Conflict, Security & Development
Publication details, including instructions for authors and subscription information:
http://www.tandfonline.com/loi/ccsd20

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Published online: 03 Aug 2015.

To cite this article: David Brenner (2015): Ashes of co-optation: from armed group fragmentation to the rebuilding of popular insurgency in Myanmar, Conflict, Security & Development, DOI: 10.1080/14678802.2015.1071974

To link to this article: http://dx.doi.org/10.1080/14678802.2015.1071974

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Analysis

Ashes of co-optation: from armed group fragmentation to the rebuilding of popular insurgency in Myanmar

David Brenner

This article argues that attempts to buy insurgency out of violence can achieve temporary stability but risk producing new conflict. While co-optation with economic incentives might work in parts of a movement, it can spark ripple effects in others. These unanticipated developments result from the interactions of differently situated elite and non-elite actors, which can create a momentum of their own in driving collective behaviour. This article develops this argument by analysing the re-escalation of armed conflict between the Kachin Independence Organisation (KIO) and Myanmar’s armed forces after a 17-year-long ceasefire broke down in 2011. After years of mutual enrichment and collaboration between rebel and state elites and near organisational collapse, the insurgency’s new-found resolve and capacity is particularly puzzling. Based on extensive field research, this article explains why and how the state’s attempt to co-opt rebel leaders with economic incentives resulted in group fragmentation, loss of leadership legitimacy, increased factional contestation, growing resentment among local communities and the movement’s rank and file and ultimately the rebuilding of popular resistance from within.

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Introduction

The idea of co-opting rebels with economic incentives has become increasingly popular in theory\(^1\) and practice.\(^2\) At a time when insurgency is more often framed as a criminal business network than a revolutionary enterprise,\(^3\) the underlying logic of altering the cost-benefit calculus of rebels in favour of peace by overriding political grievances with economic opportunities seems appealing.

To inquire into the application or non-application of this logic, Myanmar makes for an interesting case to study. Since the failure of a post-independence settlement between the country’s ethnic minorities and its ethnic majority, several dozen armed ethno-nationalist insurgencies have been fighting for more autonomy or outright secession from Myanmar’s central government.\(^4\) For more than two decades the country’s army sought to pacify many of these insurrections by negotiating separate ceasefire agreements with individual armed groups. While these armistices did not lead to substantial political dialogue, they allowed insurgents to retain their arms and govern pockets of territory.\(^5\) Moreover, these pacts encouraged armed group involvement in what has been referred to as the country’s ‘ceasefire capitalism’\(^6\): the collaborative exploitation of the area’s natural riches by army generals, rebel leaders and Chinese businessmen. As the co-optation of rebels by way of economic incentives, indeed, produced remarkably stable settlements for many years, some authors have referred to Myanmar as a twist to the conventional ‘resource curse’ narrative.\(^7\) Instead of fuelling violent conflict over lootable resources, the country’s ceasefire politics seemed to demonstrate that ‘economic self-interest can also move combatants to cease hostilities’.\(^8\)

One of the oldest and strongest ethnic armed groups in Myanmar—the Kachin Independence Organisation (KIO)—agreed to a ceasefire in 1994. As Nicolas Farelly points out, this pact had been ‘integral to the security of northern Burma’ for 17 years.\(^9\) In 2011, however fighting between Myanmar’s armed forces—the Tatmadaw—and the KIO escalated again. Since then the rugged Kachin hills bordering China have once more been embroiled in deadly conflict, resulting in heavy losses on both sides and displacing up to 100,000 civilians.\(^10\) This was particularly puzzling as the revolutionary ambitions and military capacities of the KIO seemed to have withered away over the long ceasefire years, while its leaders profited from the spoils of the ceasefire economies. During these years, they also established intimate ties with Tatmadaw commanders and were relatively accommodating towards the government.\(^11\) Since war broke out again the Kachin
insurgency has, however, revealed military strength, organisational discipline and a large popular support base. Today the KIO also opposes a ceasefire along similar lines as before, demanding substantial political dialogue instead. Against this puzzling background, this article asks: why and how has the KIO’s willingness as well as ability to wage war against Myanmar’s government increased so dramatically?

This article argues that attempts to co-opt rebel leaders into peace with lucrative business concessions have backfired. While economic counter-insurgency has worked to curb armed conflict for many years, it left underlying grievances unaddressed and planted the seeds of new ones among local communities and among the rank and file of the KIO. These new resentments were not only directed against the Myanmar government, but primarily against the leadership of the KIO itself. This has undermined the legitimacy of KIO leaders and ultimately provided a fertile mobilisation ground for an emerging faction of young officers to take over leadership and refute their organisation’s conciliatory stance.

To capture these processes it is necessary to analyse the interaction between differently situated and motivated elite and mass-level actors of insurgency, which produce multifaceted and shifting landscapes of power and legitimacy that develop a momentum of their own in influencing armed group behaviour. This within-group perspective helps to explain why elite settlements that initially appear successful can be highly unstable in the long run.

To present these findings, the article will first review the situation of the KIO ceasefire against the background of economic counter-insurgency in Myanmar. It will then discuss the assumptions underlying such economistic engagement of armed groups as well as its pitfalls.Building on recent scholarship, the article proposes to shift the focus towards the internal politics of insurgency. It uses analytical insights and findings from nine months of field research to explain how economic counter-insurgency affected cohesion, legitimacy and contestation within the KIO and ultimately backfired.

