

# CHAPTER 1

## Introduction

### 1.1 Background

Burma (Myanmar) had struggled a long way under colonial rules for more than a century until it gained independence from British in 1948. After a decade of independence, it went through military rule for almost half century which led to chronic civil wars and Myanmar became one of the most impoverished countries in the world. Decades of civil war has resulted in great loss of life and property and suffering of the people, especially in ethnic minority areas where most of the battles have taken place. It has also caused Myanmar to become one of the world's leading opium producing countries.

Opium was not discovered as an evil but rather it was used as a miracle medicine and it was widely used through Western societies, Islamic communities and Asian countries in the early centuries. In Myanmar, opium was cultivated as medicinal herb in family gardens long before the British came, especially in the highlands of Kachin and Shan States. However, opium production started to surge after the invasion of Chinese Kuomintang (KMT) in Northern Shan State where farmers were encouraged to grow opium poppy in the 1950s. Moreover, the military coup in 1962 added more fuel to the fire because it led to prolonged rebellions of ethnic minority groups who took up arms to fight for their rights and autonomy. As a result, this conflict contributed to fuel more opium production in Shan State which is part of the Golden Triangle. As insurgent groups required to arm their soldiers, the opium seemed to the best source to make money to buy weapons. Most of the ethnic rebel groups came to be involved in opium production by taxing farmers and traders.

Some groups even engaged themselves in processing from opium to heroin and doing cross-border trade which earned a large amount of profit. According to Jeslma et al. (2005) "over the years, some armed groups became more committed to the opium trade

than to their original political objectives. For armed groups with a strong political agenda the situation in Shan State was thus always complicated as the narcotics trade and insurgency politics became increasingly intertwined. It remains difficult for any armed group based in Shan State to survive without some kind of involvement in the drugs trade". However, it would be fair to take consideration that not only ethnic armed groups are involved in drug trade.

After the uprising in 1988, the military junta expanded their troops to deploy more in ethnic areas for which a huge proportion of the central budget was needed to spend on the purchase of arms. One of the solutions to minimizing the expenditure was to force the army to establish a self-support system for soldiers and their family in the fields. This system has caused the Burmese army to get involved in opium production and the confiscation of local farmers' property at their disposal. More than 120 infantry battalions, about a quarter of Burmese nationwide army, are based in Shan State (Linter and Black, 2009). The reason for military expansion could be assumed to be either to make enormous profit or because there were more rebel groups in Shan State needing to be crushed.

It is also worth mentioning that there were more conflicts and fights between Burmese army and ethnic resistant groups, and among ethnic armed groups since there are many different armed groups with different political objectives in Shan State. Frequently, the local villages in the Shan hills became the battleground and the people have suffered from human rights abuse and the destruction of their villages due to the wars. Some villagers had to manage to escape from the wars and fled to Thai-Burma border as refugees. In the late 80s, it was a little relief for villagers when some ethnic armed groups came to cease-fire agreement with military government which permitted them business in resource extraction such as mining, logging and opium.

Myanmar was the world's largest opium producer until 1990 when the American and European markets were replaced by opium from Afghanistan. The production of opium in Myanmar began to considerably decline in the late 1990s as some cease-fire groups such Wa, Kokang and Special Region 4 (Eastern Shan State) declared opium bans in Shan State. The military government also set up a 15 year plan of opium elimination from 1999 to 2014. The drop of opium production was from 1791 tons in 1993 to 321

tons in 2005 (UNODC, 2005). These cease-fire groups and government hoped to gain political recognition and support rather than pressure from international communities. However, the success of opium reduction was greatly harmful to local farmers who didn't have any means to cope with this sudden change.

The poppy farmers who usually live in highlands throughout Shan State have long been caught in war and suffered from years of isolation and limited access to health and education services. Opium cultivation has been the main source of income and medicine for household consumption. From 2002 to 2005, the ban of opium growing in Kokang led to a serious food shortage, migration, relocation and dramatic drop in school attendance. There was considerable hardship and suffering, and the bans in these regions even had rather the reverse effect; it drove farmers back to opium production. The Wa and Kokang regions have highlighted the urgent necessity of international assistance to poor farmers.

