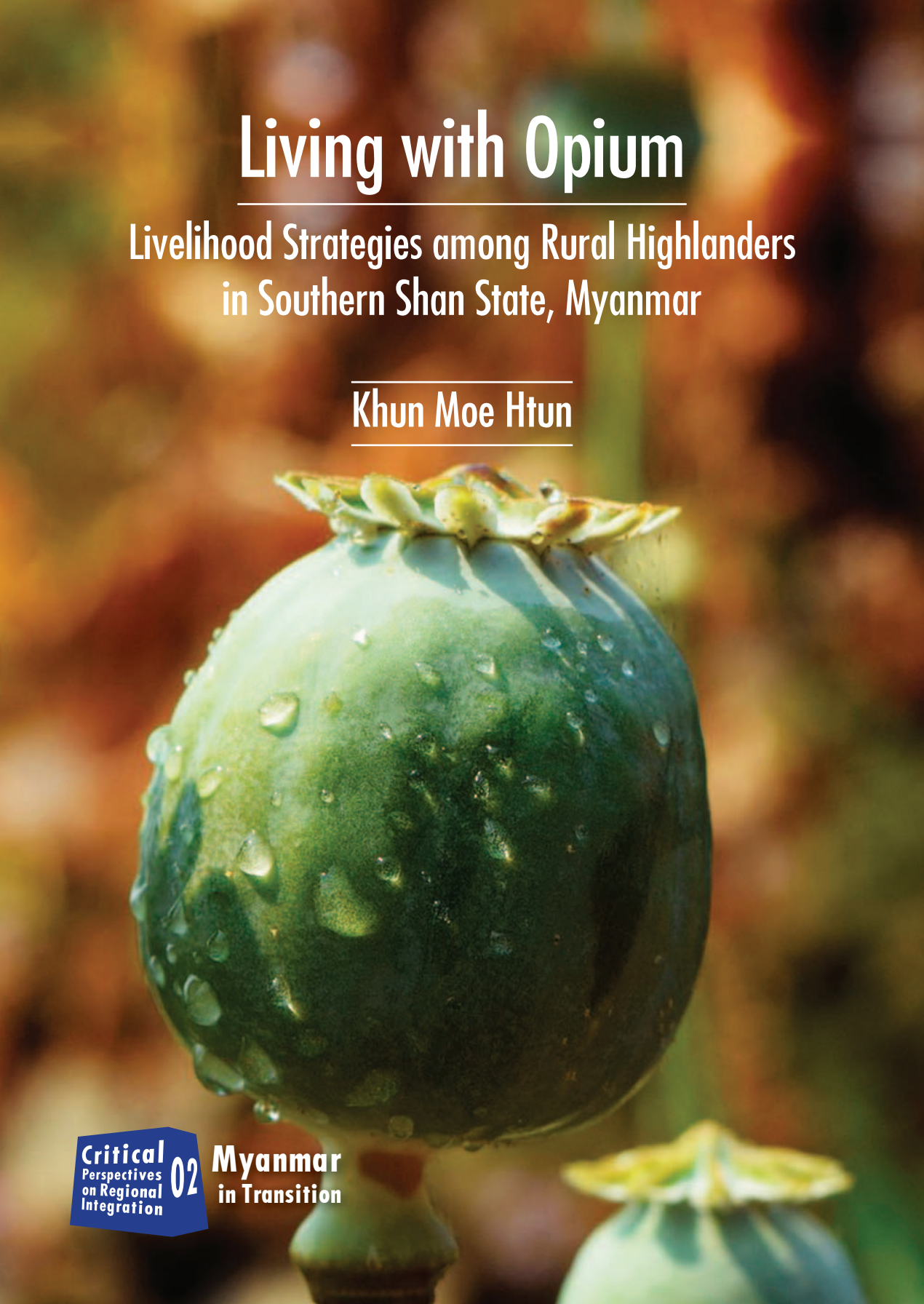
Living with Opium

Livelihood Strategies among Rural Highlanders in Southern Shan State, Myanmar

Khun Moe Htun



Critical Perspectives on Regional Integration 02
Myanmar in Transition

Series Foreword

The monographs that comprise the Critical Perspectives on Regional Integration series have emerged from dissertations based on original primary field research, and written as a part of the requirements for the Master of Social Science (Development Studies) program of the Regional Center for Social Science and Sustainable Development (RCSD), in the Faculty of Social Sciences, Chiang Mai University.