‘Monetary ammunition’ in Kachin State

Counter-insurgency doctrine has seen a rapid revival, since US troops became embroiled in battling capable insurgencies in both Afghanistan and Iraq. The US military learned from Vietnam that defeating insurgency is not a purely military exercise but that “a favorable outcome” will be dependent on the success of our non-military efforts. When distilling his lessons from Iraq, US counter-insurgency mastermind Lt Gen David
Petraeus stressed the importance of economic strategies to counter rebellion, stating that: ‘Money is ammunition. In fact, depending on the situation, money can be more important than real ammunition’.\textsuperscript{15} To many insurgents in Myanmar, his words sound familiar. This was expressed by a high-ranking officer of the Karen National Union (KNU)—the country’s longest running ethnic insurgency—in an interview about the movement’s current ceasefire with Naypyidaw: ‘They carry money. They don’t carry guns, they don’t carry bullets’.\textsuperscript{16} After meeting with KNU leaders, Myanmar’s chief peace negotiator U Aung Min reportedly postulated that if ‘they become rich, no one will want to hold arms. If their regions are developed, no one will hold arms. If we do all these [sic] for them they will automatically abandon their arms’.\textsuperscript{17} In the context of decades-old protracted social conflicts over political autonomy and minority rights this argument seems rather simplistic. Nevertheless, Myanmar’s counter-insurgency fared quite well with this economics-centred approach for many years. Sherman assesses that one aspect that made the country’s ceasefire agreements of the 1990s ‘both attractive and relatively durable is the economic benefits that they yielded to key elites on both sides’.\textsuperscript{18} For Richard Snyder, Myanmar’s armistices exemplify how economic incentives can bring adversaries to the negotiation table by providing insurgents with a ‘lucrative “exit option”’.\textsuperscript{19} Long-term observer Martin Smith noted that by turning rebel leaders into businessmen, the Tatmadaw ‘was to have far more success in seizing the local initiative from armed opposition groups than it had ever had in 26 years of fighting’.\textsuperscript{20}

Myanmar’s changing counter-insurgency strategy was enabled by two concurrent developments in the late 1980s. China changed its interests and policies towards its neighbour at the end of the Cold War. Instead of supporting the insurgent Communist Party of Burma (CPB), Beijing became interested in exploiting Myanmar’s auspicious economic prospects to develop its own landlocked and impoverished Yunnan province next door. The Tatmadaw used this chance to co-opt the remainders of the CPB—fragmented into smaller ethnic armies after a mutiny in 1989—into ceasefires by granting their leaders lucrative business concessions.\textsuperscript{21} While the KIO had not been part of the communist umbrella movement, it also entered into a ceasefire along similar lines. Many of its leaders profited from various businesses—especially from jade mining and timber logging—and gradually established close working relationships with their former enemies.\textsuperscript{22} The relative stability that followed sparked an unprecedented wave of investment in Myanmar’s north, mostly in its natural resources. Indeed, two
thirds of the foreign direct investment (FDI) that entered the country between 1988 and 2012—officially recorded as US$38 billion—accumulated in the country’s border provinces, 25 per cent in Kachin State alone. Yet, these official figures only capture the tip of the iceberg. Most money in the area actually flows through illicit channels. Sales in jade—most of which is sourced from Kachin State—were reported at US$34 million in 2011. Real jade exports for this year were more likely worth between US$6 and US$9 billion.

While for a long time Myanmar’s ceasefire politics seemed to have provided ‘a successful—if crude—tool for conflict resolution’, the recent escalation of conflict with the KIO—the most prominent ceasefire group of the 1990s—does not fit this picture. When Myanmar old hand Bertil Lintner visited KIO territory during the 1980s, he noted that the movement was the ‘strongest ethnic rebel army in Burma’. The insurrection was founded on 5 February 1961 by a broad Kachin coalition—including university students in Yangon, intellectuals in Kachin State’s capital Myitkyina and Kachin veterans of the Second World War—in reaction to repressive state policies that discriminated against ethnic minorities. It quickly developed into one of the most powerful and best organised ethno-nationalist insurgencies in Myanmar. By the end of the 1980s it controlled large parts of Kachin State and northern Shan State. During these decades the KIO was at the forefront of Myanmar’s ethnic insurgency for more autonomy from the central state. In 1994, however, the KIO signed a ceasefire with Yangon at a time when other armed groups in Myanmar’s north had already signed individual armistices.

