

CHAPTER FOUR

Understanding Myanmar's Ceasefires
Geopolitics, Political Economy
and State-Building

Lee Jones

Introduction¹

Until very recently, most popular and even many scholarly accounts presented Myanmar as a 'static', unchanging country, stuck in a 'time warp'.² Partly this reflects the failure of state-led development during Burma's 'socialist' period, which left it lagging far behind its rapidly industrialising neighbours. It also reflects the relentless nature of Myanmar's decades-long civil strife, and the rigidity and longevity of its post-1988 military regime. However, one of the benefits of the 2011 transition from direct military rule is the opportunity to correct this unfortunate misperception of stasis. Like any other society, Myanmar's society is not static, but is constituted by dynamic and evolving social relationships, set within and influenced by broader regional and global relations. This chapter recovers this dynamism by setting the 1994 ceasefire between the Myanmar government and the Kachin Independence Organisation (KIO) within a broader context of changes in geopolitics, state-building strategies and state formation processes. This ceasefire was one of many such agreements, signifying a new phase in Myanmar's politics. The 1990s ceasefires stemmed from

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1. The research for this chapter was funded by an Economic and Social Research Council grant (RES-061-25-0500). My thanks to Zaw Nay Aung and Kyaw Thu Mya Han for excellent research assistance; my interviewees (mostly not cited here) for their time and insight; and Mandy Sadan for her editorial input.
 2. Mary P. Callahan, 'On Time Warps and Warped Time: Lessons from Burma's "Democratic Era"', in *Burma: Prospects for a Democratic Future*, ed. Robert I. Rotberg (Washington: Brooking Institution Press, 1998).

structural changes in Myanmar's geopolitical and economic context, and the evolving strategies of and struggles between state and non-state actors. Similar issues have also inevitably influenced those agreements that have been signed more recently. Political progress in the Kachin region during 1994–2011 may have appeared static, failing to resolve the minorities' longstanding grievances or to produce a lasting and genuine political settlement. However, beneath this superficial stagnation, social relations and power dynamics were nonetheless being continuously transformed. In the Kachin region and in other ceasefire settings, former enemies struck new accords; resistance organisations demobilised; smugglers and drug barons in some areas became leading national tycoons; the army-state's grip extended; popular resentment mounted; and new settlements were imposed and resisted. The outcomes of these transformations are the subject of this book, including how they influence current understanding of and interactions with national politics.

Martin Smith has already discussed some of these dynamics in detail in this volume. This chapter further analyses the geopolitical and state-building context of the KIO ceasefire, providing a broad introduction to help the reader understand the more detailed and specific social and political processes considered in the rest of this volume. It first explains the dynamics that allowed the ceasefires to emerge, particularly the decline of the Cold War, leading to the collapse of ethnic-minority alliances and the reorientation of Chinese and Thai foreign policy. It will also explain how the emergence of a new military government with a strategy of state-building through ceasefires converged with the war-weariness of rebel groups. The chapter then analyses the ceasefires themselves, giving an overview of the social, political and economic transformations that occurred during the ceasefire period in the Kachin region, which shall be explored in much detail from various perspectives in the following chapters. Ultimately, it argues that the political, economic and social processes unleashed during the ceasefire actually helped erode it in the absence of a genuine political settlement.

From insurgency to 'armed peace'

Burma's government has confronted armed ethnic-minority resistance continuously since it gained independence in 1948. Indeed, conflict had begun in some areas even before this date. By the end of the 1950s, the

government was losing control of virtually all of the country's borders to insurgent communist and ethnic separatist groups. The army, dominated by the majority ethnic Bamar group, became central to maintaining Burma's fragile territorial integrity.³ As a result, it expanded dramatically, assuming extensive state-building functions until its power gradually eclipsed that of the central government.⁴ Nonetheless, even after seizing governmental power directly from 1958–60 and again from 1962, the military could not pacify the borderlands. Instead, it became locked into a grinding civil war lasting three decades. The widespread signing of ceasefire agreements in the 1990s was thus a major new development in Myanmar's political history.

The opportunity for this highly significant change was partly created by the demise of the Cold War confrontations that had helped sustain Burma's insurgencies. While fundamentally driven by deep political and social grievances, Myanmar's insurgent forces also benefited from significant external support. Virtually every neighbouring state became involved at some point. Massive cross-border black-market trade sustained resistance groups financially. The rebels trafficked in opium, gemstones and timber, in exchange for war materiel and other support from their foreign allies. By 1987, the black-market trafficking that sustained the insurgencies was estimated at USD 3bn or 40 per cent of Burma's official GDP.⁵ Defeating the insurgencies seemed impossible while this trade flourished. However, external support to the insurgents was always articulated within changing Cold War dynamics in regional geopolitics. The Thai police and military, in league with the US Central Intelligence Agency, had long played a critical role in establishing transnational support for Burmese rebels. First, they had connected with a Kuomintang army controlling Shan state, and subsequently with other

