Protracted conflict and violence in Burma have been conducive to the growth of the opium industry. Burma’s single financial success in recent years of economic crisis and authoritarian rule. This in turn has fed violence and subsequent humanitarian crisis. This paper argues that the underlying political economy of the conflict has been overlooked, while conflict itself has been treated as a peripheral factor in questions of ‘development’, and further that the opium dynamic is a vital factor in continued violence and vulnerability for non-combatants in the region. A political economy approach, identifying the beneficiaries of violence, will offer a more holistic and effective approach to the protracted crisis.

Keywords: Burma, drug trade, parallel economies, ethnic minorities, warlords.

The social costs of war have been immense. Yet these costs must be placed within a wider context of the social costs of structural underdevelopment and maldevelopment inherited in the post-colonial and independence period, deepened by subsequent national economic policies, and reinforced by global inequalities of aid and trade (Duffield, 1994: 225).

Introduction

Burma (Myanmar)¹

Burma has become the world’s largest producer of opium, producing three-quarters of the world’s raw opium and 50 per cent of the heroin that reaches the US and Western Europe (Liang, 1992: 363). The majority of this opium is cultivated in north-eastern Shan State with its favourable climate and geography which forms part of the much exoticised ‘Golden Triangle’ where the borders of Burma, China, Laos and Thailand meet. The region’s perpetual conflict and violence have encouraged the growth of the opium industry — revealingly Burma’s sole financial success in recent years of economic decay and authoritarian rule. This has played a decisive part in the protracted violence and subsequent humanitarian emergency that has caused large numbers of the area’s ethnic minorities to flee. There are an estimated 300,000 refugees in neighbouring countries with one million displaced within Burma, escaping violence, forced relocation and labour and human rights abuses (Amnesty, 1988). The
Figure 1  Map of Burma showing states and neighbouring countries

Source: Lintner, 1994: 330
State Law and Order Restoration Council’s (SLORC) estimate of war casualties stands at 10,000 a year since independence in 1948, or over one million in total. There is also a growing health crisis with a possible 400,000 carriers of HIV (Smith, 1994: 32). This fact, combined with widespread poverty and reports of malnutrition, led UNICEF to speak of ‘Myanmar’s Silent Emergency’ (Carey, 1997).

A divisive colonial legacy, an ethnically heterogeneous society and chronic failure to deal with ‘the ethnic question’ have led to protracted, largely ethnically defined, conflict pursued by insurgents with ideological goals, demands for independence or greater autonomy. Simultaneously, conflict has also led to an increase in warlordism and crime thinly veiled behind both these causes and blatant foreign occupation in the form of the Kuomingtang (KMT). Protracted conflict in the border regions of Burma has compounded the effects of decades of economic mismanagement following the 1962 military coup and the policies of Ne Win’s ‘Burmese way to socialism’ through autarky. This was followed by the limited ‘liberalisation’ or ‘opening’ of the economy following the 1988 uprising and the subsequent ‘take-over’ by the authoritarian SLORC, now officially, if rather euphemistically termed the State Peace and Development Council (SPDC). The limited success of liberalisation and subsequent foreign investment has had little effect in ethnic minority areas. The result is that Burma, despite its wealth in natural resources is a LDC with average yearly per capita income of US$250 and high inflation — officially 30 per cent but as high as 800 per cent for key commodities such as rice (Smith, 1994).

Conflict in the border regions tends to be portrayed as peripheral to the ‘problem’ of Burmese development. It is, however, fundamental, as ethnic conflict is central to problems of political stability and development (Silverstein, 1980; Smith, 1991). Likewise, the problem of opium as a main factor affecting conflict resolution and ‘development’ remains under-rated by the international community (Chao-Tzang, 1993: 306). This is reflected in the lack of detailed study of the issue and the ill-informed approaches of anti-drug agencies such as the US Drug Enforcement Agency (DEA).

Conventional analysis of war tends to concentrate on ‘costs’ and ‘losers’, approaching conflict as an exogenous factor, somehow separate from a concept of ‘peace’; in this analysis the object of war is ‘winning’. To understand conflict, and thus work towards appropriate policies and solutions, it is essential to examine also the functions of violence and thereby identify the beneficiaries (Keen, 1997). Avoiding overly simplistic analysis of conflict, the political economy approach reveals that war serves important functions, which suggests that winning may not be the only or ultimate goal. War is often seen as a temporary ‘problem’, distinct from some ideal concept of ‘normality’. Despite the shifting power balances and mutations inherent in conflict that give the appearance of change and ‘new’ conflict, violence stems from existing power relations. The underlying causes of conflict lie in these unequal power relations and the resulting violence reinforces them (op. cit.).

Thus, conflict cannot be separated from the economic and political processes of ‘peace’ that generates the violence. This is further demonstrated by the unequal position of all non-Burmese ethnic groups since the colonial era. The political economy approach to conflict stresses the importance of looking at the role of violence in the context of these political and economic processes. The functions of violence can include short- and long-term economic goals, securing resources, ethnic dominance, security as well as the powerful expression of identity and political aspirations.
The political economy of war discourse has developed in response to the replacement of inter-state with intra-state conflict as the dominant form of conflict and large-scale violence and ‘complex emergencies’. Although the literature so far is largely related to complex emergencies and conflict in sub-Saharan Africa (Duffield, 1990, 1994; Keen, 1994, 1995; Reno, 1996), the analysis has more general relevance and will be applied to Burma to reveal the economic and political relations that underlie conflict in Shan State. This has wider relevance to conflict in the rest of Burma, particularly the border regions, as it is vital to an understanding of the minorities’ position while economic and political analysis of Burma has tended to see conflict as a peripheral matter. With some modification of the theory in application to Burma as it has so far been applied to Africa, the political economy approach is theoretically more vigorous as it focuses on processes often overlooked and enables a more holistic understanding.

A neglected and little-understood part of the world largely because of its self-imposed isolation and lack of Western engagement, the limited opening of Burma since 1988 has aroused tentative economic interest. The perpetuation of violence under military rule and subsequent instability has heightened regional security concerns aggravated by increased opium production with the attendant spread of related problems: drug addiction, crime and HIV infection — with a lack of education about how it spreads. Conflict in Burma, as elsewhere in areas of ‘post-modern conflict’, has thus been ‘internationalised’. The porous nature of its borders and cross-border ethnic identities means that there are regional, and particularly in the case of opium/heroin trafficking, international implications.

