

Warlords' s Learning Curve: A Case Study of the Pa-O Self Administrated Zone

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1. Introduction

With 135 ethnic groups divided into eight major national ethnic races,¹ Myanmar² is one of the most ethnically diverse countries in the world. The Panglong Agreement in 1947 tried to set the path for the integration of these nationals into one state. However, with the assassination of the architect of the Panglong Conference General Aung San and the subsequent military takeover of the country, the curtain of ethnic struggles was drawn. Among ethnic groups fighting for their self-determination is the Pa-O³. Yet, amid the chaos after the democracy movement in 1988, the military regime managed to sign over 20 ceasefire agreements with various armed groups, among them were with the Pa-O National Organization (PNO) and the Shan State Nationalities People's Liberation Organization (SSNPLO). PNO agreed to ceasefire in 1991 and SSNPLO followed in 1994. Therefore, theoretically, the Pa-O area has been pacified since the 1990s. Indeed, the Pa-O populated region known as Area 6 was granted the status of Self Administrated Zone (SAZ) in 2011.

This paper attempts to look into what ceasefire means to the Pa-O people from the perspective of the development of the political economy in the SAZ. Developing on the theory put forward by Mancur Olson (Olson, 2000) that a stationary bandit should provide better development prospects to the local people than a roving bandit, this paper argues that the benevolence of the stationary bandit is not given per se, it needs competition to bring it forward. Since signing the ceasefire agreement and receiving lucrative economic concessions from the central government, the PNO have effectively become a stationary bandit with an informal mandate to rule over the Pa-O area. In a way agreeing with Charles Tilly (Tilly, 1985) that the state is no different from the Mafia, in that they both tax their people in return for providing protection, Olson argued that a roving bandit will only concern about his short-term gains whereas a stationary bandit will actually try to provide genuine development for the people in order to perpetuate the control over the area. Effectively, the PNO have become a stationary bandit after signing the ceasefire agreement, but whether they have performed their duties like Olson has predicted is the subject of this investigation.

The research focused on the period from 1988 to 2012 because this is the period when most of the ceasefire agreements were signed, which allowed some forms of law and order to return to the local community. The research methodology is mainly qualitative, using

¹ The eight ethnic races as classified by the regime are Bamar, Kachin, Shan, Kayah, Karen, Chin, Mon and Rakhine.

² After the military takeover in 1988, the regime changed the country's name to Myanmar from Burma. Therefore, in this paper I use Burma to refer to the country before 1988 and Myanmar thereafter.

³ Most academic work use "Pa-O", however, locals call themselves "Pa-Oh". For academic consistency, Pa-O will be used in this paper except in cases where Pa-Oh is the official name of the organization, e.g. the Pa-Oh National Liberation Organization (PNLO)

semi-structured interviews to construct the political economy of the Pa-O SAZ and questionnaires to identify the areas of concern among the Pa-O people. The findings will be outlined in three separate sections to firstly explain how power is constructed in the SAZ, secondly highlight the resistance generated from civil society, and thirdly identifying the response from the stationary bandit, or what this paper calls the warlord's learning curve.

Very little has been written about the Pa-O despite their significance in terms of their historical presence, as seen in their representation in the Pang long Conference, and in terms of their role in setting examples for subsequent ceasefire agreements. Therefore, this paper wants to fill the literature gaps in these areas. By providing better understanding on the welfare of the Pa-O people after ceasefire agreement, this paper hopes to open up the debate on whether the ceasefire agreement template is actually beneficial to the local people, and what measures can be taken in order to harvest the full potential of the ceasefire agreement.

This paper obviously suffers from several limitations. First, it is an idiosyncratic study of the Pa-O people and the area they occupy, which have their own geopolitical and historic settings. Certain conditions may not be applicable to other ethnic groups in the country, such as proximity to the Thai border. Second, due to the constraint on the length of the paper, only sufficient space can be allocated to discuss the PNO, the leading political party in the Pa-O region, whereas other political actors can only be discussed in passing. Lastly, the findings are based on interviews with various political actors. In an informal political economy, a lot of the information cannot be objectively verified in official document. Therefore, the author has to rely on triangulation of events, and when this is not possible, a subjective judgement has to be made.