United Nations Office on Drugs and Crime (UNODC) provided humanitarian aid and introduced alternative development in Northeast Shan State in the late 1990s after major armed groups came to cease-fire agreements in 1989 with the military government. Activities were carried out to help poppy farmers and their families to meet their basic needs without income from opium. There was no doubt that many villagers in these regions had benefited from the programs in terms of access to clean water, better education and health services, and legal crops. However, because of the limited funding, the projects were not able to reach the major population affected by opium bans. In addition, participatory approach didn't seem to fit well with local condition as the projects needed to be implemented under the supervision of center government officials and local authority.

China also came up with a different model of development to promote rubber plantation in Northeastern Shan State as opium replacement (TNI, 2012). Strategically, China attempts to deal with supply reduction in neighbor countries while diminishing a great demand of drug consumption in the main land. Since the vast majority of the opium and heroin of Chinese market derives from Shan State, the Chinese government has attempted to decrease opium cultivation in the region. This business-oriented approach

is designed to alleviate poverty but also to support the increasing rubber demand in China. However, the achievement of Chinese development project was offset by negative consequences. Transnational Institute (TNI) (2012) states that the main benefits of these programs do not go to (ex-) poppy growing communities, but to Chinese businessmen and local authorities. These projects have caused environmental degradation, confiscation of land, loss of access to land for farming and grazing of livestock and force relocations of communities. The previously independent farmers become coolie laborers to rubber industry with low salaries.

In 2010, general elections were held in Myanmar based on the 2008 constitution and the result was disputable and a new quasi-civilian government came to power in the following year. The new government has launched a series of reforms in terms of politics, economics and reconciliation. Although the new government has held peace talks with most of the major armed groups, the armed conflict resumed in Shan State and Kachin State followed by the disruption of cease-fire agreement. It could be assumed that the peace agreement is still fragile.

Despite the change, Myanmar is still notorious for holding the world's second largest opium production which accounts for a high percentage of worldwide opium cultivation after Afghanistan in 2012. The production of opium started to decline until 2005 after it reached the peak in 1998. However, the opium cultivation in Myanmar has doubled recently. It is estimated that more than 90 percent of opium growing occurs in Shan State. About 10% is found in Kachin State. Mostly, poppy is grown by marginalized farmers in remote mountainous areas throughout Shan State (UNODC 2012).

According to UNODC 2013 report, of the 92 percent of opium production in Shan State, a large percentage of opium poppy cultivation takes place in Southern Shan State. Northern Shan accounts for 14%, Eastern Shan state holds 32% and Southern Shan state accounts for 46% of opium poppy cultivation (UNODC, 2013). The rapid growth of opium production in Southern Shan State is due to the strict bans in Kokang and Wa regions from 2003 to 2005. It is argued that the steady increase in opium cultivation since 2006 is a clear warning sign that the opium decline in the region is not lasting (TNI, 2012).

## 1.2 Statement of Problem and Justification

When President Thein Sein came to office in early 2011, he included in his inaugural speech that poverty reduction is one of the state priorities to tackle. At the same time, poverty reduction plan coincides with wiping out opium fields without negotiating local livelihoods in rural Shan State where opium is intensely grown which fuels food insecurity and deepens the poverty. Opium eradication which is part of national development policy is aimed to gain political recognition and to respond international pressure in order to ease the sanctions from Europe and USA as well as the pressure from China which is the main market of Myanmar opium.

Lately, the Myanmar's government and local authorities have implemented opium bans and eradicated poppy field in Southern Shan State. However, the implementation of opium elimination campaign is much more complicated than it may seem because there are many local authorities such as cease-fire groups, local militia, local police and Burmese Army forces who are reportedly involved in opium production process. It is broadly said that some farmers are encouraged to continue growing this illicit crop by paying bribes while some local authorities are trying to wipe out opium fields intensely. These inconsistent actions by different authorities drive opium dependent farmers to struggle to survive and show that opium eradication policy doesn't seem to be successful in some areas.