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3. Generally, Myanmar and even foreigners refer only to Myanmar's ethnic-minorities as 'ethnic groups'. This wrongly implies that the Bamar themselves are not an 'ethnic group'.
 4. Mary P. Callahan, *Making Enemies: War and State Building in Burma* (Ithaca: Cornell University Press, 2007).
 5. Martin Smith, *State of Strife: The Dynamics of Ethnic Conflict in Burma* (Washington and Singapore: East-West Center Washington & ISEAS, 2007), 19.

insurgents.⁶ In addition to being highly lucrative for leading securocrats, this strategy sustained a 'buffer' of anti-communist forces against the Chinese communists and later the supposedly 'socialist' Burmese regime. The Communist Party of Burma (CPB), which headed a major alliance of ethnic-minority rebels, also received political, economic and military backing from Beijing.

However, a critical change occurred in the policies of neighbouring states in the late 1980s. As the Cold War wound down, the ideological benefits of backing the insurgents waned for Thailand and China. Moreover, rapid economic growth was straining supplies of natural resources in these and other neighbouring countries, leading powerful politico-business elites to seek access to Myanmar's lucrative and largely untapped reserves. Gaining access to Myanmar's interior, however, required sound government-to-government relations, not indirect access through the piecemeal smuggling activities of local, non-state actors. Consequently, having stopped aiding the CPB in the 1970s, China abandoned the party entirely in 1989. It instead moved to cultivate its ties with the military regime that had just seized power in Burma in a violent crackdown against pro-democracy protesters. Thailand also stopped supporting Burma's anti-communist rebels, seeking instead to transform neighbouring 'battlefields into marketplaces.'⁷ The other member-states of the Association of Southeast Asian Nations (ASEAN) followed suit.

These developments created an unprecedented opportunity for political change that was seized by Myanmar's new military regime, which had attained power when the previous Burmese Socialist Programme Party regime collapsed amidst Bamar-led pro-democracy protests in 1988. Moreover, as noted by Smith earlier in this volume, many ethnic rebel leaders, including most notably the KIO leadership under Maran Brang Seng, also sought to develop new strategies for political dialogue in this changed situation. The Myanmar army's top priority remained pacifying the borderlands and defending national territorial integrity. However, as the country was beset by economic chaos and widespread

6. Alfred McCoy, *The Politics of Heroin in Southeast Asia* (New York: Harper & Row, 1972).

7. Paul Battersby, 'Border Politics and the Broader Politics of Thailand's International Relations in the 1990s: From Communism to Capitalism', *Pacific Affairs* 71, no. 4 (1998–1999).

Bamar unrest, the junta adopted a new strategy of offering the ethnic-minority insurgents ceasefires.⁸ This approach was reinforced by the aforementioned reorientation of neighbouring states' policies towards Myanmar in three key ways. Firstly, Thailand and China pushed their former clients among the insurgent groups to agree ceasefires with the regime, withdrawing their previous backing. As stated, a critical development was the collapse of the CPB in 1989. Following the eruption of internal conflict over drugs trafficking, China this time declined to rescue the CPB, and its alliance dissipated into ethnically defined militias. Several of these groups quickly signed ceasefires with Yangon. The CPB's demise enabled the junta to concentrate its forces against other recalcitrant groups, compelling many of them to sue for peace. Secondly, the regime was able to exploit the more favourable geopolitical environment to purchase large quantities of Chinese arms, with support from Singaporean banks, thereby bolstering its forces against the insurgents.⁹ Thirdly, the government was also able to exploit growing foreign economic interest in Myanmar by signing trade and investment deals in logging, fisheries and mining. This enabled it to capture rents that had previously accrued to rebel groups in the resource-rich areas under their control. Following rapid economic deregulation, foreign investment boomed from USD 58m in 1990–91 to USD 800m by 1996–97, much of it directed into military-linked firms.¹⁰ Hardwood timber exports alone earned the regime USD 160m annually from 1988–95, rescuing the state from near-bankruptcy.¹¹

Myanmar's ethnic-minority insurgents thus confronted an increasingly well-armed military and faced being squeezed out of the border trade that had sustained their resistance. Decades of civil conflict had also produced deep war-weariness among the borderlands' populations, making the prospect of ceasefires – even with a hated military enemy – much more attractive. Although the Bamar cities had risen to demand democracy in 1988, a more urgent priority for many ethnic-

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8. On previous, but far more limited, pushes for ceasefires, see Smith, this volume.
 9. Andrew Selth, *Burma's Secret Military Partners* (Canberra: ANU, 2000).
 10. David Steinberg, *Burma: The State of Myanmar* (Washington, DC: Georgetown University Press, 2001), 169.
 11. Khin Maung Kyi et al., *Economic Development of Burma: A Vision and a Strategy* (Stockholm: Olof Palme International Center, 2000), 13.

minority groups was local economic development to alleviate crushing poverty and appalling living conditions.¹² While some groups resisted, ultimately the external and internal pressures to sign ceasefires became overwhelming. The KIO, heading an ethnic-minority alliance initially aligned with the Bamar pro-democracy leader Aung San Suu Kyi, held out, but only until 1994. In a further round of ceasefires in 1995–97, agreements were eventually signed with every major group except the Karen National Union (KNU).

