wars*. London: Zed Books, p.161.
4. Berdal, Mats and David Malone, eds. 2000. *Greed and Grievance: Economic Agendas in Civil Wars*. Boulder: Lynne Rienner Publishers.
5. <http://www.fundforpeace.org/programs/fsi/fsindex2006.php>.
6. Wallensteen, Peter and Margareta Sollenberg. September 1998. 'Armed Conflict and Regional Conflict Complexes, 1989-97'. *Journal of Peace Research* 35-5.
7. United Nations Office on Drugs and Crime. 2005. *Myanmar: Opium Survey 2005*, p.29.
8. Global Witness. 2005. *A Choice for China: Ending the Destruction of Burma's Northern Frontier Forests*. Washington, D.C.: Global Witness Publishing, p.9.
9. Paris, Roland. 2004. *At War's End: Building Peace After Civil Conflict*. New York: Cambridge University Press, pp.179-211.
10. Keen, David. 2001. 'War and Peace: What's the Difference?' Adebajo, Adekeye and C.L. Sriram, eds. *Managing Armed Conflicts in the 21st Century*. London: Frank Cass Publishers, pp.1-22.