The military government set up a 15-year master plan to permanently eliminate opium cultivation in 1999. Although the plan initially seemed to have success with the decline on opium cultivation in the first eight years, the production of opium has been rising again over the last six years. Recently, Myanmar government has extended the initial deadline from 2014 to 2019. The unjust eradication of opium poppy leads to food insecurity and serious problems for the households of opium farmers in coping with their livelihood strategies.

In 2012, UN secretary-general Ban Ki-moon gave an official visit to a Pa-Oh village in Hopong to emphasize the importance of addressing the relationship between food insecurity, poverty, poppy cultivation and armed conflict. Alternative livelihood,

sustainable livelihood and food security projects as well as humanitarian aid have been introduced into two townships such as Hopong and Loilen in Southern Shan State by UNODC and World Food Programme (WFP). However, it is acknowledged that UNODC can only reach to a few areas and it is too little to make up for these drastic changes. There are still many areas that are inaccessible to social services since those areas have long been under different ethnic armed groups' control.

According to the 2008 constitution, Hopong, Hsihseng and Pinlaung townships as well as Kyauk Talone sub-township are Pa-Oh self-administrated zones which used to be called "special region six". Hopong and Hsihseng townships used to be "black areas", conflict zones where NGOs and tourists are not allowed to enter without permission. Fortunately, it changed from black to brown areas, or less conflict, recently. These townships are administered by Pa-Oh National Organization, a low profile group, which turned from a long cease-fire group to a militia group and political party in 2010. However, the actual ruling system is much more complex than it appears, since Burmese military bases have noticeably increased in PNO controlled areas and opium production has increased after the peace agreement in 1991.

Every opium farmer is clearly aware that opium cultivation is unlawful but it seems the only choice to cope with vulnerability and poverty. They earn from opium cultivation to fulfill their fundamental needs such as food, clothes, medicine and education for their children; they rarely spend on luxury. There is much less possibility of growing legal crops to make benefits due to the low price and difficult transportation to the market. Crops such as cherooot, tea, rice, and coffee that used to be the main crops in the past have become less attractive as opium has replaced it since the last decade. Even though opium is labor and capital intensive, the return is very lucrative. For example, one *viss* (a Burmese measurement which is equivalent to 1.6 kilogram) of raw opium is about 700 USD while 1.6 kilogram of garlic is less than 1 USD. It is clear that economic necessity often plays a key role in the decision to cultivate illicit crops.

Although cease-fire agreements have reduced human rights violations and improved healthcare and education services, many local farmers in this region have reportedly been mistreated for being illicit crop cultivators by Burmese army and local militia

groups. In some villages where opium poppy is usually grown inconspicuously off the main roads, out of sight, forced labor, confiscation of land and property, rape and torture are quite common in opium growing communities. However, their case is unlikely to be reported in the public media due to the remoteness of the area. Many opium farmers still encounter a great concern of social and economic insecurity.

It should be noticed that there are not many researches on opium have been done in Southern Shan State as the previous military government fully deployed armies all the time for security reason, making it difficult for researchers to collect information. In addition, opium-related issues are still very sensitive. Several scholars have identified the production of drugs, trade, market, political conflict over opium and drug use usually to be at macro-level in Northern and Eastern Shan State (Lintner 1994, Lintner and Black 2009, Jelsma et al 2005, Chin 2009). Nevertheless, almost no study has been found to touch on the main drivers that force farmers to grow illicit crops, and the challenges and perspectives of these farmers have been ignored especially in rural Southern Shan State.

