

Chapter 2

Kokang: The Rise of the Chinese Minority—the New Neo-Liberal State?

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Myanmar, without a doubt, is one of the most ethnically diverse and complex countries in the world—with its draconian administration, it has encountered complex and often violent and brutal conflicts between the central government and ethnic minority groups for several decades. However, recently, under the Thien Sein administration, it has announced that decentralization will be a priority—power to the local administrations. Kokang Special Region (KSR) is no exception. The Chinese community in this region already enjoys a high degree of autonomy, with a strong and vibrant economy—a state within a state. Such autonomy has been sought by other ethnic minorities, but they have yet to achieve it.

How has the little studied and often overlooked Kokang Chinese community achieved this? I will explore its history, identity and the impact of the Myanmar and Chinese governments and will look into the reasons behind the surge in the economy and the chances of the Kokang community becoming a true autonomous state.

Although I was born and brought up in central Myanmar and with little knowledge of the Kokang people, I am nevertheless a Kokang descendant. I have in the past done some documentary research to understand the historical and political context of the Kokang. In this field research, I used qualitative research methods, noting participant observations and conducting in-depth interviews, building up a collection of individual narratives and observations from Kokang borderlanders, Chinese immigrants and officials from the local area and from China. I also looked at the interactions of the Kokang Chinese with the state authorities and other ethnic groups through their social networks in conducting cross-border trade and focused on how spaces of exception were constructed in the border region, as well as examining the administration policies set up both by governments and by the local authorities. Migration patterns, cross-border trade, and the social and cultural lives in border areas were also studied in order to understand the strategies the borderlanders use to interact with various institutions in different contexts.

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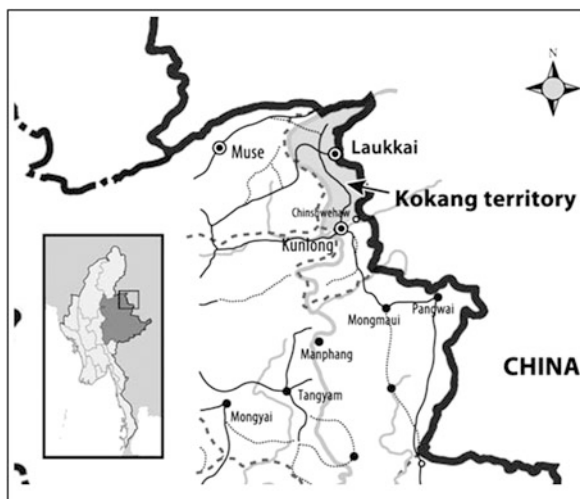
My field research was mainly conducted in Laukkai, the capital city of the KSR, and its surrounding villages. The Kokang region is situated to the east of the Salween River and forms the border area between Myanmar and China. The distance between Laukkai and the Chinese border town of Nansan is only about 6 km, and many villages along each side of the border are just metres apart from each other (Fig. 2.1).

Due to the area's geographical remoteness and distance from the central cities of Myanmar, Kokang people mainly rely for their daily necessities on purchases from China. Cross-border trade has been established in the region for centuries. The population of the region was estimated to be 200,000 in 2010, and there are around 25,000 people living in Laukkai—90% of the population is Kokang Chinese, the rest being made up of various ethnic groups such as the Lisu, Miaozi, Kachin, Palaung, Shan and Wa.

With a major influx of Chinese immigrants mainly from Yunnan Province since 1989 due to Myanmar's lax immigration and market policies, the Chinese have occupied businesses such as shops and restaurants and hotels and can be seen in almost all parts of the region. The official language is Mandarin Chinese, and the yuan is the main currency. Since the ceasefire agreement between Myanmar and the Kokang in 1989, Laukkai town has quickly developed into a modern border town, with all modern communications and transport from China, and now resembles a modern Chinese rural town.

The Kokang have a rich history embedded between these two nations—its geopolitical space which perhaps we can term as a state within a state. We need to look at how it has come to be a special place and run itself autonomously, but it would be useful first to look at the concept of identity in order to establish its meaning and then see whether we can adapt it to the Kokang.

Fig. 2.1 Research site in Kokang territory



Defining Ethnic Identity

The Kokang in Myanmar possess multiple and sometimes ambiguous identities. They still follow Chinese cultural customs and rituals such as the New Year celebration, ancestor worship ceremonies, funeral rites and family livelihood strategies such as trade and agriculture, and are known as ethnic Chinese in Myanmar due to their dialects and physical appearance. Many still communicate in the Chinese language, attend Chinese schools and maintain their traditional culture, but nowadays others speak different languages, such as Shan, Kachin, Palaung and Burmese, have changed their names to the Burmese style, attend Burmese schools and have switched from their traditional ancestor worship beliefs to Buddhism, as they try to integrate into the host country.

There is no strong state policy in Myanmar towards the many ethnic groups, and assimilation and acculturation rarely happen. However, many ethnic Chinese try to integrate into mainstream society in order to obtain privileges for their businesses or trade and the Kokang are no exception.

In recent decades, following the Chinese economic success in the region, some Chinese identity has survived and re-emerged to help carry out business or trade with China. The ethnic Chinese in Myanmar have continued to maintain their traditional culture, while at the same time adopting elements of the mainstream culture. ‘Chineseness’ has re-emerged along with China’s growing economic power in the region. Thus, the Kokang Chinese possess multiple identities. As there are many ethnic groups living along the China–Myanmar border area, these identities are dynamic and follow their social relations. They may be Chinese on one occasion and at the same time be Shan, Kachin or Burmese as well.

Besides using these multiple and somewhat ambiguous identities, the Kokang also apply the Chinese concept of ‘guanxi’ in their daily lives and trade. We shall look at what it means to them.