Lack of a holistic understanding and an over-simplified approach can be seen in the results of decades of the failed ‘war against drugs’ of the UN and US, and manifest failure to establish peace. The neglect of Burma, perhaps a legacy of the British colonial view of Burma as merely a distant part of India, is also reflected in the shortage of academic literature concerning post-colonial Burma. Now there are several academics and writers specialising in political and economic analysis of Burma (Lintner, 1990, 1991, 1994; Silverstein, 1996; Smith, 1991, 1994; Steinburg, 1991; Taylor, 1987) and primary sources of data and analysis. There is also information from human rights groups and NGOs working with refugees from Burma (Amnesty, Human Rights Watch, Anti-Slavery International), political exiles and also government information. This paper has been informed by these secondary sources. With the closed and authoritarian nature of Burma’s regime and the inherent nature of conflict and drugs production there is great difficulty in obtaining accurate information; caution and an awareness of disputed empirical evidence is essential. However, an examination of different sources with an awareness of political agendas throws some light on such disputes and trends and interests can be identified.

Drawing on the political economy of war approach of Duffield, de Waal and Keen, I will identify the ‘beneficiaries’ of violence in Burma’s Shan State. There are methodological difficulties in quantifying to what extent opium is the key driving force for conflict in Shan State and I will argue that opium, although not the only significant factor, is the one of central importance. The first section will examine the context of conflict in Burma drawing on background from the colonial period to identify underlying political and economic relations from which the conflict stems and, in turn, reinforces. The second and third sections will offer a case study of conflict and drug production in Shan State in order to identify the functions of
violence in this area and those who benefit. I will examine how this explains the persistence of violence by looking at how the conflict is changing to include cooperation for mutual benefit by the powerful and will look at how inequalities and power relations have been reinforced by obstructing possible ‘solutions’ to continued violence and protracted crisis with devastating implications for the population. Lastly, the conclusion will draw on the case study to suggest wider parallels and suggest implications for policy and international engagement and argue that examination of the opium dynamic of Shan State is vital to an understanding of the conflict and therefore potential ‘solutions’.

The roots of Burma’s conflict

Commonly, war, even civil war, has been portrayed as something superimposed on society, rather than something that emerges from relationships and conflicts within society (Keen, 1994: 13).

Rather than being seen as an exogenous, temporary phenomenon, violence can be seen as something else when it is persistently present, underlying the economic and political processes of peace-time and coming to the fore during outbreaks of conflict or war. Therefore, while the processes that led to violence remain in place, it is erroneous to assume that an end to ‘war’ automatically means ‘peace’. To draw a line clearly between the two concepts is problematic and based on a flawed, euro-centric tendency to divide phenomena into distinct dualities (Wolf, 1982: 3). It is vital to see war and peace as relative concepts (Duffield, 1997: 32), that today’s violence has its roots in the political and economic processes of ‘peace’ and to see the violence inherent in the development and political consolidation of ‘peace-time’ (Keen, 1997: 67).

This is as true of Burma as it is of emergencies perceived as more recent, for the roots of today’s conflict are in the processes of past ‘peace’. Burma’s isolation, non-aligned stance in the polarisation of the cold war, and its lack of strategic importance meant that the regime was overlooked in the manoeuvres of the superpowers. The various insurgent groups, however, served positive functions in the strategic and economic interests of its neighbours, which have contributed to contradictory policies and the persistence of conflict. It is therefore vital to identify these economic and political processes that lie at the roots of conflict in Burma and thus the opium trade and violence in Shan State.

Ethnically very diverse, Burma’s population statistics and territorial borders are ardently disputed. A divisive colonial policy treated ethnic groups differently. Thus, ‘Ministerial Burma’ was administered separately from the ‘Frontier Areas’ of the ethnic minorities, setting ‘the different ethnic groups on very separate roads towards political and economic development’ (Smith, 1994: 22). This was compounded by different alliances during the second world war where some ethnic groups fought for the British and the Burman ethnic-majority (estimated at 60 per cent by Smith (1994)) nationalists first fought with the Japanese against the British, then changed sides in the face of Japanese colonial oppression. This left a legacy of mutual distrust and suspicion.

The Panglong agreement (December 1947) guaranteed equal rights for ethnic groups, autonomy, non-interference within a federal state and the right to secession. In
practice, however, power was weighted in Rangoon’s favour and the border states ‘were in essence semi-autonomous satellites of the Bama (Burma) “mother” state’ (Chao-Tzang, 1995: 181), confirming their distrust. The Karens, Mons and Pa-O nationalists were the first to take up armed resistance to central government in 1949 followed by most other minorities from 1959 onwards, exacerbated by military take-over in 1962. The Communist Party of Burma (CPB) launched its armed insurrection a few months after independence.

While different uprisings have waxed and waned, conflict in the border regions has been constant. Despite the continuous insurgency, the term ‘civil war’ has been studiously ignored and the conflict seen as peripheral to the political and developmental problems of Burma. Unfortunately, it is central, particularly to questions of legitimacy as the political institutions and legitimacy of civilian government until 1962 and then those of the military government have been contested continuously. In addition to ethnic and ideological insurgency there has been urban, ethnic-Burman opposition and uprisings since the military coup of 1962, most significantly the ‘people power’ democracy uprisings of 1988 that demonstrated popular rejection of the military powerholder’s legitimacy. The military rejects the legitimacy of the opposition, both armed and otherwise. However, Chao-Tzang aptly argues:

although they are delegitimized by power holders, it would be rash to dismiss them as bandits or criminals, for they too are supported, in varying degrees, by constituencies they claim to represent, especially in instances of ethnic-based political-military organisations — particularly in post-1962 Burma with the establishment of a military-dominated one-party political system that arbitrarily delegitimized voices outside the political framework (1995: 178).

**Illegitimate rule**

Central to politics and the underlying cause of conflict is the lack of legitimacy of central government, contested political institutions and uneven ethnic representation, all of which have been compounded by heavy-handed military rule which has steadfastly denied ethnic aspirations. An increasingly intransigent military government has refused to look for potential political settlements such as that offered by the 1990 election when the National League for Democracy (NLD) opposition coalition won 80 per cent of the seats, victorious even in military constituencies (underlining the extent of the legitimacy crisis, see Chao-Tzang (1995: 173)).

The SLORC, apparently surprised at the colossal defeat suffered by its own party, the National Unity Party (NUP), not least because of its vast advantage in terms of resources and the intimidation and repression of the opposition, promptly reneged on its promise to accept the outcome of free and fair elections. They claimed instead that the elections were merely to elect a constitutional assembly ‘meant to create the illusion of movement towards democracy’ (Silverstein, 1996: 90), not a government. This constituent assembly was to be severely limited in its authority where questions of federalism, greater autonomy for border states — and thus ethnic groups — and the primacy of the military’s continued leadership role, were not open to discussion. The mostly hand-picked members present were also not to debate the right to secession which was contained in the 1947 constitution and remained ‘conspicuously absent’ (op. cit.: 97).
This strategy serves to formalise and entrench the political role of the military, in a similar way to that in Indonesia (Chao-Tzang, 1995: 189). The appeal to Burmese nationalism has been used to justify military actions since independence. At the same time, the constitution excludes the possibility of any political settlement, pursuing control of the whole area of Burma and consequently ethnic-Burman dominance through the pacification of minorities (Silverstein, 1996). Fear of retribution or loss of assets may also have played a part.

