

Roadmap to Ethnic Strife
Economic Reform in Myanmar and Enduring Conflict in the Kachin Region

by

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Abstract:

In 2011, fighting resumed between the Kachin Independence Army and the Myanmar military in the Kachin region of Myanmar. This fighting came after Myanmar established and carried out its “Roadmap to Democracy,” after the new Constitution in 2008 was ratified, and after the first elections in twenty years took place. In light of these reforms, why has fighting reignited now when western observers display more optimism for the future of Myanmar than ever before? This paper intends to illustrate that the competition over access to the economic flows of the Kachin region is fuelling this eruption of military conflict. What is more, Myanmar’s economic transition to a liberalized economy favours persistent tensions in the Kachin province. Since the rapid economic liberalisation of the Myanmar economy, which is a fundamental aspect of the “Roadmap to Democracy,” the Myanmar Government has begun intense exploitation of the Kachin region for its vast natural resources and trade routes. In light of its economic objectives for the Kachin region, the Myanmar Government has changed its approach towards the Kachin insurgency to instead favour the protection and exploitation of its investments. What complicates matters more is the involvement of China, who is pursuing its own objectives in the region. This conflict is now being shaped by the intricate and ever changing relations between various actors that struggle to control the empowering economic assets of the Kachin region; all of which has assured enduring tensions in the Kachin region.

Preface

This thesis is original, unpublished, independent work by the author, Kevin McLeod.

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Table 3.1 **Timeline of the Kachin Conflict.....10**

List of Abbreviations

AFPFL	Anti-Fascist People's Freedom League
BBC	British Broadcasting Corporation
BGF	Border Guard Forces (of Myanmar)
BNPP	the National Patani Liberation Front
BRN	the Barisan Revolusi Nasional
GAM	Free Aceh Movement
ICG	International Crisis Group
KIA	The Kachin Independence Army
KIC	Kachin Independent Council
KIO	The Kachin Independence Organization
KIOCC	Kachin Independence Organization Central Committee
KSPP	Kachin State Progressive Party
MNLF	The Moro National Liberation Front
MILF	The Moro Islamic Liberation Front
NLD	National League for Democracy
NRF	The National Revolutionary Front
PULO	The Patani United Liberation Organisation
SLORC	State Law and Order Restoration Council
SPDC	State Peace and Development Council
US	The United States of America
USDP	Union Solidarity and Development Party
WWII	The Second World War

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Dedication

To my parents

1 Introduction

Ethnic insurgency has been the prevalent concern for Myanmar¹ since its independence from Britain in 1947. Indeed, it was due to ethnic conflict and the threat of fragmentation of the state that the Tatmadaw, or the Myanmar military, legitimized its seizure of the Government in 1962 (Englehart, 2012, 667). Even today, the Myanmar Government still must negotiate its control over border regions with different ethnic groups that have rebelled against centralized governance. A deeper examination of the conflict in the Kachin region reveals the shifting approach towards ethnic insurgency² by the Myanmar State in its border regions. The Kachin region is the northernmost state of Myanmar and is bordered by China to the north and east. It is predominately controlled by the Kachin Independence Organization (KIO) and its military wing, the Kachin Independence Army (KIA). When ethnic tensions and civil conflict grew after the independence of Myanmar, which led to the Tatmadaw's eventual coup d'état, the KIO/A was formed and accordingly battled the Myanmar military for control of the Kachin region. It is the world's longest ongoing insurgency (Beech, 2012). Through a ceasefire agreement between the KIO/A and the Tatmadaw in 1994, relative peace in the region was established.

However, after years of rule by the governing military junta, Myanmar has undergone dramatic reform that had the potential to alter the relationship between the state and the KIO/A. On March 30th 2011, the ruling junta³ dissolved and handed power to a new government led by President Thein Sein. This abdication of power came in the wake of elections held in November

¹Originally called Burma, the country was renamed Myanmar by the ruling military junta. Though the name Myanmar is still contested and the state is still often called Burma, it will be referred to as Myanmar in this article for the sake of clarity.