The Kachin movement was pressured to conclude this pact in 1994 for different reasons. Most importantly, a Tatmadaw offensive isolated its strong southern brigade, which fought in neighbouring northern Shan State. Without possibilities to resupply, these units formed an independent movement—the Kachin Defence Army (KDA)—and sought an individual ceasefire with the government in 1991. According to the current general secretary of the KIO, a major incentive behind their agreement lay in the provisions that allowed a war weary movement to retain their arms and to administer a sizeable part of Kachin State, the so-called Kachin State Special Region-2. This ceasefire territory spanned approximately one fifth of Kachin State, mainly along the Chinese border around the rebel-held towns of Laiza and Maijayang and in the lesser-populated parts of northern Kachin State. Most other areas—including the state capital of Myitkyina—remained under government control. Outside observers also highlighted the importance of economic incentives that made the armistice additionally palatable to individual rebel leaders. The government
indeed granted the KIO the right to exploit their area’s vast natural resources—particularly timber and jade—by setting up their own legal corporations, selling concessions to incoming companies and taxing the ever growing transborder trade with China.\(^{32}\)

Subsequently it became one of the most accommodating ceasefire groups, whose leaders then seemed more interested in plundering their territories together with Tatmadaw generals and Chinese businessmen than in waging revolutionary war.\(^{33}\) According to a foreign diplomat in Yangon at the time, the KIO was formerly regarded as one of the ‘good’ ethnic armed groups that had not colluded with the Tatmadaw. With its increasing business activities after the ceasefire, however, the KIO increasingly came to be identified with the ‘bad’ armed groups mostly associated with running illicit businesses along the Myanmar–China border.\(^{34}\)

Since the sudden breakdown of the 17-year-long ceasefire in June 2011, however, the KIO has defied this role of rebels-turned-businessmen. Instead the movement has since proven willing to fight again, spearheading a camp of ethnic armed groups that are least willing to compromise with Naypyidaw at the negotiation table.\(^{35}\) These shifting realities first surfaced in 2008 at a time of heightened tension. In an attempt to exert tighter control over ceasefire groups, Naypyidaw demanded that the various armed groups transform themselves into so-called Border Guard Forces (BGFs). This project aimed to legalise armed groups as militias in return for their subordination under Tatmadaw command. Moreover, it was meant to minimise their political ambitions by offering the registration of political ethnic minority parties instead, which were promised to compete in future election campaigns.\(^{36}\) After long years of ceasefires and militarised state-building—which significantly reduced the strength of most ethnic armies—Myanmar’s generals seemed to have finally concluded that they had tipped the balance of forces in their favour and were determined to bring the country’s borderlands under more direct control.\(^{37}\) Many of the old KIO elite—who had ensured the movement’s conciliatory stance for many years—were inclined to give in to this demand. Some of them had previously taken part in other government initiatives, including the National Convention process in 2003, which was tasked with drafting the country’s 2008 constitution.\(^{38}\) In their opinion, submitting their armed wing to government control and establishing a political party was better than risking a return to armed conflict.\(^{39}\)

Yet, the BGF issue brought an internal struggle for leadership to the fore. A faction of young officers vehemently opposed the Tatmadaw’s demand, viewing it as the potential ‘deathblow to the KIO’.\(^{40}\) This grouping eventually managed to take over leadership within
the KIO and subsequently refused to transform it into a government militia. Since then the once close working relations between the KIO and Naypyidaw have deteriorated rapidly and the new Kachin leadership has refuted its conciliatory policies. Having formerly consented to the 2008 constitution, the KIO now fiercely opposes it, instead demanding federal reforms and political autonomy for ethnic minority groups. The new KIO leadership has also started to raise concerns about the detrimental effects of joint Myanmar-Chinese infrastructure projects in the region, an issue its former leaders had silently condoned. In an open letter to China’s then President Hu Jintao, the new KIO leadership called for an end to the construction of the Myitsone mega-dam in Kachin State, warning that the project’s impacts on local communities could spark full-blown civil war. Only weeks afterwards, in June 2011, Tatmadaw troops attacked Kachin positions at another, already operating, Chinese hydropower plant in Tarpein in an attempt to clear the site of rebel units, which triggered the new war in Myanmar’s north. While the co-optation of KIO leaders with economic incentives stabilised the area for 17 long years, it did not create lasting peace.

The pitfalls of economic counter-insurgency

The idea of buying insurgents out of violence—as put forward by some scholars of conflict resolution—dovetails with an understanding of civil wars that views economic profiteering rather than ideology or political grievances as the main driving force behind contemporary armed conflicts. To be sure, economic factors have also featured in older literature that highlighted socio-economic marginalisation as a cause of civil wars. Yet, to Edward Azar this is only part of the equation as the ‘real sources of conflict—as distinct from features—are deep-rooted in the lives and ontological beings of those concerned’. For him, key to understanding why men take up arms against their government is identity and particularly the ‘denial of separate identity of parties involved in the political process’.

By contrast, post-Cold War scholars have increasingly viewed rebel groups as war entrepreneurs and depicted their political agendas as little more than smokescreens for opportunistic rent-seeking. Since then Paul Collier’s famous proposition that present-day insurgency is motivated by economic ‘greed’ rather than political grievances, has been criticised on theoretical, methodological and normative grounds. While this article cannot dwell at length upon this debate, it is important to note that more recent
quantitative research has refuted Collier's founding argument, showing that grievances—if measured differently—are indeed a major driver of civil wars. Nevertheless, economistic understandings of conflict have become deeply engrained in conflict studies, while identity explanations have taken a backseat. As Siniša Malešević points out, contemporary conflict analyses rarely feature identity as an ‘original generator of social action, but always a second order reality, a reactive force to some other supposedly primary cause’.