‘Guanxi’—A Social Network

The concept of ‘guanxi’ refers to interpersonal relationships or connections in almost every realm of life within Chinese culture, from kinship to friendship and from politics to business. It can best be translated as friendship but with implications of a continual exchange of favours (Pye 1992). However, favour exchanges among members of a guanxi network are not solely commercial, but also social, and involve the exchange of ‘renqing’ (feelings) and the giving of ‘mianzi’ (face), which are prevalent in Asian cultures.

The relationship ties in guanxi are based on ascribed or primordial traits such as kinship, native place and ethnicity, and also on achieved characteristics such as attending the same school (even if not at the same time), serving together in the same military unit, having shared experiences such as the ‘Long March’ and doing

business together. Once *guanxi* is established between two people, each can ask a favour of the other with the expectation that the debt incurred will be repaid sometime in the future (Yang 1994).

In a very general sense, *guanxi* resembles Pierre Bourdieu's concept of 'social capital', which according to Bourdieu (1986, pp. 248–249) 'Is the aggregate of the actual or potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition which provides each of its members with the backing of the collectively-owned capital, a "credential" which entitles them to credit, in the various senses of the word'. As with other forms of capital, Bourdieu is interested in the ability to convert one form of capital into another. *Guanxi* then can be a kind of social capital, which involves features of social organization such as trust, norms and networks that can improve the efficiency of society by facilitating coordinated actions (Putnam 1993). Clearly, in Chinese society, *guanxi* as social capital is accumulated with the intention of converting it into economic, political or symbolic capital. Thus, *guanxi* is not only important in building business relationships, but sometimes also supports political activities and can be practised during the daily lives of the ethnic Chinese and support them when dealing with different people in society. Now let us look at their history and how they have come to settle on the border between the two nations.

Who Are the Kokang?

It is said that the Kokang Chinese are descendants of late Ming dynasty immigrants and that they are 'Han Chinese'. They have been recognized as one of the major ethnic groups in Myanmar since the beginning of the 1960s. Most of them are Yunnanese immigrants. Some families' records show that they have been living in the region for more than fifteen generations (Naing 2005).

Late Ming Period (1623–1662)

The followers of the late Ming Prince, Yong Li, were driven out of China. In search of a safer place to restart their lives, some arrived in the mountainous areas of northern Shan State and settled down. As their hopes of returning to their homeland were dashed by the growing power of the Manchu, they began to rebuild their lives in this remote hilly region, a place which was almost deserted at that time. Many soldiers of the late Ming prince then married local women and settled in the region. Naing (2005) explains that the name 'Kokang' means 'decisive' and 'brave' and was adopted at that time both to counter fear of being killed by the Manchu and in the belief that it would help them overcome any difficulties they faced and bring success to their lives.

The Meaning of Kokang

Kokang (果敢) in classical Chinese, where 'Ko' (果) means 果断 'decisive' and 'kang' (敢) means 勇敢 'brave'. The Kokang people say that they are (果断勇敢的民族) 'decisive brave people', which helps them get ahead in business and politics. They are thus proud to be called Kokang (Naing, 2005).

The first Kokang Chinese settlers were educated people—advisors to the Ming Prince and literate Han Chinese, and their thoughts on Confucius and Lao Zhi have influenced the Kokang people over time. Essentially, all the culture and traditions of the Kokang people follow ancient Han Chinese traditions including language, traditional dress and livelihood practices.

Yang Family Rule and the British Colonial Period (1670–1948)

The Kokang area, being far from both the Chinese and Myanmar central governments, was ruled in part by various highland chiefs, while the Kokang Chinese came under the rule of Yang, who was one of the late Ming Prince's advisors. In 1739, when bandits along the Salween River raided the villages, Yang Zheng Cai, Yang's son, took a lead and attempted to protect the villagers from the bandits. Following this incident, villagers came to respect Yang Zhen Cai and acknowledged him as their leader. He organized local defence by giving military training to the local population, after which the Kokang self-defence troop was formed. Yang Zhen Cai also introduced an organized administration and set government standards, which were to be followed by successive 'House of Yang' rulers. He encouraged villagers from other localities further away to migrate and trade with the Kokang, after which petty trade developed among the villagers. The House of Yang maintained an unbroken line of hereditary rule over the region, which lasted for nearly 250 years (Li 1997).

Before the British arrived, the Burma–China border was not clearly defined and no official border line existed until 1962. Most of the people in the region were agrarian, though some carried out trade in tea, salt and kerosene bought from Yunnan and sold to neighbouring villages. Many Kokang elders said Kokang people were farmers as well as soldiers in the past, and almost all the adult men were trained militarily for self-defence and became soldiers when their villages required protection from bandits or other invaders. If there was no conflict, they normally worked in their shifting cultivation fields and tea plantations, and carried out some hunting. Several years after the British annexed Upper Burma in 1885, the area was incorporated into British Burma (then a part of British India) under the Anglo-Chinese Treaty on 4 February 1897, although almost all its inhabitants were Chinese of Yunnanese origin (Skinner 1958).

Shan statistics on Kokang State show that there were 600 villages in the Kokang region when the British colonized the area, of which five were Shan, ten were Palaung, 30 were La or Wa, 50 were Miaozi, 50 were Shan Chinese and the remaining 450 were Chinese. However, an inspection of the district by British officials in 1892 gave a figure of 138 Chinese villages, with 1993 households, across the whole region (Mong 2005).

China Nationalist Party Era (1935–1950s)

The population of Chinese migrants in Myanmar increased after the World War II, especially from Yunnan Province (Naing 2005), with many Kuomintang (KMT) remnants settling in Kokang after Chiang Kai Shek's KMT was defeated by Mao Zedong in 1949.

