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Publisher: Routledge

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## The Journal of Peasant Studies

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/fjps20>

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Published online: 14 Sep 2011.

To cite this article: Kevin Woods (2011) Ceasefire capitalism: military-private partnerships, resource concessions and military-state building in the Burma-China borderlands, *The Journal of Peasant Studies*, 38:4, 747-770, DOI: [10.1080/03066150.2011.607699](https://doi.org/10.1080/03066150.2011.607699)

To link to this article: <http://dx.doi.org/10.1080/03066150.2011.607699>

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## Ceasefire capitalism: military–private partnerships, resource concessions and military–state building in the Burma–China borderlands

Kevin Woods

Since ceasefire agreements were signed between the Burmese military government and ethnic political groups in the Burma–China borderlands in the early 1990s, violent waves of counterinsurgency development have replaced warfare to target politically-suspect, resource-rich, ethnic populated borderlands. The Burmese regime allocates land concessions in ceasefire zones as an explicit postwar military strategy to govern land and populations to produce regulated, legible, militarized territory. Tracing the relationship of military–state formation, land control and securitization, and primitive accumulation in the Burma–China borderlands uncovers the forces of what I am calling ‘ceasefire capitalism’. This study examines these processes of Burmese military–state building over the past decade in resource-rich ethnic ceasefire zones along the Yunnan, China border. I will illustrate this contemporary and violent military–state formation process with two case studies focusing on northern Burma: logging and redirected timber trade flows, and Chinese rubber plantations as part of China’s opium substitution program.

**Keywords:** ceasefires; counterinsurgency development; military territorialization; land concessions; Burma

### Introduction

In the Burma<sup>1</sup>–China borderlands<sup>2</sup> most ethnic political resistance groups signed ceasefire agreements with the Burmese military-state in the early to mid-1990s after Chinese state-backed funding for the Communist Party of Burma (CPB) largely terminated. These ceasefire deals, which dramatically transformed political-business

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Data presented in this study have been collected over several years. Field research in Burma presents numerous challenges, and it is only with the assistance of many international and national colleagues and organizations, who I will refrain from naming for security reasons, that my work continues to be possible. Given field access restrictions for westerners in the country, I work cooperatively with local researchers who remain committed to helping their communities, despite the risks. I am greatly indebted to them for their trust and generosity. Two anonymous reviewers also provided very helpful comments.

<sup>1</sup>The current regime in power (the State Peace and Development Council, or SPDC) changed the country’s official name to Myanmar in June 1989. As many of the readers will be more familiar with the country and place names before the government changed them, I will use the older names in this study, unless an official title of a department, in quotes, name of company, or in the works cited. This is not meant to be a political statement.

<sup>2</sup>The Burma–China borderlands in northern Burma refers to southeastern Kachin State (around Myitkyina and Bhamo), northern Shan State (around Lashio and Kutkai) and northeastern Shan State (Wa and Kokang areas), all of which border Yunnan province, China.

alliances, continue to hold significant implications for postwar land and resource control, access and extraction. These politico-territorial transformations follow changes in the forms of ethnic insurgency, military–state building and politics, which are intimately tied to resource wealth in northern Burma. This paper conceptualizes changing governance regimes over land, ethnic populations, and resource extraction, the subsequent mechanisms of military–state centralization, and the resulting production of ceasefire landscapes in still-contested ethnic territories in northern Burma (Kachin State and northern Shan State). This is accomplished by two inter-related postwar case studies: (1) logging concessions and redirected timber trade flows; and (2) China’s opium crop substitution program funding agricultural concessions in northern Burma.

Although I attempt to decenter ‘the state’ and ‘the military’ in my analysis by bringing forward specific state/military and state-/military-like actors, the particular governance situation in Burma complicates a military–state building analysis.<sup>3</sup> For both ‘state’ and ‘military’ I mean to imply state/military officials governing territory, populations and resources, which administer in different ways according to respective state administration goals and military strategies. Military-state building is meant in this study as the territorial expansion of state agencies’ and military branches’ authority and power over land and people, as well as Benedict Anderson’s (2006) sense of imagined nation and belonging. In practice ‘the military–state’ in northern Burma is constructed through the daily actions of a conglomeration of actors, such as state land agency workers, surveyors, regional military officers, local pro-government militia leaders, as well as state-like actors, such as businessmen, ethnic elite leaders and non-government organizations (NGOs).<sup>4</sup>

Much like the British colonialists that preceded them, the Burmese military–state has been unsuccessful in gaining extensive power and authority in the ethnic periphery. This paper argues that it was not until the ceasefires, which offered renewed opportunities for business deals, that the military–state gained greater territorial control in the ethnic border uplands. The significant mechanisms through which the Burmese regime arrived in the northern uplands were (trans-) national businessmen and their access to global capitalist markets and finance capital (in this case Chinese), as well as ethnic business and political leaders.<sup>5</sup> The mechanism by which military–state centralization in ethnic borderlands is achieved is what I am calling ‘military territorialization’ (i.e. military–state agencies and officers exhibiting power and authority over land and populations, and thus the creation of militarized territory). Military territorialization is created in practice by regional military

<sup>3</sup>For this study I use a variety of terms to describe the Burmese state and military apparatus, most often ‘military–state’, but also government, military–government, regime, junta and state. The use of ‘military–state’ attempts to show how these two institutions – the ‘state’ and ‘military’ – are separate yet intimately connected, and certainly not a monolithic entity (see Callahan 2005). The national elections in November 2010 civilianized the military government, although many of those elected to top positions are former high-level military officials. The nomenclature used in this study thus still holds in post-election Burma.

<sup>4</sup>These people represent state-like actors in practice by conducting activities that invite military–state processes that root certain military and state governance regimes in place. This includes investing state-backed finance capital, facilitating resettlement of upland villagers into the lowlands, signing business deals with military officials, and registering village land with government authorities, among other practices.

<sup>5</sup>Non-government organizations (NGOs) also play a vital role to this process, but will be analyzed in a later published study.

commanders and relevant state agencies working in tandem to allocate resource concessions to Chinese investors. These policed resource extraction areas in ceasefire zones represent forms of counterinsurgency border development financed by different levels of the Chinese state and overseen by local military officers and regional military commanders.

Ceasefire agreements signed between the Burmese government and ethnic insurgent groups have created particular geographical political spaces (i.e. ceasefire zones) which can be described as territories that have now come under national government control. However, different territories, and the authority figures that exert control over them, overlap to create conditions where national military and state officials share power with non-state authority figures, such as ceasefire political organizations, insurgent groups and paramilitaries. These different (non-) military–state authority figures all partake to some degree in governance activities in ceasefire zones, resulting in a complex mosaic of political territory not neatly separated out. Thus military–state making and consequent control over land is a competitive field in these ceasefire zones. The patchwork of land control that is constantly contested and reworked is important: the mosaic of private land concessions in northern Burma since these ceasefire accords grounds the Burmese regime in these new territorialized military–state spaces, and therefore holds serious political implications.

Land concessions are not threatening state sovereignty, but rather the converse – enabling the process of Burmese military–state-building in the ethnic frontier. Burmese sovereignty and territory do not get steamrolled by new currents of global finance capital. Instead Burmese state and military officials direct capital flows into resource-rich, non-state uplands as an act of creating effective national state and military authority, sovereignty and territory in practice. In this way a military regime appropriates (trans-) national capital networks to form military–private partnerships to solidify *de jure* sovereignty into *de facto* territorial control.

### **Historical background: from insurgencies to ceasefires**

*For the hill peoples the safeguarding of their hereditary rights, customs and religions are the most important factors.*<sup>6</sup>

Up until the past two decades, Burma's ethnic upland frontiers remained peripheral to any state apparatus, much like they did during colonial British rule. And not unrelated, these far-flung places offered refuge to those escaping powerful lowland centers (Scott 2009) or trying to stage insurgencies, financed by the land's abundant valuable resources (Smith 1991, South 2008). It wasn't until 1989, after the Communist Party of Burma (CPB) crumbled, that armed ethnic political organizations started to sign ceasefire deals with the government. However, some areas, especially in northern Shan State, are still controlled by ethnic ceasefire organizations, so-called insurgent groups (anti-government) and paramilitaries (pro-government).