2. Background

The Pa-O is a sub-group of the Karen (Christensen & Kyaw, 2006: 3). The Karen were not invited to the Panglong Conference because they were not independently conquered by the British and therefore not considered to be a pre-colonial independent nation. Instead, they sent U Hla Pe, a Pa-O leader from Thaton, to represent them as an observer (ibid, 17-18). However, the relationship between the Karen and the Pa-O had not been as close as it appeared. In fact, the Karen called the Pa-O Taung Thu, which is a belittling word meaning farmers. After Aung San was assassinated, the Karen National Union (KNU) wanted to lure the Pa-O to support their cause for self-determination and it was only then the name Pa-O was more widely used to promote the importance of maintaining ethnicity against Burman chauvinism.

However, the Pa-O was not satisfied of living within a sub-group of the Karen. Therefore, in 1946 they formed the PNO, which was a political organization but without official legitimate status. After independence they were reorganized into Union Pa-O National Organization (UPNO) and had their own army, the Pa-O National Liberated Army (PNLA). In 1966, U Hla Pe restructured UPNO and changed the name to Pa-O National Liberation Organization (UPNO) and went underground. Two years later, the name was changed again to Shan State National Liberation Organization (SSNLO). In common with other ethnic political parties in Burma at the time, SSNLO suffered ideological split with pro-communist members took charge and in 1974 "People's" was added to the name to become Shan State National People's Liberation Organization (SSNPLO). Members not subscribing to communist ideology formed the Shanland Nationalities Liberation Front (SNLF) and renamed to PNO in 1976 (Christensen & Kyaw, 2006; Lintner, 1999). In 1991, the PNO signed ceasefire agreement with the Thein Sein regime. Another split occurred when members of PNO did not agree with signing ceasefire with the

government, they broke away to form the Pa-O People's Liberation Organization (PPLO). Due to the mutiny of the Communist Party of Burma (CPB) in 1989, SSNPLO lost a significant source of income and in 1994, they too signed ceasefire agreement with the regime. A group disagreed with the ceasefire formed the Pa-O National Liberation Organization (PNLO). The breakaway group PPLO joined PNLO in 2009 and the name PPLO was dropped.

Therefore, by the time U Thein Sein became president in 2011, the Pa-O area had three political clusters claiming to represent the Pa-O people, the PNO, which has now become a leading political party in the area, the PNLO comprising of all the members who disagree with the ceasefire, and the ceasefire group of the former SSPNLO which is taking the back seat in Pa-O's political affairs.

3 . PNO – the Stationary Bandit

The Pa-O National Army (PNA), the armed group of PNO, signed the ceasefire agreement with the State Law and Order Restoration Council (SLORC) in 1991. As part of the deal, the SLORC made substantial economic concession to The PNO. Jade mining is a national industry, and one of the most lucrative foreign currency earners with China being the main buyer. However, under the ceasefire agreement, a jade mine in Hpakant, Kachin State, was granted to the PNO to operate. In 2001, the mine unearthed the largest jade boulder in world record and the PNO gave it to the Than Shwe government as a gesture of goodfaith. The mine is operated under the Ruby Dragon Company, which is owned by Nay Win Tun, an ex-general of the PNA. Due to the close relationship with the regime, Nay's business empire expands from jade mining to gems trading, jewelry retailing, cement, hotels and even winery. Part of the profit generated by the Nay Win Tun business empire goes to the PNO, which in turn support the policies of the central government.⁴

Apart from business concessions, collecting *taxation* from its people is also one of PNO's major income sources. *Taxation* here being written in italic because it is not a official state policy, rather, it is an informal authority legitimized by the ceasefire agreement. *Taxation* comes from two forms, granting concessions (or protection fees) and predatory activities.

