Sowing disorder: support for the Burmese junta backfires on China

By Andrew Bosson

In the early 1990s China's sale of arms to Burma played a crucial role in keeping the Burmese military in power. But this support for the generals in Rangoon is now backfiring, as many of the negative consequences spill over the border into China, writes Andrew Bosson. While China has generally taken a passive stance towards international efforts to pressure Burma to improve its rights record, it would be in Beijing's best interests to urge Rangoon towards economic and political reform, he argues.

The relationship between Burma and China has been harmful to both countries, especially following the Chinese arms deals which preserved the junta in power and locked Burmese political and economic life into a stasis from which it has yet to emerge. The generals seem to have very little idea of how a modern economy functions and are essentially running the country as they would an army. Military expenditures continue to take up about 60 percent of the national budget. Thus it comes as no surprise that the economy is in an advanced state of failure.

China also has been damaged economically: Burma's lack of access to economic development assistance and its collapsed economy leave a gaping hole in the regional development projects the impoverished provinces of southwest China so badly need. China also suffers from the alarming spread of HIV/AIDS, drug addiction and crime that have accompanied the massive quantities of heroin being trafficked from Burma into Yunnan Province. The growth of the drug economy in Burma may be traced directly to the lack of the necessary economic and political remedies, which is an indirect result of China's intervention.

Chinese arms prop up junta

Following the popular uprisings of 1988, the Burmese military high command judged that it did not have the capacity to guarantee control of the cities and at the same time continue its containment of the ethnic insurgencies, some of which dated from Independence in 1948. It therefore decided to seek help from outside to build up the Tatmadaw (armed forces), which in 1988 numbered 186,000. In early October of that year, arms supplies began to arrive from Singapore and subsequently from Pakistan. But as military specialist and Burma expert Andrew Selth says in his 1996 book, *Transforming the Tatmadaw*, these early arms shipments were "only stop-gap measures. The military regime in Rangoon was already thinking well beyond short-term infusions of small arms and ammunition."

Following a visit to China by Burmese defense officials in 1989, an arms deal of $1.4 billion was signed in mid-1990 and a deal for $400 million was

signed in 1994. The arms purchases thus allowed a major expansion of the armed forces, which have now expanded to an estimated strength of 450,000.

Until 1991, the Tatmadaw's main military strategy against the ethnic insurgents was one of seasonal combat: they would conduct campaigns in the dry season against their various opponents and return to the barracks when the rains came, at which point the ethnic armies would re-occupy the ground they had lost. The Chinese-supplied *materiel* and training allowed the enlarged and re-organized Tatmadaw, using all-weather roads built by Thai loggers or forced labor to remain in the field throughout the year and hold onto captured territory—in other words, a strategy of occupation was now possible. The social and economic life of millions of people, largely non-Burmese villagers, has been radically dislocated by this strategy, resulting in levels of suffering and numbers of deaths far greater than during the earlier period of combat. In its major offensives of 1994-95 and early 1997, the Tatmadaw succeeded in capturing most of the fixed bases of the Karen National Liberation Army (KNLA), which has retreated from a strategy of holding territory to one of guerrilla warfare. This strategy could continue for many years to come.

The prolonged occupation of the border regions by an army inadequately supplied by Rangoon and obliged, in the dry phrase of the International Labor Organization (ILO), to pursue a policy of "self-reliance," has imposed a greater burden on the population than the actual fighting. It is the economic burden of the military occupation—involving forced labor, land confiscation, theft, looting and frequent and arbitrary taxation—which has, along with massive forced relocations and associated abuses such as killings, rape and other forms of torture, produced the one million or so internally displaced in Burma and the mass exoduses to neighboring countries.

The Chinese arms sales thus allowed the Burmese military to expand to a point where it could occupy territories far beyond its previous reach. The supply of such a large army, however, even with military expenditure eating up about 60 percent of the national budget, was beyond the capacity of Burma's weak and shrinking economy. This required the military to live off the land—in other words, the people—producing further oppression, human rights violations and refugee flows.

Obstacle to regional development

The permanent occupation of the border regions by the Tatmadaw and the accompanying well-documented and publicized human rights violations are major reasons for Burma's continuing status as an international pariah. After the pogroms of 1988, all international assistance was frozen, including World Bank, Asian Development Bank (ADB) and IMF loans, UNDP economic development projects and bilateral assistance from Japan and other countries. The suspension was maintained throughout the intervening years, as accounts of major human rights violations by the Tatmadaw were continually reported by NGOs, governments, the United Nations and the ILO.