The country's second largest remaining armed ceasefire group, the Kachin Independence Organization/Army (KIO/A), has been forced up against the Yunnan border in southeastern Kachin State as their territory has dwindled over the past decade from counterinsurgency measures by the Burmese regime. Prior to KIO/A's

<sup>6</sup>Comment from Kachin elder during the transition from British to Burmese rule (Smith 1991, 74).

ceasefire agreement in 1994, the KIO/A largely financed their armed political struggle through their monopoly of the Burma–China jade trade (via territorial control over the mining town of Hpakant in eastern Kachin State). But the KIO/A signed away their territorial control over these jade mines to the Burmese military as per their ceasefire agreement. The loss of this income prompted the KIO/A – which still finances soldiers, arms and development projects – to switch to another resource they still controlled: timber. After the KIO/A ceasefire, deforestation rates skyrocketed along the Kachin State–Yunnan border (Global Witness 2003, 2005). These logged-out landscapes coincided with a re-orientation of Burma’s political economy from a post-colonial, socialist military–state to a selective capitalist trajectory following the bloody crackdown on democracy protests (called ‘8-8-88’ for the date the government crackdown occurred).

It was not until the mid-2000s that the Burmese government effectively redirected the main current of domestic timber trade flows along their insurgent borders into military–state channels through forming strategic alliances with transnational Asian government officials, investors and Singaporean banks. This has led to a process of consolidation over the timber trade by the Burmese regime as a means to not only increase state funds, but to also subsequently – and more importantly – cut off ethnic political resistance groups’ access to resource rents.

Most recently Chinese agricultural finance has spearheaded industrial large-scale agricultural development in northern Burma, which has further contributed to bulldozing land and depopulating the ethnic uplands. The KIO/A’s political position has weakened considerably over the past decade as a result, with correspondingly fewer KIO/A battalions and less political territory under their nominal control. There has been a small explosion of national military battalions in Kachin State, representing one measure of military–state building at the expense of ethnic army battalions.<sup>7</sup> Instead of guns mediating the enduring conflict between the Burmese junta and ethnic political organizations, these contemporary forms of counter-insurgency border development territorialize ceasefire spaces by allocating private land concessions as a specific postwar military securitizing strategy.

Not just the Burmese government and/or military engage in border development practices to subjugate the ‘wild’ landscapes and ethnic swidden cultivators in upland non-state spaces, however. The Chinese Yunnan provincial and prefecture governments and Chinese business people, at different scales under various initiatives, have been strategically and intimately involved in cross-border counter-insurgency development, pairing up partners to build infrastructure and extract resources with strategic military security implications (see KDRG 2006, Sapawa 2006, KDNG 2007, ERI 2008, Global Witness 2003, 2005, 2009, Woods 2011). Chinese and Burmese (non-) military–state actors have latched onto similar means, but to achieve different ends. Chinese business people want to import wholesale raw timber and agricultural commodities into Yunnan for high profits, while Beijing, Kunming and Yunnan prefecture governments want to generate revenue, decrease drug production and enhance political and social stability along their shared border,

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<sup>7</sup>After the ceasefires signed in Kachin State with the various insurgent groups in the early 1990s, by late 2003 there were reportedly fifty or more Burmese Army battalions in northern Kachin State alone – three times as many as before the ceasefires. Similarly, the number of Burmese Army battalions in Shan State increased from 30 to 40 before 1988 to over 100 in 2006 (COHRE 2007).

although not without contestation over these different competing goals.<sup>8</sup> Whereas the Burmese regime's major strategy is to strengthen military–state presence, instill nationalism, and quell ethnic unrest, all the while profiting from the rich environment at the expense of local villagers and ethnic political groups.

### Ceasefire capitalism

Tracing the geography of military–state centralization, land control and securitization, and primitive accumulation in ceasefire zones along the Burma–China borderlands uncovers the contingent forces of what I am calling *ceasefire capitalism*. This is not a case of market capitalism replacing coercion, but rather an intricate interplay between military force, resource-rich peasant land, and (trans-) national finance capital. Ceasefire capitalism is meant to capture the particular modes of finance, landscape production, governance, and military–state formation within ceasefire spaces that together co-emerge over time. Ceasefire capitalism emerges through (trans-) national businessmen and ethnic political elites (explained below in this section) that together reconstruct a political-economic and biophysical frontier landscape increasingly conducive to military–state control. Primitive accumulation as a continuous unfolding of the violent and recursive cycle of the (re-) production of capital (De Angelis 2004, Glassman 2006) provides an apt framing for ceasefire capitalism and governance, backed by militarism (see Luxemburg 1913, Arrighi 2007).

While sovereignty is neither inherently territorial nor bound to the nation-state (Agnew 2005), the Burmese regime strategically appropriates territoriality, or the use of territory for political-economic and security ends, as an effective postwar strategy. The resource concessions granted by the military–state to private parties after ceasefire agreements transformed customary land claims into constituted national territory – a highly contentious political act in ethnic ceasefire zones.<sup>9</sup> The importance of territoriality in northern Burma intensifies while the regime leaders partially privatize selected state sectors, such as for agriculture, since capitalist expansion continues to need state-like institutions to fix, regulate and expand capitalist spaces (Wood 2002). It is within this chaotic convergence of new ceasefire alliances and politics in resource-rich frontiers that ceasefire capitalism begins to emerge.

This process is not unique to Burma. The conceptual arguments I work through in this study also hold for other places held by potentially violent, undemocratic political actors (e.g. military dictators, insurgent groups, paramilitaries, etc.) who stake out land claims as forms of territorial authority and control that drive new opportunities for financial profit in areas previously neglected by the state (e.g. customary land, commons, uplands, ocean routes, etc.).

Although this study aims to understand the construction of Burmese military–state formation in the ethnic frontier, the analytical framing is purposefully not

<sup>8</sup>It is recognized that China's goals become fractured with a spatially-explicit analysis: Beijing, Kunming and Yunnan prefecture governments all prescribe to different development desires for northern Burma, and must be taken into account when understanding 'China's' ambitions in Burma. That task, however, is beyond the scope of this study.

<sup>9</sup>In these ethnic areas it is not uncommon for villagers, and especially local non-state leaders, to continue to call for various forms of independence from the 'Union of Myanmar', as had their forefathers in the 1947 Panglong Agreement.

state-centric. I de-center state formation in Burma by focusing on how business people and ethnic political elites inadvertently make landscapes secure (i.e. legible) so as to enable the military and state to govern populations and resources, both in the manner James Scott (1998) so eloquently describes as well as in a more Foucauldian sense of governmentality of nature (Foucault 2000). By following the roles of (trans-) national businessmen and ethnic political elites in ceasefire capitalism, this study focuses more on governance than on government.<sup>10</sup>

As certain state ministries (especially the Ministry of Agriculture and Irrigation, or MoAI) and military leaders (especially regional military commanders) gain more authority and control by granting resource concessions that produce military–state territory, evolving governance in ceasefire zones allows new resource extraction projects to become established that require longer temporal scales to procure profits (e.g. perennial crops), such as rubber. Furthermore, the change in governance does not just regulate the specific resources extracted or the types of contractual agreements regulating them, but also the institutions functioning in those spaces. Over time as the military–state gains more authority in northern Burma by consolidating political control away from ethnic political groups and village leaders/elders, military–state institutions sweep into the upland frontier and dig in.

