

Battlefield to marketplace and back

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From our print issues

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Peace in Burma is hampered by an economic logic of limited utility.



A frontline Kachin Soldier.

Photo: David Brenner

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In the 2008 film *Rambo*, a well-aged Sylvester Stallone gasped his way up the Salween River and through the thick jungle between Burma and Thailand. With the help of Karen freedom fighters, Stallone's character, the redoubtable John Rambo, was attempting to

rescue Christian missionaries detained by the 'evil' Burmese Army. However problematic, the moral clarity of the 'Rambo approach to Burma' was nonetheless appealing: back then, it seemed easy to divide 'good' from 'bad' in a country ruled by a ruthless military junta.

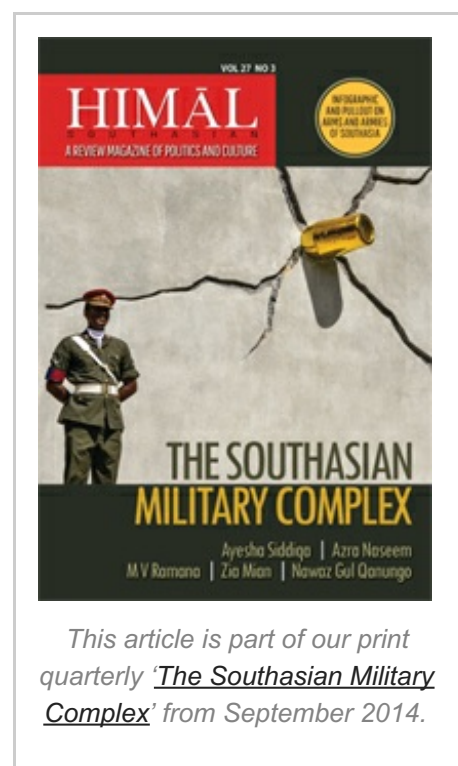
In the intervening years, these binaries have been muddled. In 2011, former dictator Than Shwe paved the way for a series of wide-ranging reforms. A nominally civilian government was sworn in, a number of political prisoners freed, the National League for Democracy (NLD) re-registered and the right to peacefully assemble enshrined in law. The international media and Western policymakers lauded the new quasi-civilian rulers for their efforts to transform a country tormented by decades of authoritarianism, poverty and civil war. US Secretary of State Hillary Clinton even visited Naypyidaw for direct talks with President Thein Sein.

Though Burma was never as isolated as many in the West assumed, democratic reforms have resulted in a level of political and economic engagement not seen since the country formed the eastern limits of the British Raj. But beyond the achievement of broad-based economic development, the consolidation of democratic reforms holds greater promise: the resolution of the world's longest ongoing civil war and the mainstreaming of the country's myriad ethnic armed groups. For many, this goal is assumed to progress in a linear fashion.

Rapprochement between Naypyidaw and the Karen National Union (KNU) supports this optimistic outlook. The country's oldest ethnic insurgency movement has, historically, been the least willing to compromise on its demands, continuing to fight throughout the 1990s, when most other armed groups agreed to ceasefires.

But after signing an armistice in early 2012, the KNU has championed the peace process. The outbreak of heavy fighting between Burma's armed forces – the Tatmadaw – and the Kachin Independence Organisation (KIO), however, taints this rosy picture. Since the collapse of a 17-year-long ceasefire just weeks after the formal semi-civilian power transition in 2011, military offensives that continue to this day have taken a significant toll on the civilian population. The resumption of hostilities was particularly disturbing given the KIO's receptive approach to dialogue and its generally amicable relations with the Burmese establishment since signing a truce in 1994.

Though these coexisting realities appear puzzling, even contradictory, Burma's shifting tides of war and peace reflect a wider policy trajectory tied to the management of foreign investment. As external engagement with Burma increases, and foreign direct investment



(FDI) flows, the degree to which the current government, and those subsequent to it, take heed of past failures, will define the prospects of a lasting peace.