As Senior Editorial Adviser, I was engaged by the Center to conduct an overview of the dissertations—dating back to 2001 and now well over 100 pieces of work—and select which of them would best illustrate the quality of graduate student research. This was by no means an easy task, but it was decided to choose primarily those written in the past few years, given that empirical research in social science tends to date rapidly. Another consideration was that the monographs should give expression to the main theme of the series of Critical Perspectives on Regional Integration.

As the selection and editorial work proceeded it was then decided to organize the publications into sub-series focused on different parts of mainland Southeast Asia. The first several volumes focus on Myanmar, covering such subjects as livelihood strategies, changing ethnic identities, borders and boundary-crossing, and the commoditization of culture within the context of ethnic tourism. Following volumes are devoted to Thailand, Lao PDR, Vietnam, and Cambodia.

The series also illustrates the concern to bring together social science and natural science knowledge in order to further the understanding of sustainable development issues. Over some 20 years Chiang Mai University has developed considerable research expertise in such fields as resource management, environmental impact assessment, upland agricultural systems and indigenous knowledge, health, and ethnic and gender relations. Teaching and research in development issues also deploys social science concepts within the development field to address decision-making, policy and practice, and the responses and adaptations of local populations.

This current monograph series also focuses on the processes of social, cultural, economic, political and environmental change among populations and territories undergoing rapid transformations within the Greater Mekong Sub-region (GMS) and the ASEAN Economic Community (AEC).

Victor T. King
Senior Editorial Adviser, Critical Perspectives on Regional Integration Series

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Khun Moe Htun

As the world's second-largest producer of opium, Myanmar/Burma accounts for 18% of the global opium supply. This high-value commercial crop has played a significant role in the country's prolonged conflicts since initially being popularized by the British during the colonial era. Although it was made illegal in 1948, production has risen steadily in recent decades. Despite the influence of the international 'War on Drugs,' opium poppy continues to be cultivated in Myanmar as a way to generate personal profit and as a political tool to counter ethnic resistance and ideological insurgency.

Opium cultivation chiefly occurs in rural areas of Shan State, where prolonged insecurity and armed conflict between the central military government and a variety of ethnic minorities has been prevalent for decades. Khun Moe Htun's research reveals the various factors that have contributed to the development of opium farming in upland Shan State, as well as the elements contributing to today's flourishing production. His work also examines the livelihood strategies implemented by poppy farmers to cope with risk and vulnerability, and analyzes the opium-related discourses of the Myanmar government, regional agencies, international organizations, and local eradication campaigns.

This study is based on intensive documentary research and months of fieldwork conducted in an ethnic Pa-Oh village where every household relies on the illicit cultivation of opium. The village represents one among hundreds of rural villages with similar conditions in the southern highlands of Myanmar's Shan State.

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Chapter 1

Introduction

Burma (Myanmar) existed as a colony of the United Kingdom, ruled as a province of British India, for more than a century before it gained independence from the British in 1948. After a mere decade of independence, a coup by General Ne Win placed the country under direct military rule for nearly half a century. This period saw the proliferation of chronic civil wars, which, coupled with severe economic mismanagement, led Myanmar to become one of the most impoverished nations in the world. Decades of armed conflict have not only resulted in tremendous loss of life and suffering of the people, especially in ethnic minority areas on the country's peripheries where most of the battles have taken place. They have also caused Myanmar to become one of the world's leading opium producing nations.

In ancient times, opium was not considered as an evil, but rather was thought of as a miracle medicine. It was widely used throughout Western societies, Islamic communities, and Asian countries for its pain-relieving properties. In Myanmar, opium was cultivated as a medicinal herb in family gardens long before the British came, especially in the highlands of the Kachin and Shan States. However, opium production began to surge following the invasion of Chinese Kuomingtang (KMT) in northern Shan State as farmers were encouraged to grow opium poppy in the 1950s. Moreover, the prolonged rebellions of ethnic minority groups who took up arms to fight for autonomy following the military coup in 1962 served to increase opium cultivation. As insurgent groups struggled to arm their soldiers, opium was the most profitable crop with which to make money to buy weapons.

Most of the country's ethnic insurgent groups came to be involved in opium production through the taxation of farmers and traders. Some groups even engaged themselves in the processing of raw opium into heroin and the coordination of cross-border trade, which earned them more substantial profits. According to Jelsma 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 is necessary to note that the country's ethnic armed groups are not the only actors involved in the illicit drug trade.