#### *(Trans-) national businessmen and investment*

The Burmese military–state uses businessmen as one of their contemporary strategies of territorial control in ceasefire zones. Burmese businessmen and transnational investors in land and resources are thus financing the first transition from war-making to state-making. The regime's partial liberalization of certain resource sectors has formed military–private partnerships, particularly in logging and industrial agriculture. This first mechanism of ceasefire capitalism – (trans-) national business people – could not operate until ceasefire agreements were signed to quell most of the active insurgent activity operating along the border. After the government gained control of provincial business centers in the north (e.g. Myitkyina in Kachin State and Lashio in northern Shan State), resource extraction trading networks became connected to the regime's wider patron-client relations that stretch from Yangon to Beijing and beyond.<sup>11</sup> The transition from local village elite (i.e. traditional headmen and family strongmen) to regional and national Burmese military officials and Chinese business people from the beginning of the ceasefires until now underscores the dramatic shifts in power and authority over these borderlands.<sup>12</sup>

Soon after the ceasefires, Yunnanese businessmen from border towns, such as Tengcong, made backroom deals with traditional headmen to get logging

<sup>10</sup>While NGOs also contribute to the production of state landscapes in the uplands of northern Burma, I will exclude any explicit analysis of this mechanism from this study. However the role of NGOs is nonetheless imbricated in this research's case studies.

<sup>11</sup>This is not to say that local ethnic political groups were isolated and inward looking; rather, in comparison to the Burmese government, local traders and insurgent groups' business contacts were based more on clan and familial trading partners.

<sup>12</sup>See Le Billon (2000) for a similar shift in resource clientelism from war to seeming peace in Cambodia.

concessions. After 10 years progressed, however, influential Chinese business people based in Kunming went directly to regional military commanders and even top Burmese military leaders in the nation's capital to give 'gifts' in return for large-scale land concessions, bypassing headmen and local Kachin elite altogether in most cases.

The Burmese military-state is not just interested in profit though, but also conquering and controlling a restive ethnic population and their indigenous land. It is not so much 'turning battlefields into market places', as coined by Thailand's former prime minister Chatchai Choonhavan referring to the Thai-Burma border in the 1990s, but more like 'appropriating the market to do battle'. Although differences exist between Burma and other countries in the way states govern, there is overlap with William Reno's (2000, 44) description of Sierra Leone as a 'shadow state where state officials chose to exercise political control through market channels'. Similarities may also be found with Reno's (2004) study on order and commerce in turbulent areas in Africa where state officials use techniques of indirect control that utilize commercial networks to pacify disorderly areas. As such, a political economy of war, or in this case ceasefires, provides a useful analytical framing for understanding the role of the emerging plantation economy with (trans-) national finance capital within ceasefire zones. War or even ceasefires are not just breakdowns of or interruptions to the process of development, or a 'development malaise', but rather an alternative system of profit and clientelism where violence directs ceasefire development (see Keen 1998). Ceasefire capitalism highlights this intersection between frontier violence (i.e. extra-economic force) and military-private partnerships as it is roughed out in the uplands.

### *Ethnic business and political elites*

Different ethnic political leaders heading various ethnic military organizations, both big and small factions, signed ceasefires in the early 1990s, mainly in response to China's financial abandonment of the CPB and the growing power of the Burmese nation-state. Ethnic political leaders, without accountability or consultation with their constituents, negotiated ceasefires in return for lucrative resource concessions, impunity and new lives in capital cities. These ethnic leaders, such as the chairman of the New Democratic Army-Kachin (NDA-K), Zakhung Ting Ying, became brokers for the regime in negotiating power and authority over land and resources in their respective remaining territorial jurisdictions.<sup>13</sup> Therefore, select ethnic business elites and political leaders have played a very important role in military-state formation in northern Burma, and come to embody the complicated transition from territories and resources controlled by insurgent groups (so-called 'black' zones) to those controlled by the Burmese military-state ('white' zones). Regional military officials and insurgents-cum-businessmen operating in 'white' zones or 'brown' zones (territory jointly administered by the Burmese military and a 'rogue' political organization) blur the lines between battlefield enemy and business partner.

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<sup>13</sup>NDA-K was the second strongest Kachin armed group after it broke off from KIO/A in the early 1990s and signed a ceasefire agreement. With the approaching national elections in 2010, it was transformed into three different battalions of the government-sponsored Border Guard Force (BGF), under the control of the Burmese army, in November 2009.



### Political geography of ceasefire concessions

*If the government thinks a certain piece of land is very valuable, then they will surely confiscate it and give it to a company, relatives, make it into a model farm, grow food for soldiers, or for a military base.*<sup>14</sup>

Theories on how globalization interacts with nation-states (Ong 2000, Sassen 2008) engage with the role of territorialization and state formation in how these novel assemblages become constituted. It is important to differentiate the literature detailing 'strong' nation-states with the creation of globalized assemblages (Sassen 2008, 64–5) from the literature on 'state-in-formation' places, such as Burma. While globalization does challenge state sovereignty and power in certain ways, the military–state agencies and officers appropriate transnational finance capital and markets to rearticulate new governed spaces. I contend that the Burmese military–state apparatus in northern Burma is not threatened by a globalizing political economy, but rather *gains* territorial authority by strategically appropriating markets, business people and ethnic political leaders, an important attribute of ceasefire capitalism.

#### *Resource concessions as military territorialization*

Resource concessions, as new forms of territory and policed property, produce and inscribe authority.<sup>15</sup> The land concession provides the regime a revenue stream and acts as an asset to leverage power, make new clients and re-distribute power. Ceasefire concessions thus represent a particular spatialized form of ceasefire capitalism. The analysis of concessionary resource politics applied to ceasefire areas frames how power relations and politics map onto physical landscapes. For example, the granting of a logging concession by the Burmese northern military commander to a Chinese company concomitantly reconfigures the political territory where the concession is located, precisely closing off other non-state authorities' access and use of that resource, whether for customary village upland swidden practices or an insurgent group cultivating land to feed troops.

All land is owned by the state, following the country's socialist legacy; farmers apply for land user rights and then must pay minimal taxes and risk confiscation if land is not continually cultivated (Hudson-Rodd and Myo Nyunt 2001). But in practice land is informally bought, sold and transferred. Moreover, few upland households obtain land use certificates and instead operate according to customary land use and regulations. But the Burmese state administration system is increasingly replacing weakening customary institutions, traditional village leaders and land claims in the border uplands. After an area comes under the control of the military–state in practice, land becomes categorized by the state with its attendant land administration laws. This in effect separates out forest from agricultural land, in opposition to traditional agro-forest upland management practices (i.e. *taungya* in Burmese). These political changes now codified in the land are producing a mosaic of propertied landscapes where upland ethnic villagers are being settled – either

<sup>14</sup>Interview with Kachin NGO development worker, July 2008.

<sup>15</sup>On public authority, see Sikor and Lund (2009).

formally or informally after losing their customary land to concessions – into lowland military–surveillance villages after the war.<sup>16</sup>

This conceptualization of land concessions diverges from James Ferguson's (2005, 380) 'Angolan model' – where oil fields are secured, enclaved and 'globally' networked while the rest of the country may be left to endemic disorder or warfare. Ferguson's (2006) conception of 'usable Africa' being linked across a dispersed space like connecting the dots leaving 'pockets' of 'enclave extraction' does not apply to the case of northern Burma. The way I theorize state territorialization vis-à-vis resource concessions does not entertain 'pointillism' but rather a logic that utilizes a broader brush stroke which results in the points of extraction bleeding into one another. Moreover, the populated areas between concessions offer sources of resources (e.g. food and labor) for those policing the extraction points. Resource concessions in contested territories in effect militarize the surrounding countryside far beyond the concessionary boundaries.<sup>17</sup> The material effects of military rule in contested ethnic ceasefire zones must be considered here, where the very notion of concessionary development is couched within a counterinsurgency development regime. As such, more than just the point of extraction is policed. While capital may 'hop' from one concession to the next, the military apparatus sweeps across the landscape with the land concession merely offering a point of entry.