In 1950, 1000 KMT troops driven out by the People's Liberation Army took refuge in the border area of Kokang State, with 700 PLA troops also reported as having stationed themselves in the border area on the China side. The KMT along the border were able to reinforce their troops from the Chinese population living in the villages on the Burmese side. At the same time, several local armed groups began appearing along the border, some of whom were reported as having received support from the PLA (Mong 2005).

The situation in Kokang in early 1950s meant that the area was partly influenced by the KMT and partly by the Communists, and the Chinese in Kokang could also be divided into pro-KMT and pro-Communist groups. While the Communists and their supporters moved freely across the border to Kokang, the KMT, with their base in Kokang, also went into Yunnan to loot and plunder the villages, plus collecting money from refugees in Yunnan, Sichuan and Hunan (Mong 2005).

In 1953, the Burmese Army launched a major offensive against the KMT in Kokang, placing approximately 2000 armed men along the frontier (the Salween River) to block the entry of the KMT. In compliance with a UN General Assembly resolution, a total of 5328 KMT troops and 1142 of their dependents were evacuated, but thousands of KMT refused to disarm or withdraw and remained in Shan State. These remaining troops scattered across areas in eastern and northern Shan State, where the government's rule was not so strong. It was reported in 1956 that 1000 KMT troops from Wa State fled to Kokang and took sanctuary there (Mong 2005). The remaining KMT troops in Shan State, especially in Kokang, married local women and settled down in the region. Most of them joined the mule caravan traders from China and became involved in long-distance trade with Thailand, trading in opium, jade and arms with the support of KMT troops stationed along the Myanmar–Thailand border.

A significant number of Chinese migrated to northern Shan State soon after 1949 in reaction to the commune system being established in the new China. The 'Great Leap Forward', an economic and social campaign by Mao Zedong starting in 1957, was a time of famine and suffering for China, when many peasant farmers ran away

from their villages to the remote areas of Yunnan Province and then migrated to the Kokang region.

Recent Migration (1978–2009)

The Kokang region had an estimated population of 200,000 in 2010, compared to an estimated 50,000 in 1953 (Upper Burma Gazetteer). The migration of Chinese people into Kokang since the 1980s has had the most visible effect in terms of the development of the region. The population grew significantly between the 1870s and 2010, and it has been estimated that 90 % of the current population in Kokang are Chinese, with the Chinese population growing both in absolute and in relative terms up to 2010.

The 1980s and 1990s were important decades in the development of the economies of the border regions of South-east Asia (Walker 1999). The Myanmar government formed the Central Committee for the Development of Border Areas and National Races for Border Development in 1989, and in 1998, an agreement between China and Myanmar governments was put in place to establish official border trade towns along the Myanmar side. In addition, the Myanmar central government has set up special trade policies and privileges to improve border trade, such as tax exemptions for certain types of imports, something which has allowed Kokang people to become quite influential in border trade. The Kokang's ethnic ties with the Yunnanese from China, and their social networks, have also made it easy for them to conduct trade with their large neighbour and have attracted many Chinese migrants into the region.

Due to the relative isolation of the region, poor communication links, transportation and language barriers, the Myanmar government finds it difficult to provide assistance to promote the region's development. The Chinese language is widely used in Kokang, as 90% of the population is ethnic Chinese, and it has become the official language for the local administration. Moreover, the standard currency used in the region is the Chinese yuan, not the Myanmar kyat, and the people also follow Chinese standard time (1½ h ahead of Myanmar). Local people's daily necessities are all imported from China, and this has led Chinese people to become very influential with regard to trade; they now account for 90 % of the local economy. It might be useful to consider what autonomy means for the Kokang. Let us look at this in detail.

Autonomous Rights

Since independence from British colonization in 1948, Myanmar has experienced a complex set of conflicts between the central government and ethnic minority groups seeking autonomy. The military capacity and influence of the ethnic nationalists

have declined significantly over the past decade, and several ethnic armed groups have entered into ceasefire agreements with the central government and been granted de facto administrative authority over their areas. Since then, many special regions have appeared along the Myanmar–Chinese border, among them the first ‘Special Region’ in Myanmar, known as the Kokang Special Region (KSR). The local ethnic authorities are allowed to maintain their armed forces and have been granted full authority by the Myanmar central government to make their own decisions on the area’s development activities. Because of the remoteness of the region and the special political and administrative situation in the area, no outsiders are allowed by the central government to enter the region or conduct studies on this group of people. As a result, almost no literature has been produced regarding the Kokang people. It is not known for sure how they live their lives; what kinds of ‘spaces of exception’ they enjoy; why the local authorities can decide upon the area’s development; and why they can set up their own rules and regulations, despite the central government not officially granting them autonomous rights. One might question why Kokang have been allowed to maintain armed groups since the ceasefire agreement was put in place, why schools in the KSR teach in Chinese instead of Burmese, and why the casinos can operate legally. The Kokang region seems to be a kind of exception in terms of the government administration—a state within a state.

In 1989, the Myanmar government implemented an open market policy and the borderlanders were allowed some economic exceptions with respect to border trade. As China’s economic power has consistently grown in the region, Myanmar has received much economic and political support from the Chinese. To maintain the relationship between the two countries, Myanmar government institutions and trade policies are much more flexible towards the borderlanders, especially those living along the China–Myanmar border. Economic exceptions, such as export tax exemptions and a favourable import environment, have been implemented.

China has successfully implemented zoning strategies and has been focusing on developing the economy of border areas. As an adjacent border area, Kokang has benefited from the strategy. For example, those living along the border are allowed to cross it with less restriction, and the state has little direct control over the movement of people. Since the 1989 ceasefire agreement, the Kokang have come to the attention of the outside world, mainly due to the presence of a number of Kokang drug lords and to the area (the famous ‘Golden Triangle’) being a source of opium. Most people in Myanmar perceived them as backward hill dwellers, smugglers, opium growers and drug traffickers.