Ceasefire capitalism and military state building

What characterised these ceasefires, and what were their political and economic consequences? Essentially, the agreements were informal *quid pro quos*, granting some local autonomy and development assistance to local armed groups in exchange for demobilising and accepting the extension of state authority into the borderlands. Subsequently, it became clear that this enabled an unprecedented, albeit uneven, process of military-led state building in these areas. The accommodations forged around natural resource exploitation were key to creating new political complexes linking military and ceasefire elites to a host of business and other non-state actors, as discussed in detail by Kevin Woods in the next chapter. This has formed the basis for the extension of state power into areas where it had hitherto not existed. Moreover, the regime has gradually manipulated natural resource flows to redirect rents from the ceasefire groups to itself, further strengthening the hand of the central state *vis-à-vis* the former rebels. These strategies have apparently diminished substantially the will and capacity of most ceasefire groups to return to armed rebellion, as was undoubtedly the regime's intention.

Myanmar's ceasefires were secret agreements struck between rebel leaders (or their representatives) and the head of military intelligence, General Khin Nyunt, who masterminded this new approach, as discussed by Martin Smith in the previous chapter. In exchange for demobilising their forces and retreating to specified areas, the former insurgents were permitted to retain control over some territory and border checkpoints, enabling them to continue trafficking (including in opium) and 'taxing'

12. Seng Raw, 'Views from Myanmar: An Ethnic Minority Perspective', in *Burma: Political Economy under Military Rule*, ed. R. H. Taylor (London: Hurst & Company, 2001).

trade through these areas. They would also receive lucrative new business opportunities and state development spending. The ceasefires thus marked an absence of fighting, an 'armed peace', rather than a genuine peace settlement (see Meehan's chapter in this volume for a comparison in the Ta'ang area). They did not address any of the grievances that had fuelled the insurgencies, nor did they form the basis for a lasting political settlement. This was instead left to the National Convention, a hand-picked constituent assembly convened by the regime from 1992–96, which several ceasefire groups joined. However, the military's overriding concern for Myanmar's stability and territorial integrity led it to control the Convention tightly and make no real concessions to its opponents. Believing that democracy could only succeed if civilian rivalry and Myanmar's centrifugal forces were contained, it sought to impose a 'disciplined democracy' with minimal regional autonomy.¹³

Simultaneously, the regime used the ceasefires to extend its authority and control over the borderlands, pursuing a piecemeal project of military-led state building. Army garrisons, government agencies and officially approved NGOs entered the borderlands, extending the modern state's reach into areas it had never previously penetrated. By 2003, the government's Border Areas Development Programme had spent USD 506m on development and social services.¹⁴ Priority was given to the creation of infrastructure, particularly roads that facilitated further military penetration of the borderlands. As we shall see, this was an early move in a campaign to deprive 'insurgent groups ... of their resource base, [and] assert control over the lucrative border trade'.¹⁵

Such ulterior motives notwithstanding, state development spending did improve social outcomes in some areas, notably the Pa-Oh areas of Shan state. Perhaps more importantly, it also began binding local ethnic-minority elites to the central state, as governmental functions were 'sub-

13. Lee Jones, 'Explaining Myanmar's Transition: The Periphery is Central', *Democratization* 21, no. 5 (2014).

14. Government of Myanmar, 'Prime Minister General Khin Nyunt Clarifies Future Policies and Programmes of State', *New Light of Myanmar*, 30 August 2003, <http://www.networkmyanmar.com/images/kn2003.pdf> (downloaded 18 February 2013), 11.

15. Curtis Lambrecht, 'Oxymoronic Development: The Military as Benefactor in the Border Regions of Burma', in *Civilising the Margins*, ed. C. R. Duncan (Ithaca: Cornell University Press, 2004), 162.

contracted' to them.¹⁶ Local 'civil society' groups also embraced the turn to peace in the Kachin region. For instance, Reverend Saboi Jum of the Kachin Baptist Convention, who had played a major role in mediating peace agreements, established the Shalom Foundation, while the Metta Development Foundation, established by Lahpai Seng Raw, was set up to promote local development within the new ceasefire context. Metta went on to become Myanmar's largest non-governmental organisation, as previously described by Smith in the last chapter. In this sense, the ceasefires also enabled a 'civic resurgence' in the Kachin region, which was an aim of the KIO leadership, if not the military regime.