The focus on political economy has also impacted on the scholarship and practice of conflict resolution. The development of the so-called spoiler concept is particularly telling. Originally proposed by Stephen Stedman, spoilers attempt to sabotage peace negotiations for their own self-interest. With the increasing popularity of economistic explanations for violence, spoilers have also become understood as having vested interests in maintaining their assets in war economies. Scholars have since asked how peace can come about if conflict is so profitable. One seemingly obvious answer is to buy ‘greedy’ spoilers off with economic incentives. Comparative studies show that negotiated settlements in civil wars indeed often involve the selective economic co-optation of different warring factions. According to Le Billon, members of the Khmer Rouge in Cambodia have even lost interest in their insurgency altogether after being granted lucrative teak concessions. Yet, in other cases, similar approaches turned out to be more problematic. In an attempt to appease the Revolutionary United Front (RUF) in Sierra Leone—which was viewed as being largely motivated by profiting from so-called ‘blood diamonds’—the Lomé Peace Accord offered rebel leaders government positions that conceded to them official control of the country’s mineral resources. Yet, the accord broke down soon after, mainly as it failed to appreciate diverse motivations or institutionalise other mechanisms of power-sharing.

While it can be doubted that counter-insurgency in Myanmar is informed by Western theories of armed conflict, political economy scholars have referred to the business elements of the country’s ceasefires to exemplify how economic interests can be harnessed for conflict resolution. Yet, Sherman also warned about the pitfalls of ‘a rough and ready peace through economic incentives’ in his assessment of the situation in the early 2000s:

[A]greements reached on the basis of economic interests do not lead to sustainable peace because they fail to address the root causes of conflict.
As Burma also shows, such cease-fire deals encourage corruption and
criminality, exacerbating existing grievances while also creating secondary
rivalries, both of which may contribute to new cycles of violence.  

Recent developments within the KIO were to prove him right indeed. This article will show how the selective co-optation of the movement’s leadership sparked fragmentation and infighting, led to a serious loss of legitimacy among local communities as well as the movement’s own rank and file, and finally gave rise to a new faction of young officers who refuted the accommodating stance of their superiors. As Sherman notes together with Karen Ballentine, understanding such non-linear dynamics necessitates capturing ‘the ways that economic opportunities and incentives may interact with a range of other motivations to shape the behavior of differently situated rebel actors and their commitment to the insurgency’.  

This article, therefore, shifts the level of analysis towards a within group perspective.

From rebels to businessmen and back

Charles Tilly long ago argued that ‘coherent, durable, self-propelling social units—monads—occupy a great deal of political theory but none of political reality’.  

Scholarship on armed groups is no exception. On the contrary, Stathis Kalyvas has pointed out that political scientists ‘often conceptualize non-state political factions involved in civil wars as monolithic actors’.  

By so doing it is often assumed that rebel movements act according to a unified strategic rationale aimed at maximising their perceived utility vis-a-vis the state.  

Yet, Kalyvas shows that civil wars are not ‘binary conflicts’ organised around a ‘master cleavage’.  

Their logic is also driven by private interests and local power struggles. These ambiguities are obscured by the conventional birds-eye view.

A young body of literature has started to explore power dynamics within insurgency by conceptualising rebel groups as heterogeneous movements.  

According to this understanding, differently situated actors form malleable alliances, fragment into factions along various fault lines and wield different sources of authority corresponding to their location within a fluid network of power. These internal cleavages entail contestation for leadership between rival factions which, in turn, develops a momentum of its own in driving armed group behaviour. Wendy Pearlman’s work shows that this can lead to negotiation or spoiling strategies that—while suboptimal from an external utility perspective—can be rational for forwarding internal power interests.  

Cunningham et al. agree that individual rebel factions struggle for leadership against each other. Yet, they
stress that this happens simultaneously to their contest with the state. While insurgents engage in the first competition of this ‘dual contest’ to increase their own faction’s political power and material gains, they contend in the latter to gain benefits for the movement as a whole. Their findings support the argument that although the conflict behaviour of individual rebel factions might often seem to be at odds with their preferences in the wider struggle with the state, it can be perfectly consistent with their internal struggle for power. 70

In both contests legitimacy—or ‘the acceptance [...] of an existing social order’ 71—among local communities and a movement’s rank and file is key for rebel leaders. This is because popular insurgency relies on local communities for intelligence, recruits, food, taxes and shelter for challenging a militarily superior state army. 72 Its relationship to the grassroots cannot, however, solely be based on coercion as power without legitimacy is unstable and ultimately impotent. This observation—a pillar of theories on legitimate authority from Machiavelli to Weber 73—featured prominently among classic practitioners and theorists of guerrilla warfare. Mao Zedong, Che Guevara and Ho Chi Min attributed their successful campaigns first and foremost to political mass mobilisation that included the establishment of alternative civil administration aimed at integrating local communities into the structure of the insurgency. 74 A helpful way to conceptualise this authority relationship between rebels and communities is the notion of an informal social contract. First proposed by Timothy Wickham-Crowley and further explicated by Zacharia Mampilli, this pact incorporates contractual obligations from both sides. Ideally, rebels provide basic security, order and welfare, while communities obey and participate in insurgency. If, however, rebels do not fulfil their part of this deal—for instance, by not protecting civilians—legitimacy and, hence, power can wither away as well. 75 The case of the KIO helps to illustrate these processes.