Mainstream literatures have pointed out that the logic behind opium poppy cultivation is poverty (UNODC 2012, Renard 1996, Jeslma et al 2005, Chin 2009, Kham Nyo Oo 2011). However, this study attempts to look further than poverty as the main cause and to understand social, economic and political aspects of this illicit crop growing community at micro level. For this reason, this study aims (1) to understand the historical development of opium production in Shan State; (2) to analyze the discourses of opium by different groups of people and the eradication campaigns; and (3) to examine the strategies of poppy farmers and the factors that influence people to continue growing opium. To achieve this goal, this study will answer the questions in the following.

### **1.3 Research Questions**

- (1) What historical contexts and various forces have affected the surge of opium production since independence in 1948?

- (2) How has opium been perceived and defined differently among different groups of people: Myanmar state, regional and international agencies and how has eradication policy been implemented?
- (3) How have opium farmers managed their livelihood strategies in coping with risk and vulnerability and what are factors of conditions that influence the way which hill people continue to grow opium?

#### **1.4 Research Objectives**

- (1) To understand historical advent of opium and various political factors that have contributed to the increase of opium production in Shan State since 1948
- (2) To analyze recent opium discourses by Myanmar government, regional and international organizations and, the eradication campaign at local level
- (3) To examine livelihood strategies of poppy farmers in coping with risk and vulnerability, as well as elements contributing to continued opium cultivation

#### **1.5 Research Methodology**

##### **1.5.1 Research Site**

My research village, which is about 1900 meters above sea level, is located southeast of Taungyi, the capital of Shan State, in Hsi-hseng Township. It is about 80 kilometers from Taungyi and it takes around 3 and half hours to get to the village from Taungyi by local bus because this village is inaccessible by proper road and situated on the side of the steep mountains. There are approximately 200 households and more than 98 percent of the population is Pa-Oh. The major source of income in this village comes from opium cultivation. Cheroot, tea and garlic used



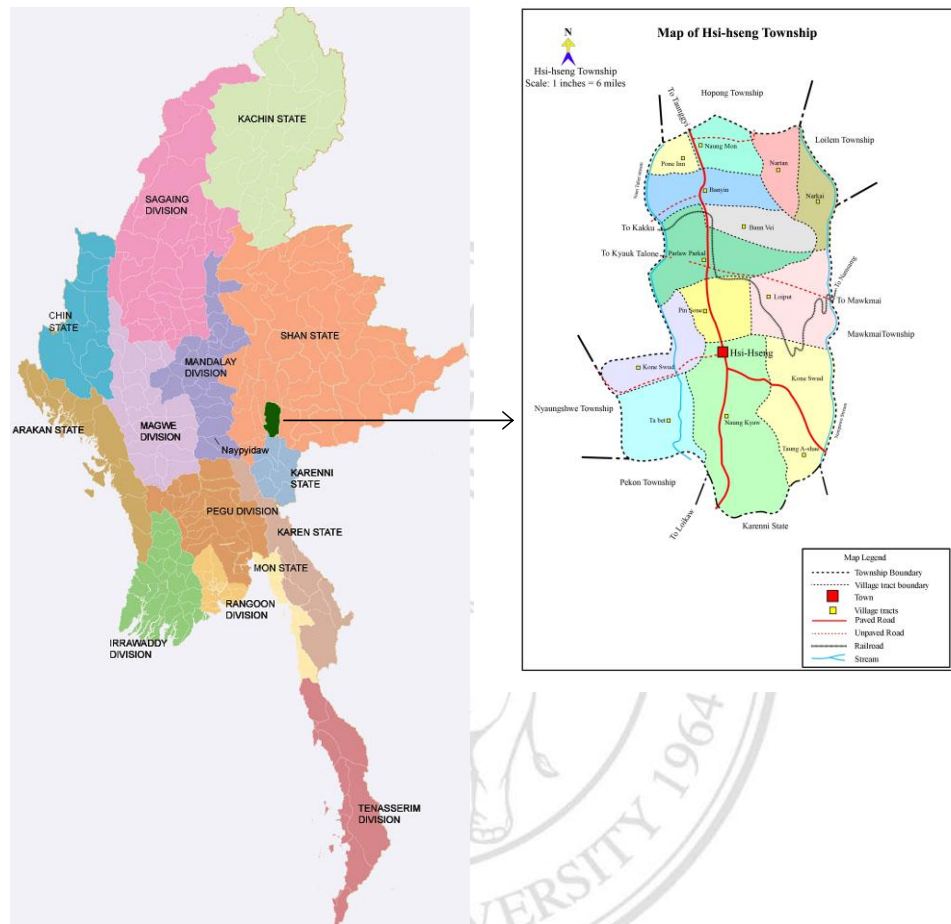
to be grown as commercial crops, but have been replaced by opium for decades due to the price advantage.