One specific result of this continued suspension of assistance was that, apart from attending meetings and workshops, Burma has been ineligible for ADB loans. According to the ADB Web site: “No loan has been provided to Myanmar since 1986 and no technical assistance since 1987. All 32 loans approved prior to 1986 were closed by end-1998.”

This means that, apart from a number of bridges and roads constructed in Burma by Thailand, China and India, port facilities built on the Irrawaddy near Bhamo and a few other relatively minor projects, Burma constitutes a black hole in the fabric of the various ADB-funded development programs in the region comprising Yunnan, Southeast Asia and South Asia. These include the Greater Mekong Subregion (GMS) and various other regional triangles and quadrangles and wider projects such as the Trans-Asian Railway and the Asian Highway, which are supposed to speed transport of goods within Asia and between Asia and Europe. There are a number of Track-2 projects that Burma takes part in, including the Kunming Initiative made up of Bangladesh, China, India and Myanmar (BCIM) and the Ganga-Mekong project, but so far these have not progressed beyond the talking stage and may never do so.

To illustrate a few of the problems presented by Burma’s inadequate transport infrastructure, let us look briefly at the Trans-Asian Railway, which is coordinated by the UN Economic and Social Commission for Asia and the Pacific (UNESCAP). According to a 1999 UNESCAP expert report:

Myanmar has a significant role in the development of the Trans-Asia Railway southern corridor, since it would provide the necessary linkages between the railway networks of China and Southeast Asia on the one hand and South Asia on the other. Nine links have been identified within Myanmar, only three of them existing.… All links in Myanmar have a track gauge of one meter and are non-electrified….

In Myanmar, the speeds of freight trains are heavily restricted on all existing TAR links as a consequence of poor track and bridge condition …[o]n the line section south of the Thanlwin (Salween) River between Mawlamyaing and Ye, the maximum speed for freight trains has been quoted as 24 km per hour, suggesting that commercial speeds on this section could be as low as 12-14 km per hour. Clearly, operation at such low speed levels would be inconsistent with the future provision of an efficient and competitive rail container service…

Most infrastructure initiatives face similar problems and make Burma a major obstacle to the development of the region. This is particularly the case with links between Southeast Asia and South Asia, since alternative routes can bypass Burma to link Yunnan and the other countries of Southeast Asia.

Block to developing the West

For several years, and particularly since the launch of the Great Western Development Strategy *(Xibu da kaifa*) in January 2000, Beijing and local

governments have put considerable effort into reducing the disparity between the richer eastern and southern coastal belt and the much poorer western region. In 2000, $45.5 billion of development funds were being poured into projects to develop this area, according to reports by the UN Conference on Trade and Development (UNCTAD).

Western China, according to the OECD *Observer* of May 2002, received a mere three percent of total inflows of foreign direct investment (FDI) during the period 1983-2001 and its per capita income was only 60 percent of the national average. This disparity is likely to increase during the transition following WTO accession, since the west has a disproportionate number of state-owned enterprises (SOEs), which account for 60.8 percent of urban employment. Therefore, the restructuring of the SOEs will entail significant loss of employment. Dorothy J. Solinger tackles this issue in her article, "WTO entry: Will China's workers benefit from this 'win-win' deal?" in *CRF*, No. 1, 2002. Needless to say, increased unemployment in China's inland provinces constitutes a threat to China's comprehensive as well as human security.

Integrating the economy of China's southwestern provinces with South and Southeast Asia through such programs as the GMS and the Asian transport links becomes more urgent with WTO accession. Competition from foreign goods following the scheduled reduction of tariffs and relaxation of non-tariff barriers—on cigarettes or leaf tobacco, for instance, which would damage Yunnan's tobacco industry—and the restructuring of the SOEs, which are the largest employers in the urban southwest, are likely to create more unemployment in these regions than the more optimistic analysts had forecasted.

An economically more prosperous and stable Burma, with multilateral and bilateral assistance for infrastructure development, would be a considerable boost to the economies of Yunnan and neighboring Chinese provinces.

Drug economy of the Shan States

The Chinese-manufactured weapons that entered Burma as a result of the 1989 arms deal were not the first in modern times. In 1950, in the wake of the collapse of the Kuomintang (KMT) government in China, KMT forces entered Burma and set up bases in northeastern Burma. They were regrouped by the CIA in preparation for an invasion of China and remained in Burma until 1961. While there, and with CIA support, they converted the Shan states "from a relatively minor poppy growing area into the largest opium-growing region of the world," according to Alfred W. McCoy's 1991 book, *The Politics of Heroin: CIA Complicity in the Global Drug Trade*.