Secondly, while William Reno's (2000) 'shadow states' and Ferguson's (2006) 'enclave extraction' are helpful conceptions to frame the relationship between certain political configurations and their relationship to forms of capitalism, (mal-) development and conflict, this study challenges their postulation that these political configurations in resource-rich environments *disable* state building. Instead of 'extraction enclaves' retarding state formation, ceasefire concessions in northern Burma provide the territorializing mechanism through which state spaces and authority are constructed, a fundamental process of military–state formation and production of national, militarized natures.<sup>18</sup>

<sup>16</sup>Before the war formally ended in what are now ceasefire zones, the regime followed a particular type of scorched earth campaign that came to be known as the 'Four-Cuts Policy': cutting links of food, funds, information and recruits between the insurgents and their families and the local populace. This counterinsurgency program shunned a 'hearts and minds' approach and instead borrowed from the British 'new village' model developed during the Malayan Emergency (Stubbs 1989), which was later adopted by the US in Vietnam as the 'strategic hamlet' approach. The 'Four-Cuts Policy' approach has evolved to be couched in counterinsurgency development projects during ceasefire periods in ethnic borderlands, such as relocating villagers from the uplands into the lowlands – sometimes with assistance from NGOs and UN agencies. These military–surveillance villages are almost never provided any material support and oftentimes become new sources of forced labor for the military, nothing like winning the 'hearts and minds' of villagers.

<sup>17</sup>The importance of the nature of the extracted resource in question (e.g. oil, diamonds, logs, plantations, etc.) in terms of its wider territorial effects must also be considered. The effect the physical properties and geographic distribution of the resources have on conflict matters, such as point-source resources versus diffuse resources (Auty 2001), as well as degree of fragmentation and peripheralization (Le Billion 2001).

<sup>18</sup>See Peluso and Vandergeest (2011) for examining the historical production of national natures in Southeast Asia. For the case of Burma, however, local resources become not only nationalized (i.e. controlled by government agencies), but also militarized (i.e. patrolled by military agents).

### The political ecology of ceasefires: from forests to industrial agricultural fields

*Before there were no relations between the Chinese government and the Burmese government to deal with the border 'min jian mao yi' [unofficial small time trade]; but the more the central governments on both sides increased power, the closer they got to the border.<sup>19</sup>*

The political ecology of ceasefires can be told by detailing the political economy of logging and industrial agricultural concessions in the ethnic borderlands due to signing ceasefire agreements. A political ecology of ceasefires elucidates the transition from control over trade by ethnic businessmen and political groups with their cross-border trading networks, to control by the Burmese central government and military with their broader transnational resource trading clients and Singapore bank accounts. Over time ceasefire capitalism creates a convergence of (trans-) national businessmen with their access to finance capital and global markets and ethnic businessmen and political leaders to produce new governable spaces and subjects. The two case studies – logging and industrial agricultural plantations – act as a material proxy for re-articulated political allegiances in the postwar uplands of northern Burma.

#### *Logging and legalization*

During the 2000s the Burmese government effectively redirected the main current of domestic timber trade flows into military–state channels through forming alliances with transnational Asian government officials, businessmen and investors (Woods 2011). Only since the mid-2000s has the Burmese regime been able to more-or-less steer the trade through their own political patrons en route to global tropical timber markets, and in the process, transform trafficked timber into legal, national logs. Thus 'legal' timber translates into a *national* natural resource.<sup>20</sup>

Two different events in the mid-2000s illustrate Burmese nationalization of Kachin forest resources, which resulted in a disruption of the cross-border timber trade controlled by the Kachin business elite and Kachin traders. In 2002 the KIO/A declared it illegal to log without their explicit permission, as well as – and much more politically potent – permission from central military–state authorities. While this did little to actually shift timber trade flows, the statement carried substantial symbolic meaning where the national military were gaining power and authority over how the KIO/A managed land resources, even within KIO/A's remaining territorial jurisdiction.

The second major event that followed thereafter redirected timber trade in practice. First the Burmese forest minister at that time publicly admitted in January 2006 that timber was crossing the border into China without official government permission. This statement signified how the government now imagined these border forests under their own control. Forest rents were bypassing central state and military channels and instead filling the pockets of Kachin businessmen and resistance groups, as well as local state and military officials along the border. Then a few months later in March 2006 Burma and China signed a bilateral agreement on

<sup>19</sup>Interview with Chinese academic in Kunming, Yunnan, China, June 2004.

<sup>20</sup>See Peluso and Vandergeest (2011) and Le Billon (2000) for other examples of the political violence of nationalizing forest resources in Southeast Asia.

halting 'illegal' cross-border timber trade.<sup>21</sup> This legalization strategy pronounced the military-state as a recognized, yet nonetheless still contested, authority over forest resources in Kachin State. While Global Witness helped curtail to some extent overland cross-border timber trade between Burma and China through their reports and campaigning, they also unintentionally played into furthering military-state centralization over those forests. According to the government, 'legal' timber is that which is cut by the Ministry of Forestry's Myanmar Timber Enterprise (MTE, the logging arm of the ministry) and transported by the government to either Rangoon (and then shipped overseas), or into China via just one official border trade town by just one company.<sup>22</sup> It became illegal for timber to be transported through (and taxed at) the border town Laiza on its way to China, a small muddy town that operates as the political headquarters of the KIO/A. Thus the different levels of Yunnan government officials and Burmese government agencies and military officials controlling the border trade profit from not only collecting taxes from the movement of timber, but also close off opportunities for resource rents by non-state parties who continue to raise funds for arms (despite ceasefires). Moreover, competing ethnic political groups in adjacent territories, such as the KIO/A and NDA-K, are granted overlapping logging concessions by the regional military commander in some cases as a divide-and-rule strategy within and among ethnic populations.<sup>23</sup>

Despite the crackdown in 2006 by the Burmese and Chinese governments, the Kachin businessmen and political leaders remain involved in the logging trade, albeit to a lesser extent and with lower volumes trafficked compared to earlier in the 2000s. Kachin elite who maintain close relationships with those that increasingly control the timber trade (e.g. Burmese and Chinese officials, businessmen, regional military commanders, etc.) continue to cash in on forests by merging their logging activities into the now 'legal' timber trade network now controlled by military-state officials at local and national levels. The civil war situation in Kachin State created conditions where more marginalized sections of Kachin society were able to access resources and integrate them into their peripheral (insurgent) economy. These patron-client relations have gradually centralized over time, however, following the contours of state-building. Kachin, and even Chinese, middle men are increasingly being squeezed out of their facilitating role. For example, the most famous and wealthy Kachin businessman in Burma in the 2000s, Yup Zau Kawng and his well-known Jadeland Company, used to be the main contender for the jade and timber trade, as well as construction and infrastructure contracts, in Kachin State. Over the past five years, however, he has been facing severe financial difficulties as he is no longer favored by the government at the expense of Burmese and Chinese companies. Some Yunnanese Chinese businessmen are now able to directly contact national and

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<sup>21</sup>The temporary blockage of the informal cross-border timber trade didn't stop logging in Kachin State, nor permanently or fully stop cross-border timber trade. It resumed in the dry season of 2008 and continues today, albeit at lesser volumes than during its height in the mid-2000s.

<sup>22</sup>Muse (Burma-side)/Ruili (China-side) on the old Burma Road became the only legal overland checkpoint with China for timber. The one select Burmese company that can legally export timber across the border into China is allegedly Awng Mai, which is supposedly owned by the then northern military commander Major General Ohn Myint.