The process of state-building in ceasefire areas was also bolstered significantly by the incorporation of borderland elites into economic relations dominated by state entities, a strategy described by Kevin Woods as 'ceasefire capitalism', which shall be discussed in more detail in the next chapter.¹⁷ This took two forms: the regime's creation of joint ventures with borderlands elites in extractive industries, notably logging, mining and agribusiness, and the incorporation of some local elites into national-level economic development projects.

In the first approach, local elites brokered the initial investments via their black market contacts, while army and ceasefire militia units guarded the resultant business operations. Such arrangements helped 'the regime to expand its military, administrative and economic reach into areas of the country where it previously had little or none.'¹⁸ The process was reinforced by the foreign investment flowing to Myanmar after the Cold War, overwhelmingly from China, Thailand, India and other Asian states. Indeed, two-thirds of Myanmar's foreign investment was concentrated in just three resource-rich ethnic-minority states:

16. R. H. Taylor, *The State in Myanmar* (London: Hurst, 2009), 450.

17. Kevin Woods, 'Ceasefire Capitalism: Military-Private Partnerships, Resource Concessions and Military State Building in the Burma–China Borderlands', *Journal of Peasant Studies* 38, no. 4 (2011).

18. Ken Maclean, 'Sovereignty in Burma after the Entrepreneurial Turn: Mosaics of Control, Commodified Spaces, and Regulated Violence in Contemporary Burma', in *Taking Southeast Asia to Market: Commodities, Nature, and People in the Neoliberal Age*, ed. Joseph Nevins and Nancy Lee Peluso (Ithaca: Cornell University Press, 2008), 143.

Kachin (USD 8.3bn), Rakhine (USD 7.5bn) and Shan (USD 6.6bn).¹⁹ This investment initially needed to be mediated through local elite collaborators, allowing some ceasefire groups to shape outcomes and prevent the military monopolising the resultant rents. Ceasefire groups enjoyed varying levels of power and autonomy, partly depending on the military balance at the time their ceasefires were concluded, but also because of rivalries between competing foreign investors.²⁰ For example, thanks to rivalry between Chinese and Thai investors and residual Chinese political support, the United Wa State Army (UWSA) has managed to maintain greater control over local resource rents than the KIO.²¹

This centralising process, and the development of ceasefire capitalism itself, was highly conflict-ridden and contested. The resultant export revenues enriched many regional army commanders. It also helped to finance their growing patronage networks: local elites who collaborated with the army's strategy could be handsomely rewarded. Through such state-mediated 'development', the regime forged new power structures in the borderlands, described by Mary Callahan (invoking Mark Duffield) as:

... emerging political complexes ... flexible and adaptive networks that link state and other political authorities to domestic and foreign business concerns ... traditional indigenous leaders, religious authorities, overseas refugee and diaspora communities, political party leaders, and NGOs.²²

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19. Government of Myanmar, 'Prime Minister General Khin Nyunt Clarifies'; Tom Kramer and Kevin Woods, 'Financing Dispossession: China's Opium Substitution Programme in Northern Burma', *Transnational Institute*, (2012), 12. Note that local elite mediation was marginal in Rakhine because investment was overwhelmingly in offshore oil and gas.
 20. Patrick Meehan, 'Drugs, Insurgency and State-Building in Burma: Why the Drugs Trade Is Central to Burma's Changing Political Order', *Journal of Southeast Asian Studies* 42, no. 3 (2011).
 21. Tom Kramer and Kevin Woods, 'Financing Dispossession: China's Opium Substitution Programme in Northern Burma', (2012), 75. The UWSA, which fields up to 30,000 troops, operates highly autonomously.
 22. Mary P. Callahan, *Political Authority in Burma's Ethnic Minority States: Devolution, Occupation and Coexistence* (Washington, D.C.: East-West Center, 2007), 3–4. Government of Myanmar, 'Prime Minister General Khin Nyunt Clarifies'.

These networks were the social basis upon which state power was (re) built.

The second element of ceasefire capitalism was the incorporation of local economic elites, formerly linked to rebel groups, into national-level economic development. Borderlands drugs barons and smugglers – including such notorious men as the ‘opium king’ Khun Sa, leader of the Shan United Army and the Mong Tai Army, and his rival Lo Hsing Han – were invited to launder their ill-gotten gains through state-owned banks – after paying a 25 per cent ‘whitening tax’ – and to invest the proceeds in ‘legitimate’ national businesses. Individuals rendering useful services again received extensive patronage, with some borderland kingpins establishing large-scale conglomerates that received lucrative government contracts, and dominating the emerging private banking sector.²³ In this way, the regime routed economic resources away from the borderlands, where they had helped sustain ethnic-minority insurgencies, into parts of the economy that it controlled and from which it benefited.