Concession or protection fees come in various forms, ranging from concession to build roads, or collecting tolls, to turning a blind eye on farmers growing opium, or even for providing security protection for transporting the opium to the buyers. During a visit to a Pa-O village in January 2015, on the major road from Taunggyi (the capital of Shan State) to Hopong, one of the major cities in the Pa-O SAZ, about 5 minutes car journey into the SAZ, the author's car was stopped at a toll gate manned by some kids and youths, they collected 300 kyats from each passing car during day time. At night returning to Taunggyi, there were two separate operators who were just 10 meters apart, one collected 300 Kyats and the other 1,000 Kyats. The driver told the author that the 1,000 Kyats was for road maintenance by a different village group. In a separate two-hour trip from Taunggyi to Kakku, an important historic groups of pagoda structures, the author's car had to stop at 4 ad-hoc toll barriers, paying varying from 100 Kyats to 500 Kyats.

Opium growing in the Shan state has always been a problem dated back to the pre-independence era. Indeed, the original Pa-O uprising against the authority was not against the central government, but instead directed against the Shan Sawbwas (Shan princes) because

⁴ Interview with the Chairman of PNO on 27th August, 201

they allowed their officials to operate opium and gambling dens in shops behind the Taunggyi market. After selling their harvest in the market, the Pa-O farmers were lured to the dens and inevitably lost all their hard earned money in gambling. They even got hooked on opium. Therefore, The old Pa-O people hate opium growing and indeed the PNO promised to eradicate opium growing in Pa-O territory in their early days of political struggle. However, the situation got worse from the 1990s onwards as Myanmar's formal economy sank into the abyss. Without markets for their cash crops, farmers living in the mountain areas turned to grow opium. Opium production during the period between 1990 and 2000 exploded by more than three folds (McCoy, 2003). Deep into the Shan mountains, opium growing is very common. The PNO took the author to visit a village that grows opium in 2014. The villagers explained to the author that they had to grow opium because they could make more money, but more importantly, the Wa village (another major ethnic group in Myanmar) over the other side of the mountain grew opium and used the money to buy weapons. The Pa-O villagers wanted to do the same in order to protect themselves. In order to do so, they need approval from the PNO. According to the farmers, they paid around 10% of gross opium revenue to the PNO.

With unmatched financial resources in the Pa-O area, the PNO formally registered as a political party, contested in the 2010 general election and won three seats in the Phithu Hluttaw (House of Representatives). In 2011, Pa-O were given their own SAZ with the PNO being the effective local authority. Essentially, the political development in the Pa-O area can be divided into three distinguished periods. Before signing the ceasefire agreement in 1991, the PNO can be seen as a roving bandit because they were still fighting with the central government. After signing the ceasefire agreement, the PNO has become a stationary bandit. From 2010 onwards, the PNO is still a stationary bandit but facing more competitions from rivalry claims as the Thein Sein government embarks on democratic transition. Even though Pa-O have their own SAZ since 2011, authority in the area is still based on informal structures. As a case in point, there is still not a judiciary court set up in SAZ.⁵ Therefore, instead of decentralization of control, the government maintained centralization of control through out-sourcing authority to local elites, who are tied to a political economy that is controlled by the state.

To be sure, before signing the ceasefire agreement, the PNO was a roving bandit, fighting the central authority and aimed for just short-term gains. However, after signing the ceasefire agreement, the PNO has become a stationary bandit. The general election in 2010 and obtaining SAZ status in 2011 have not given Pa-O autonomy, therefore the PNO remain to be a stationary bandit with added legitimacy.

Under Olson's hypothesis, a stationary bandit should offer better services, development and welfare to the people under his jurisdiction. Based on this hypothesis, the author has designed a questionnaire containing 25 questions on issues concerning economic development, human rights protection, and political party preferences. A pilot test based on 20 successful interviews in three Pa-O villages was conducted in March 2015. The main interview was carried out in May 2015 and have successfully obtained 65 completed questionnaires. Whilst the data will take longer to process and digest, the author can report some interesting initial findings.