The Pa-Oh ethnic group is the second largest population after Shan in Shan State and they can be found in the south of the state. In addition to Shan State, Pa-Oh people spread to live throughout the southern part of Myanmar, such as Karen, Karenni, Mon State and Bago region. It is roughly estimated that the total population of Pa-Oh in Myanmar is more than one million. The major population of Pa-Oh people is living in rural areas especially in highlands where they engage in farming.

The Pa-Oh are very religious people and they are historically Buddhists who build magnificent wooden monasteries and pagodas on top of the hills or mountains. Apart from Buddhist practices, there are the practices of nat (spirit) worship. They worship many nats such as house nat, village nat, the nat of the water-source, and certain powerful nature nats who live in trees, streams, lakes and rivers. Pa-Oh people usually live in a large family in big houses. Women in Pa-Oh villages are considered of slightly less importance than men according to Buddhist social precedence. However, the social ranks between men and women today are more complicated as most women are more powerful than men in the family unit.

In terms of livelihood, agricultural related activities are at the center of Pa-Oh economy. Some rural Pa-Oh farmers practiced swidden agriculture particularly paddy rice in the mountains and forest regions in the past. Cheroot (local cigar) production which is a traditional crop of Pa-Oh people used to be produced in Pa-Oh region. However, today, they mainly grow garlic, tea, potato, corn, and various kinds of beans that are more in demand in the market. Some farmers have shifted from traditional crops and even chosen opium, the most lucrative crop, to make more profit. Opium is extensively grown in Hopong and Hsihseng townships in remote areas and many actors such as government officials,

militia groups, and armed groups engage in collecting bribes from opium farmers.



Source: ALTSEAN-BURMA

Figure 1.2: Map of Hsi-hseng Township

Figure 1.1: Map of Myanmar

### 1.5.2 Unit and Level of Analysis

The unit of analysis of this study is based on two levels. The first level analyzes international discourses of opium by different groups: international and regional agencies and, Myanmar government. The second level of unit of analysis addresses individual, household and community strategies of opium production used to cope with risk and vulnerability resulting from climatic factors and state intervention.

### 1.5.3 Data collection methods

This study is based on a two month fieldwork in January and February in 2014 and both qualitative and quantitative methods have been used involving a wide range of techniques such as participant observation, in-depth interviews and key informant interviews as primary data. In addition to fieldwork, this study relied upon intensive documentary research such as books, journal articles, online newspapers and reports from both local and international organizations.

As opium is a sensitive issue in Myanmar, it was very challenging and risky to get reliable sources and all information needed. Clearly, this sensitive issue has created the restraints and limitations of this study. Namely, it was not able to collect the exact information about the amount of raw opium obtained by each household and how much they earn per growing season. Due to security concern, I didn't take the risk to trace opium trade beyond studied village, actors involved in it and further processes into drugs. One of the restraints was that this research was conducted during opium harvesting season when every farmer was busy. For their safety and security, this information regarding to all my respondents was kept anonymous.