Before 2010, the Union of Myanmar was politically divided, economically weak and socially fragmented. Dissatisfied with the centralization of government administrative functions, many ethnic groups have organized themselves with the aim of gaining autonomous rights in their respective areas. However, only six ethnic groups have been granted special self-administration rights—the Kokang Chinese are one such group. On 27 August 2010, the Myanmar government officially announced that Kokang region was to become one of the six

self-administered zones in Myanmar, moving from its previous position as a special region, though the area administration was still under a temporary Kokang Administration Committee.

Legal Status

The Kokang Chinese have been an officially recognized ethnic group in Myanmar since the early independence period. Only 60 % of the population nowadays possess a valid national identity card, and some do not have any identification to show which nation they belong to, whether China or Burma. Many Kokang Chinese did not have an identification card until the recent elections took place in Myanmar in 2010.¹

People's mobility is very much connected to the travel documents. For those Kokang who want to travel to the Myanmar government's administration area, they need to show Myanmar national identity cards or valid travel documents. As most of the Kokang do not have any papers and cannot speak Burmese, it is impossible for them to travel out of their region. These restrictions open up the opportunity for human traffickers to take advantage of those who do not possess valid travel documents. Many young people who want to leave their villages to look for a better job have to rely on brokers to get to their destinations.

In 1958, the central government sent many officials to the remoter areas of Shan State and set up immigration departments for people to register and be issued with national identity cards. The Kokang people were classified into different categories as follows:

1. Chinese living in Kokang since the Myanmar Kingdom period; those who are descendants of refugees from the late Ming dynasty;
2. Chinese from China who migrated to Kokang before the World War II;
3. Chinese from China who migrated to Kokang after the political changes occurred in China;
4. Descendants of the above-mentioned Chinese.

As there had been different waves of Chinese migration into Kokang and the people were classified into four categories, the central government formed a committee to investigate the real situation of the border people in 1955. As per the committee's recommendations, an official national identity card was issued to Kokang people in 1958. However, it was only issued to those Chinese who had been living in the Kokang region since their ancestors' time and up until 31 January 1959. Chinese who migrated to the region after 31 January 1959 were eligible to

¹In order to allow the Kokang Chinese to vote in the election, the Myanmar Immigration Department implemented a project for national registration and issued national identity cards to the Kokang Chinese just before the election took place.

receive only a Foreign Registration Card (FRC). Not all the Kokang Chinese got their national identity cards, as most of them did not understand its importance—most of them were illiterate at that time and rarely travelled out of their village. As a result, many Kokang Chinese today still do not have a national identity card or any form of legal documentation.

The Kokang Authorities

After the 1989 ceasefire agreement between the Myanmar central government and the Kokang armed force (MNDAA—Myanmar National Democratic Alliance Army), the Kokang authorities focused on the development of the area and improving the living standards of the people. The unstable political situation in the region had caused poverty, and people had been involved in poppy cultivation. Transport, communications, health and education in the region were poor. In order to improve their living standards and allow them to enjoy a peaceful and better life, the local Kokang authorities started to focus on the area development policies.

Development Policies

In 1995, Peng Jia Sheng, Kokang leader, led the local administration committee and carried out many development activities in the region within a short period of time. As a result, the area developed rapidly and Laukkai became a modern border trade town. The Myanmar central government allowed the Kokang local authorities to make their own decisions on the area development plan. Although, technically, the Kokang region became a totally independent region, the central government never officially announced that the area had been granted self-administration.

Peng Jia Sheng appeared to be a successful leader with a long vision; however, there was criticism on the ground of his claiming the achievements for himself. As one local authority staff member suggested:

We could not deny that Peng had devoted most of his time to our region's development - under his leadership, our region developed rapidly. He took up the chances offered by China's open market policy - improving the local infrastructure and the economy including hydropower, agriculture, education and health sectors. Furthermore, in 2003, he took a leading role in eliminating opium poppy cultivation, which had given us a bad name and bad image among the international community. He also allowed casinos to open in Laukkai in order to provide jobs for the local people. Since then, many young Kokang people have had the opportunity to become casino staff. On the whole, the Kokang region has been significantly developed, with co-operation between the Kokang people and local authorities. But Peng thought all these achievements were his, and neglected people's and the other officials' efforts. He wanted to bring back feudalism to Kokang by assigning his family

members to all the important administrations and across business sectors. This was his main failing, and as a consequence he had to surrender his power and property, ending up homeless.²

A committee meeting was held on 28 October 1996 to review the situation and discuss future regional development policies. The meeting first reviewed the situation in the agriculture, transportation, trade, infrastructure, economic, education and health sectors, and the administration of the region between 1989 and 1996, in order to develop new policies and boost area development. The authorities identified six weaknesses and constraints in the area's development activities up to that time:

1. No clear political goals or administration guidelines;
2. No suitable economic policies;
3. No strict legal disciplines;
4. No strong and unified leadership or organization;
5. No proper education system or schools;
6. No military training school in the region.

The authorities then developed policies for future development, known as the 'Liu Da Fang Zhen' (六大方针—the six big guidelines) of the KSR, and thereafter encouraged all people to carry out the region's development activities in line with these principles and guidelines (Peng and Wen 1998).

The Six Development Guidelines

1. *Implementing Law Enforcement*

The Kokang people did not have much knowledge on law enforcement issues, although there were some customary laws in place, with penalties for certain offences such as murder or theft. Local people did not pay much attention to the law or regulations, as they changed frequently along with leadership changes. As a result, there was no systematic law to be called upon by the region's new administration. In one speech, Peng Jia Sheng said:

Different countries have different laws and different ethnic groups have different disciplines as well. All rules and principles are set up for the sake of the advantage of the people on different levels. The central government has recognised us as an ethnic group in the country and we are being granted self-administration. This means all our people's advantages and profits are in our own hands; therefore, it is very important to set up our own laws.