The reasons for the military take-over in 1962 are disputed, ranging from the desire for power by army strongman Ne Win and his clique when a non-military faction of the APFL government won a landslide victory, to a desire to protect the military’s concept of ‘national unity’ seen to be endangered by a growing federal movement (interpreted by Chao-Tzang as ‘a search by both the governments and opposition groups of the non-Bama states for a constitutional solution to the problem of military abuses in their home territories’ (1995: 184)) and a growing threat from the CPB with Beijing as patron. With military rule came increased military spending and the autarkic, isolationist policies of ‘the Burmese way to socialism’ which took a country rich in natural resources and an exporter of rice rapidly into poverty and economic stasis.

The informal economy

Survival has been associated with the spread of parallel and extra-legal activities which themselves promote inter-ethnic tensions, asset transfer, conflict and population displacement (Duffield, 1994: 64).

Autarky and economic crisis were countered by growth in the informal economy. While the insurgents controlled the borders, they were able to control the cross-border trade in teak, jade and opium for legally unavailable consumer goods. This trade linked combatants with non-combatant traders through protection and taxation of all goods, and financed the survival of both in the insurgent border areas. It also encouraged growth in the opium trade as economic policies, politics (conflict) and natural conditions contrived both to undermine the viability of alternative crops and development and to leave opium and illegal trading the only option.

Cultivators of drugs do so to survive, not to profit as their continued and worsening impoverishment demonstrates. A UN report in 1991 witnessed ‘poverty, malnutrition, low food production, widespread poor health, high infant mortality rate, illiteracy, the peasants’ indebtedness etc.’. Remote, and with government support absent for decades, drugs are both a low-cost entry into cash crops, insurance against the failure of other crops (Smith, 1992: 30) and the only option when people are forcibly displaced by conflict into the hills of Shan State or forced to grow it by local armed groups as ‘tax’. Narco-trafficking is clearly a ‘developmental issue with powerful political ramifications’ (op. cit.: 31).

The heterogeneous population of Burma with geographically and politically isolated border states beyond the law and control of central government and porous boundaries, arbitrarily defined with little consideration of cross-border ethnic identities favoured the growth of a thriving informal economy, estimated to be as large or larger than the official one (Kean and Bernstein, 1998). As ‘national’ borders mean little to the ethnic groups which straddle them, the very nature of their
insurgency and marginalisation as minorities means that their economies also straddle these borders, outside state control and thus ‘informal’ spreading both the economies and conflict into neighbouring states. Their economy was further augmented by the strategic and economic considerations of Burma’s neighbours: China with its support for the CPB and Thailand with its anti-Communist policy of supporting and doing profitable business with the insurgents as they provided a useful buffer between themselves and the hostile Socialist government of Ne Win. Thriving cross-border trade has played an important part in the development success of Thailand. Logging concessions (Lintner, 1991: 29) with SLORC after 1988 explain the Thai reversal of attitude towards the insurgents and refugees along its shared border.8

Economic insurgency

History clearly reveals that economic motives are a primary factor behind warfare and the same is true of intra-state conflict. Far from economic factors being an exogenous factor, economic goals are central and conflict may be a highly effective way to pursue economic goals (Keen, 1997). Moreover, economic exclusion and unequal development may lead groups into conflict. Thus, the policies of peace-time explain the causes of complex emergencies as the material benefits of violence may outweigh those of peace.

The economically disastrous policy of ‘the Burmese way to socialism’ followed the 1962 coup d’état of General Ne Win. The devastation of the countryside came with the KMT occupation, especially the rice-based economy in the north-east. Farmers were forced into porterage for the government forces fighting the insurgents and many fled to the upland areas where opium was the only viable crop and demand was increasing:

the fast-rolling opium bandwagon was further oiled by the introduction of the Burmese Way to Socialism . . . all businesses and banks . . . were nationalised . . . in such an economic vacuum there arose a black market economy which for opium traffickers was a boon . . . opium was bought by them at very low prices from ragged cultivators, transported in armed caravans to the border and refined into heroin . . . on the return trip to get more opium, Thai goods and commodities were taken up and sold in Shan State . . . rather than creating socialism, the Burmese Way to Socialism delivered the economy into the hands of the opium traffickers. As such, opium became the only viable crop and medium of exchange. Thus, cultivation of opium, limited to the east of the Salween prior to 1963, not only spread all over Shan state, but to Kachin, Karenni and Chin states as well (Political Science Review, 1982).

Violence followed the spread of opium cultivation in a vicious cycle of impoverishment, human rights violations and population displacement.

Colonial legacy: the roots of the opium trade

Although opium had long been grown in northern Burma in the Kokang and Kachin areas (Renard, 1996: 18) for medicinal and some local recreational use, it was the British who introduced large-scale opium cultivation and use to Burma with the
arrival of the East India company in 1824, which created demand among the Burmese with readily available, cheap opium. The British East India Company, as it had in China and elsewhere, used ‘drugs and drugs trafficking to foster and promote a state’s policies and positions’ (Luspha, 1987: 17).

The election of a liberal government at home meant some limitation of opium use while demand continued to grow, which explains the subsequent growth of a black market in opium and smuggling, financed by Malaysian Chinese (Renard, 1996: 40). The hidden British colonial agenda was to continue opium cultivation and trade. The main reason was ‘the lucrativeness of opium revenue in Shan State, where government expenses otherwise outran income, proved irresistible’ (op. cit.: 36). The British also claimed to the League of Nations in 1923 that areas of opium cultivation in Shan State were ‘inaccessible’ and control of opium cultivation and replacement crops was not an option — a claim echoed by today’s regime — as the areas were outside its control. Thus, colonial policy, motivated by financial considerations led to ‘the breakdown in social order, in which narcotics played a role during the British era, set the stage for dramatic upheavals in independent Burma’ (op. cit.: 46). This state policy of trying both to appease international opinion and simultaneously benefit covertly from the opium trade has been repeated in the state policies of the military governments of independent Burma, particularly the current regime.

Examining the economic and political strategies of ‘peace-time’ reveals the origins of conflict in the violence of ‘development’ under colonial rule and then independence, particularly ‘the Burmese way to socialism’ (1962–1988) and the legacy of its economic disaster combined with the intrinsically violent nature of ‘liberalisation’. Like the Dinka of southern Sudan (Keen, 1994) it is the relative wealth of the Shan and Kachin states and other border areas such as those until recently controlled by the Karens, that leaves them vulnerable and underlies the refusal to find either a political solution or an alternative to violence.