²Ethnic conflict in Myanmar is very complex, much of which is fuelled by an adverse mix of economic, ethno-religious and historical motives that have led many ethnic groups to violence. This paper attempts to explain why ethnic conflict in Myanmar not only persists during the height of the current reforms, but is exacerbated by it. However this is not to ignore the significance of culture and identity in ethnic conflict in Myanmar. Conflict over identity is most prevalent in the Rakhine region, where Buddhist-Muslim riots and the extremist '969' Buddhist Movement has led to large scale violence between Muslims and Buddhists. There is no attempt to ignore the importance of culture in understanding conflict in the region, but this issue is too complex to encompass all of it in this paper. This paper consequently will focus on state and political relations with the Kachin group, not specifically interethnic relations in Myanmar.

³This was named the State Peace and Development Council (SPDC).

2010, which were won by Sein and his Union Solidarity and Development Party (USDP). Since the election, the Myanmar State has publicized that ethnic rapprochement will be a principal concern for the Government (Burma Link, 2013). However, in 2011, the then seventeen year ceasefire between the government and the KIO/A broke down and fighting resumed (Woods et al., 2013, 17). This fighting came after Myanmar's "Roadmap to Democracy" was established, after the new Constitution in 2008 was ratified, and after the first elections in twenty years took place in Myanmar (International Crisis Group, 2011B, 2). Why has fighting reignited now when western observers⁴ display more optimism for the future of Myanmar than ever before?

The proposal of this thesis is that control over the economic development of the Kachin region is fuelling this eruption of military conflict. In addition, this thesis also advances that Myanmar's economic transition favours persistent tensions in the Kachin province. Since the rapid economic liberalisation of the Myanmar economy, a prominent feature of the "Roadmap to Democracy," the Myanmar Government has begun intense exploitation of the Kachin region for its vast natural resources and trade routes. In light of its economic objectives for the Kachin region, the Myanmar Government has changed its approach towards the KIO/A to instead favour the protection and exploitation of its investments. The exploitation of the Kachin region has come at the expense of any compromise with the KIO/A, which considers the resources and trade routes of the region as integral to its survival as an organization (Woods et al, 2013, 17-18). Indeed, the entire conflict in the Kachin region is shaped by complex and often shifting alliances between different actors who compete to control the empowering economic assets in the Kachin province (Jones, 2013, 11). At the centre of this struggle is the Myanmar State and the KIO/A. Both actors struggle for control of the economic gains found in the Kachin region, which

⁴Such observers that are vocally optimistic about the future of Myanmar include the International Crisis Group and The Asian Development Bank, as well as the European Union and the United States of America (US).

includes control over vast natural resources. Access to these natural resources in the Kachin region is vital for the objectives of both the Myanmar State and the KIO/A. Accordingly the rapid economic liberalization of Myanmar has exacerbated the existing conflict and has assured enduring tensions in Myanmar for the foreseeable future. For the purpose of this paper, “enduring tensions” is understood as Myanmar⁵ and the KIO/A maintaining a military option in resolving their disputes.

What complicates the situation is the involvement of China in the Kachin region. China has played a commanding role in the Kachin conflict due to its interests in the region. As will be shown, a total victory by either the KIO/A or the Myanmar State is undesirable to Chinese interests. Consequently China is ostensibly using its position in the dispute to prevent large scale military actions in the Kachin region, but does not pursue an end of the conflict as an objective. China is using its position in the conflict to ensure that the Kachin region is not completely controlled by either the Central Government or the KIO/A, but instead plays the two actors off of one another for the benefit of Chinese interests (Woods et al, 2013, 27). Because of these competing economic interests, reaching an enduring settlement in the Kachin region is unlikely in the foreseeable future.

This thesis will proceed as follows. First, in order to help situate the Myanmar approach to ethnic insurgency in a regional context, three case studies on state management of ethnic insurgency in Southeast Asia will be presented. Second, the history of the conflict in the Kachin region will be outlined. The history will illustrate the evolution of the relationship between the three most prominent actors in Kachin region; the Myanmar State, the KIO/A, and China. Third, how the economic liberalization of Myanmar has altered Myanmar’s strategic approach to the

⁵When referring to Burma in the context of the Government, I am referring to both state and military officials that govern the Myanmar territory and exert control over the Kachin region as well.