<sup>23</sup>The colonial British officers used a similar governance strategy for ethnic populations in Upper Burma.

regional Burmese military officials instead of going through Kachin intermediaries. This pattern of eliminating Kachin–Chinese middle men also points to a greater overall trend of wealthy established Kunming-based Chinese companies getting concessions from top leaders in Burma, rather than going through local middle men, headmen and insurgents like earlier in the ceasefire period. Now timber is less destined to cross overland into Yunnan, and instead more oriented towards national transportation infrastructure (the train and sealed government-controlled roads) to travel south to Rangoon as legally exported national timber (Milieu Defensie 2009).

Chinese investors remain the common denominator in northern Burma during this transition. But who the Chinese are doing business with shifted from Kachin headmen in the 1990s, to Chinese and Kachin middlemen in the early 2000s, to now mostly regional military commanders and even top leaders in Naypyidaw, the new Burmese capital. In order for a Chinese business person to obtain timber in Kachin State, even in areas still controlled by ethnic political groups, permission is often now needed from the central government or regional military commander.

### *The rooting of rubber*

The recent wave of industrial agricultural expansion in northern Burma, following the height of large-scale logging, ushered in the next stage of counterinsurgency development by both state and non-state actors in the making of postwar landscapes. According to Peluso and Vandergeest's (2011, 12) recent study on the political ecology of war and forests in Southeast Asia, local people in the areas occupied by insurgents are 'encouraged to become more tied to central states through incorporation into agricultural development schemes or programs and other development programs'. They contend that in some cases counterinsurgency led to the replacement of forests with permanent agriculture based on new property regimes and state territories, intertwining both primitive accumulation and national security purposes (2011,12). The Burmese government's 1999–2000 figures on percent of GDP place defense at the clear top at 31%, but with agriculture next in line at 14% (the third ranking category is all the way down to 5% for administration). While this figure does not directly link defense and agricultural development per se, it does illuminate that the two most important national sectors for the government to invest in are military security and the agriculture sector – and a beefed up military government implementing these agricultural projects. This relationship between land management and counterinsurgency development in contemporary Burma follows (post-) colonial military strategies in Southeast Asia.<sup>24</sup>

In order to understand the spatial and temporal positioning of industrial agricultural concessions in northern Burma, we must understand the territorial effects of logging concessions that preceded them. The state-sanctioned logging concessions have had a politico-territorial snowball effect: the logging concessions beginning in the late 1990s in Kachin State have become translated into national territory and state authority in practice over time. Furthermore, deforested lands are without forest cover, which provides physical concealment to ceasefire groups,

<sup>24</sup>The case in Burma diverges from the 'hearts and minds' approach implemented in Malaysia (Stubbs 1989) and Thailand (LeBlond 2010). See Vandergeest and Peluso (2006) for a comparative historical study on forestland management as counterinsurgency in Southeast Asia.

insurgent organizations and villagers trying to escape national military offensives as well as cover from which to launch their own guerilla attacks. And with expanding state territorial control, it becomes more politically feasible to grant more concessions, and so forth. As political stability rises as part of unfolding governance trends, different resource sectors that require longer periods until procuring profit are quick to follow, such as perennial plantation economies. The very recent rubber boom in the uplands of northern Burma did not just follow the wake of deforested wastelands. Quite the contrary, rubber plantations started to take root only since the mid-2000s in the Kachin and Shan hills despite more than a decade of government promotion (Kramer 2009, TNI 2010a). This was not possible until the landscape had been first reconstituted, in practice, as state-controlled territory, thus making it feasible for the Ministry of Agriculture and Irrigation (MoAI) to have jurisdiction over the land, which allows it to grant agricultural land concessions to private companies on newly-demarcated 'wasteland'.

The Burmese government established a 30-year long-term rubber development plan with future planted area set to reach an official 1.5 million acres by 2030. Most of the areas currently targeted for expanded rubber production are in Kachin State (139,000 acres) and Shan State (360,000 acres) (MPCE 2010).<sup>25</sup> In the 'traditional' rubber growing areas in southern Burma, rubber plantations are mostly owned and operated by smallholders that contribute to local livelihoods. But mirroring the military's strategic political application of agricultural development in the northern borderlands, rubber establishment in these newly 'non-traditional' targeted areas is done only by regional military authorities granting large-scale private concessions using Burman Burmese migrant labor (not from the local ethnic population).

These agricultural development targets match emerging trends in land use in Burma as the regime partially opens its economy to private domestic and foreign investment in certain sectors, such as agriculture.<sup>26</sup> For example, whereas the growth in number of household-based land holdings from 1993 to 2003 only increased by about 20%, non-household special land holdings (i.e. private companies) increased 900%. And with respect to total area, household holdings increased by 25% over the same time period, but the non-household category increased by 325%. During the same period there was a 150% increase in the number of holdings of less than one acre; meanwhile the number of holdings with an area of 50 acres and over increased by 385% (SLRD 2007). Even the government admits this 'situation of non-household based land holdings such as private companies who applied for large amounts of land areas for cultivation had not yet utilized the whole area for cultivation' (SLRD 2007). The government lists a total of nearly 1.75 million acres that have been allocated to 216 private domestic businesses in Burma who have invested in various large-scale commercial agriculture concessions in cooperation with the government by 2010. In Kachin State alone 11 companies have been

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<sup>25</sup>The southern parts of Burma, particularly Mon State, Tenasserim (Tanintharyi) Division and Karen State have been considered 'traditional' rubber growing areas since the time of the colonial British. However, despite questionable climatic factors, the biggest increase of rubber cultivation in the country is now these 'non-traditional' rubber growing areas in the uplands of northern Burma.

<sup>26</sup>According to MoAI's 30-year Master Plan for the Agriculture Sector (2000–01 to 2030–31), the government plans to convert a total of 10 million acres of 'wastelands' into industrial agricultural production (MoAI 2002). Between 2000–2005 the government aimed reclaim 1.14 million acres of arable land for agricultural cultivation (NCEA 2000).

allocated nearly 400,000 acres, in southern Shan State over 65,000 acres to 12 companies, and in northern Shan State over 40,000 acres to nine companies (DAP 2010).<sup>27</sup> When non-government data is considered as well, in addition to unreported concessions and those allocated in non-government controlled territory, these numbers are certain to be considerably higher than reported by government agencies.

Most of the large-scale rubber concessions become rooted in land that the military–state already exercises its control over, which was facilitated through infrastructure development and logging implemented by both Burmese and Chinese companies. The emergence of an industrial plantation economy at all in these ceasefire spaces is emblematic of the degree and form to which the political-economic configuration mirrors a military–state stronghold. Most of the rubber plantations get established as joint-projects between Burmese military officials (namely regional military commanders) and Chinese companies, with Burmese companies acting as a cover so that Chinese investors can escape paying very high taxes on 100% foreign-owned concessions, as well as avoid greater government interference.<sup>28</sup> The regional military commanders in both Shan and Kachin States have aggressively supported rubber production this past decade.<sup>29</sup> Even the national Burmese rubber association admits this central/regional military–backed push for rubber: ‘The exceptionally high increases in the rubber planted area [in the north] within a very short time are primarily due to the relentless encouragement by the government represented by the military area commanders in the regions . . .’ (Hla Myint 2008, 15). To a lesser degree rubber is being established in territories nominally controlled by ceasefire groups and paramilitaries, again financed by Chinese investors. In some cases retired and active political and army leaders of these groups are also planting rubber in government-controlled territory. Most prominently the United Wa State Party/Army (UWSP/A) in Wa Autonomous Region in northeastern Shan State is directly facilitating the largest rubber concessions in northern Burma (see Kramer 2009, TNI 2010a).

The Burmese companies cooperating with Chinese businessmen are nearly all local ethnic families with good relations with local and/or national military authorities. In fewer cases they are large Burmese companies based in Rangoon who are engaged in other investment sectors and who work very closely with top military

<sup>27</sup>A fundamental law passed to enable developing large areas of now-termed ‘wastelands’ was the 1991 *Management of Cultivable Land, Fallow Land and Waste Land*, which specifically targets ‘wastelands’ and ‘fallow lands’ to boost agricultural productivity to enable export earnings. This includes the right to commercially cultivate land for a maximum period of 30 years for a maximum amount of 50,000 acres (5,000 acres max at first); although in practice this is often not followed. The agency that oversees the land allotment process is the Land Management Committee, which is infiltrated by top military officials. It is unknown at the time of writing how the recent national elections will affect this committee and the way it governs land.