Group fragmentation

While rebel groups are inherently heterogeneous movements, various military, political and economic factors can further impact on group cohesion and potentially lead to infighting. 76 Economic counter-insurgency in Kachin State had exactly these effects. In an interview a current KIO leader admits that during the ceasefire ‘the government gave a lot of business opportunities to the armed groups and some leaders made a lot of benefits
from that, not only within the KIO but also in other groups. Yet, he explains that the KIO leaders at the time initially hoped to utilise the arising economic opportunities to develop the marginalised region to the benefit of the Kachin people. While investment in infrastructure was welcomed by Myanmar’s military government, it soon transpired that the country’s generals were not willing to seek a broader political solution to end the country’s civil war, arguing that they could not decide on political matters due to their own status as interim administrators. The KIO could, hence, not attain wider constitutional change. But it was authorised to administer and develop a small patch of designated territory along the Chinese border.

With the ceasefire in place, the guerrillas’ administrative arm proliferated. The KIO established functional departments, including the departments of health, education, agriculture and women’s affairs. In co-operation with the local churches, particularly with the well-connected Kachin Baptist Convention (KBC), the KIO built schools, hospitals and academies to train teachers and nurses. Between 1998 and 2006 about 350 teachers graduated from the KIO Teacher Training School in Mai Ja Yang. Many went on to teach in the approximately 150 schools that the KIO administered by 2005 all over Kachin State. According to KIO general secretary Brig Gen Dr La Ja, another major focus rested on the development of physical infrastructure, often in co-operation with incoming mining companies. Looking back at the 1990s, he assesses: ‘Our most significant achievement during these years was infrastructure development. […] So we developed many roads, for cars […]. These were very good roads, perfect roads. But now they are destroyed by the war.’ The KIO also sought to improve the dire electricity supply in Kachin State. To do so the KIO set up their own development corporation, the BUGA Corporation, which hired the Chinese company Jinxin to develop two hydropower plants at the Mali and the Dabak rivers in return for extensive logging rights in the area. Since 2006 these dams have provided electricity to Myitkyina—the government-controlled provincial capital of Kachin State—and neighbouring Waimaw Township.

Infrastructure for resource deals and taxing the rapidly expanding ceasefire economy was instrumental in funding the KIO and its developmental ambitions after the ceasefire. The KIO has, however, long engaged in various economic activities on the Myanmar-Chinese border to fund its insurgency. Historically most revenues stemmed from petty jade mining and small commodity smuggling. Yet, the end of fighting in 1994 stabilised the area to an extent that enabled Chinese, Myanmar and Kachin companies to exploit
natural resources on an unprecedented scale and at an unprecedented pace. While the Myanmar government has gradually taken control of the most profitable mining chunks in the region since the early 1990s—including the infamous jade mines of Hpakant—the KIO has become more reliant on timber logging. This became additionally attractive as a result of rising prices paid by Chinese consumers due to a newly imposed logging ban in China. After the ceasefire in 1994 Chinese companies also started large-scale hydraulic gold mining—mostly along the river banks of the Irrawaddy River and its two tributaries, the Mali and N’mai. Taxing gold mine operators has since provided the KIO with additional income.

Participating in these lucrative industries, however, did not only enable the expansion of services and the construction of infrastructure but also led to corruption and profiteering among the higher echelons of the KIO. An elder of the important KBC in Myitkyina—who is well connected inside the KIO—describes how these new opportunities forged alliances between former foes by turning rebel leaders into businessmen:

*The KIO has many departments and the department heads know the Chinese businessmen well. Until 2008–2009 many KIO leaders became big businessmen, including the heads of the mining and forest department. They became rich. [...] They have many nice houses in the cities and a lot of land. They worked very close with the Myanmar leaders’ to the extent that they were not ‘faithful to the KIO’.*

At the same time, as many Kachin leaders developed intimate ties with their erstwhile enemies, competing business interests sparked rivalry among them. Individual strongmen often lined the pockets of their own families first. This led to the fragmentation of the movement’s leadership, turning KIO strongmen against each other. In the early 2000s, these tensions peaked violently. In 2001, Lt Gen N’ban La ousted the organisation’s top leader since the ceasefire—Gen Zau Mai—in a coup. According to the KBC elder this happened because:

*Inside the KIO they had many individual conflicts, you know, Zau Mai, he took too much opportunities, advantage to do business, working with the Chinese, and also with his own relatives, very close relatives. This is why the power struggle happened in the KIO. [...] Many people viewed him as too much selfish, giving our jade mining concessions to his relatives. That’s why N’ban La took over the power from him.*
When asked about the subsequent 2004 assassination of the rebel army’s vice-chief of staff and head of intelligence following another attempted coup, he adds that ‘all the conflicts within the KIO back then were based on business, based on personal business interests.’

The next section will show how corruption and infighting discredited KIO leaders among local communities. Together with a highly uneven distribution of burdens and benefits from extractive industries, this gave rise to new grievances in the area. This time, however, the resentments were not directed against Myanmar’s generals but against the KIO leadership itself, which eroded the movement’s legitimacy.

Eroding legitimacy

Legitimacy is key for leaders of popular insurgency in their quest for support from local communities and from their own rank and file. Fulfilling their side of the informal social contract between rebels and inhabitants of rebel territory is, hence, crucial for rebel leaders to maintain authority and ultimately power.