When asked about what have been the benefits they have seen from economic development in the area, only 22% said there were improvements, 44% said there was no difference, but interestingly, 28% said it had gone worse, with the balance of 6% said they did not know. Among the 28% who said it had gone worse, 50% said corruption had gone worse;

⁵ Not just for Pa-O SAZ, but across all five SAZs.

29% said development caused pollution, but most interestingly, 71% said it was the main reason behind land grabbing. The author interviewed a National League for Democracy (NLD) leader in Taunggyi in August 2014. He told the author that two NLD members were killed in the middle of the night after trying to help a Pa-O village to claim their land back. He showed the authors photos of the killing. The families of the deceased told him that men in uniform dragged the NLD members from their beds and shot them in front of their families as a warning to others not to interfere with the affair. When asked whether the men in uniform were Tatmadaw⁶, the NLD leader told the author that they were from PNA because no Tatmadaw dare to go into Pa-O SAZ in the middle of the night. The village members lost their land because a cement factory was being built near the village and the land was to provide access road for transportation.

The questionnaire also asked which political party they voted for in 2010 and which political party they would vote for in the 2015 general election. Only 31% answered the question on who they voted for in 2010 because 77% of those 31% were not voters in 2010 due to age, the other said they did not know who to vote for. For those who answered this question, they all voted for PNO, which is not surprising since the PNO was the only registered political party in Pa-O in the 2010 election, and the NLD boycotted the election. The Pa-O voters simply did not have any choice but to vote for PNO.

However, when asked which political party they would vote for in 2015, only 37% said they would vote for PNO, 28% said they would vote for another Pa-O political party if there is a choice,⁷ 24% said they did not know, but interestingly, 11% said they would vote for NLD. At the time of the interview political campaigns to court voters have not started yet, therefore, voting attitudes may change when election comes closer. However, suffice to say, the data suggests PNO is only barely supported by the Pa-O people, and if there are choices, they would vote for other Pa-O political parties or even NLD, which is a nationwide political party whose policies are not necessarily favorable to ethnic minorities.

The initial findings do not support Olson's argument that stationary bandit will care better for its subjects than a roving bandit. The implication is that the legitimacy of the stationary bandit will be challenged when the right circumstances arrive, and those circumstances reached Pa-O when president U Thein Sein took office in 2011 and allowed more political pluralism and did not stop the development of civil society.

4 . The Rise of Civil Society

The political economy in the Pa-O SAZ started to undergo subtle adjustments since Thein Sein became president. The normalization of relationship with the West has encouraged the growth of local civil society organizations, many of them received support either directly or indirectly from foreign donors, which include the National Endowment for Democracy (NED), a US Congress sanctioned international organization aiming at promoting democracy worldwide, and international financier George Soros's Open Society Foundation.⁸ This transformed the local political economy because these civil society organizations are not dependent on the

⁶ Myanmar's military is locally also known as the Tatmadaw.

⁷ At the time of the interview, other Pa-O political groups such as PNLO and UPNO have not registered as a political party yet.

⁸ Both the NED and Open Society Foundation have been closely involved in the democracy movements that led to the Colour Revolution in Central Asia at the turn of the 21st Century.

political economies established between the state and its cronies or stationary bandits. This allows the civil society organizations to claim the moral high ground and establish agenda to challenge existing authorities.

Between June 2014 and May 2015, the author has interviewed 7 civil society organizations (CSO) with active participations in the affairs within the Pa-O SAZ. These CSOs can be classified into three main categories: claim-makers, capacity builders, and front-line pro-democracy activists.