In 1968, strong Chinese support for the Communist Party of Burma (CPB) insurgency began. This support involved massive deliveries of arms and other supplies over most of the next 20 years to the CPB's army, which consisted mainly of ethnic Wa. In 1989, the CPB foot soldiers mutinied and drove their leaders into China. Fearing that these 30,000-40,000 formidable warriors would join the ethnic insurgencies fighting Rangoon under the umbrella of the National

Democratic Front (NDF), General Khin Nyunt, Secretary-1 of the State Law and Order Restoration Council (currently known as the State Peace and Development Council), brokered a deal with the Wa leaders in the Shan state which permitted them to carry on with their drug business provided they did not join up with the NDF or fight the Tatmadaw. As a result, the Wa leaders became warlords and expanded their opium and heroin business to be the largest in the world, according to Bertil Lintner in *Burma in Revolt: Opium and Insurgency since 1948*.

This drug economy, which in the past three years has branched out to include production of methamphetamines (the principal precursor of which, ephedra, comes from China), can thus be blamed on the Burmese government's complicity, if not participation, as well as on a ready supply of guns, warlordism and the almost absolute poverty of the people. The main opium and heroin trafficking routes cross the border into Yunnan Province, and the capital, Kunming, has become a major collection hub from where the drugs are sent via different routes through China. Though most of the profits from drugs accrue to people in the industrialized countries[I'M NOT SURE OF THIS – THE ASIAN GANGS, WITH THEIR ASIAN BANKERS MAKE A GOOD PROPORTION OF THE PROFITS – MAYBE MOST? -- I'VE LEFT A MESSAGE QUERY WITH MY DRUGS GURU) , the bulk of Burmese heroin is consumed in Asia, primarily in China. The solution to these various problems is clearly the restoration of the rule of law accompanied by substantial development assistance, neither of which the present regime is able to provide.

Drugs and HIV

In June 2002, UNAIDS published a 92-page report entitled "HIV/AIDS: China's Titanic Peril" which estimates that at the end of 2001, up to 1.5 million people in China were infected with the HIV virus, and notes that the [Chinese] Ministry of Health Mid-Long Term Plan "stipulates that by 2010 a total of 10 million people could become infected with HIV if countermeasures are not taken." The report also states:

In 2001, the most frequent mode of transmission of reported HIV infections in China remained sharing of contaminated needles among male injecting drug users (IDU)…While HIV infections through all transmission routes are increasing in absolute numbers, most reports of new HIV infections (66.5 percent) are still related to the sharing of needles among injecting drug users. This finding might perhaps be related to the fact that more HIV testing is being conducted in these populations. In addition, the number of drug users in China is constantly increasing. Data from the National Narcotics Control Commission show that in 2000, the police identified 96,189 drug users, which is up by 49 percent from 1999…

Geographically, the worst affected areas are in the southwest of China, bordering the Golden Triangle, and along the trafficking route from the Golden Triangle up north covering the borders of Myanmar, Laos and Thailand. Other

affected Chinese provinces are often located along drug trafficking routes, through China towards central Asia and Europe. UNDCP estimates that around 60 percent of drugs produced in the Golden Triangle such as heroin, opium and "ice" (crystal methamphetamine), are trafficked through China, with large amounts of these drugs consumed in the Mainland.

The People's Republic of China carried out a drastic, lethal and largely successful plan to eradicate the use and cultivation of opium beginning in 1949 and continuing into the 1950s. The explosive increase of heroin trafficking from the Golden Triangle, principally from Burma, is currently threatening this achievement. Cases of addictions from the late 1980s have rapidly increased, and though the official figure is estimated at 600,000 registered addicts, there could actually be several million users in the PRC. Comprehensive figures are not available, but we know that in 1995, Chinese public health officials estimated that there were 2.5 million heroin addicts. From January to June 2001, Chinese police handled nearly 160,000 drug-related cases, 33 percent more than in the same period of the previous year.

In 1990, the Chinese authorities began to introduce stronger legislation and penalties, including frequent death sentences. They substantially improved narcotics policing and collaboration with the US Drug Enforcement Administration (DEA) and the UN Office for Drug Control and Crime Prevention (ODCCP) and carried out large-scale drug education projects. Several regional drug conferences were held, including one in Beijing in August 2001, at which all attendees expressed a commitment to coordinating efforts against drug trafficking. However, in spite of ritual opium-burnings and occasional well-publicized strikes by Burmese soldiers against laboratories, Chinese officials express frustration at the lack of concrete efforts by Rangoon. In the words of Lei Jianbo, deputy head of the Yunnan branch of China's Narcotics Control Committee: "Though the central Burmese government has prohibited the narcotics trade publicly, some local governments still connive with drug traffickers. This is a fact as everyone knows."