The new prospects for increased security and welfare initially had the potential to benefit the standing of KIO leaders after the ceasefire. In 1994 many Kachin civilians indeed felt optimistic that their insecure and impoverished circumstances would improve after decades of brutal civil war. To be sure, the end of fighting removed the most significant sources of insecurity. The developmental agenda of the KIO contributed to increased access to education, health and electricity in their administered areas. Moreover, incoming investments and better transport links made many towns of Kachin state modestly prosperous. Despite these tangible benefits, many ordinary Kachin today feel as if their socio-economic lots as well as their security situations have not significantly improved since 1994. This is mostly due to the large-scale unsustainable resource exploitation, unleashed after the ceasefire, the environmental impacts of which—including deforestation and water pollution—squeezed the livelihoods of many local subsistence farmers.

In addition to the environmental costs, the ceasefire economies brought about new social problems. With the 1990s ceasefire the narcotics industry in northern Myanmar has become de facto tolerated. Although the KIO itself officially stopped growing poppy in 1991, drugs in Kachin State have since become cheaper and more readily available. Droves of migrant workers flocking to the region’s extractive industries and a subsequent
rise in prostitution in combination with spiralling heroin consumption led to a HIV/AIDS epidemic in Kachin State. A local priest in Laiza explains that these detrimental impacts of the ceasefire economies have eroded the legitimacy of the KIO among local communities. According to him, continued impoverishment of local communities at a time when KIO leaders grew rich led to a situation where many former supporters ‘didn’t accept the KIO as their representative anymore’.

Besides socio-economic problems, the militarised character of the ceasefire economies perpetuated everyday insecurities for the ordinary Kachin despite the cessation of fighting. In a camp for internally displaced persons (IDPs) a father of five tells that his family had to flee four times from the Tatmadaw during the last 20 years, which two of his sons did not survive: ‘Now we ended up here because of the war. But before that we had to leave because the companies and Burmese soldiers took our land for doing business.’ Some of these business-related land grabs and displacements are well documented by local rights activists. The Tatmadaw, moreover, used the ceasefires of the 1990s to build up military capacities in northern Myanmar, particularly in areas of economic interests. For local communities, this was often accompanied by abuses at the hands of the military—including extortion, forced labour and expropriation.

Due to the ceasefire obligation the KIO did not protect Kachin civilians from these new sources of insecurity. Sitting on his desk in the KIO’s transitional headquarters—situated in one of Laiza’s abandoned Chinese casinos and fondly called ’the Pentagon’ by locals—the current joint general secretary of the KIO ponders about these past predicaments:

*This became a dilemma and weakened the KIO. Within the ceasefire it was very difficult for the KIO to manoeuvre between the government and the civilians. They were trying to get trust from the civilian side but also not to break down the ceasefire with the government. […] From the civilians’ view, the KIO sometimes even looked like a government agency.*

During an informal talk a senior officer of the movement’s armed wing—the Kachin Independence Army (KIA)—admits that among the biggest problems arising from this situation, indeed, was that ‘we could not provide security for the public. We simply had no power to protect them.’ According to the local priest in Laiza, this lack of protection, coupled with the KIO’s own complicity in these destructive industries, was among the
The widespread grievances among their foot soldiers and ordinary Kachin—which were directed against the KIO’s top leadership—provided the young officers with a fertile ground for political debate and internal conflict. They saw the KIO's top leaders as more interested in personal enrichment and power than in the revolutionary ideals that had once inspired the movement. The erosion of the KIO's legitimacy among local communities, coupled with the co-optation of its leaders, led to a new faction of young officers who sought to change the status quo. These new leaders, led by Brig Gun Maw, built a popular support base from within the KIA and took over leadership, effectively disintegrating the old leadership's power base.

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mobilisation ground for changing the movement from within. To re-establish local support for the Kachin insurgency, they built strategic alliances with the two major churches of the region, the Kachin Baptists Convention and the local Roman Catholic Church. Since the arrival of Christian missionaries in the late nineteenth century, Christianity—particularly the large Baptist Church—has had a significant influence on the construction of modern Kachin identity. Although the KIO was never a religiously-inspired movement, the interests of the KIO and the Kachin churches have historically overlapped to significant degrees. This is not least because most Kachin ethno-nationalist leaders were educated in church institutions, such as the Kachin Theological College in Myitkyina. A local priest, however, describes how during the ceasefire KIO leaders became ‘increasingly secretive, they didn’t let the younger leaders or the public know about their plans, and did not listen to us either’. By contrast, the young officers turned out to be eager listeners and partnered with the churches as they set out to regain legitimacy among local communities. A close companion of this new faction describes how difficult it was to

relate to the people again. I mean the people of Myitkyina [government-controlled capital of Kachin State]. Before that [changes in the KIO], the people of Myitkyina were afraid of the KIA. Even though they are Kachin, they were afraid of the KIA. […] Afraid because before that most of the KIA leaders were like businessmen.