4.1 The Civil Society as Claim-Maker

After the signing of the ceasefire agreement, superficial peace returned to the Pa-O area which allowed development to take place. However, as revealed in the previous section, these developments were the culprits for land grabbing, corruption and pollution, which ironically worsen the living conditions of the ordinary Pa-O farmers who did not get to share the benefits of the ceasefire financial spoils. Before 2010, the struggles of these deprived farmers were full of frustrations, fear and even risking life, because there were no formal institutional channel through which they could air their grievances, let alone getting settlement. However, the struggles of these farmers who lost their land or crops because of pollution have been given a positive boost because of the arrival of CSOs such as the Pa-O Youth Organization (PYO). In the words of Hannigan(Hannigan, 1995), any environmental movement must have a core concerted voice, or what he called a claim-maker, to focus the issue, highlight the problems and make public the situation. In the Pa-O SAZ, PYO is performing the role of a claim-maker. The Tigyit coal mine is the country's largest open pit mine. It is situated just 12km from the iconic Shan landmark of Lake Inle. The coal is transported to the nearby Tigyit power plant. For the construction of the coal mine and power plant, 2 villages have already been relocated, but many more have become ghost villages as the coal ash from the power plant rained on villages and made them inhabitable. Environmental pollution directly affects the water quality that supports the agriculture activities in the area, and more important, polluted Lake Inle where ten of thousands farmers' livelihoods depend on it. The farmers at the downstream of the Tigyit area never receive any compensations from the coal plant operator nor from the Shan state government. In 2011, the PYO published *Poison Clouds: Lessons from Burma's largest coal project in Tigyit*. The publication has a English version, which immediately brought global attention to the seriousness of the situation. The report exposes the dilemma and hardship faced by the farmers and villagers to the western world. The PYO is effectively performing the role of a claim-maker as prescribed by Hannigan, they helped the villagers to consolidate their grievances, framed them in the narratives that would guarantee international attention (for example, irreversible environmental damage to Lake Inle due to water pollution), and publish it in different languages so that more people around the world can learn about the situation. During the interview with them in March 2015, they asked the author whether I could help them to translate *Poison Clouds* into Chinese. Therefore unlike any social movements before, the Tigyit situation is brought to the front stage in an organized, focused, and professional manner. The PYO is funded by the Open Society Foundation backed by the famous financier George Soros, and because it is not dependent on the local political economy, it is able to claim the moral high ground and attract more audience.

4.2 Civil Society as Capacity Builder

Whilst the PYO performs the role of a claim-maker, several CSOs have also been established with the aim of building the capacity of the Pa-O youth. Capacity building is structured in two directions. In one direction the CSOs will educate the youth on ideological issues such as democracy, human rights, sustainable development and peace. The other direction is to train youth leaders so that they can complement the activities in the first direction, and more importantly, act as role models to other youth.

The Democracy for Ethnic Minorities Organization (DEMO) is a group that was established in 2012 with the aim to educate the Pa-O youth on issues that center on western values. They organize training classes for Pa-O youth to discuss topics such as self-determination, democracy and human rights. The group obtains funding from the NED. In October 2014, the person in charge of DEMO was invited to attend a capacity training camp in New York for three weeks.

Another CSO that falls into the category of providing capacity building is the Kaung Rwai Social Action Network (KRSAN). Whilst the role is similar to that of DEMO, KRSAN pays more attention to teaching Pa-O youth English and promoting the concept of democracy. Regular classes are organized on Saturday mornings to teach English, and in the afternoon the youth are shown western movies or educational videos. The author spent one Saturday in August 2014 with the group to witness how they conduct their activities. On that day, there were 11 Pa-O youths attending the English class. There were reading sessions, and English books were distributed to the attendants and they were asked to read two pages and then describe what were the key points in the content. In the afternoon, they were shown a video entitled “How to Vote”. It is about choosing a class representative, what should be expected from the representative, and what are their rights. Although the video depicts a classroom scene and the topic is very simple, the message and how it relates to democracy is clear and loud. The group also obtains its funding partially from the NED. However, unlike DEMO, KRSAN actively carries out fund raising exercises by singing in front of universities, hospitals and in the town center. During a ceremony to commemorate the 8888 democracy movement on 8 August 2014, the author saw the group led about 20 Pa-O youths to sing in the ceremony. Whilst the author could not understand what they were saying, a word kept repeating itself - Democracy. During the ceremony, the group raised about US\$1,000. After the ceremony, the group jumped onto a truck and headed towards the city center to continue singing and fund raising. The leader of the group obtained a scholarship to study in New Zealand for six months in 2015.