Transforming border economies

The long-lasting pragmatism of the KIO and other rebel groups has been directly related to the economic opportunities afforded by renewed Chinese and Thai engagement in Burma from the late 1980s onwards. Instead of Cold War-era policies that provided covert support to various non-state actors as a means of containing the Burmese Army, both countries became increasingly interested in exploiting Burma's vast natural riches, relatively large export market, and strategic location for the development of trade and energy infrastructure. Thai Prime Minister Chatchai Choonhavan's 1988 pledge to direct Indochina from 'battlefield to marketplace' and explore greater trade with its immediate neighbour's, coupled with China's focus on delivering prosperity to its landlocked interior, meant that Burma's borderlands became zones of immense strategic significance. As money flowed, peace became a lucrative business, not only for the newly formed State Law and Order Restoration Council (SLORC), but also the numerous armed groups whose grievances were, essentially, of a political nature.

From the SLORC's perspective, investment offered multiple rewards. Facing the prospect of a united front between militarised democracy activists and ethnic armed groups, Burma's new junta reversed its previous strategy of total war, and instead concluded truces with individual armed groups. These agreements were made palatable to rebels by allowing them to retain their weapons and de-facto pockets of territory, as well as legalising their business activities. Unique geopolitical black spots were created, and a kind of 'ceasefire capitalism' established. Between 1988 and 2012, 65 percent of the USD 36 billion officially documented FDI was concentrated in these borderlands. Kachin State alone attracted 25 percent of overall investment during this period. Formal figures, however, only capture a small part of the picture: most investment and border trade goes unrecorded. The Ash Center for Democratic Governance and Innovation, a research and policy-focused initiative of Harvard's Kennedy Law School, estimates that jade exports in 2011, for instance, amounted to more than USD 8 billion. Officially, however, only USD 34 million worth of exports were declared.

Many observers have praised Burma's peace-making model as a positive take on the 'resource curse' narrative, arguing that it demonstrates how economic interests can move combatants to cease hostilities. But while ceasefire politics have stabilised the Sino-Burmese borderlands for many years, the state's escalating tensions with the Kachin, Shan and Palaung in Kachin and northern Shan State, as well as increasing hostilities with the Wa, defy the economist logic of Naypyidaw's counterinsurgent experts. Indeed, as events in Kachin State demonstrate, the limited scope of previous peace initiatives has contributed directly to the renewal of war.

From rebels to businessmen and back again

To understand why rebels-turned-businessmen suddenly rediscovered their revolutionary ambitions, imagining civil war as a binary contestation between rebels and the state is insufficient. Armed groups don't always have unified interests, nor do they necessarily pursue rational strategies to obtain them. As Aung Naing Oo, the associate director of the Peace Dialogue Programme at Myanmar Peace Center, an advisory body to the Burmese government, argues, the dynamics affecting the behaviour of armed groups include a complex web of kinship alliances, tribal divides, territorial interests, and political grievances. These, in turn, are affected by broken social fabrics, the war economy and disparate cultures of political negotiation. Simplistic attempts to corrupt rebels into peace via profiteering, therefore, may have an unexpected impact on the politics internal to armed groups, and can create outcomes that may not have been foreseen.

This is exactly what happened in Kachin State. Though during a 17-year-long ceasefire the KIO was able to develop infrastructure such as roads and hydropower plants in areas under its control, little of the wealth trickled down to the communities. Instead, local strongmen exploited their territories' natural resources in collaboration with the Tatmadaw and Chinese companies, and lined their pockets with the proceeds. This new, entrepreneurial direction ignited factional infighting within the KIO, particularly over lucrative jade mine concessions, and culminated in a series of coups and assassinations among the rebel group's leadership in the early 2000s. The strength of the organisation's armed wing, the Kachin Independence Army (KIA), was punctured: lacking a credible revolutionary agenda, its rank and file deserted in the hundreds. The authoritarian model of self-enrichment promoted by the organisation widened the divide between rebel leaders and Kachin communities. But instead of leading to the movement's demise, increased factionalism and leadership rows only inspired a young generation of leaders whose agenda was less pragmatic, and less amenable to state overtures.

In recent years, the once-revolutionary KIO has returned to its roots. A co-founder of the organisation's youth wing in a rebel-held town close to the Yunnan border explained how this was achieved: "Some young officers had this idea: they organised university students and started the EEDY [the KIO youth wing]. And after that they also started an officer's school. Now most of the young officers are educated men... With that they could change the old people." By working with local churches and other civil society organisations, the aspiring leaders re-established the organisation's legitimacy among Kachin people. A local journalist, cheroot poised on his lips, told me: "Before these developments the people of Myitkyina [the government-controlled capital of Kachin State] were afraid of the KIA. Even though they are Kachin, they were afraid of the KIA, because most of the KIA leaders behaved just like mafia businessmen. But after that everything changed in the KIA."