The beneficiaries of violence

If wars were universally economically disastrous, as it is often suggested, it is difficult to see how they could ever be allowed to occur or persist (Keen, 1995: 13).

Conflict in Burma and the opium trade in its north-east serve important economic functions that an end to violence through a democratic transition would threaten. These functions must be recognised in order to understand what stands in the way of any lasting ‘solution’. There are varying actors for whom conflict holds useful functions: the state, the insurgent armies and the ‘warlords’. These functions, although often presented as contradictory and obscured by ideological rhetoric are also often complementary as interests coincide for mutual benefit, inevitably at the expense of the politically and militarily weak. There are interests therefore, for whom continued violence as a way of prolonging insecurity under cover of which profitable criminal or extra-legal activity can be pursued; it is these interests that must be identified.
The Kuomintang

We have to continue to fight the evil of communism and to fight you must have an army, and an army must have guns, and to buy guns you must have money. In these mountains the only money is opium (KMT General, Tuan Shi-wen). 10

Since the British, various groups have used opium to fund their operations, the use of extra-legal sources of funds is a common tactic of cash-strapped militias and states. Thus, with the defeat of the nationalist 93rd army and the KMT by the Communists in the Chinese civil war, remnants of these armies crossed the border and occupied areas of Shan State. Here they were aided by the CIA in line with the Truman administration’s foreign policy of communist containment in south-east Asia (McCoy, 1972: 126). Following the Communist victory, China’s anti-opium policy effectively eradicated internal cultivation which, combined with successful anti-narcotics policies in alternative producing areas in the Middle East, served to boost production in the ‘Golden Triangle’ (op. cit.: 87–9). 11

Assisted by the US to launch an offensive from the border into China, these Chinese forces occupied areas of Shan State. Again, opium was used to finance their survival and operations with CIA assistance (Renard, 1996: 53). Although the military aim of the KMT and the US failed (with large loss of life, for both Chinese and local ethnic groups who were brought in to fight), ‘it succeeded in monopolising and expanding the Shan State’s opium trade’ (McCoy, 1972: 126). Having ‘persuaded’ local farmers to grow opium, they then introduced a substantial opium tax so that farmers (like coca producers in Latin America (Simpson, 1994)) had to increase production in order to survive while kept in a state of impoverishment with no protection. The CIA assisted the transport of opium to Taiwan 12 and through Thailand using CIA-‘fronted’ companies, thus ensuring that the well-armed KMT was in a position to dominate the opium trade — both cultivation and marketing (Renard, 1996: 54).

The strong position of the KMT prevented Burmese state control of Shan State. In any case, they were preoccupied with insurgency elsewhere and unable seriously to challenge the KMT position in the north-east. Thus, the indigenous population of Shan State was left open to the exploitation of those who controlled the opium trade: they were the only effective administration in the region. Opium continued to be the main means of exchange as options were limited further. Continued insecurity, favourable conditions for the profitable drugs trade, brought attendant insecurities for the population, open to exploitation and human rights abuses (McCoy, 1972: 131). An American missionary described the situation he found in 1957:

For many years there have been large numbers of Chinese Nationalist troops in the area demanding food and money from the people. The areas in which these troops operate are getting poorer and poorer and some villages are finding it necessary to flee (op. cit.: 134).

This is a pattern that persists today in north-east Burma and has parallels throughout the informal economy in the insecure and disputed border regions of Burma.

With growing resentment of foreign occupation of their territory and the threat of conflict with China over the expansion of the drugs trade, the Burmese took the issue
to the UN and a resolution was passed in 1953 noting the presence of ‘foreign forces’. This led to a settlement in which the KMT were evacuated to Taiwan. However, many ethnic Lahu were sent in place of the Chinese forces and these remained behind, eventually most of the KMT were driven into Thailand in 1961 by a joint offensive by Chinese and Burmese troops. The growth of the informal economy after the military coup of Ne Win in 1962 left those remaining who controlled the opium trade in an ideal position to expand the trade as warlords, and ethnic armies became involved, attracted both by the large sums of money involved and being able to use the income to fight Ne Win.

**The Communist Party of Burma**

The Communist Party of Burma (CPB) launched their war of insurrection soon after independence in 1948. Funds came from Beijing, and due to ideological opposition to opium cultivation shared by their Chinese patrons, they achieved some success in crop substitution, but this effort was to be eroded by changing political conditions.

Until the late 1970s, policy in CPB-controlled areas (containing most of Burma’s poppy fields) was to contain cultivation and to substitute crops. The local population was unfamiliar with the new crops, however, and after an invasion of rats wiped out the 1976 harvest, the CPB gave victims of the ensuing famine cash (60,000 silver Indian rupees) and 1,600kgs of opium (Lintner, 1991: 19). Most communities then reverted to opium production, because it was harder than substitute crops. Prior to 1980, the CPB’s patrons in Beijing, pursued a policy of ‘self-reliance’ for the CPB. In practice this meant that cross-border trade on the Sino-Burmese border was directed through CPB-controlled ‘toll-gates’ similar to those controlled by other insurgent groups such as the Karen on the Thai-Burma border. All actors in the informal economy, in rebel and government-controlled areas, had no choice but to move goods through these gates and pay the taxes demanded — estimated to be 67 per cent of the CPB income in the late 1970s (Lintner, 1991: 19).13

The ‘open-door’ trade policies of Deng Xiaoping, introduced in 1980 signalled a rethink of China’s strategic interest in Burma. Unofficially approved ‘gates’ appeared on the border outside CPB control. Thus, CPB income was cut while groups such as the Kachin Independence Army (KIA) could trade directly with China and goods even crossed the border at the only central government-controlled point on the border. The only readily available resources were cash crops of tea and opium. It was to opium that the leadership turned in an apparent reversal of their previous ideological stance towards narcotics.

The official position was that trade in opium, although a necessity, was to be limited to a tax on cultivation and local trading. The trafficking of opium across the Thai border, however, necessitated active ties with the KMT and warlords such as Khun Sa and use of their heroin refineries. Heroin refineries also appeared in CPB areas (op. cit.: 20). Ideology abandoned, the logic of war and the potential profits to be gained meant that, unsurprisingly, ‘the funds derived from these sources (tax) were viewed as legitimate — but several local commanders became increasingly involved in other private trading activities as well as the production of heroin’ (ibid.).

CPB institutions such as schools, clinics and other instruments of civil administration soon broke down due to lack of funds. The end of financial support
from China and a subsequent loss of morale combined to make tax collection, both for the party and the pockets of the cadre the priority:

ironically, the area controlled by the orthodox Marxist-Leninists of the CPB became a haven for free trade in then-socialist Burma. The economy remained thoroughly capitalistic and the CPB never even tried to implement land reform in the Northeast — in sharp contrast to the dramatic land-distribution schemes which the Party had carried out in the early 1950s. Communist ideology became a hollow concept without any real meaning to those people in the north-eastern base areas (ibid.).