For many Pa-O youth, they cannot go to university because they do not perform well in the entrance examinations, which use Burman as the official examination language. Some managed to gain university degree at township level, but again due to language barrier, they cannot find jobs in the major cities like Yangon or Mandalay.⁹ For many of these youth who cannot find jobs in the city, their ultimate fate would become like their parents - being farmers and stay in their villages. However, joining CSOs like DEMO and KRSAN give them hope of alternative opportunities that may even lead to going abroad for education or training, which is beyond their wildest dream before 2010. Therefore, the leaders of CSOs like DEMO and KRSAN provide very good role models for these youth who aspire to changes and want an alternative lives for themselves.

⁹ The university at township level usually only offer courses on agriculture or technical classes. Only state level universities offer engineering, economics or computing degrees, which have better opportunities to find jobs in the city.

4.3 Civil Society as Activists

The task of mobilizing the civilians is left to the political activist groups. For much of the time since the bloody crackdown in 1988 these groups went underground because of the hostile political environment. However, after the 2008 Constitution and the subsequent general election in 2010, these activist groups gradually return to the surface in the wake of a more open and liberal political atmosphere. The 88 Generation Student Youths, which came from the background of the 1988 uprising, registered themselves as a political party in 2010, contested and won seats in the election. However, due to limitation in resources, they only contested in major cities.

At township level, activists who took part in the original uprising and others who are sympathetic to the cause organized themselves into the 88 Group. While they called themselves the 88 Group which implies there exists certain organizational structure and therefore requires registration with the government, the author cannot verify their legal status in terms of being a registered society. However, apart from the status ambiguity, the group carries out functions that are expected from a CSO, therefore this paper will continue to treat them as a CSO.

The main objective of the 88 Group is to promote democracy and to remind the ethnic minorities that striving for democracy is their best solution for hoping for more equality, protection and rights. Effectively speaking, the 88 Group carries the function of a political socialization agent to continue the struggle for democracy across different generations. The author attended one of the activities organized by them, it was the 26th anniversary of the 8888 Movement on 8 August 2014. It was held in a small village not far from Taunggyi city center. Photos, newspapers and books about the original uprising were in display outside the main building. From what the author could observe, there were about 120 people of different age groups. Three monks were seated in the center of the hall. Their presence was more symbolic than functional, as they just kept quite throughout the congregation. There were participants who took part in the original uprising. There were also representatives from political parties, most noticeably from the NLD. CSOs such as KRSAN, DEMO, and PYO were there in full force as well. They took turn to speak to the congregation, mainly about not to forget about the democratic struggle and how to continue until the ultimate objective is achieved. All in all, the author estimated about 50 of the participants were of the age 30 or below, and among this group about 25 were below 20 years of age. In terms of political socialization, the 88 Group has obviously achieved its purpose of promoting awareness and passing on the culture of political struggle to the next generations.

The author interviewed a leader of the 88 Group in Taunggyi in a traditional local teahouse the following day after the congregation. During the interview, three men walked into the teahouse and the 88 Group leader was slightly taken back. He later explained to the author that one of the men was the one who arrested him in the 8888 Movement 26 years ago. He was arrested two more times since the first arrest, all for making protests and causing civic disorder. Just when the author began to concern whether we were followed by the authority and the close encounter in the teahouse was not by chance, the 88 Group leader walked up to the man who arrested him, shake his hand and exchanged a few words with smile on both faces. The man gave the author a stare, but nothing threatening nor unfriendly. The 88 Group later told the author that there was a noticeable difference in the political atmosphere in the last two years, the authority appears to be more tolerant to their activities. He explained that one of the reasons could be there are more foreigners now traveling in Myanmar since the West has lifted sanctions on the country,

and there are many journalists around, the authority does not want to appear to be oppressive.