Many criminal cases of theft, robbery, drug abuse and drug trafficking occurred as a consequence of a lack of proper law enforcement. As a result, in 1996 the first

²However, an alternative version is that Peng was a drug baron and had to flee Kokang when he became persona non grata to the Burmese Government.

'administrative law' for the Kokang region was set up by the local authorities. This was to be the fundamental administrative law for Kokang and included laws on administration, the military, the economy, education, health, land use, the forests and mining. This was then implemented across the region, in the belief that a proper administrative law would stabilize the area's security and people's lives. The law was included in the school curriculum to spread awareness.

2. Improving the Education System

Formal education started around 1940, when only wealthier families could afford to send their children, but no proper, extensive schooling was set up at that time. In the late 1980s, there were some small schools established in many villages, when many schoolchildren would be mixed-up in a small room of different grades, taught and supervised by a single teacher. But as most people in the region were illiterate, they did not see the importance of education. Many school-age children had to help their parents in the fields. Consequently, illiteracy was very high. The teachers also tended to be unqualified, and there was a shortage of teaching materials and a lack of funding to set up a proper formal education system. The local authorities, however, developed the system in 1997 to meet regional standards.

The authorities focused on the curriculum. Nowadays, all the schools in Kokang follow the same curriculum as in China. The authorities make sure the teachers have at least graduated either from middle school or from high school, and have had teacher training. They are recruited from China. To give incentive to students, the authorities agreed to grant scholarships to outstanding ones to further their studies either in the region or abroad. It is expected that the number of educated people will grow in the region and, hopefully, that the living standards of the people will improve and Kokang culture, traditions and literature will be maintained.

3. Developing the Agricultural Sector

In 1996, the local authorities began to develop the agricultural sector, which constituted people's main livelihood. There were large uncultivated areas which could be developed for cash crops. Tea and walnut plantations developed by people's ancestors had been neglected due to their involvement in poppy cultivation. It was therefore agreed that advanced techniques for agricultural production and new cash crops should be introduced, in order to replace opium and improve people's lives.

4. Promoting Trade

The economy of the Kokang region depends not only on agriculture but also on petty trade. China's economic reforms and open market policy encourage many Kokang Chinese to trade with China. Many Chinese nationals have invested in Kokang, setting up factories, shops, companies and other businesses such as logging, mining and casinos, which boost the economy. The infrastructure, transport and communications were developed in order to promote trade activities with China and to attract more investment. To promote border trade, the local authorities

simplified border procedures, instituted import tax exemptions and tax exemptions for newly created businesses and kept border checkpoints permanently open.

5. *Cooperating with China*

In 1996, there were large areas of uncultivated land and plenty of natural resources available in the Kokang region, but due to underdevelopment and illiteracy combined with the simple cultivation techniques of poppies, few agricultural techniques were known apart from traditional slash and burn. Local authorities set up policies to attract Chinese investment into the agricultural sector, noting that neighbouring Chinese counties were growing various cash crops, such as tea, chestnuts, sugarcane and rubber. Chinese people were encouraged to invest in crop plantations in Kokang.

6. *Eradicating Opium*

Although it brought in vast amounts of money, the opium trade became a serious social issue; most of the younger generation were addicted to drugs, and many people were involved in drug production and trafficking. In order to stabilize society and counter this problem, the authorities decided in 1996 to ban the cultivation, production, sale and use of the drug. Let us look at the significance of opium and how it has become a cash crop.

Livelihoods During the Opium Period

The livelihoods of the Kokang Chinese have depended on opium cultivation, production and sale for many centuries, and as a result, no alternative livelihood strategies were developed during that time—almost all the Kokang people in the region made their living from growing opium. Known as ‘Lang Han Zhuang Jia’ (懒汉庄稼), meaning ‘lazy farmer’s crop’ in Chinese, opium grows well in relatively poor soil and in cold conditions, thus making it suitable for the mountainous areas and valleys of Kokang.

There is no clear record of when poppy cultivation started in the region, but many believe that it was introduced into the region by the British after the opium wars. Others said it was introduced by Yunnanese farmers who migrated to Kokang, to meet the demands of the growing Chinese market. Whatever the reason, poppy growing spread to Kokang from Yunnan Province in China, and once the British had forced opium onto the Chinese with the Opium Wars of 1839–1842, entrepreneurs in southern China began promoting poppy cultivation on a commercial scale, in order to undercut the British merchants who were importing the substance from Bengal. It quickly became the main cash crop grown by the Kokang Chinese, and their livelihoods depended on opium poppies for many generations. Because opium brought good profits when compared to other crops, villagers in Kokang preferred to grow it as their main cash crop. However, under pressure from the international community and central government, the Kokang authorities

promised to ban opium in the region, and during the ceasefire talks, Kokang negotiators promised to eliminate cultivation in the region by the year 2002, in return for autonomy in the form of a special administrative region (Mong 2005). However, people's lives changed significantly after the local authorities implemented an opium eradication plan in 2002.

Livelihoods Since the Opium Ban

Most of the Kokang Chinese have relied on crossing the border for their livelihood needs, since their ancestors' time. They are not involved in the large-scale import and export trade which is carried out by the Chinese, but undertake petty trade—selling agricultural and forest products. Some of these activities are defined by the state as 'illegal', but those who are directly involved did not recognize them as illicit activities.