<sup>28</sup>Sometimes the Burmese company already exists and is locally based. This includes high-ranking military officials in ceasefire groups and paramilitaries who have their own side businesses and rely upon their political-military positions to obtain land concessions and secure necessary finance capital. However, it appears it is more common for Chinese companies to find a Burmese counterpart, whether civilian or military, who will create a Burmese company as a front to the actual 100% Chinese venture.

<sup>29</sup>This assertion is based on interviews with local development NGOs in Shan and Kachin States (Interviews, June and July 2008 and 2009) and propaganda posters viewed in provincial capitals.

leaders. Chinese businessmen first connect with local Burmese army officers, militia or ceasefire group leaders, or sometimes national military leaders, depending on the size and geopolitical location of the concession.

The following case from Kachin State illustrates all the following points: the transition in the mid-2000s from logging to industrial agriculture, the increase in military–state centralization of authority over resource concessions, the recent influx of Chinese agricultural investment, the strategic deployment of large-scale permanent agriculture as counterinsurgency, and the making of business deals among political enemies. A well-known Chinese woman, known only by Kachin people as ‘Ali Jie’ (‘older sister Ali’), operated many of the logging concessions in Kachin State in the early to mid-2000s due to her marriage to the then northern military commander of Kachin State. However, she maintains good relations with the KIO/A as well, running several businesses in their town headquarters (Laiza), which also helps her export extracted resources through KIO/A controlled checkpoints.<sup>30</sup> She then sided with one of Yup Zau Kawng’s (of Jadeland Company, previously the most powerful businessman in Kachin State) Kachin business partners, Garang La Seng, who wanted to start his own company based on his growing Burmese military network. These two business partners were then introduced to a Chinese citizen known only as ‘Lao Ying’ (‘old man Ying’), a powerful Chinese businessman who promised access to Chinese state subsidies to invest together in agricultural land concessions in Kachin State (through China’s opium crop substitution program). Shortly thereafter, these new business partners obtained land and sufficient financing for a 30,000 acre concession of rubber, timber and banana near Hkaya village in southeastern Kachin State right up against KIO/A’s headquarters at Laiza. KIO/A business partners who maintain good relations with regional military leaders have even started up their own land development companies and obtained small land concessions within this large one.<sup>31</sup>

Yup Zau Kawng’s Jadeland Company got the contract to build the road through the concession area which is inside the Thein Daw protected forest. The KIO/A had a presence in the forest as it provided protection and logging revenue for them. Jadeland received permission to log the forests on both sides of the road, the rest being bulldozed to make way for the agricultural plantations. Soon after the concession was awarded a new Burmese military battalion was established within the concession zone, forming a triangle shape with two other Burmese battalions in that area, forming a rather formidable military fortress pushed up against KIO/A’s last remaining stronghold at Laiza. Local ethnic people are not being hired as agricultural wage laborers; company managers are instead bringing in Burman Burmese from the south, as well as Chinese from mainland China. At the time of the banana harvest in November 2010, the Burmese military blocked off the export route to China via KIO/A’s Laiza town, where KIO/A officials were to tax the trade for revenue. As a result, the bananas had to travel further south through Loiye, a government-controlled cross-border check point which taxes goods at twice the rate as the KIO/A, angering Chinese investors as well as the KIO/A for lost income. The

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<sup>30</sup>This double alliance with both government and ceasefire group affiliates illustrates the economic cooperation among competing political entities. These multiple economic alliances across political lines caution against making clear-cut generalizations about different political players and parties, territorial control and resource extraction patterns.

<sup>31</sup>Interviews with NGOs, informants and field assistants (September–December 2010).



cardboard boxes the bananas are packed in by migrant laborers are marked ‘Made in China’.<sup>32</sup>

Another case study exemplifies the political ecology of transition from, in this case, conservation to extraction. One of the country’s largest land concessions was granted in 2006 to one of Burma’s largest Burmese corporations, Yuzana Company, owned by Htay Myint, who has very close relations with Senior General Than Shwe (the leading dictator) and the former northern military commander, Maj. Gen. Ohn Myint. When Ohn Myint became the regional military commander in Kachin State, Htay Myint was able to orchestrate obtaining a 200,000 acre agricultural plantation in Hugawng Valley in western Kachin State to plant cassava and sugarcane destined for the Chinese biofuel market.<sup>33</sup> At the same time the Kachin businessman Yup Zau Kawng was given a concession of the same size right next to Yuzana’s concession. This may have been an attempt by the regime to relieve potential social unrest among the Kachin over the award to the Burmese-owned Yuzana Company. Unlike Yuzana, Yup Zau Kawng never developed his land, apparently due to lack of investment capital, sympathy to his fellow Kachin people, and his native town being located within the concession area. In 2009, in response to his lack of land development, 50,000 acres of his concession was then handed over to the new National Progressive Company, whose shareholders are high-level national Burmese military officials.<sup>34</sup>

Involving yet another layer of complexity, these massive concessions in Hugawng Valley are located next to, and partially inside, the world’s largest tiger reserve made possible by Wildlife Conservation Society (WCS).<sup>35</sup> Showing similarities to resource extraction, international conservation actors and funds opened new state spaces in biodiverse, yet politically contested, landscapes, providing yet another mechanism through which the military–state in frontier ethnic areas emerges. Re-zoning for conservation offers legitimization for the state to relocate populations, control and patrol previously inaccessible areas of contested territory, and claim military–state ownership of resources as ‘national treasures’ (Peluso 1993, West 2006). This twice enclosure has left ethnic farmers and hunters in the area angry, landless and destitute.<sup>36</sup>

When tension was building between the government and the KIO/A leading up to the national elections, Yuzana allegedly armed about 800 Yuzana employees, many of whom are former soldiers in the Burma Army, with military training provided by Infantry Battalion 297 in Jahtuzup village. Private security forces hired by Yuzana and Burma Army soldiers guard the factory zone, while about 200 soldiers from Infantry Battalion 297 in Jahtuzup village patrol the middle concession

<sup>32</sup>Interviews with NGOs, informants and field assistants (November–December 2010).

<sup>33</sup>Htay Myint got his start in the industrial agricultural sector in the late 1990s and early 2000s when he received massive oil palm concessions in Tenasserim Division ushered through by then southern military commander Ohn Myint – who later facilitated Htay Myint’s concession in Hugawng Valley after he became the northern regional commander in Kachin State.

<sup>34</sup>Interviews with NGOs, informants and field assistants (November–December 2010).

<sup>35</sup>For more information about the politics of conservation in Burma, see Noam (2007), and specifically on the tiger reserve see KDNG (2010).

<sup>36</sup>In a rare act of defiance, a group of local farmers whose land has been (or threatened to be) confiscated are currently defying orders to relocate. Some have refused any form of meager compensation offered, and sued Yuzana in the provincial court – the first time that villagers have sued a major company in Burma. Interestingly, no such known organized resistance occurred in reaction to the creation of WCS’s Hugawng Valley Tiger Reserve.

area (KDNG 2010).<sup>37</sup> The political alliances and rich biodiversity which enabled WCS to create the world's largest tiger reserve are exactly the same political configuration that ushered in the country's largest agricultural concession, both of which are adding new values to land – one to extract, the other to conserve.