4.4 Changing Tides

In recent years since the country has re-engaged with the world, there has been rapid transformation in the political, economic and social fabrics at the township level in the Pa-O SAZ. This has been brought about by two main factors, one is the democratic transition the regime is trying to push forward, and the second is the involvement of foreign donors to drive local civil society. The rise in civil society has three main impacts. First, it consolidates society grievances in a professional manner and manifest them in multiple dimensions, just like putting all the wrong doings under the microscope and expose the corruption, land grabbing and environmental damage to the outside world. Second, since these CSOs have financial resources external to the local political economy, they are able to claim the moral high ground and galvanize the dissidents and others who are sympathetic to their causes. Third, these CSOs are the conduit between local village and the western world, they transcend political bureaucracy, economic rationale and social barriers. They help to reconcile hope with reality but without sacrificing the importance of their ethnic culture and identity.

What do all these mean to the stationary bandit? The rise in civil society asks several harsh questions on the stationary bandit, in this context, the PNO. Who do they really represent, their self interests or the people who they belong? What have they brought to the region in terms of law and order, peace, development, equality and human rights? What is the difference between them and the state authority? Ultimately, if they have not done anything for their people, what give them the right to be there holding power over the area?

Therefore, the civil society is pushing for changes and in a political environment which is more tolerant to their causes, the stationary bandit has to react, or their authority will be challenged by other roving bandits, either by force or through political contest.

5 . Warlord's Learning Curve

In response to the challenge posted by the civil society, the PNO reacted somewhat gingerly. Within the political group they form the Parami Development Network (PDN) to repair their dented image. PDN is a registered NGO, which as far as the author is aware, the only local NGO operating in the Pa-O SAZ.¹⁰ Parami is a Buddhism word meaning fulfillment. The main objectives of PDN are to improve education , healthcare and infrastructure in the Pa-O SAZ.

The author interviewed the chairman of PDN on 28 August 2014. He explained to the author that on education, the state policy¹¹ was to provide free education up to primary level. However, they have since taken up the issue with the state and successfully pushed for free education up to secondary level from 2012 onwards. In addition, in the past the responsibility to build school was left to the villages themselves, however, PNO has now empowered PDN to implement school building projects.

Under Myanmar's Political Party Registration Law Sec. 6(f), a political party is forbidden

¹⁰ Although the current government is more liberal and welcome international NGOs to operate in the country, it is still very difficult to set up a local NGO because there are many bureaucratic red tapes

¹¹ Policy of Shan state

to accept foreign financial contributions. If the village is no longer responsible for building school and the PNO do not provide any funding, how can the objective of raising the education level at the village level can be achieved? The solution is to set up a NGO and use it as a vehicle to receive foreign contributions, which is exactly what the PNO have done to set up PDN to bypass the regulations. For building schools, providing repairs to pagodas, and improving infrastructure, PDN have teamed up with the Japan Nippon Foundation and Japan International Cooperation Agency (JICA). The PDN took the author to a small village near the Kakku Pagodas to see a newly built school extension that was built with a US\$70,000 contribution from the Nippon Foundation in 2012.

Therefore, the warlord's learning curve has two dimensions, one is to raise its own capacity and the second is regulatory arbitrage. On the capacity level, the PNO is the same as the CSOs in that they have put in place a proper institutional structure in the shape of PDN. However, they differ in terms of organizational structure. Whereas PDN is directly under PNO, the CSOs are loosely configured with no apparent organization structure among them and within themselves. The PNO also have the advantage that they can manoeuvre around government regulations. The fact that they can easily set up a NGO to receive foreign funding is a case in point.