Following the widespread pro-democracy uprisings of 1988, Burma's military junta began expanding its forces and deploying more of its troops in ethnic areas. This necessitated a large proportion of the central budget be appropriated for the purchase of military supplies and arms. One of the methods of minimizing the cost to the impoverished nation was to force the army to establish a self-support system for its soldiers and their families. This system led the Burmese army to become involved in widespread confiscation of local farmers' property, as well as opium production and trafficking. As of 2009, more than 120 infantry battalions, about a quarter of the entire Burmese army, were based in Shan State. The official reason for the military's concentrated expansion in the country's northeastern area is the existence of numerous rebel groups the military wishes to subdue. However, it is also likely that the soldiers are there to enable the national military to reap the enormous profits of the opium fields.

Since 1988, conflicts between the Burmese military and ethnic resistance groups have proliferated throughout Shan State, as have conflicts among various armed ethnic groups with different political objectives. Frequently, villages in the Shan hills have served as the battlegrounds, and the local people have suffered egregious human rights abuses, including the destruction of their villages, due to the clashes. Hundreds of thousands of villagers seeking to escape from the wars have fled to the Thai-Burma border as refugees. In the late 1980s and early 1990s, there was only small relief for villagers when certain armed groups reached ceasefire agreements with the military government.

These agreements often paved the way for extensive resource extraction projects such as mining, logging, and opium, from which the locals rarely profited.

Myanmar was the world's largest opium producer until 1990, when the American and European markets were flooded with opium from Afghanistan. The production of opium in Myanmar began to considerably decline in the late 1990s as some ceasefire groups, including the Wa and the Kokang, declared opium bans throughout their regions in Shan State. The military government also proclaimed a 15-year plan, to extend from 1999 to 2014, for the complete elimination of opium cultivation in the country. Opium production decreased from 1,791 tons in 1993 to 321 tons in 2005 (UNODC, 2005). These ceasefire groups and the central government hoped to gain political recognition and support rather than pressure from international communities. However, the relatively quick reduction in opium cultivation had a tremendously negative effect on local economies, as farmers received insufficient assistance with alternative crops and lacked means to cope with the sudden change.

The poppy farmers in the highlands of Shan State have long been caught in the crossfire of civil wars, and have suffered from years of isolation and limited access to health and education services. Opium cultivation has been their primary source of income and medicine for household consumption. From 2002 to 2005, the ban on opium growing in the Kokang region led to a severe food shortage, an increase in migration and relocation, and a dramatic drop in school attendance. The situations in the Wa and Kokang regions following declines in opium production have highlighted the urgent necessity of sustained international assistance to poor, rural families.

The United Nations Office on Drugs and Crime (UNODC) provided humanitarian aid and introduced alternative development schemes in northeastern Shan State in the late 1990s after major armed groups signed ceasefire agreements with the military government in 1989. Programs to help poppy farmers and their families meet their basic needs without income from opium were carried out. There is no doubt that many villagers in these regions benefited from the projects in terms of access to clean water, better education, and health services. However, due to funding limitations, the effects of the projects failed to reach the majority of the population negatively affected by opium bans. In addition, the UN's participatory approach was not a good match

with local conditions, as the projects were implemented under the supervision of central government officials and local authorities.

China established a different model of development that promoted rubber plantations in northeastern Shan State as an alternative to opium plantations (TNI, 2012). Strategically, China hoped that a reduction in the opium production of its neighboring countries would lead to a diminished demand for the drug domestically. Since the vast majority of the opium and heroin in the Chinese market originates from Shan State, the Chinese government has attempted to decrease opium cultivation in the region. The Chinese approach was designed to reduce drug consumption among its own population, while supporting increased rubber demand in China. However, the achievements of Chinese development project were offset by its negative consequences. Transnational Institute (TNI) (2012) states that the main benefits of the programs went not 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 the forced relocations of entire communities. The previously independent farmers become coolie laborers with exploitive salaries for the Chinese rubber industry.

In 2010, general elections were held in Myanmar for the first time since 1960, based on the 2008 Constitution. The entire process was marred by irregularities and widespread electoral fraud. The results were disputable, but a new quasi-civilian, military-controlled 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, conflict resumed anew in Shan State and Kachin State following disruption of ceasefire agreements. Currently, hostilities are ongoing in areas of Kachin and Shan States, and a nationwide ceasefire has yet to materialize.