As a part of Naypyidaw's attempt in 2008 to exert tighter control over armed groups, the government ordered those with which it had ceasefires to transform into Tatmadaw-controlled militias – a so-called Border Guard Force (BGF) free of political ambition. Many of the older generation of KIO leaders were inclined to give in to the government's demand.

The young officers, however, perceived this to be the defacto death blow to their organisation. By this time they had already integrated large parts of the KIA with their own forces. In addition, they could count on popular support from local communities who generally despise Tatmadaw militias widely known for their illicit business activities and human-rights abuses. After organising public consultation meetings and paving the way for the older leaders to step down without losing face, the young officers took over the leadership and prepared for what would be an inevitable confrontation with the Tatmadaw. This did not take long to happen.

In 2014, more than three years after fighting resumed, the KIO is more popular than ever. Many Kachin supporters see the organisation as once again effectively addressing long-held political grievances, while other minorities see them as an example for their own weakened and corrupt leaders. In government-held towns, young Kachin proudly wear symbols of insurgency, and the same civilians that feared the armed group just ten years ago now cheer rebel delegates negotiating with the government. Many Kachin, including those directly impacted by the conflict, oppose the signing of a ceasefire unless significant political concessions are ceded to the KIO. While it might sound counter-intuitive, a displaced father of five, struggling to provide for his children in a cramped camp for the internally displaced, explains: “government soldiers have displaced us more than ten times in the last twenty years. Ceasefire or no ceasefire, they would come to our villages and make us run.” He adds, “The big companies have also taken our land to build hydropower stations and mine for gold and jade.”

A tree without roots

Similar sentiments are taking hold in Karen State, making fissures in the KNU power structure ominous. Though most Karen are relieved to see the end of the world’s longest running civil war, they are also cynical about what exactly ‘peace’ means. On a visit to the state in 2013, I was told by a pumpkin farmer: “Today we can travel more freely without worrying about getting shot by government troops.” But the same farmer, sighing through his betel nut-dyed teeth, lamented, “Government troops and their militias regularly come to our villages, take our fields, and build their military compounds. They say it is a ceasefire, but since the KNU stopped fighting, the Tatmadaw can freely roam around and build up its compounds in every corner of our Kawthoolei [Karen State].”

Like in other regions of Burma currently under ceasefire, militarisation and land grabs are pressing issues in Karen State. These land grabs are primarily linked to lucrative extractive industries that exploit the area’s natural resources, including teak, gold, wolfram and tin. Militarisation has also accompanied the construction of large infrastructure projects, including several planned hydropower dams along the Salween River, as well as the highway connecting the Dawei Special Economic Zone with Thailand. Government attempts to secure these strategic areas have been premised on the deployment of troops rather than dialogue. This working method has a long history: in the 1990s, the French energy company Total built the infamous Yadana pipeline on the back of forced labour and mass displacement at the hands of the Tatmadaw. In an air-conditioned office in Chiang Mai, a well-informed Karen activist noted his concern: “There is more pressure coming from

private companies and government investors as they can now expand their project sites, because there is no fighting, no? And the KNU leaders. the new ones, are taking opportunity of this. They talk a lot about business, with foreign companies as well as the government... but the issues that they actually talk about? We don't know.”

The amicable relations currently enjoyed by Naypyidaw and the KNU are being watched with suspicion by many Karen, and many KNU members themselves. Indeed, the swiftness with which government and rebel delegations agreed to a ceasefire in 2012 astonished leaders of the KNU not directly involved in negotiations. Shortly after the government officially announced the ceasefire, Naw Zipporah Sein, the then KNU general secretary, even disputed that a ceasefire was signed at all. According to inside sources, she and her supporters had not intended to conclude an armistice that rapidly, wanting to flesh-out details pertaining to regional authority and military demobilisation. The negotiation team, led by a competing faction within the KNU aligned with General Mutu Sae Po, however, exceeded its mandate and signed the ceasefire accord without consulting other leaders. Later in the year, this faction assumed formal leadership of the organisation.