6. Conclusion

The warlord's learning curve is not just a local phenomenon but can also be applied to the central government, if one also sees the central government as a stationary bandit. If a bandit is defined as someone whose legitimacy to govern is based on non-democratic means, then the current regime can arguably fit into the description because even though there was an election in 2010 to establish Thein Sein as president, the election was not democratic because the military was given 25% of the seats without have to contest for them.

In 2006 the Myanmar government under Than Shwe allowed a group of Myanmar nationalists to form the Myanmar Egress to promote capacity building and enhance social harmony at local level. It was given NGO status at a time when the country was still closed to the western world and the promotion of civil society was very restrictive. The chairman of Myanmar Egress was Tin Maung Thann, Vice President of the Myanmar Fisheries Federation. Its Vice President was Hla Maung Shwe, Vice President of the Republic Union of Myanmar Federation Chambers of Commerce and Industries. Needless to say, Myanmar Egress was a pro-establishment NGO with a hidden agenda to improve the junta's image and provide some sort of legitimacy for the regime. According to KRSAN, those who have attended the capacity building courses organized by Myanmar Egress all returned with the believe that the 2008 Constitution was a step closer to democracy and the country was moving to the right direction.

However, according the CSOs in Pa-O SAZ, they all said that Myanmar Egress have not been very active since 2012. This is interesting because being a state sponsored NGO, there should be no reason for the sudden tone down in profile. The answer lies in a transformation in Myanmar Egress, or to be more precise, a political progression of Myanmar Egress.

In November 2012, the Myanmar Peace Center (MPC) opened its office in Yangon. The Center provides advice on ceasefire negotiations and implementation, peace negotiation and coordination in conflict areas. It has received 700,000 Euro from the European Union, US\$477,425 from the United Nations and US\$1.2 million from Japan. MPC is headed by Aung Min, Thein Sein's Office Minister, but interestingly, all the top level of MPC are occupied by

key officials from Myanmar Egress.

Ironically, there is no difference between Myanmar Egress and MPC, both are interested in enhancing the regime's capacity and thereby its legitimacy to govern, and the people behind them are essentially the same. However, from relying on internal funding to finance Myanmar Egress to attracting foreign donors to sponsor the activities of MPC, the progression represents the warlord's learning curve.

More interestingly, if Myanmar Egress and MPC are all but the same entity, why did the progression happen in 2012 and not earlier? This paper argues that since the normalization of relationship with the West, attention has been focused on the iconic champion of democracy Aung San Suu Kyi and ignored the contribution of the progressive military regime. Between 2010 when Aung San Suu Kyi was released from house imprisonment to 2012, she had been invited to visit the United States and gave speeches in Europe, but the person who was responsible for her actual release, President U Thein Sein, had been relatively muted during the same period. It is because of this competition for credit of reform that triggered the progression of Myanmar Egress to MPC, or what this paper termed, the warlord's learning curve.

To be sure, this paper argues that a stationary bandit does not necessarily perform his duty like Olson described, and it is even questionable that he is preferred to the roving bandit that he replaced. From the experience in the Pa-O SAZ, the stationary bandit PNO has effectively become a crony of the state. When they became the stationary bandit in 1991, rational behavior of self-interest overtook moral obligations. It takes competition to remind them of their duties. The mushroom growth of CSOs provides such competition by raising the question of legitimacy.

The existence of a warlord's learning curve may shed light on the future solution of conflict resolution. In the absence of true democracy, the best that ethnic minorities could hope for is the stationary bandits will perform their role based on moral consciousness. The awakening process is not natural and is definitely not given, but it takes competition to provide the necessary checks and balances. Therefore, this paper is not denying potential goodness that a stationary bandit could offer, but it needs to be stressed that the development of civil society is even more essential in a less than perfect political system.

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