By the 1980s it is estimated that between 50 and 80 per cent of opium production was controlled by the CPB (Liang, 1992: 364). A ‘rectification campaign’ in 1985 to rid the party of its connection with opium trading exacerbated friction between the Maoist leadership and the local commanders who benefited from the trade. Mutiny in March and April 1989 spread as the CPB split into factions on ethnic lines, rejecting the ideology of their Maoist leadership.14

Shan nationalist leaders claimed that three million of the state’s 6m inhabitants were ethnic Shan — whereas the SLORC/SPDC puts the figure at 1.64 million out of 4.25 million. As the area has been beyond central state control for so long, accurate figures are unavailable. Other ethnic groups (larger than 100,000 members) include the Palaung, Wa, Kachin, Danu, Lahu, Akha, Pao, Kayan and Kokang Chinese (Smith, 1994: 58). A combination of the colonial legacy (where 40 different sub-states existed) and geography, these ethnic-group members have maintained their identities and retained separatist aspirations.

The invasion of the KMT and the subsequent presence of the Burmese army has led to serious human rights abuses. Local people were drafted into forced labour and porterage by both sides. Resentment grew with CPB presence, and particularly the Ne Win coup of 1962, as it abolished the 1947 constitution with its guarantees for ethnic autonomy that had already gradually been eroded. Most ethnic groups had their own armies and ‘liberated zones’, and with CPB presence they split further into pro- and anti-Communist factions which exacerbated differences and conflict between the various armed groups. Therefore, in addition to the descendants of the two externally funded and ostensibly ideologically motivated groups (KMT, CPB), there are many smaller armies in Shan State who all claim ethnic/nationalist motives, including the Shan State Army, the Pa-O, Lahu, Wa ethnic armies, the Shan United Revolutionary Army, the Shan United Army, the Kachin Independence Army. Most of these are involved in the opium trade (at the very least) to finance their existence, but in the case of some, for example warlords with KMT connections such as Khun Sa (Muang Tai Army) also as a lucrative business venture.

Crime and conflict

Given the shifting and highly personal relationships that have characterised this area for centuries, the dynamics of opium politics in Upper Burma became even more complex and fluid, with no one group exerting authority over the entire area (Renard, 1996: 55).
Conflict is a useful mask for illegal activities justified by spurious ideological claims. Various actors in Shan State justify their actions on the grounds of nationalism, ethnic identity and security. When examined carefully, ‘the boundaries between war and crime are increasingly unclear’ (Keen, 1995: 13). The claims of warlords such as Khun Sa that he fights for Shan autonomy are disputed by those who cite his lack of ideology and willingness to deal with any group including the state if it will benefit his control over the opium trade. Nationalism is, as elsewhere, a useful tool to attract support and justify actions while private gain is being made by those with power. Furthermore, within a prolonged conflict with arbitrary military rule there is no ‘rule of law’. In Burma the SLORC/SPDC are the law; they make and interpret it with no accountability to the population. Within areas of contested sovereignty, such as Shan State, this is exacerbated with the powerful on all sides ‘above the law’ and those with little political and military clout are left unprotected ‘below the law’ and at the mercy of the various combatants as their position is further eroded (Keen, 1997).

**Official complicity**

Burma’s ‘narcotics trade was protected at the highest level of the Government’ and the SLORC’s involvement occurs ‘on an individual basis for personal profit, covering areas of responsibility for transport, protection and patronage; and as a matter of policy, either explicit or covert, in order to raise government revenue’.15

Despite the regime’s persistent official anti-narcotics stance and stiff sentences for the rising number of drug users and addicts, there have been repeated instances of official complicity. It is now claimed that the SPDC government is benefitting directly from the opium trade in Shan State, both politically as it makes territorial gains through cease-fire agreements, and economically as it skims income from the trade. Indeed it is argued that SLORC/SPDC ‘depends on the resources of Burma’s drug barons for its financial survival’ (Kean and Bernstein, 1998: 1). With the CPB gone and at least partially co-opted, SLORC could focus its attention elsewhere. If SLORC’s anti-narcotics rhetoric was genuine, then increased government military presence in the area would presage a fall in opium cultivation, instead the opposite is true with opium cultivation doubling since it took power in 1988, equalling legal exports (ibid.; US State Department, 1997).

**The privatisation of war**

During the conflict, the government had used KKY (Ka Kwe Ye) home guard units, effectively ‘privatising’ conflict. In 1963 the first KKY unit was set up to combat Shan nationalist groups. The government gave local powerholders freedom to continue their opium trading and protection was offered to their caravans when they moved the opium to the Thai border. This both undermined the financial base of the ethnic nationalist rebels as they lost out to these warlords and also served to fight battles the government had little resources to fight themselves.

There are parallels here with Sudan where the government ‘franchised’ the right to the Baggara to use violence against the Dinka (Keen, 1994). This is a feature of conflict where governments have limited resources available. Significantly one of the first units, the Kokang KKY unit, was led by Lo Hsing-Han a local warlord with links
back to the KMT and now estimated to be the most powerful ‘drug baron’ (US State Department, 1998). Khun Sa also benefited from the KKY. Revealing the depth of his ideology, Khun Sa moved from a Shan liberation group into the KKY and then out and in again when it benefited him; ‘too powerful to risk challenging, the Burmese government allowed him to continue marketing opium so long as he co-operated with the government in its military campaigns’ (Renard, 1996: 60). International pressure, particularly from the US, led to the disbanding of these KKY groups in 1973 but those involved have already strengthened their control over the lucrative opium trade.

With the take-over in 1988\textsuperscript{16} and the establishment of the SLORC, there was an apparent change in strategy on the part of the government that echoes the KKY strategy of the 1960s. The legalisation of border trading and vastly improved relations between the Burmese government and both Bangkok and Beijing removed a source of aid and arms for insurgent groups while strengthening the government, which was now able to fund its own military campaigns. These improved relations and the selling of resources such as logging and mining rights hitherto unavailable in an autarkic state, and limited ‘liberalisation’\textsuperscript{17} brought much-needed income to the bankrupt SLORC government which it used to buy arms from China.