#### 1) Key informant interview

Before conducting fieldwork, I approached village leaders and monks in order to build trust and ask suggestions about my research. At first, I planned to have my key informants be of equal gender but it was suggested that I interview particular people who are more prominent in the village regardless of their gender and economic classes. I was able to interview 20 people and it turned out that all my interviewees are mainly men and only a few women were involved as suggested. However, the key informant interviews helped me to collect information from a wide-range of people including community leaders, monks and

residents who have first-hand knowledge about the community. Moreover, this method allowed me to understand the motivation and the beliefs of community residents on opium issue.

## 2) **In-depth Interview**

Among 20 key informants I was able to recruit 10 participants who have better understanding of and experiences with opium, as well as with those who have been involved in opium cultivation for a long time, for in-depth interviews. In order to build trust and establish in-depth interview, I gave frequent home visits and made small talk to not only potential participants, but also their family members. I conducted in-depth interviews through both formal and informal ways to achieve deeper information. This method has been used for experienced opium farmers or key informants in order to understand their social phenomena.

## 3) **Documentary research**

Documentary research containing various forms: books, monographs, reports, journal articles, newspapers and electronics databases has been used in order to support the viewpoint or argument of my study. The process of documentary research has been done through conceptualizing, using and analyzing documents related to opium production, development discourse and livelihood strategies. The examination of documents in documentary research is both qualitative and quantitative analysis.

## 4) **Participant observation**

The most advantageous aspect of collecting data in this Pa-Oh opium growing community is that I, as a researcher, and the villagers share the same ethnic background. Therefore, I could adjust myself to the local environment. During my stay in the

field village, I tried to be part of them to understand their perspectives of opium cultivation through direct observation of and participation in village's events such as religious activities, and social affairs (gatherings, discussions, informal meetings). I occasionally was involved with poppy farmers in the farms to get firsthand experience of opium cultivation during fieldwork as well. In brief, this method allowed me to obtain more detailed and accurate information about individuals and the community under study.

## **1.6 Organization of the Thesis**

There are six chapters in this thesis. The first chapter provides research background information and statement of the problem and justification. It is followed by research questions, and research objectives. Under the topic of research methods, a brief description of study site, unit of analysis and ways of data collection are presented before outlining organization of the thesis.

In the second chapter, literature reviews are divided into two parts: review of concepts and opium related studies. First, three concepts are employed in this study: the political economy of upland opium; the discourses of opium; and livelihood strategies in order to understand opium production from people's perspectives in rural upland of Shan State. In the second part of literature review, I briefly discuss what have been studied in the opium literature concerned with Burma issues followed by conceptual framework.

Chapter three investigates historical development of opium cultivation and the factors contributing to the transformation of upland Shan State since independence in 1948. This chapter starts with a brief overview of colonial time regarding the leading role of British in the development of opium trade in Burma and neighboring countries. Then, a comprehensive discussion on the driving forces to the rapid increase of opium production following the British rule is provided. It identifies how and why various actors including the military government, ethnic rebel groups, Chinese force and the

druglords transformed rural uplands into opium industry. The final section offers a short analysis on external factors that have contributed to opium production in Shan State.

Chapter four deals with the international discourse by different period of time and analyzes international drug policy, particularly those of the west and China. Then, the chapter briefly discusses ASEAN and its drug policy in the region. Finally, this chapter will look into the dilemma of Myanmar government's discourse on opium in the recent decades. On one hand, opium is perceived as a dangerous substance to the society. On the other hand, Myanmar government has been involved in the opium business.

Chapter five examines the factors contributing to opium cultivation and the strategies used by people living in the remote highlands of Southern Shan State to cope with political risk and environmental vulnerability. Firstly, this chapter looks into the changing livelihood from traditional crops to opium cultivation and analyzes the factors which influence farmers' decision to continue to grow opium until the present day. Then, this study draws attention to the complexity of opium production.

The last chapter in conclusion provides a summary of major findings of the thesis according to research questions is presented and followed by the discussion of the findings based upon the relevant theories and concepts. The third dimension presents policy implications and recommendations to policy makers and other concerned state authorities in order to enhance the livelihood of upland opium farmers. Finally, this chapter describes the limitations of this study and lessons learned for further research.

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