The more wary faction has not vanished. A general of the group's armed wing – the Karen National Liberation Army [KNLA] – has publicly announced his concerns regarding ongoing business cooperation in the absence of a corresponding political dialogue. At Law Khee La – the organisation's jungle headquarters – the general explains his concern while enjoying lunch prepared by his heavily armed bodyguards. “If we work together with all the businessmen coming here, we will turn into businessmen ourselves. I mean, we are members of the armed resistance. We shouldn't engage in business too much. But the Burmese government and some of our own leaders don't see it this way. You know, the ceasefire has largely been driven by business interests. This is our concern.” Together with other demoted leaders the general constitutes an internal opposition backed by the KNLA's powerful northern brigades. Observers have flagged the possibility of internecine fighting within Karen State if these divisions are not overcome.

For now, the KNU – haunted by past internal divisions – is attempting to overcome the deep cleavages within. The extent to which this is a realistic option will depend on ongoing peace negotiations and whether the spoils of peace are divided with an eye to inclusivity within the KNU and the Karen communities. The latter remain pessimistic. An education worker who frequently travels throughout Karen State, told me: “The ceasefire is like a tree with cut roots. The whole world thinks it looks beautiful. But this is only from the outside. From the inside it is dead and it will not be long before it falls.”

Towards a genuine peace process

Despite the common belief that the new rulers in Naypyidaw are committed to a lasting peace, evidence on the ground suggests that little has changed in their approach towards ethnic armed groups. The ceasefire currently in place in Karen state exhibits worrisome similarities to the flawed ceasefire capitalism of the 1990s. According to many local observers, the co-opting of individual rebel groups into peace by way of lucrative business

concessions is unlikely to result in a sustainable settlement, unless political grievances are addressed. As a civil society leader dedicated to environmental and social justice aptly put it: “This is only negative peace, because you only stop the fighting, you know, stop the bullets flying – but there are other things: structural, more fundamental problems that are not solved. Most of the ceasefires turn back to war.”

The current situation in Kachin state vividly demonstrates his prognosis. The government has been active in provoking a renewed outbreak of conflict, initiating the return to hostilities in an attempt to clear a Chinese hydropower site surrounded by rebel troops. Yet, the rise of a young group of officers, embittered by the corrupt dealings of the former leadership and determined to exhume the ethno-nationalist revolutionary agenda, has also contributed to the intractability of the current conflict. Against the background of a long ceasefire that resulted in the rampant exploitation of local resources and the decline of legitimacy for an organisation on the brink of collapse, pragmatic attempts to negotiate with the government are viewed with distrust by both insurgents and large parts of the Kachin population. This perception and resulting public pressure leave little latitude in current negotiations.

While 2015 elections may provide a litmus test for the country’s democratic transition, they are unlikely to generate a change in thinking on ethnic issues. The oft-praised Daw Aung San Suu Kyi has remained remarkably quiet over the escalating hostilities, earning her much criticism from ethnic minority leaders. Her embracement of the Tatmadaw as ‘her father’s army’, and her admission last year of being ‘very fond of’ the Burmese Army, further alienated former supporters from ethnic minority communities.

While Suu Kyi and the NLD seek to amend article 59(f) of Burma’s 2008 constitution before next year’s election (the article bars Suu Kyi from running for presidency because of her marriage to a foreign citizen), for many representatives of ethnic minority communities, furthering the democratic transition is just one of many other objectives being pursued. Indeed, federalism and minority rights rank much higher on the political agendas of those in Burma’s border areas than a Naypyidaw-sanctioned democracy. Often, democracy without these supplements is viewed as another tool for domination for Burma’s Bamar majority. Rather than the conventional view that the country’s democratic transition is a prerequisite for solving its civil war, the opposite seems to be true. As long as conflict prevails, martial law will remain the predominant form of government in large parts of these areas. This in turn perpetuates the powers of Burma’s generals and their inflated military to an extent that cannot be overridden by elections or constitutional amendments.

For Naypyidaw to create trust among the Kachin, disillusioned elements of the Karen movement, as well as other ethnic armed groups, in a genuine peace process, it needs to change its ceasefire politics. Instead of rapidly territorialising formerly off-limit borderlands with armed forces and large infrastructure programs, a ceasefire code of conduct and other tools of political engagement need to be discussed. These must include federal constitutional amendments, security sector reform that subjects the Tatmadaw to civilian

control, the codification of land rights, and inclusive economic development. While the 'economics without politics' approach is unsuitable to achieve peace, economic issues are still of major importance to end a conflict that is as much about the political sources of economic marginalisation as it is about ethnicity. This, however, means sustainable economic development that contributes towards overcoming the grievances of local communities rather than enriching an elite of war profiteers.

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