In this context the collapse of the CPB further benefited the state as it removed one of its oldest adversaries. This was a year after the violent suppression of the democracy movement, and it was SLORC that benefited from the dissolution of the CPB not the popular opposition. The military regime in Rangoon was quick to co-opt sections of the mutineers and deals were done where they were allowed to retain their arms and trade freely in narcotics in exchange for acting as government militias and fighting other ethnic insurgents in the area (Smith, 1991: 378–81).\textsuperscript{18}

At the same time the legalisation of border trade increased the potential of economic and political gain through the opium trade as with it comes territorial control, and therefore, control of both formal and informal trade. Private gain may well have been the primary motive for the mutiny for the local commanders despite the ethnic nationalist rhetoric (perhaps the motivation of the rank and file who benefit less from the lucrative opium trade). Lo Hsing-Han\textsuperscript{19} was brought in by SLORC as an intermediary between the Pheungs and the ex-CPB forces, confirming suspicions that there had long been military/Lo Hsing-Han ties.

Subsequent events bore this out as uneasy ‘cease-fires’ between the SLORC and many of the armies in Shan State\textsuperscript{20} brought economic gain to both sides. Despite the presentation of a cease-fire as a step towards peace, its actual function is to satisfy the needs (military and economic) of client groups while also realising the wider political aims of the state. Official and unofficial agreements have been made where the armed groups maintain their autonomy and freedom to trade in opium in return for fighting those still at war with the state such as the KIA. Under the pretence of ‘peace’, violence continues and those who refuse the terms of the SLORC/SPDC’s cease-fire lose further as they are attacked by others who accept them and lay claim to their assets so they have little choice but to accept. The results are dubious cease-fires and the growth in opium production: drugs flowing across the borders in greater numbers and related problems of addiction and HIV infection as the problem is internationalised:

With the collapse of the CPB and SSA as anti-government rebel forces, the KIA found itself squeezed between two former allies that had been converted into
government militias. As a result, several hundred KIA troops in north-eastern Shan State led by Mathu Law, entered into a business arrangement with government authorities in Rangoon in January 1991. Large amounts of timber, logged by these former insurgents, are now being shipped across the border into China. Nevertheless, bigger profits have been reaped by the former CPB commanders who controlled the vast opium-growing areas around Mong Ko and east of the Salween (Linnner, 1991: 25).

While the above may be justified in the name of national security and the fight against insurgency, there is mounting evidence of direct official complicity and involvement in the drug trade. Drug-burning ceremonies held to appease DEA and to gain continued funding have been held. These attracted criticism as the drugs had been bought from the Pheung brothers and others, and two ceremonies were presided over by Pheung Kya-Shin, the controller of the opium-producing Kokang region. The crop destruction that has taken place has been outside major production areas and is simply seen as a ploy to cover the extent of official involvement in the hope of improving its international image (Linnner, 1991: 33). Levy argues that UN Drug Control Programme is being duped as the eradications are faked and villages are instead forcibly relocated for refusing to grow opium and then returned to eradicated areas to renew poppy cultivation (1998: 1). This all suggests that the anti-drug posture is ‘more to impress the international community and facilitate resistance against insurgents than . . . to fight narcotics’ (Renard, 1996: 53).

Khun Sa, according to the SPDC, is now a ‘businessman’ who has forsaken his involvement in the drugs trade and insurgency as the terms of his surrender in 1996. There are persistent reports that he remains active in the drug trade (US State Department, 1997). His business deals include building roads from opium-cultivating areas to the borders and major heroin refineries in addition to property development in these areas (Kean and Bernstein, 1998), which underline his continued influence in these areas and benefit him in terms of improved transport of the opium and heroin. Furthermore, it appears that while Khun Sa has officially ‘converted’, his rival Lo Hsing-Han and the Pheung brothers have benefited and heroin production in Lashio increased since they attacked Khun Sa’s Muang Tai Army. Before his surrender Khun Sa fell back on nationalist claims and anti-opium rhetoric, claiming that: ‘We do not want to grow opium, but circumstances have forced our people to grow this crop.’

With the rise of Lo Hsing-Han came increasing scepticism about SLORC’s anti-narcotics commitment compounded by the sighting of Burman Army trucks carrying Wa troops (Pheung family controlled) to the Thai border. This prompted US Senator Daniel Moynihan to comment in March 1990:

> The Burmese regime has done nothing more than change business partners, turn on Khun Sa and get the public relations advantage that the DEA is giving them; use the former CPB, and turn an armed enemy into a willing drug-trafficking partner (Linnner, 1991: 33).

The United Wa army, while awarded the ‘franchise’ to police the Thai border area is currently taking over Khun Sa’s MTA areas of operation and expanding its control of the trade under Wei Hsueh-kang (Khuenkaew, 1998).
While the state works with groups it is claiming to fight, it is apparent that there is mutual gain behind this ‘co-operative conflict’ witnessed in other internal ‘complex emergencies’ such as Liberia and Sierra Leone and other ‘narco-states’ such as Peru. Chronic conflict is used as a justification for continued military rule. The perpetuation of opium cultivation under cover of violence further justifies a continued army presence in the region facilitating further involvement, similar to the ‘sell-game’ of rebels and government forces in Sierra Leone (Keen, 1995):

The army’s deepening involvement ... in the form of increasing informal taxation and participation in the narcotics trade, has led to the dilution of central control and the development of personal fiefdoms held together only by the military’s common fear of civilian unrest (Thant, 1992: 29).

This fear, both of retribution and loss of control of economic resources is a fundamental obstacle to any genuine peace settlement.

It seems unlikely that with increased government control over border regions such vast quantities of opium could leave the country without some official assistance. Again, the heightened military presence has led to increased human rights abuses and flows of refugees across the border, mainly into Thailand. An example of insufficient analysis of conflict that leads to inadequate response is the continued DEA approach which favoured co-operation with the Thai and Burmese military despite evidence of official collusion on the part of both army’s officials, evidence of deception and previous diversion of funds. This was partly due to geopolitical concerns which caused a blind eye to be turned so long as Thailand was considered a useful ally and buffer against socialist nations. Changes in strategic concerns and increased evidence of Burmese army collusion, however, have led to some change in attitude and underlines the need for clear understanding of the factors behind conflict and opium production for international agencies engaged in Burma.

The SPDC use of the continued ‘threat’ of insurrection to justify their presence highlights parallels to the drugs trade in Peru. Equally, the material benefits of drug profits go a long way to explain the persistence of conflict and complex emergencies. Lintner (1991: 15) argues that drug cultivation requires ‘anarchic social and political conditions’, and although I would argue that ‘anarchy’ is a misleading description as it is cultivated to obscure its criminal, and to some extent, directed nature from outside observers and potential donors, it is clear that instability and conflict enable continued profit from the drug trade while governments denounce it publicly. The spread of criminal activities then exacerbates inter-ethnic tensions and the consequences of violence.

**Money laundering**

With 50 per cent of the economy unaccounted for, drug traffickers, businessmen and government officials are able to integrate spectacular profits throughout Burma’s permanent economy (Kean and Bernstein, 1998: 2).