Despite the change in government, Myanmar was still notorious for holding the title of world's second-largest opium producer in 2012, following only Afghanistan. Opium cultivation in Myanmar has doubled recently. It is estimated that more than 90% of opium farming and production occurs in Shan State. About 10% is found in Kachin State. For the most part, poppy is

grown by marginalized ethnic farmers in remote mountainous areas throughout Shan State (UNODC, 2012a).

According to a 2013 UNODC report, of the 92% of opium produced in Shan State, the largest amount of opium poppy cultivation takes place in southern Shan State. Northern Shan State 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 throughout southern areas of Shan State is a direct result of 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 indication that the opium decline in the region is not continuing (TNI, 2012).

When President Thein Sein assumed office in early 2011, he proclaimed in his inaugural speech that poverty reduction was to be one of the state's top priorities. At the same time, poverty reduction plans were coinciding with the destruction of opium fields without prior consideration for local livelihoods in rural Shan State. Opium eradication is a central part of a national development policy that is aimed at gaining political recognition in response to international pressure in order to ease sanctions from Europe and USA, as well as pressure from China, the main market for Myanmar opium.

Recently, Myanmar government officials and local authorities have again been enforcing opium bans and eradicating poppy fields in southern Shan State. However, the implementation of the opium elimination campaign is much more complicated than was anticipated because many local authorities, such as ceasefire groups, local militias, local police, and Burmese Army forces, are reportedly implicated in the opium production process. It has been reported that some farmers are encouraged to pay bribes to authorities to continue growing this illicit crop, while other local authorities are trying to eliminate the opium fields. These inconsistent actions by different authorities drive opium-dependent farmers to struggle for their survival while demonstrating that the opium eradication policy does not seem to be feasible in some areas.

As mentioned, the previous 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 in opium cultivation in the first eight years, the production of opium has been rising again over the last six years. Recently, the Myanmar government has extended the plan's deadline

from 2014 to 2019. The eradication of opium poppy has led 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 made 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 the two townships of Hopong and Loilen in southern Shan State by UNODC and World Food Programme (WFP). However, the organization acknowledges that UNODC has only managed to reach a few areas, and is unable to provide sufficient assistance to make up for the abrupt loss of opium income. There are still many areas that are inaccessible to social service groups, as several of these areas have long been under the control of various ethnic armed groups.

According to the 2008 Constitution, Hopong, Hsi-hseng, and Pinlaung townships and Kyauk Talone sub-township are Pa-Oh self-administrated zones that were previously designated "Special Region Six." Hopong and Hsi-hseng townships were previously "black areas," or conflict zones where NGOs and tourists are not allowed to enter without permission. Fortunately, the region's designation has been changed from black to brown, in recognition of less conflict in recent years. These townships are administered by the Pa-Oh National Organization (PNO), a low profile group, which adapted itself from being a ceasefire 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 since the implementation of the peace agreement in 1991.

Every opium farmer is aware that opium cultivation is unlawful, but they often determine it to be the best method with which to cope with vulnerability and poverty. They profit from opium cultivation to fulfill their fundamental needs, such as food, clothes, medicine, and education for their children; they rarely spend on luxury or frivolous items. Crops such as tobacco, tea, rice, and coffee that were previously the main crops in the past have become less attractive as opium has overtaken them in 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 kilograms) of raw opium yields about $700 USD, while 1.6 kilograms of garlic brings less than $1 USD. Economic necessity plays a key role in the decision to cultivate illicit crops.

Although ceasefire agreements have reduced human rights violations and improved healthcare and education services throughout the region, many local farmers in the area have reportedly been punished for being illicit crop cultivators by Burmese Army and local militia groups. In some villages where opium poppy is grown inconspicuously away from the main roads, forced labor, confiscation of land and property, rape, and torture are distressingly common. However, the instances are unlikely to be reported in the public media due to the remoteness of the area. Many opium farmers still encounter tremendous barriers to social and economic insecurity.

A scarcity of research on opium has been done in southern Shan State, as the previous military government fully deployed units for security reasons and to limit access, making it difficult for researchers to collect information. In addition, opium-related issues are very sensitive. Several scholars have identified the production of drugs, including trade, markets, political conflicts over opium, and drug use, to typically be coordinated at the macro-level in northern and eastern Shan State (Lintner, 1994; Lintner and Black, 2009; Jelsma et al., 2005; Chin, 2009). Nonetheless, a paucity of studies have been conducted to investigate the main drivers that force farmers to grow illicit crops, and the challenges and perspectives of these farmers have been ignored, especially in rural areas of southern Shan State.