Crime linked to narcotics

China is currently experiencing a crime wave that is closely linked to drug trafficking. From the outset, the explosion in heroin trafficking and consumption in Yunnan was accompanied by crime. In the province as a whole, it is estimated that 40 percent of crimes are drug-related; in Kunming this figure rises to 70 percent, with an increasing number of disputes between groups of consumer-traffickers. A well-researched *Asiaweek* article, "Law and Disorder: A Growing Torrent of Guns and Narcotics Overwhelms China," published in August 1995, provides a vivid description:

From across the country's southwestern and southern borders a flood of narcotics and weapons is fueling an unprecedented crime wave. Riding on the back of get-rich-quick economic reform, crime is not just back: it's armed,

organized and already disturbingly well entrenched at virtually all levels of society. Chinese mobsters have never had it so good since the Roaring Twenties when godfather Du Yuesheng and his Green Gang ruled the Shanghai waterfront and parlayed as equals with Nationalist generals and colonial police.

Since the mid-1990s, Yunnan has become more organized in its crime prevention activities, in part thanks to high-tech assistance from the United States. But the crime wave, which is apparently led by drug trafficking, has spread throughout the whole of China. It was reported on February 10, 1999 that Chinese police investigated 1.35 million crime cases in the first nine months of 1998, a 22 percent increase from the previous year. Drug offences constitute a very high proportion of cases, particularly in the coastal province of Guangdong, which in addition to Hong Kong, is a major channel of trafficking routes for drug exports.

Solutions

For China, the progressive phasing out of the Burmese drug economy would be an essential step towards tackling the dual epidemics of heroin and HIV infection. In practical terms, given the length of the shared border—1362 miles—this would require action in the Shan states to address the political and economic aspirations of the various groups there and begin the large-scale economic development assistance needed to address the poverty most of the poppy farmers endure. This scenario can only become a reality when the international community decides that the Burmese military, the National League for Democracy and the non-Burmese peoples have advanced far enough in the direction of democratization, national reconciliation and economic reform that the process is irreversible and that international assistance should be resumed. Resumption of international economic development assistance would also, of course, allow Burma to receive ADB and other funding to refurbish its dilapidated transport and energy infrastructure and become a full participant in the regional development programs.

Given these problems, why does China continue to support the Burmese generals? Why do the Chinese leaders not join the efforts of the United Nations and Burma's concerned neighbors, some of which share similar problems in addition to refugee flows and border skirmishes with the Tatmadaw? Behind diplomatic closed doors China may already be exercising influence on its recalcitrant neighbor, but if not, some of the reasons may be: first, the perception that supporting the military in Rangoon is the best way to preserve stability on China's borders; second, the view that China still needs Burma's support in international forums; third, the concern that a democratic Burma could lead to future containment of China, especially if it joins the Western camp; and fourth, the fear that a federal Burma might perhaps spread unwelcome ideas to some of the minority groups in Yunnan and other provinces of China.

These arguments carry some weight, but given China's need to tackle the destabilizing problems of the regional disparities in development that WTO

accession is likely to increase and the “titanic perils” of the HIV/AIDS epidemic, runaway drug addiction and the current crime wave, the balance may tip towards supporting a political process that could set Burma on the path to economic stability.

Much unknown

Several important aspects of the China-Burma relationship cannot yet be addressed adequately due to lack of systematic study. For instance, over the past decade or so there have been reports of large-scale increases in the Chinese population of northern Burma, including Mandalay, Lashio and rural areas. However, I am not aware of any scientific survey of the actual numbers involved, what the social, economic and cultural impact of recent Chinese migration is on the indigenous Burmese or what proportion of the migrants are ethnic Chinese from Kokang (in the Shan state) as opposed to immigrants from the PRC.

There are also reports that the purchase of property in central Mandalay by comparatively wealthy Chinese has driven up property prices to the point where the bulk of the Burmese population can no longer afford to live in the city center and have moved to satellite towns. Once again, I have seen no actual figures or a description of the social and economic conditions in the satellite towns.

A similar lack of research hinders an adequate assessment of other issues, such as the impact of cheap Chinese imports on Burmese light industry—one analyst says it has essentially been destroyed by the competition from China—or the actual value of Yunnan-Burma border trade. Anyone with information on these or related subjects is invited to communicate with the author.

Selected references

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