There is further evidence of official complicity and state benefit from the drug trade in both money laundering and the ‘official’ business activities of those involved in the trade such as Khun Sa and Lo Hsing-Han. This complicates further the web of politics
and economics that stands in the way of a peaceful end to the drug trade that leaves a trail of violence, destruction and under-development in its wake. Lack of will to limit money laundering means that the influence of those involved in trafficking grows as they reinvest their profits unhindered into infrastructure, such as ports and roads, hotels and real estate often in partnership with army or state enterprises.

The regime has set up an investment scheme where for a 25 per cent ‘whitening tax’, Rangoon banks will ‘wash’ suspicious money. This, according to the IMF and the UNCTD, attracted $250 million in ‘unexplained’ investment (Levy and Scott-Clark, 1998) while banking amnesties pulled in more. ‘Despite the fact that Burma’s foreign exchange reserves for 1991 through 1993 were only approximately $300 million, the SLORC purchased arms valued at $1.2 billion during the period’ (Bernstein and Kean, 1996). With opium Burma’s only successful export and production increasing rapidly since 1979, it seem inevitable that a cash-strapped state will seek to gain from this, and ironic that the international community’s focus is on reversing the one economic success story in the country.

**International actors**

As argued above, it is overly simplistic to look at conflict and the consequences of violence, such as the growing trade in opium as an exogenous factor. Contemporary, ‘post-modern conflict’ within a context of globalisation and porous post-colonial borders, means the internationalisation of conflict to the region and beyond. This can be seen in the spreading costs of the drugs trade and conflict in Burma with growing addiction and HIV infection internationally due to the increased purity and lower price that comes with increased supply and therefore availability of heroin, and regionally with population flows of refugees and insecurity on borders. It is also inaccurate to see the opium trade as simply a consequence of insurgency in Shan State: ‘it is simplistic to look upon insurgency in Shan State as the root cause of this world-wide complex of investment, trade and profit’. This is particularly so in the view of the many non-Shan actors:

> the reduction of this global phenomenon and worldwide social problem to the one simplistic factor, the Shan politics of ‘opium armies’, is of doubtful analytical utility and questionable empirical accuracy. It brings to mind the saying about ‘the tail wagging the dog’ (Chao-Tzang, 1993: 309).

Strategic and economic gain have been put before anti-narcotic policy, for example in the case of CIA support for the KMT and Singapore’s willingness to open its financial institutions to the profits from the opium trade. ‘Singapore’s economic linkage with Burma is one of the most vital factors for the survival of the Burma’s military regime’ (Professor Mya Maung cited in Kean and Bernstein, 1998: 1). Singapore is now Burma’s biggest trading partner and investor with more than half of this investment ($1.3+ billion) in partnership with warlord Lo Hsing-Han. Singapore also supplies Burma’s military and is one of its leading diplomatic supporters within the UN and ASEAN (Ashton, 1998).

There has long been official collusion with Thai officials as their country is the primary conduit for the trafficking of Burma’s opium, and the insurgents along the Thai/Burma border have been aided as useful buffers to Thailand’s unpredictable
socialist neighbour. This ended in 1988 when the border was opened and lucrative logging and other contracts mainly in insurgent areas were awarded to Thai businesses, many with Thai military links. Roads built to open logging areas have opened these areas to Burmese military attack. Although the power balances among the players have shifted, the game remains the same and corrupt officials in Thailand continue to facilitate the trafficking of opium through that country.

The exotic image of the ‘Golden Triangle’ with its ‘drug-barons’ commanding powerful drug-funded armies, particularly the portrayal of Khun Sa as the ‘drug kingpin’ of the region, trivialises and obscures the political and economic complexities of the situation — already hampered by lack of data. As in complex political emergencies in Africa, its portrayal as ‘chaos’ obscures economic rationality beneath the conflict. This distortion of the facts is used as justification for continued violence against insurgent groups by stripping them of legitimacy and denying their nationalist claims. This has also served the purposes of the US agencies involved and resulted in misguided policies of dubious effectiveness for which they have been criticised. It also benefits those in ASEAN and elsewhere who favour a policy of ‘constructive engagement’ with the regime as it serves to mask the extent of official involvement.

It is clear that there are beneficiaries of the violence in Shan State that go all the way to the very top of the military regime and, like Keen’s analysis of conflict in Sierra Leone, winning is not the sole aim of the participants in violence but rather ‘... to ensure it lasts long enough to make serious money’ (1995).

**Conclusion**

The expansion of trade is both a cause and a consequence of the wider economic and social dislocation of Burmese society after decades of military rule and civil war (Bray, 1995: 25).

It is clear that the thriving opium trade in Shan State of north-east Burma, far from being a peripheral issue, is inextricably entwined with the political economy of Burma as a whole and with continued conflict. Looking beyond a simplistic analysis of the aim of war being to ‘win’, it can be shown that those beneficiaries of conflict involved in the opium trade stand to gain more from prolonged insecurity than peace.

The conflict serves a number of economic and political functions which clearly benefit certain groups. Economic gain comes from profits from the lucrative trade in opium, heroin and amphetamines. These are received directly by the armed groups involved and by corrupt officials in the form of ‘baksheesh’ payments or a cut in mutually advantageous deals. The profits are also received indirectly in the official economy as they are reinvested. State and private enterprise are dominated by the military. Their ‘business partners’ such as Lo Hsing-Han, with their drug industry the country’s strongest, are in a position to invest, extending their influence on both politics and economics. The regime needs their money for its political and economic survival (both as a military and as a government) as well as for personal financial gain.

‘Drug money’ provides the funds for groups to continue their war against the state, ‘the armed opposition’s lifeblood’ (Smith, 1991: 99), while paradoxically, it also funds the government’s war against the insurgents. For certain groups it also becomes profitable politically to maintain conflict and insecurity. With ‘cease-fire’ agreements
made, the government gained territory and more government troops were freed to fight more intransigent insurgency elsewhere. The hollow nature of these cease-fires can be seen in the evidence of continued human rights abuses committed by the various militaries against non-combatant ethnic minorities in the region and by continued clashes between the government forces and supposedly co-opted groups. In different border regions there is less to be gained from a deal so the SPDC perpetuates the fighting.

Official involvement in the trade, vital to the regime’s survival, requires continued conflict or insecurity, or at least the appearance of it to justify a military presence in the region and maintain the military’s central role in politics. The powerful, therefore, stand to gain little from any peace settlement and transfer to a civilian government. For the politically and militarily weak of the region, the farmers and opium cultivators, who benefit little from the crops they grow, the absence of a genuine political settlement means continued impoverishment, a lack of alternative development and vulnerability. They also suffer from continued military presence as all sides feed off non-combatants.