In an effort to diminish the rents still accruing to the ceasefire groups from the ‘taxing’ of border checkpoints, this strategic rerouting of resource flows gradually extended to cross-border trade. This had a particularly significant effect on the Kachin region’s economy. For example, initially, the jade and gemstone mining permits issued to ceasefire groups only required 10 per cent of gemstones unearthed to be sold at government-run auctions in Yangon.²⁴ Accordingly, the Kachin trade in jadeite was not significantly impaired. However, by the mid-2000s, all gemstones produced by joint ventures had to be sold through these auctions.²⁵ Indeed, by this time, most of the jadeite going to China, Myanmar’s major export market, had already been re-routed through Yangon, and in recent years they have gone through

23. Lee Jones, ‘The Political Economy of Myanmar’s Transition’, *Journal of Contemporary Asia* 44, no. 1 (2014), 148–51.

24. Maclean, ‘Sovereignty in Burma after the Entrepreneurial Turn: Mosaics of Control, Commodified Spaces, and Regulated Violence in Contemporary Burma’, 143.

25. US Embassy Yangon, ‘Mandalay: Diplomatic Views’, *Wikileaks*, 3 March 2006, <http://wikileaks.org/cable/2006/03/06RANGOON290.html> (downloaded 23 August 2012).

Naypyitaw. In addition, and even more significantly, by taking control of valuable jadeite mines, the army 'shut out' many businesses linked to the KIO, redirecting lucrative rents to itself and its allies.²⁶ Only very dominant, quasi-collaborationist Kachin elites have been immune from this squeeze, notably the jade magnate Yup Zau Hkawng of Jadeland Co. Already occupying a dominant position within the industry in 1994, Yup Zau Hkawng secured his position by helping to mediate the progress of the KIO ceasefire in exchange for lucrative mining concessions from the regime. He has since occupied an ambiguous and sometimes precarious position, alternating between regime ally and local patriot and philanthropist, thereby maintaining his business empire.

In addition to jade, the Kachin region's timber exports were also redirected from cross-border roads, where they had historically been controlled and 'taxed' by the KIO. They too were now sent via Yangon's port in order to 'squeeze the KIO out of the timber business and thus weaken their political position against the regime.'²⁷ Likewise, in agribusiness, local headmen in Kachin and Shan states were increasingly bypassed by Chinese investment mediated through regional army commanders.²⁸ This rerouting was combined with sporadic crackdowns on drug production, which in some ceasefire areas, especially Shan state, concentrated trafficking in the hands of groups loyal to the regime.²⁹ As Kevin Woods' pioneering work has revealed, these various strategies 'increased state funds ... [and] – more importantly – cut off ethnic political resistance groups' access to resource rents ... [T]rading networks became connected to the regime's wider patron-client relations',

26. Andrew R. C. Marshall and Min Zayar Oo, 'Myanmar Old Guard Clings to USD 8-Billion Jade Empire', *Globe and Mail* 4 October 2013.

27. Kevin Woods, 'Conflict Timber along the China–Burma Border: Connecting the Global Timber Consumer with Violent Extraction Sites', in *Chinese Circulations: Capital, Commodities, and Networks in Southeast Asia*, ed. Eric and Wen-Chin Chang Tagliacozzo (Durham: Duke University Press, 2011), 489.

28. Kramer and Woods, 'Financing Dispossession: China's Opium Substitution Programme in Northern Burma', 42–44.

29. SHAN (Shan Herald Agency News), 'Show Business: Rangoon's "War on Drugs" in Shan State – A Report', (2003). Meehan, 'Drugs, Insurgency and State-Building in Burma: Why the Drugs Trade Is Central to Burma's Changing Political Order.'

with power shifting from local elites to ‘regional and national military officials’.³⁰

The overall trend from these ceasefire developments clearly favoured the regime’s state-building strategy. Growing popular dissatisfaction with military brutality and the narrow circle of beneficiaries involved in extractive ‘development’, including in Kachin State, found no organised political outlet for many years because the former resistance groups had largely been demobilised and their leaderships drawn into the borderlands’ emerging political complexes. This included the increasingly ossified KIO leadership. Despite its continued mistrust of the Myanmar army, and its initial reluctance to pursue local development prior to a national political settlement, it eventually acquired burgeoning business interests, turning to logging on a massive scale. Leaders appropriated most of the profits, rather than reinvesting them in local development. As the Shalom Foundation’s director complains, ceasefire capitalism benefited ‘the military government and also some ... KIO [leaders] and [other] ethnic insurgent groups ... But the people at the grassroots got no benefit at all.’³¹ Popular disillusionment with the former resistance organisations became widespread, further neutralising their capacity to mobilise support and resist government encroachment at critical turns, as will be described in many of the chapters in this volume to follow. This internal weakening was complemented externally by the regime’s strategy to centralise resource rents and squeeze the KIO’s businesses. Thanks to this strategy, and rising exports in state-controlled sectors, notably gas and hydroelectricity, the estimated ratio of smuggling to official exports fell from 85 to 50 per cent from 1990–2005.³² The illicit flows that had long sustained Myanmar’s insurgencies were gradually being choked off, and with it most ceasefire groups’ will and capacity to resume armed struggle.