The bond with the influential Kachin churches proved to be instrumental for the young officers to rebuild the organisation’s legitimacy, as priests are respected moral authorities in Kachin society. Besides building this local support network, the aspiring rebel faction sought to gradually take over leadership by recruiting new members to the insurgency on a large scale. The most instrumental tool for this was the establishment of the KIO youth wing—the Education and Economic Development for Youth (EEDY). Since the mid-2000s the EEDY has recruited hundreds of students in universities and high schools across Kachin State for 45-day-long workshops, where they learn about the political demands of the KIO as well as receiving basic training in guerrilla warfare. Potential recruits are targeted, for instance, with revolutionary karaoke videos, whose depicted realities stand in stark contrast to the depressed environment of urban youth in these areas. Rather than picturing rampant drug abuse and widespread disillusionment about the dire state of the local economy and lack of employment, they visualise
revolutionary agendas promising an end to injustice, improved security and generally a better life.\textsuperscript{118} In addition, the new faction established an officer school in 2007 that has since trained a new generation of revolutionary cadres. Most of them have a background with the EEDY, are loyal to the young officers and are placed in key positions within the KIA after graduation.

The skillful crafting of new institutions has revived the Kachin insurgency, whose ranks have swollen to approximately 10,000 fighters again. In combination with the re-established alliance with local churches, this has shifted the power relations within the KIO towards the young officers more generally. By the time Naypyidaw demanded the movement transform into a BGF government militia in 2008, the young KIO officers had managed to become a formidable and coherent force within the KIO. Opposing Naypyidaw’s demand as the potential deathblow to their movement and their conciliatory old guard as appeasers, they eventually took over leadership and mobilised the KIA brigades against the looming confrontation with the Tatmadaw. A long-term companion of Maj Gen Gun Maw and co-founder of the movement’s youth wing explains the importance of these internal changes for understanding the group at large:

\begin{quote}
Now most of the young officers are educated men. They came from universities to the EEDY and then to the new officers school. With that they could change the old people, the old officers [\ldots] after that everything changed in the KIO.\textsuperscript{119}
\end{quote}

**Conclusion**

Insurgency consists of differently situated and motivated elite and non-elite actors. It does not emerge out of the blue and cannot operate in insolation from local communities. In fact, legitimacy and support are crucial for waging successful guerrilla warfare. The central argument behind this conceptualisation of insurgency is that armed group behaviour is not the result of strategic rationalising by a unified leadership but the result of complex social interactions. This explains why tweaking the external economic incentive structure of rebellion might serve to selectively co-opt rebel leaders. At the same time, however, it can also fragment movements and erode legitimacy, which might well spark new sites of internal contestation and reinforce armed group resistance over time. This article has demonstrated these processes with the case of the KIO, arguing that the 17-year-long ceasefire was only a façade of stability, which contained within itself the
seeds of its own destruction. Despite years of collaboration with Myanmar’s establishment and near organisational collapse, the KIO emerged strengthened and less accommodating. These insights are highly relevant for practitioners of conflict resolution in Myanmar and beyond. The main lesson is that economic incentives cannot simply override political grievances. On the contrary, if the oft-legitimate political demands and grievances of rebel movements as well as their internal fabrics of power and legitimacy are not appreciated, an economistic engagement of armed groups is likely to cause new violence.

Acknowledgements

I am grateful to Jürgen Haacke, David Rampton, Sam Vincent, Hans Steinmüller, James Putzel and both anonymous reviewers for their helpful comments. An earlier version of this article was presented at the Junior Scholar Symposium ‘The Dynamics of Rebel and Militia Group Behavior’ at the International Studies Association conference in New Orleans earlier this year, whose participants also provided much appreciated feedback. I would also like to thank the International Relations Department of the London School of Economics for a field research grant. Special thanks go to my interlocutors for sharing their knowledge and to my local friends and supporters without whom none of this research would have been possible. All shortcomings remain my own.

Disclosure statement

No potential conflict of interest was reported by the authors.