While conventional analysis of war sees it as superimposed on society, an examination of Burma’s past reveals that war is an extension of the violence inherent in the unequal ‘development’ under colonialism, under socialist autarky and under continued authoritarian military rule and ‘liberalisation’ since 1988. Since independence non-Burman peoples, living predominantly in the border regions, have faced this uneven development and lack of political representation. Their political aspirations for greater autonomy and representation remain disappointed. Conflict is a consequence of this and a repressive military government’s rejection of any form of power sharing. Conflict is therefore an extension of the politics and conditions of peace-time. With the added functions of opium, violence then takes on a self-perpetuating logic of its own. With such great wealth generated but not captured for the public good, vulnerability and inequality grow.

Although this paper has focused on opium and the north-east of Burma, further research would show its wider parallels in the political economy of violence throughout Burma, particularly its border regions. Economic collapse and social dislocation has fuelled the informal economy that funds the groups that oppose the SLORC/SPDC government. By co-opting and dividing the opposition and removing their economic base by legalising the border trade, the regime has undermined the armed opposition. In Shan State, however, the unsurpassed success of the drugs industry plus the image and diplomatic difficulties that overt official involvement would concur, co-operative conflict with the opposition, not total ‘victory’, is the preferred policy and violence continues in spite of ‘cease-fires’.

It is clear that drugs money is deeply entrenched in the Burmese economy (official and unofficial). So too is the military regime and its clients. This should enlighten the polarised debate on how to ‘deal’ with Burma and the drug problem. The ‘constructive engagement’ policy of Burma’s ASEAN partners as economic engagement in Burma cannot be neatly separated from the fundamentals: force, oppression and continued violence.

Although sidelined as a distant and peripheral problem, the opium industry of the Golden Triangle affects the West directly with the current rise in the availability of cheap heroin. The related crime and health issues generated by the demand for heroin fuels the trade and connected violence. It is vital to see the political economy of
violence that stands in the way of any lasting solution. Failure to address the underlying causes that lead to violence will render any ‘settlement’ illusory.

Notes

1. The change of the country’s name to ‘Myanmar’ is part of the SLORC’s policy of burmanisation rejected by the opposition and non-Burman minorities. However, the UN and many NGOs also use Myanmar. I have chosen to use ‘Burma’ throughout to avoid confusion.
2. Due both to needle sharing and prostitution, mainly in neighbouring Thailand (Beyrer, 1998).
5. Signed by leaders of the Burmese, Chins, Kachins and Shans to form a union shortly after independence which followed in 1948.
6. Despite considerable poverty, demand for consumer goods is maintained, higher than should be possible on official statistics on income, etc. This suggests both the fallibility of official statistics, and the strength of the pervasive informal economy.
8. And provides some explanation of their obstruction of UNHCR and acts of ‘refoulment’ (HRW, 1995).
9. There may be a thin line between ‘warlord’ and leader of a nationalist or an insurgent army the definitions of which are based on subjective perceptions and affected by the blurring boundary of conflict/crime (Keen, 1995) as both those motivated by nationalist or ideological sentiment, and those with more blatant economic/power motivations come to rely increasingly on the parallel economy.
11. This term refers to the area where Laos, Thailand and Burma meet, geographically and politically ideal for the cultivation of opium poppies. This phrase was apparently first used on 12/7/71 by US Assistant Secretary of State Marshall Green prior to President Nixon’s historic visit to China implicitly acknowledging for the first time the absence of a narcotics trade in China by calling the region a triangle and not a square. Prior to this ‘Red China’ has repeatedly been accused of producing narcotics to achieve political ends — an example of rhetoric obscuring reality that continues today in the ‘war against drugs’. Prior to 1949 Yunnan had been a mass producer of opium (Renard, 1996: 4).
12. ‘The Kuomintang troops have engaged in large-scale smuggling of opium . . . the profits of which have gone into their pockets . . . a regular plane service of two flights a week between Mong Hsat and Taiwan was reported. These aircraft, C-46 and C-47 transport planes . . . carry opium on their outward flights’ (The Kuomintang Aggression against Burma. Rangoon, Ministry of Information, 1953 quoted in Lintner, 1991: 46).
13. This figure is based on CPB official estimates and is therefore questionable as no account of income from opium is included in the breakdown of income.
16. Portrayed as such despite the fact it was continued military rule and the military strongman Ne Win stayed in control behind the scenes. This was an attempt to
legitimise the state by distancing itself from the economic failure associated with the BSPP government that ruled from 1962–1988.

17. Economic reform in Burma, essential for the SLORC/SPDC’s political survival, is inextricably linked with politics; ‘Even the most rigid or liberalising of economic policies seem to have had their genesis in political perceptions and needs’ (Steinburg, 1991: 732). Reforms remain limited in their effect and form no cohesive strategy with infrastructural problems untouched by ‘reform’. The military continues to dominate public and private enterprises.

18. The same tactic has been used to fight other ethnic forces such as the Karen in the south of the country. Defectors have been rewarded with land and property taken from civilians and the KNU was divided successfully by the SLORC and the breakaway group, the DKBA has been rewarded with the weapons and land of the KNU and Karen civilians following successful attacks on the KNU and refugee camps on the Thai/Burma border.

19. Lo Hsing-Han had been released from prison in 1980 under a general amnesty. He had been imprisoned on deportation from Thailand in 1973 for ‘insurrection against the state’ notably not for opium trafficking. His opium and business dealing were maintained by his son who is refused entry into the US on suspicion of laundering drug profits through their company, Asia World (Kean and Bernstein, 1998: 5).

20. A policy pursued elsewhere in Burma with varying success and also with marked differences in treatment and acceptance by the various groups, i.e. the KNU — perhaps indicating that where there is little material gain there is less incentive for the Burmese state to co-opt the opposition as may be the case with the continued conflict with the Karen National Army (KNU) which has no opium dealing and most of their profitable border trade (teak, jade, etc. for Thai consumer goods) has been undermined by their declining military position, change in Bangkok’s policy towards them and the legalisation of border trade. It also calls into question the government’s commitment to peace.


22. ‘The army . . . was extraordinarily profitable for the officers . . . to ensure that the Army maintained a powerful presence in the area, it had to be able to demonstrate that the threat of terrorism was a serious one; therefore it was not in the Army’s interest to defeat terrorism there’ (Simpson, 1994: 188 on Peru).

23. UN Conference on Trade and Development.

24. For example, KNU on the Thai/Burma border were often facilitated by business partners in the Thai military.

25. The regime is investing in its PR. Former assistant secretary of state for Narcotics control and director of Nancy Reagans’s ‘Just Say No’ campaign is being paid an annual retainer of $400,000 plus expenses to represent the generals in Washington. (Washington Post, 24 February 1998).

References


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