Nonetheless, as the Kachin region particularly illustrates, the military’s strategies have not resulted in total triumph; indeed, they have

30. Woods, ‘Ceasefire Capitalism: Military–Private Partnerships, Resource Concessions and Military State Building in the Burma–China Borderlands’, 750–52, 765–67.

31. Saboi Jum, Director, Shalom Foundation, Interview with the author, Yangon, 18 July 2012.

32. Jalal Alamgir, ‘Myanmar’s Foreign Trade and its Political Consequences’, *Asian Survey* 48, no. 6 (2008), 983.

generated new social contradictions that impede full state control of the borderlands and underscore the continued dynamism of Myanmar's social relations. As noted earlier, the ceasefires are not permanent settlements that address deep and widespread popular grievances. Moreover, despite early hopes for local development, the rapacious nature of 'ceasefire capitalism' has produced new sources of resentment. Indeed, Nhkum Bu Lu in this volume gives a highly personal account of experiences in relation to these changes. Despite early hopes for development, the rapacious nature of 'ceasefire capitalism' and the narrow range of its beneficiaries have generated widespread dissatisfaction in the borderlands. In Kachin State, mass migration into government-held mining areas has also generated an explosion in malaria and HIV infections; youth unemployment and drug abuse are rampant, leading to perceptions of a 'conspiracy' against Kachin people as evocatively discussed by Laur Kiik later in this volume. Brutal land grabs to make way for military facilities, mines, hydroelectric dams, oil and gas pipelines and agricultural plantations have become commonplace, fuelling popular resentment. In Kachin State, this generated a new form of nationalist youth activism based around environmental protection, which criticised the Myanmar army – and the KIO – for despoiling the Kachin homeland. Such resistance was increasingly supported by exiled opposition groups operating in Thailand and beyond as the Kachin diaspora extended globally, as outlined in detail by Mahkaw Hkun Sa in his discussion of the significance of this diaspora movement during these years.³³ As we shall see below, these dynamics had direct consequences for the sustainability of the ceasefire.

The road-map to 'democracy' and breakdown of ceasefires

From 2003, Myanmar's ruling junta sought to consolidate their extension of state power by implementing a new constitutional settlement that would safeguard the military's interests and preferred political order. As part of a seven-step 'road-map' designed to end formal military rule and usher in 'disciplined democracy', the regime revived the National Convention, which had been abandoned in 1996.

33. Adam Simpson, 'Challenging Hydropower Development in Myanmar (Burma): Cross-border Activism Under a Regime in Transition', *Pacific Review* 26, no. 2 (2013).

The regime's relative empowerment *vis-à-vis* ethnic-minority groups during 15 years of military rule was clearly reflected in the National Convention's development. The regime had been forced to abandon it in 1996 because the main Bamar opposition party, the National League for Democracy (NLD), had walked out, while the participating ceasefire groups were demanding greater autonomy than the military would tolerate. Moreover, many insurgencies were still raging and other ceasefire groups, including the KIO, were boycotting the National Convention entirely. Yet by 2004, when the Convention resumed, virtually all insurgent groups had signed ceasefires; the last major holdout, the KNU, had entered peace talks; and all of these groups had abandoned their separatist platforms, pursuing only regional autonomy within the Union of Myanmar. All the major ceasefire groups now joined the NC, seeing the road-map as the 'culmination of their ceasefire strategies' and a chance to embed their post-1988 gains.³⁴

Despite their deep misgivings, this culminated in the adoption of the 2008 constitution. Notwithstanding similar complaints about the limited regional autonomy on offer and very limited concessions to their demands, in 2007 a constitution was approved that was virtually identical to the one proposed by the regime in 1996.³⁵ The KIO's conduct emblematised the change in power relations that had occurred since then. Having boycotted the earlier National Convention, they participated in 2004–07. Even as Buddhist monks were marching against the regime in Yangon (the so-called 'saffron revolution' of 2007), KIO leaders were attending mass rallies in support of the Convention. Finally, in the 2008 constitutional referendum, while the NLD urged a national boycott, the KIO instructed its followers to vote 'yes' (see chapters by Martin Smith and Mahkaw Hkun Sa, this volume, for further discussion of the internal dynamics around this issue).³⁶

34. Martin Smith, 'Ethnic Participation and National Reconciliation in Myanmar: Challenges in a Transitional Landscape', in *Myanmar's Long Road to National Reconciliation*, ed. Trevor Wilson (Singapore: ISEAS, 2006), 46.

35. See Jones, 'Explaining Myanmar's Transition: The Periphery is Central', 10–11.

36. Mandy Sadan, 'Ethnic Minorities & Political Governance: The Myanmar Situation', in *Political Governance and Minority Rights: South and South East Asian Scenario*, ed. Lipi Ghosh (Abingdon: Routledge, 2009), 151–53.