***China's opium substitution policy: 'alternative development' as counterinsurgency***

Opium didn't destroy local farmers, rubber has. Rubber has taken everything from farmers.<sup>38</sup>

The strengthening of military–state control and cooptation of ethnic political groups, the recent start-up of private Burmese agribusinesses, new private investment land laws, a high number of Burmese–Chinese citizens in northern Burma, and untitled peasant uplands provide the necessary ingredients for an industrial agriculture development boom as a form of ceasefire capitalism. The final missing ingredient, however, wasn't added until the mid-2000s, at which time rubber planting in Kachin and Shan States skyrocketed. At that time Beijing formally began implementing their more liberalized version of a national opium crop substitution policy, through which Chinese companies receive state subsidies to plant cash crops in northern Burma (as well as Laos).<sup>39</sup>

The 'narco-political territory' (i.e. poppy producing areas) in parts of Shan and Kachin States currently produces the second highest volume of opium in the world, although far less than Afghanistan.<sup>40</sup> Northern Burma has been previously aggressively targeted by the US Drug Enforcement Administration (USDEA) and the UN Office on Drugs and Crime (UNODC) leading up to and after Burma's national opium ban in 2005. The USDEA and UNODC, along with the Burmese military state and Wa political authorities, have cooperated on eradicating the area's poppy production and providing alternative livelihoods by replacing ex-poppy areas with cash crops under the rubric of 'alternative development'.<sup>41</sup> The UN's World

<sup>37</sup>There was speculation at that time that these privately armed Burmese citizens would outnumber local Kachin for the elections and coerce them into voting for government-party candidates running for Hugawng Valley in the November 2010 elections. The two candidates in the mining town of Hpakant in Hugawng Valley were former northern military commander Maj. Gen. Ohn Myint (who ushered in Yuzana's concession in the first place) and Bawk Ja, the woman who led the farmers' resistance to Yuzana's concession. Ohn Myint of the government party was declared the winner after nearly half of the total cast votes were mysteriously disqualified. Bawk Ja went into hiding after the election, following government orders for her detainment for leading the farmer's court case seeking compensation from Yuzana for confiscating their land.

<sup>38</sup>Lahu environmentalist referring to farmers in southeastern Shan State (Interview, June 2009).

<sup>39</sup>See Yunnan State Council (2006). For more information on China's opium crop substitution program and Chinese agro-investment in northern Burma and Laos, see Shi (2008), Cohen (2009), Kramer (2009), TNI (2010a), and Kramer and Woods (2011).

<sup>40</sup>In 2006 – the very same year the rubber boom began – poppy cultivation started to increase for the first time in northern Burma since after over a decade of decline. Opium cultivation in Burma has increased for the third subsequent year, up to 78,000 acres in 2009, an increase of 11% (UNODC 2010).

<sup>41</sup>The UNODC, then named UNDCP, with funding mainly from the US and Japan, initiated WADP (Wa Alternative Development Project) starting in 1997–8, which then became the UNODC/Wa Project. The project was terminated in 2008.

Food Program (WFP) and the Japan International Cooperation Agency (JICA) have also initiated poppy substitution programs, such as providing food aid to ex-poppy farmers, building roads as food-for-work programs, and growing alternative crops at high altitudes. These eradication and substitution programs, tied to pro-poor livelihood development initiatives, reflect a merging of livelihood development approaches with top-down economic development packages, and are all facilitated by Burmese military authorities in areas recently sequestered from insurgent groups along the Yunnan border.

The Burmese government includes in their annual statistics a category for 'Annual and Perennial Crops Substituting for Opium Poppy in Border Area'.<sup>42</sup> According to this data, more than 1.5 million acres of annual crops were sown by 2006–2007 in Kachin and State States (the two opium producing states in the country), which has since remained relatively level. Perennial crops, on the other hand, have been projected to reach over 600,000 acres in 2007–8, representing a markup of over 50% from the year before, which was a 110% increase from 2005–06 (MAS 2008). Despite these figures representing target quotas and being rather unreliable government figures, these numbers do nonetheless indicate the degree to which the central government is pushing agribusiness development in the north.<sup>43</sup>

At first China's opium substitution program was more state-operated, but only since the mid-2000s with the creation of the Opium Replacement Special Fund by China's State Council has the program provided financial incentives to Chinese businesses.<sup>44</sup> Since then the number of Chinese companies and their acreage planted in northern Burma (and Laos) have been rising exponentially.<sup>45</sup> By 2003, Yunnan Province was responsible for planting over 100,000 acres of substitution crops, over 90% of which were planted in northern Burma (mostly in Wa and Kokang Autonomous Regions, but presumably not recorded by the Burmese government as these territories are not administered by the central government) (Shi 2008, 23). From 2005 to 2008, after the program received a further boost, the Yunnan government administered over US\$175 million worth of investments for opium substitution development projects in northern Burma and Laos, of which over 165,000 acres of Chinese agricultural concessions were located in northern Burma. By 2009, 198 Chinese enterprises (almost all private corporations, and about 80%

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<sup>42</sup>It is unclear what qualifies for this classification – whether it includes all crops planted in northern border areas, and the degree to which the figures correlate with Chinese investment in the agriculture sector in northern Burma.

<sup>43</sup>The only data available on agricultural plantations in northern Burma is from various Burmese ministries and departments, which are notoriously unreliable and often do not indicate actual acreage planted. This also does not include agriculture plantations that bypass government agencies, such as those established in non-government-controlled territory, including UWSP/A where most of the rubber is cultivated. To date no other alternative source of information on total plantation areas is available.

<sup>44</sup>Chinese companies participating in cross-border development schemes receive several state-subsidized benefits, such as cash funds, lowering of bureaucratic hurdles for investment, and most importantly, quotas to import tariff-free crops produced under the scheme.

<sup>45</sup>However, in early 2010 the Beijing government apparently temporarily suspended their opium substitution program to assess its successes and failures as part of its monitoring and evaluation by various satellite mapping and limited ground-truthing exercises.

from Yunnan) were participating in China's opium crop substitution program, an increase of about 170% since 2005.<sup>46</sup>

*Cultivating rubber hillsides and policing peopled valleys: new governance regimes*

Chinese overseas development assistance holds serious material implications for upland ethnic farmers. Upland swidden lands are confiscated from subsistence farmers, who receive no compensation for their loss since their customary land has been demarcated as 'wastelands' by MoAI. None of the rubber plantations in northern Burma are smallholder plantations or under contract farming arrangements, unlike in the south. Instead rubber concessions are relatively large concessions (normally greater than 1,000 acres) granted to influential national and foreign companies (or local companies created as covers for the Chinese companies) who maintain good relations with Burmese government officials and/or military commanders.<sup>47</sup>

The agricultural investments by Chinese companies under the crop substitution scheme are often in areas with relatively lower elevation and near roads to enable easier access. But establishing plantations in the lowlands along roads does not reach the at-risk population of (ex-) poppy cultivators in the remote uplands.<sup>48</sup> According to field and office visits,<sup>49</sup> agricultural land concessions are mostly obtained by military officials confiscating land that has been labeled 'wastelands', or land with no formal land use title or certificate, as are almost all uplands still to this day. These so-called 'wastelands' are in fact actively farmed land, but without official land titles, which few farmers, even in the valleys, possess.<sup>50</sup> And even for those few farmers with titles, the land can still 'legally' be confiscated if they are not using it 'productively' with year round cultivation. Government ministries, such as for agriculture and forestry, and different military outfits, such as local battalions and regional military commanders, confiscate village land on a regular and ongoing basis, especially in ethnic areas of the country experiencing political conflict. But in the past half-decade land confiscation has been increasingly linked to private agricultural development projects (see COHRE 2007, KDNG 2010, and Food Security Working Group 2010), representing the newest form of counterinsurgency.<sup>51</sup> The Burmese regime seems intent on transforming its war-time 'Four Cuts Policy' legacy of burning villages in so-called 'black' zones into a postwar development strategy. Villagers are now fleeing from bulldozers making way for

<sup>46</sup>This information was presented at a Transnational Institute (TNI) workshop in January 2010 in Kunming, Yunnan by a Chinese academic.