Mainstream literature has pointed out that the logic behind opium poppy cultivation is poverty (UNODC, 2012a; Renard, 1996; Jeslma et al., 2005; Chin, 2009; Nang Kham Nyo Oo, 2011). However, this study attempts to look beyond poverty as the main cause and to understand the social, economic, and political aspects of illicit crop-growing communities at the micro level. For this reason, this study aims to understand the historical development of opium production in Shan State, to analyze the opium discourses of different groups, including the eradication campaigns, and to examine the strategies of poppy farmers and the factors that influence people to continue growing opium.

The Pa-Oh

The village where I conducted my research is about 1,900 meters above sea level, and is located southeast of Taunggyi, the capital of Shan State, in Hsi-hseng Township. It is about 80 kilometers from Taunggyi and it takes around three-and-a-half hours to reach the village from Taunggyi by local bus. This village is inaccessible by proper road, as it is situated on the side of steep mountains. There are approximately 200 households, and more than 98% of the population is ethnic Pa-Oh. The major source of income in this village is opium. Tobacco, tea, and garlic used to be grown as commercial crops, but were all replaced by opium several decades ago due to the price advantage.

Figure 1.1: Map of Hsi-hseng Township

The Pa-Oh ethnic group is the second largest population after the Shan in Shan State. They primarily reside in the southern areas of the state. In addition to Shan State, Pa-Oh people also live throughout the southern part of Myanmar, including Karen, Karenni, and Mon States, and Pegu Region. It is roughly estimated that the total population of Pa-Oh in Myanmar is slightly more than one million. The majority of Pa-Oh families are living in rural areas, especially in the highlands where they engage in farming.

The Pa-Oh are very religious people, predominantly Buddhist, who build magnificent wooden monasteries and pagodas on top of hills and mountains. Apart from Buddhist practices, there are the practices of nat (spirit) worship. They worship many nats, such as the 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 unit 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 have become convoluted as most women are more powerful than men in individual family units.

In terms of livelihood, agricultural activities are at the center of the Pa-Oh economy. Some rural Pa-Oh farmers practiced swidden agriculture with paddy rice in the mountains and forest regions in the past. Cheroot (local cigar) production used to exist in the Pa-Oh region. Opium is extensively grown in Hopong and Hsi-hseng townships in remote areas. Many actors, including government officials, militia groups, and armed groups, engage in collecting bribes from opium farmers.

This study is based on two months of fieldwork conducted in January and February in 2014, as well as both qualitative and quantitative methods 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 from 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 access reliable sources and all requisite information. Clearly, the sensitivity of this issue has led to restraints and limitations of this study. Namely, it was not possible to collect precise information about the amount of raw opium obtained by each household and how much is earned per growing season. Due to security concerns, I did not take the risk of tracing the opium trail beyond the studied village, actors involved in it, and the further processing of opium into drugs. For their safety and security, the identities of my respondents is kept anonymous.

The most advantageous aspect to collecting data in this particular Pa-Oh opium-growing community was that the villagers and I, the researcher, share the same ethnic background. During my stay in the field village, I tried to

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

Organization

The following study consists of six chapters. The first chapter provides a brief introduction to the issue and its history. In the second chapter, a literature review is divided into two parts: a review of concepts, followed by a review of opium-related studies. First, three concepts are employed in this study: the political economy of highland opium; the discourses of opium; and livelihood strategies in order to understand opium production from people's perspectives in rural Shan State.

Chapter Three investigates the historical development of opium cultivation and the factors contributing to the transformation of upland Shan State since independence in 1948. This chapter begins with a brief overview of colonial times regarding the leading role of the British in the development of the opium trade in Burma and neighboring countries. Next, a comprehensive discussion on the driving forces to the rapid increase of opium production following British rule is provided. It identifies how and why various actors —including the military government, ethnic rebel groups, Chinese forces, and various drug lords—transformed the rural highlands into opium plantations. The final section offers a short analysis of external factors that have contributed to opium production in Shan State.

Chapter Four deals with the international discourses of different periods of time to analyze international drug policies, particularly those of the West and China. The chapter briefly discusses ASEAN and its drug policy in the region. Finally, this chapter explores the dilemma of Myanmar government's discourse on opium in the recent decades. On one hand, opium is perceived as a dangerous substance to society. On the other hand, the Myanmar government relies on profits from the opium industry.