Nonetheless, crucially, the junta greatly overestimated its power to coerce the ceasefire groups to merge their militias into the national army prior to the nationwide elections that were the next step on the regime's 'road-map'. Pushed to the brink, several groups, including the KIO, resisted by force of arms. This generated a new cycle of violence, exposing the limitations of the regime's state-building strategy. This outcome was far from inevitable; it was instead the result of a strategic blunder by the regime. Chapter 1, clause 9 of the 2008 constitution insists that the national army must be 'the sole existing' armed force in Myanmar. Accordingly, the ceasefire groups had agreed to merge their militias into the regular army as 'border guard forces' (BGFs) after a new government was elected. Plans agreed between the regime and representatives of the Kachin, Kokang, Shan and Wa ceasefire groups in April 2009 specified the creation of BGFs comprising 326 soldiers with three commanders, one from the Myanmar army and two from the former militias. However, as part of the junta's quest to guarantee Myanmar's future stability and integrity, the government subsequently insisted that the merger must occur before the elections, making the eligibility of political parties affiliated with the militias to participate in the elections conditional upon compliance.

Although the Democratic Karen Buddhist Army and the National Democratic Army-Kachin agreed to convert their forces into BGFs, most other groups demurred.³⁷ A deadline set for June 2009 was subsequently extended four times, but compliance remained incomplete. In August, the army exploited an anti-narcotics raid to rout the Myanmar National Democratic Alliance Army, a Kokang militia resisting transformation into a BGF. Armed threats were subsequently issued to the UWSA, KIO and other ceasefire groups, leading to outbreaks of fighting and the effective collapse of several ceasefires, including the one in Kachin State.

While in some respects the breakdown of the Kachin ceasefire reflected simple over-reach by the military, it was also determined by social contradictions and struggles stemming from the previous two decades of ceasefire capitalism. On the basis of extensive fieldwork, David Brenner persuasively argues that the social, political and economic grievances described in the previous section had, by the early 2000s, generated a

37. Wai Moe, 'Border Guard Force Plan Leads to End of Ceasefire', *The Irrawaddy* (31 August 2009).

support base for a younger generation of KIA officers seeking to remobilise the KIO.³⁸ By the time of the BGF imbroglio, the existing KIO/KIA leadership had already been discredited among the general populace through their intensifying corruption and infighting over lucrative economic opportunities. Meanwhile, a set of mid-ranking KIA officers, led by Brigadier Gun Maw, had begun mobilising for change with the Kachin Baptist Convention and the local Catholic Church. Along with a new officer school, a newly established 'youth wing' within the KIO – the Education and Economic Development for Youth scheme – became a significant power base for these younger officers. Ultimately, by the time the BGF ultimatum was issued, this group was strong enough to resist the Tatmadaw's demands and effectively to seize control of the KIO from its comprador elite. Under a new generation of more radical leaders, the KIA returned to rebellion, swelling rapidly to 10,000 fighters and enjoying widespread popular support as a result of this long process of mobilisation and coalition building. This outcome stemmed directly from the contradictions of 'ceasefire capitalism' in Kachin State, illustrating the importance of a dynamic and dialectical analysis of Myanmar's society, rather than assuming stasis and stagnation.

The precise details surrounding the breakdown of other ceasefires remain unknown, but they appear to have stemmed from issues of trust and strategy rather than principle. The ceasefire groups *had* agreed to become BGFs; at issue was the timing. By renegeing on its agreement to implement BGFs *after* the elections, the regime destroyed the already fragile trust established with the former rebels. From the ceasefire group leaders' perspective, neutralising their militias would remove their remaining leverage to ensure the regime would honour its commitment to allow their front parties to participate in the elections and play a role in governing their respective areas. Coupled with the regime's increasing pressure on their local primacy and economic revenues, this seriously threatened the borderland elites' personal interests. Rather than potentially committing political suicide, they reluctantly decided to resist.

In Kachin State, this decision found ready popular support, especially among an increasingly radicalised Kachin youth. This explains why the

38. David Brenner, 'Ashes of Co-Optation: From Armed Group Fragmentation to the Rebuilding of Popular Insurgency in Myanmar', *Conflict, Security and Development* 15, no. 4 (2015). See also the chapter by Mahkaw Hkun Sa in this volume.

KIA was subsequently able to sustain its armed struggle against the regime despite a massive army onslaught involving the unprecedented use of airpower. Although the KIA was at times driven back to the Chinese border, popular backing enabled it to maintain guerrilla resistance and inflict significant casualties on state forces. This prevented the government from repeating its triumph over the smaller Kokang forces, and other groups that challenged the BGF plan. In Wa state, the army has not even seriously attempted to tackle the far more powerful UWSA. The military strategy was thus in disarray, precipitating a return to an earlier phase of ceasefire-seeking under the new president, Thein Sein.