Donnan and Wilson (1999) explore three types of illicit activities in terms of border economies: smuggling, prostitution and undocumented cross-border labour, which are seen as illegal by the state due to their relative and inherent 'invisibility'. These illicit border activities, categorized by Donnan and Wilson as the 'subversive economy', fail to contribute to the nation. The Kokang Chinese living along the border usually engage with the 'subversive economy'. The illegal economy in the Kokang border area is large, and the biggest contributor to this economy is drug trafficking, followed by gambling, smuggling and trade in illegal goods and services.

Drug Trafficking

Many reports and research projects have found that large numbers of drug trafficking activities are carried out along the porous borders between China and Myanmar, and Thailand and Myanmar. These areas are far from central government administration and are often under the control of ethnic minority armed forces, which rely heavily on opium and the taxation applied to it. Hence, there is no law enforcement in these border areas regarding the production of opium or other drugs.

However, the local authorities cooperated with the central government drug control committee and with China to enforce the law. Border security was tight at both checkpoints at this time, and Kokang cross-border travellers were searched thoroughly. Although poppy cultivation was banned in the region, other drugs such as amphetamine-type stimulants (ATS) eg Ya Ba ('crazy drug' in Thai), ecstasy, ice and many others were traded, and drug trafficking activities continued in the border region.

The research by Chin and Zhang (2007) found that much of the Myanmar drug market shifted from Thailand to China after the ceasefire agreements were put in place. Sarno (2009) seems to suggest that after Burma gained independence from the

British in 1948, a number of Burmese nationals, often minority groups in the ethnic controlled areas, became drug wholesalers, while the ethnic Chinese merchants and international syndicates located in Thailand and later in China became the ultimate purchasers of the opium poppy. Due to its geographical proximity, most heroin and ATS trafficking activities took place along the porous Yunnan–Myanmar border. Once inside China, traffickers used three main routes to send the drugs onto the interior of the country: to the north through Sichuan Province; through Guizhou Province towards the heart of the interior; and through Guangxi and then Guangdong along the southern coastline heading towards Hong Kong and the international market. The development of the Chinese routes can be attributed to two main facilitating factors: geographical proximity and vibrant cross-border commerce.

Many Kokang Chinese, of whom the majority are poor and illiterate, have been arrested by the Chinese government for transporting drugs into China. They are farmers who lost their livelihoods during the opium ban and are left with no alternative since it is a good way to make money, although profitability varies tremendously according to the roles in the trafficking operation. Chin and Zhang (2007) compare the drug transportation system to that of ants moving items piece by piece, with many different personnel involved. Many of the carriers do not know who the buyer is or for whom they are carrying. Sometimes they do not even know they are carrying drugs.

As international pressure is mounting, the Chinese and Myanmar's own anti-drugs policies with their severe punishments have significantly reduced the scale of poppy cultivation in Myanmar, leading to a decrease in supply across the region. Drug trafficking has thus been on a steady decline for many years. Many of the drug lords have shifted their livelihoods from drug trafficking to gambling activities in the Kokang region, where casinos and gambling are legal, and both small- and large-scale casinos are booming.

Casinos—Legal Gambling

Casinos or gambling dens are illegal in Myanmar, but exist openly everywhere in Laukkai, in many villages across the KSR and in the areas of Wa and Mong Lar Special Regions on the Chinese border, ranging from large casinos to small neighbourhood gambling dens and small mobile casinos, which can be seen on the streets on market days, at wedding ceremonies, at funerals and at many other events. Some of the local people, especially the poor households, depend on the income they receive from gambling, as they do not have enough capital or skills to develop other businesses. Some household members gamble all day and night in desperation. Addiction is on the rise, and many social problems occur as a consequence, for example, the steady decrease in school attendance, divorce, thefts, robberies and suicides. Some young local girls are lured into human trafficking. Even though there are serious social problems, gambling has become the main source of tax income for the local authorities, and almost all the big and small

casinos or gambling dens in the region are full of locals and outsiders, especially Chinese gamblers.

There is no official record of how many casinos operate in Kokang. Many big hotels and small guest houses also operate gambling activities. There seem to be five big casinos which are joint ventures between high local officials and Chinese investors (Chinese migrants and businessmen from China). Chinese businessmen are likely to be responsible for the entire initial set-up costs in the case of big casinos, with the local authorities or landowners then able to operate them for ten to twenty years. Many casinos were already operating when the August 2009 crisis hit between the central government and the Kokang local armed troops, with some Chinese gamblers fleeing Kokang to China, as refugees. However, gambling was the first business activity to return to normal after the clashes stopped.

Many kinds of casino games are played in the Kokang region, and among them, baccarat (百家乐) is played by most of the gamblers. Card room rules and the basic bet levels vary from casino to casino, and clients include housewives, wage earners, office workers, teenagers, unemployed workers and soldiers. The majority are women, but the men tend to play for larger stakes and are more addicted. The bets range from five to thousands of yuan, with some gamblers playing for hundreds of thousands of yuan during a single hour. Gamblers here tend to be regular clients of the casinos—most of them are Kokang Chinese from well-off families with no other significant job. The casinos operate 24 h a day, seven days a week.

Renard (2003) gives an interesting account of how casinos can work under the Kokang rules and regulations. The minimum wage for staff is around 2000 CNY per month, which is considered a lot. Due to pressure from local authorities, the casino owners are forced to recruit locals. For the casino owners, local wages are cheaper than those in China, but the workers are mostly illiterate. As a result, they set a requirement that anyone who had finished middle school could qualify to work as casino staff and established one- or two-month training courses. Many young locals who have completed middle school drop out from school and instead opt for working at a casino. Girls outnumber boys as cleaners, card dealers, supervisors and managers, while boys are normally recruited as security guards (Figs. 2.2 and 2.3).