<sup>47</sup>The country's national rubber association confirms that the Burmese government does not support smallholder agricultural development in the north, only big companies with expansive land concessions (Interview, June 2009).

<sup>48</sup>One report estimated smallholder opium-growing households losing up to 80% of their annual income since the opium ban (Food Security Working Group 2006).

<sup>49</sup>Office interviews in Rangoon and Kachin State, June and July 2008, 2009 and 2010, and north Shan State, December 2010.

<sup>50</sup>Sometimes farmers pay what they believe to be a formal land tax in order to secure their land from confiscation, when in fact they are actually paying an informal bribe to a local agriculture officer, much to the dismay of the farmers.

<sup>51</sup>In the past land confiscation was for the purpose of forcibly relocating troublesome ethnic populations as an explicit national military security measure during wartime and soon after ceasefires.

industrial agricultural concessions rather than from fire and bullets as during the earlier war period.

Between 20% and 50% of households in Wa areas in northeast Shan State are landless from confiscated swidden lands for rubber plantations.<sup>52</sup> Forced relocations to work on rubber plantations have also been reported in Wa areas, with as much as 10% of the village household labor in Wa areas forcibly moved to act as free or very cheap labor.<sup>53</sup> For example, 125,000 Wa villagers from Panghsang in northeastern Shan State were forcibly resettled along the Thai-Burma border in southern Shan State as part of a military strategy linked to rubber development (LNDO 2002). In Kachin State and northern Shan State, Burman Burmese (ethnic majority) from other parts of the country are hired as rubber wage laborers, which local ethnic villagers claim is a purposeful government strategy to dilute their ethnic homeland by promoting Burman population settlement.<sup>54</sup>

This pattern around purposefully or indirectly resettling upland communities from the hills to the valleys and along roads as 'alternative development' connected with poppy substitution projects has historical precedence in northern Burma. The Burmese military since the beginning of the civil war more than 60 years ago used a similar tactic of forced resettlement to conquer and control restive ethnic upland populations.<sup>55</sup> During this past decade, however, forced resettlement patterns have become intimately connected to anti-shifting cultivation rhetoric and policy, anti-drug production and pro-market discourses, all of which the bilateral opium substitution projects are embedded within. Counterinsurgency border development, which merges Chinese public-private investment and Burmese military-state security strategies in ceasefire zones, has sought to coercively integrate upland subsistence farmers into the lowland market economy as exercises of military securitization and nation-state building.<sup>56</sup> These frontier development processes further firm the conditions for, and outcomes of, ceasefire capitalism.

### Concluding remarks

The political ecology of ceasefires underscores the production of military-state territory and authority enabled by resource concessions. Evolving governance regimes in ceasefire zones render new mechanisms through which the Burmese military-state takes hold of these contested ethnic territories. The Burmese regime cultivates ceasefire capitalism as a postwar state territorializing strategy by appropriating

<sup>52</sup>Interview with WFP representative, July 2008.

<sup>53</sup>Data from a TNI workshop, Bangkok, April 2010.

<sup>54</sup>Burman Burmese are the ethnic majority, who fill nearly all high-level military-government positions.

<sup>55</sup>The number of internally displaced persons (IDPs) previously displaced after decades of continued conflict must be placed in the millions. The number of IDPs forcibly displaced between only 2005 to 2007 and only in eastern Burma is almost 100,000 people (COHRE 2007). Until the KIO/A ceasefire, an estimated one third of the Kachin population was internally displaced, with about 100,000 having been displaced since the 1960s. Since the 1990s, almost 100 Kachin villages were destroyed and forcibly relocated to a number of government relocation sites, mostly in and around Myitkyina, the provincial capital of Kachin State (COHRE 2007).

<sup>56</sup>See Baird and Shoemaker (2007) for the case of Laos, which mirrors trends in Burma with rubber establishment and relocation of upland populations, albeit with a less overtly militarized approach.

global finance and commodity markets, (trans-) national business people, and ethnic business and political elites. The manner by which military–state centralization is achieved by these new governing mechanisms in ceasefire spaces is through state agencies and military officials granting resource concessions to military–favored business people backed by Chinese state finance. These evolving forms of counter-insurgency border development over time produce national, military natures with politically-charged material effects on upland ethnic populations.

The Burmese regime combating this contested terrain of power during the ceasefire period has further marginalized villagers at the expense of centralized/globalized patron-client networks involving the Burmese military–state, ethnic leaders, business people and Chinese state-backed finance capital. The civil war situation in northern Burma created conditions more conducive to local ethnic populations accessing resources and integrating them into their peripheral cross-border economy. But as the Burmese regime territorialized the north by granting infrastructure development and resource extraction concessions, the military–state gained further control over previously hostile ethnic areas. As a result local farmers and ethnic traders are pushed out of resource extraction networks and revenue streams. The ceasefires forged new political space and centralized political relations through the process of territorialization. This enabled the Burmese regime, (trans-) national business people and the Chinese government to reach deeper into the northern uplands to accelerate timber extraction by linking it to the global timber trade, and eventually expand into other resource extraction sectors. Ceasefire capitalism captures that very messy and violent transition where military force meets frontier political economy during the period of postwar military–state building.

The ceasefire agreements have created new avenues of conflict with increasing interaction and contestation among business people and capitalist markets, Burmese military–state officials, ethnic elite and political leaders, and civil society. This new terrain of political allegiances with access to finance capital has dramatically altered control over land as a valuable financial and national security asset. Military-state formation in northern Burma produced pockets of state propertied landscapes, where upland ethnic villagers get settled into lowland military–surveillance villages and the uplands get carved out by industrial agricultural and logging concessions. Together these new assemblages and geographies of power constitute counter-insurgency development by which military–state formation operates. The stage upon which this is all played out is no longer the rich biodiversity above or below the earth, but now the land itself.

The recent national elections in November 2010, openly criticized by western governments,<sup>57</sup> have had (and will continue to have) two relevant impacts with regards to ceasefire capitalism. For one, ethnic political resistance groups, such as KIO/A and UWSP/A, that resisted transforming into ‘border guard forces’ (BGF) as government proxy armies are now bullied by the regime. Counterinsurgency measures have been intensified in these rogue army areas as a result. For example the KIO/A are now referred to in the government press as ‘insurgents’ despite ceasefire

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<sup>57</sup>Western governments have mostly condemned the elections for being neither free nor fair, Daw Aung San Suu Kyi’s party the National League for Democracy (NLD) boycotting the elections, and not releasing political prisoners so they could run for office. However some analysts remain hopeful that the elections will open up space for political dialogue and eventual political transition (TNI 2010b).

accords. As this piece is finalized for publication the Burma Army is attacking KIO/A strongholds for the first time since the ceasefire accords. It remains unclear how the dynamics of ceasefire capitalism may change in the near future with mounting pressure by the government against non-BGF ethnic political organizations, and the potential impact of any changes on how ceasefire capitalism is conceptualized in this study. It is predicted that former high-level military officers being put into government positions after elections will further facilitate resource extraction deals on an even larger and longer-term scale, pending armed hostilities from ethnic political groups such as the KIO/A. In the event of the end of the world's longest running civil war from these current military attacks, ceasefire zones will turn more into contained, pacified, government-controlled landscapes more easily piecemealed to business elites but without strong underlying counterinsurgency intent as during the contentious ceasefire period.

This study has attempted to trace the theoretical contours of the transition from logging to industrial agricultural development, and from non-state to military-state territory in order to understand the politics of making postwar landscapes. An in-depth understanding of the politics of the production of nature within a state-in-the-making framework, and the mechanisms in place that enable these newly-forming legible landscapes, remains important despite (or because of) de-agrarianization trends sweeping across Southeast Asia. The Burmese regime and Chinese government justify their counterinsurgency border development as 'development-for-peace', but underlying ethnic conflicts must be addressed first before achieving 'peace-for-development'.

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