Conclusion

To some extent, the new administration of President Thein Sein, which took office in 2011, simply replicated earlier regime approaches towards the minorities, reflecting the profoundly entrenched priorities and strategies of the Myanmar military and the interests embedded by ceasefire capitalism. The government pursued a conventional approach of coercing and bribing recalcitrant groups into bilateral ceasefires. The inducements offered to the KNU, for example, were a classic example of ceasefire capitalism, as also discussed by Gravers in a later chapter. Lucrative participation in the Dawei special economic zone was apparently dangled before KNU negotiators, with business oligarchs in the regime-friendly non-governmental organisation Myanmar Egress playing a leading role in generating the ceasefire signed in January 2012.³⁹ The imperatives of ceasefire capitalism are also still apparent in Kachin State. Military offensives seem to have been concentrated around the pipeline linking the hydrocarbon resources off Myanmar's western coast to China's Yunnan province, the security of which is clearly threatened by renewed KIA insurgency.⁴⁰ Likewise, the Kachin tycoon Yup Zau Hkawng was again pivotal in mediating between the government and the KIO, helping to generate a seven-point agreement to move towards a new ceasefire in October 2013.

39. Saw Kapi, 'The Economic Forces at Work Behind the Karen Ceasefire', *The Irawaddy* (11 April 2012).

40. Coupled with significant refugee flows, this has prompted China to become directly involved in pressing for a ceasefire. See International Crisis Group, 'A Tentative Peace in Myanmar's Kachin Conflict' (2013).

More unusually, Thein Sein pledged to address ethnic-minority grievances and seek a lasting, negotiated settlement following a 'national ceasefire', though moves towards this have been heavily constrained. One of his earliest acts in office was to suspend the hugely controversial, Chinese-backed Myitsone dam project in Kachin State. Although this appeared to address Kachin grievances, since other projects and associated land grabs continue apace, it was arguably more designed to appease Bamar nationalists concerned about growing Chinese influence. Moreover, Thein Sein apparently faced resistance from serving and former military officers. Army attacks have continued in Kachin State despite repeated presidential instructions to the contrary, and senior officers have stayed away from peace talks, raising questions either about the extent of Thein Sein's control over the army or the depth of his commitment to peace. Combined with the KIO's aforementioned revitalisation, this has seriously impeded progress towards a new ceasefire in Kachin State.

Nonetheless, some positive developments undoubtedly occurred under the new government. While the previous regime pursued a 'divide and rule approach', insisting on negotiating bilaterally with minority groups in order to maximise its bargaining power, the new government accepted multilateral talks on several occasions to lay the ground for a national ceasefire. In a particularly remarkable and unprecedented departure, the government has even tolerated the involvement of external parties in the peace talks, notably China and the United Nations.⁴¹ Minority representatives have also been able to meet collectively for the first time in decades to thrash out common positions; indeed, their difficulty in agreeing has appeared at times to impede progress more than any governmental reluctance.⁴² Yet, despite ostensible commitment to negotiating a lasting settlement, and even talk of 'federalism' – until recently a deep taboo among Bamar elites – there remain deep gulfs between the government and several resistance groups, preventing the achievement of a genuine nationwide ceasefire. For many in the borderlands, the 'reform era' initiated by Thein Sein involved very little change from the *status quo ante*.

41. Ibid.

42. Saw Yan Naing, 'Amid More Delays, Rivalries Divide Burma's Ethnic Groups', *The Irrawaddy* (7 February 2014).

Progressing the peace process should arguably be Aung San Suu Kyi's top priority as the NLD take office as Myanmar's newly elected government in 2016. Yet, given the forces of Bamar nationalism, the surprisingly poor electoral results for ethnically-based parties, and Aung San Suu Kyi's own studied reticence on the minorities' grievances, it remains unclear how much the new government will be willing to concede. Even if the NLD does have a plan to settle Myanmar's insurgencies, or develops one, it is uncertain that the entrenched power of conservative and military elements within the state will permit such concessions to be made. And will these compromises be sufficient to satisfy the minorities' legitimate grievances? Their demands encompass political rights, meaning a desire for significant local autonomy and self-governance (not necessarily 'federalism' in the Western sense, but a 'union' rather than 'unitary state' model). They also include economic rights, meaning a reasonable share of the natural resource wealth in their areas, and local development. They also seek cultural rights, meaning respect for their religions, languages and traditions rather than a campaign of forced 'Burmanisation'. Clearly, the earlier strategy of ceasefires did nothing to address these demands, hence the fragility of the order they delivered. Indeed, despite the modesty of ethnic-minorities' demands, they have repeatedly proved incompatible with the historically rigid and homogenising programme of nation-building pursued by generations of Bamar rulers, particularly those in the military. It will take considerable compromise, particularly on the Bamar side, to achieve a just and lasting peace.