Endnotes

1. Wennmann, ‘Getting Armed Groups to the Table’; Le Billon and Nicholls, ‘Ending “Resource Wars”’.  
3. Collier and Hoeffler, ‘On Economic Causes’; Kaldor, New and Old Wars; Duffield, ‘War as a Network Enterprise’.  
4. Smith, Burma.  
5. Ibid., 421–441.  
7. Sherman, ‘Burma’; Snyder, ‘Does Lootable Wealth Breed Disorder?’.  
11. Ibid., 5–6.  
16. Interview with KNLA Officer, Mae Sot, October 2013.  
20. Smith, Burma, 441.  
21. Ibid., 421–441.  
24. Dapice and Thanh, ‘Creating a Future’.
27. For more background on the history of the KIO please see Smith, *Burma*, 60–87, 190–198, 301–33; Sadan, *Being and Becoming Kachin*, 331–360.
29. Interview with Brig Gen Dr La Ja, KIO general secretary, Chiang Mai, November 2013.
32. Ibid.
35. This mainly comprises rebel groups in the country’s north, including Kachin, Shan, Palaung and Kokang movements. While many of these conflicts have escalated again since Myanmar’s transition, other groups in the country’s east—most importantly the KNU—have signed ceasefires for the first time in their history and have since taken a more accommodating stance towards the government (*Transnational Institute, Political Reform and Ethnic Peace*).
39. Interview with Dr Tu Ja, former KIO Vice-Chairman and Chairman of the KSDP, Myitkyina, February 2014.
40. Interview with U La Nan, KIO joint general secretary, Laiza, March 2014.
43. Zahar, ‘Reframing the Spoiler Debate’, Wennmann, ‘Getting Armed Groups to the Table; Le Bilhon and Nicholls, ‘Ending “Resource Wars”’. 
44. Pearlman, ‘Spoiling Inside and Out’.
45. Zahar, ‘Reframing the Spoiler Debate’.
46. Zahar, ‘Reframing the Spoiler Debate’.
47. Le Billon, ‘The Political Ecology of Transition’.
51. Ibid., 246–247.
54. Kalyvas, ‘Foreword, xii.
55. Pearlman, ‘Spoiling Inside and Out’.
56. Le Billon and Nicholls, ‘Ending “Resource Wars”’.
59. Collier and Hoeffler, ‘On Economic Causes’.
60. Cramer, ‘Homo Economicus Goes to War’; Keen, ‘Greed and Grievance’.
61. Stewart and Fitzgerald, *War and Underdevelopment*; Cederman et al., *Inequality, Grievances, and Civil War*.
63. Stedman, ‘Spoiler Problems in Peace Processes’.
64. Zahar, ‘Reframing the Spoiler Debate’.
66. Driscoll, ‘Commitment Problems or Bidding Wars?’. 
69. Pearlman, ‘Spoiling Inside and Out’.
70. Cunningham et al., ‘Shirts Today, Skins Tomorrow’; Staniland, *Networks of Rebellion*.
71. Cunningham et al., ‘Shirts Today, Skins Tomorrow’.
72. Collier and Hoeffler, ‘On Economic Causes’.
73. Mampilli, *Rebel Rulers*, 78.
74. Wickham-Crowley, ‘The Rise (and Sometimes Fall)’, 477; Mampilli, Rebel Rulers, 124.
77. Interview with Brig Gen Dr La Ja, KIO general secretary, Chiang Mai, November 2013.
79. Interview with Brig Gen Dr La Ja, KIO general secretary, Chiang Mai, November 2013.
80. Interview with Zawng Buk Than, head of the KIO Economics Department, Laiza, March 2014.
87. **Sherman**, 'Burma', 234.
88. Interview with Zawng Buk Than, head of the KIO Economics Department, Laiza, March 2014.
90. Interview with Zawng Buk Than, head of the KIO Economics Department, Laiza, March 2014.
91. Interview with Kachin religious leader 1, Myitkyina, February 2014.
93. Interview with Kachin religious leader 1, Myitkyina, February 2014.
94. Ibid.
95. **Wickham-Crowley**, ‘The Rise (and Sometimes Fall)’; **Mampilli**, Rebel Rulers.
96. Interview with Kachin religious leader 2, Laiza, March 2014.
98. **Farrelly**, ‘Ceasing Ceasefires?’, 56.
99. **Buchanan et al.**, ‘Developing Disparity’.
100. **Snyder**, ‘Does Lootable Wealth Breed Disorder?’.
101. Interview with Zawng Buk Than, head of the KIO Economics Department, Laiza, March 2014.
103. Informal talk with Kachin social worker, Myitkyina, February 2014.
104. Interview with Kachin religious leader 2, Laiza, March 2014.
106. **Kachin Development Networking Group**, ‘Sham Tiger Reserve in Burma’.
108. Interview with U La Nan, KIO joint general secretary, Laiza, March 2014.
110. Interview with Kachin religious leader 2, Laiza, March 2014.
111. **Pearlman**, ‘Spoiling Inside and Out’; **Cunningham et al.**, ‘Shirts Today, Skins Tomorrow’; **Staniland**, Networks of Rebellion.
112. Informal talk with KIA soldier, Laiza, April 2014.
113. Interview with EEDY co-founder, Mai Ja Yang, April 2014.

114. Kachin is an umbrella term that comprises six major ethnic subgroups: Jinghpaw, Lawngwaw, Zaiwa, Nung-Rawang, Lisu and Lachik. While the boundaries between them have always been fluid and permeable, administrative attempts to classify Myanmar’s hill societies—during both colonial and pre-colonial times—have constructed a more uniform Kachin ethnic identity. Although this is not entirely uncontested up until today, creating ethnic coherence also became important for Kachin nationalist elites, who themselves mostly stem from the majority Jinghpaw sub-ethnicity. With the outbreak of armed conflict in 1961 this became a particular priority for forging an ethno-nationalist rebel army across sub-ethnic divides. Decades of violence have further strengthened the self-identification as Kachin, particularly in opposition to the Bamar majority of Myanmar (Sadan, ‘Constructing and Contesting the Category’). Historically, there have been instances of grievances against Jinghpaw domination in the KIO (Smith, Burma, 332). These, however, did not play a role in the recent upheaval, which pitched young officers against their superiors, because of the latter’s corruption and profiteering. This motive is also not unheard of in the long history of the movement (Smith, Burma, 330).

115. **Sadan**, Being and Becoming Kachin, 380–382.
116. Interview with Kachin religious leader 2, Laiza, March 2014. The relationship between the different denominations has historically not been without tension, particularly because of Baptist predominance. The opinion described by the local priest in Laiza is, however, shared across denominational divides (interview with Kachin religious leader 1, Myitkyina, February 2014).
117. Interview with EEDY co-founder, Mai Ja Yang, April 2014.
119. Interview with EEDY co-founder, Mai Ja Yang, April 2014.

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