Laukkai has become a casino town, and many people there now enjoy gambling to varying degrees. Nobody can predict whether this situation will continue or not, as the political situation is always changing in this border region; nevertheless, local people's lives will go on and they are applying a variety of strategies to overcome the changing policies.

Smuggling

Martinez (1994) states that all international boundaries have the same basic function—that is to delimit one nation from another and to control the movement of people and goods from one side of the boundary to the other. Technically, border controls are there to prevent people, goods, wealth and information from crossing



Fig. 2.2 Village gambling activities



Fig. 2.3 Casinos in Laukkai

freely. At many international borders, illegal activities known as smuggling are carried out in order to avoid taxation and law enforcement, as in the case of illegal substances that are not taxed. The cross-border activities carried out by borderlanders and other cross-border traders differ in terms of the scale of their businesses. Borders and smuggling always go together—where there is a border, there is smuggling. Smuggling deprives government of revenue.

The state has set up many policies to control the movement of people and goods along its border; however, the regulations and limitations are sometimes modified by the local authorities to suit the local context. For example, some commodities are considered illegal under the laws of the central government, but the local authorities in the special region nevertheless allow them to pass as legal items. Items not allowed to be exported from Myanmar by the central government include rice, sugar, brown slab sugar, sesame seeds, sesame oil, groundnuts, groundnut oil, yellow beans and cotton, petroleum, gems, gold, jade, pearls, diamonds, lead, tin and charcoal, wildlife, elephant tusks, buffaloes, cattle, horses and endangered wildlife, as well as aquaculture products and other items such as dynamite, antiques, teak, hardwood and rubber (Aung 2009) (Fig. 2.4).

There are two official border checkpoints between Kokang and China—one between Nan San and Laukkai and the other main one between Gengma and Chin

Fig. 2.4 Myanmar/China boundary post on the invisible borderline



Shwe Haw. The cross-border trade activities that take place at the Chin Shwe Haw border checkpoint are more formal than at Laukkai. The Chin Shwe Haw border checkpoint is officially recognized as a border trade point by both the Chinese and Myanmar governments and is one of the busiest checkpoints in Myanmar in terms of trade with China. It is also one of the main routes used for Chinese products to come into Myanmar, followed by the busy Muse—Shwe Li route. Many officials from the customs department and border trade department are posted in Chin Shwe Haw, to control border trade and the movement of people. In order to avoid government taxes, many smugglers use the other checkpoint of Nan San—Laukkai to transport their goods, where controls are relatively lax.

Many Kokang Chinese say they do not care about the payment, but about the time it takes to cross, so they use illegal routes. At times Chinese policemen patrol along these illegal paths, and if security is tight on both sides, people will temporarily stop crossing the border, or find alternative routes. In other words, people use various strategies to subvert the rules and regulations of the state, when these rules clash with their livelihood activities. Let us now turn to alternative development activities to see how the authorities make an attempt in improving peoples' lives (Fig. 2.5).

Fig. 2.5 A Chinese smuggler



Alternative Development Activities

In the early years of the opium ban, the Kokang authorities and the people faced many failures in terms of agricultural activities. Local authorities initiated growing 50,000 mu areas with nearly 10,000 acres of sugar cane as a substitute for poppies. The sugarcane plantations were quite successful, producing high yields; however, the market price fell in China and no harvested sugarcane could be sold in the first year, so this puts people off growing sugar cane. The central government also supported the region in terms of growing bananas, and some 200,000 mu (34,000 acres) of banana plantations, 20 million coffee seedlings and more than 15,000 acres of castor oil plantation were started but all failed. Local people did not understand the reasons for the failures, which were largely due to lack of agricultural knowledge and the insufficient technical support that was received from the local authorities or central government. Some villagers' fruit orchards and maize fields were destroyed by drought, by too much rain or by diseases caused by pests such as mice. Therefore, the agricultural sector did not succeed in the early years after the opium ban (interview with Peng Jia Sheng from Suku.net). The failure of agricultural crops also caused some Kokang Chinese to move out of the region, with many moving to neighbouring Wa Special Region, where poppies could be grown until 2006. School enrolment rates declined due to poverty and hunger, and malnutrition increased (personal interview with a Kokang Chinese in 2011).

A 2004 assessment of the Kokang region by the Japanese aid agency JICA identified that many households left the area in search of income and food, and from an estimated total population of 200,000 in the year 2000, only 140,000 remained in 2004. Two out of three private Chinese clinics and pharmacies closed, and more than one in three community schools stopped operating. About 6000 children left school, effectively halving the enrolment rate compared to the previous year (Wang 2005). After the opium ban, only 10 % of families were able to produce enough food by themselves for the whole year round, while 30 % had sufficient food for about six months of the year. The remaining 60 % of the households faced food shortages, as the paddy they grew was only enough for three to four months.

In the period 2003/2004, no agricultural tax was collected and all taxes concerned with agriculture were exempted across the whole Kokang region, in order to reduce the farmers' burden. Many outsiders, especially the Chinese from China, came to the region and invested in the substitute cash crop plantations; they brought in many agricultural experts from whom local people gained knowledge and new techniques. As a result, the agriculture sector in the Kokang region gradually developed and local people's lives also improved.

By 2009, there were altogether 34 million mu of agriculturally cultivable land in the Kokang region, with paddy fields occupying nineteen million mu, an average of 2.4 mu per person. Lowland paddy fields made up 30 % of this, and the remaining 70 % were upland paddy fields. Except for some remote villages where transport and communication are difficult, almost all the villages in Kokang now have enough food all year round; moreover, cash crop plantations have expanded in the

region. There are now 8.6 million mu of sugar cane, three million mu of rubber, three million mu of tea and a million mu of walnut plantations. To facilitate the transport of agricultural products, many sealed roads have been constructed. In addition, livestock breeding by the local people has improved and developed into a commercial form, from a household base of breeding pigs, mules, donkeys and buffaloes. By 2009, there were 3.1 million head of buffalo, 5.6 million pigs and 1.4 million sheep being bred in the region (New Kokang 2010).

Standard of Living

The standard of living and quality of infrastructure have drastically improved in the Kokang region since 1989. There are now secured transport routes for 17 village tracts out of the 18 in the region. Similarly, starting in 1996, communication between the people within and outside the region became easier and more efficient as China Mobile installed a relay station in Kokang and the mobile phone signal now covers the whole region. The number of Internet cafes has also increased, especially in Laukkai. Thus, local people are now able to instantly access global information. As recently as 2011, one of the poorest and remotest villages in Kokang—Mo Htai village—was given Internet access, so now this backward, closed society is a part of history, and the Kokang region is on its way to being part of the global community.

The quality of school education has progressed significantly since the ceasefire agreement. Currently, the Kokang region has six Chinese primary and secondary mixed schools and 213 primary schools. As soon as opium was eradicated in the region, many school-age children were pulled out of school as their parents could not afford the school fees, whereas now the enrolment rate is up at around 76 % (Wang 2005). In addition to education advances, health systems and individual medical awareness also improved. Previously, there was no public health system of clinics and hospitals, so most of the villagers relied on traditional medicines and herbs, used opium as a painkiller and had to cure every illness themselves as they had no access to other medicines. Within a twenty-year period, the number of healthcare centres has doubled in the region, and nowadays, there are more than 103 health clinics in Kokang, with 200 medical personnel.

The Kokang industrial region has developed rapidly, and the capital Laukkai has become a modern border trade town since the internal conflicts ended. Many urbanization projects have been implemented by the authorities, across the whole region and especially in Laukkai. The Kokang people now have their own Kokang Broadcast Television System, and there are two private stations in Laukkai. The range of these two broadcasting stations covers almost the whole region, and they have their own news channel which focuses on Kokang news and the activities of the local authorities. All the radio broadcasts are in Mandarin Chinese. The local authorities have also developed an official Website onto which they add Kokang-related news. Moreover, many discos, bars, pubs, gaming shops and

recreation parks have opened, plus there is an opium museum and many other interesting places to be seen. Kokang people's lives also seem to have improved along with growth in the economy and with infrastructure development in the region. People are now able to enjoy their leisure time utilizing various kinds of entertainment activity.

Overall, in the twenty years since the ceasefire, the Kokang region has gradually developed from its historically remote, closed situation, to become a modern border area. The people's lives have also changed, from being mostly poppy growers to becoming traders, but most of all they can now enjoy a peaceful and self-sufficient life; the new Kokang generations are even able to access education and healthcare services. The greatest achievement of the local authorities and Kokang people was to eliminate opium production, even though it was the major source of income in the region. Since then, other people's perception of the Kokang Chinese as a backward, opium growing group has positively changed.

Conclusion

The Kokang region and the people in the region have enjoyed relatively high levels of autonomy for some time. Embedded between Myanmar and China, the KSR benefits from the two nations to some degree. From a historical perspective, the region has long been relatively independent, with self-administration, though there have been several conflicts and civil wars over the years. The Kokang have migrated to the region since the sixteenth century in five different waves. The livelihoods of these different migrants have not varied much. Before the 2003 opium ban, most of their main livelihood activities involved poppy cultivation. The Kokang area was under the local authorities' self-administration throughout the British colonial period during the World War II and even as part of an independent Myanmar. The area has thus been free of any external power centres for centuries, and the local people have enjoyed many spaces of exception from central government administrations. The Myanmar central government does not have much administrative influence over the region, even though they have set up many government departments and posted lots of government officials to the KSR. Due to the remoteness of the area, and the difficult transport and communication links between the region and central government-controlled areas, the central government was not able to exert much influence. As a result, all big and small issues encountered with the area's development and administration were left in the hands of the local authorities, who have set up their own rules and regulations to control their region socially, culturally and economically.

As the Kokang people have had a centuries-long social relationship with the Chinese from China, a wide range of Chinese influences can be seen as part of the people's daily life. Although they have lived in the region for several generations, they have maintained their social structure, culture and traditions from China very effectively. Also, many ethnic people in the region have been assimilated into

Chinese society. Parents now send their children to Chinese schools rather than learning Burmese culture and traditions. Most of the younger generations from the Kokang region identify with being Burmese citizens, but they prefer Chinese language and culture. For them, Chinese is their mother tongue and it will better support them in their future life plans when compared to Burmese, as they live so close to China, plus China's economic power is increasing and its influence extending over the region.

Although many Kokang people had already been travelling outside the region for trade and other reasons, after 2002 this accelerated. Since then, many Kokang Chinese have migrated out of the region, often with the help of their relatives or social *guanxi* networks, either to government-controlled areas or to China and Thailand to look for a better life. Due to their hard-working nature and close family ties, the Kokang Chinese have developed more than any of the other ethnic groups in the region and are mostly involved in the trade, mining and logging sectors. At the same time, due to their strong ties with China, some Kokang Chinese have remained in the Kokang region and established alternative cash crop plantations, such as rubber, sugar cane and tea, with the financial and technical backing of China. Most of these businesses are jointly owned by local Kokang Chinese and Chinese from China.

Overall, this study highlights the spaces of exception that the central government has granted to the local authorities in area administration and the adaptive life strategies used by the people since opium cultivation was banned. It seems that the Kokang administration and its people enjoy their autonomy and know how to make their economy flourish. My research, although limited in terms of time and information, hopefully provides a better understanding of the Kokang people and their lives in the border area. The question is, how long can Kokang maintain its autonomy and can it survive as a neo-liberal state in the long term?

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