KIO/A and how it assured enduring tensions in the region will be examined. Fourth, Chinese engagement in the Kachin region will be explored. Lastly, the implications of this study will be presented. Ultimately, how Myanmar's economic transition favours persistent tensions in the Kachin province will be evident.

2 Ethnic Insurgency in Southeast Asia

Southeast Asia is a remarkably diverse region with people of different ethnicity, religion, languages and culture often bound together in a single nation state. National unity struggles are so prevalent in Southeast Asia that they have affected every country in the region, with the exception of Nepal (Swamy & Gershman, 2003, 498). Accordingly, internal conflict over national unity has a long and detailed history in this region. For the purpose of this paper, national unity struggles refer to movements that consider independence or autonomy their main objective. However, how nations manage national unity conflicts differs from state to state (Swamy & Gershman, 2003, 497). In order to situate Myanmar's internal conflict strategy, three case studies of national unity conflicts in Southeast Asia will be presented: the Philippines, Thailand, and Indonesia. This section will provide a template of the region in order to situate the Myanmar insurgency strategy into the broader regional context. Subsequently, in the next section, Myanmar's evolving approach to the Kachin conflict will be discussed and substantiated in light of the regional context.

2.1 Philippines

When then President Ferdinand Marcos attempted to centralize control of the Philippines in the 1970s, ethnic conflict emerged. Claiming a history of economic and political subjugation combined with the rapid encroachment into their regions, the predominately Muslim Moro population in the Mindanao and the Sulu Archipelago of the Philippines developed ethnic insurgency groups. The most prominent groups were the Moro National Liberation Front (MNLF) and the Moro Islamic Liberation Front (MILF) (Hedman, 2012, 2). After years of military engagement, the Government of the Philippines agreed to a peace deal with the MNLF in 1976 and granted Moros a level of autonomy in the Muslim region of the Mindanao state.

Conflict continued in the area however, mainly organized by the MILF. The Government recognized that it needed to sign a similar agreement with the MILF. The Philippines almost achieved an agreement in 2008 with the MILF, but the Philippine Supreme Court declared the Agreement, known as the Memorandum of Agreement for Ancestral Domain, unconstitutional (Wilson, 2009, ii). Military conflict therefore endured.

The Philippines eventually implemented a power sharing approach with the MILF that ostensibly has brought peace to the region. The MILF and the Philippines have agreed to a peace deal with the MILF over the establishment of an autonomous Muslim area in the conflict region of Mindanao, which will be called Bangsamoro. This proposed area will allow the Moros to have budgetary autonomy and a large share of revenues from the extraction of resources from that region. Furthermore, a Moro formed police force and Sharia law for Muslims only will be put in place. The MILF agreed to lay down its arms for this autonomy (*The Economist*, 2013). Accordingly, power sharing and autonomy has been a generally affective approach to the ethnic insurgency in the Philippines.

2.2 Thailand

The ethnic insurgency in Southern Thailand involves the Malay Muslims in the Yala, Narathiwat, and Pattani regions. Historically, these three regions formed the Pattani Kingdom. However this Kingdom was eventually annexed into the Thai state in 1909. Ethnically, Malay Muslims speak Malayu and adhere to Islam. However, the predominant religion in Thailand is Buddhism and the official language is Thai (Bowman, 2005, 7).

Integration and assimilation of the Malay Muslims was Thailand's approach to rising ethnic tensions. However, this approach only exacerbated tensions. Such methods of assimilation included changing the ethnologically neutral name of Siam to Thailand in 1939 as well as

instituting “Cultural Mandates” to assimilate the Malay Muslims (International Crisis Group, 2005, 4). Accordingly, armed separatist movements emerged that campaigned for a separate state for Malay Muslims. Prominent ethnic insurgent groups were The National Patani Liberation Front (BNPP), The National Revolutionary Front (NRF), The Barisan Revolusi Nasional, (BRN), and the Patani United Liberation Organisation (PULO) (ICG, 2005, 9). When General Prem Tinasulanond took office in 1980, the Thai Government launched a new strategy which accentuated enhanced public participation, economic development and a broad amnesty for insurgents and Malay Muslims. For that reason, the insurgency declined considerably (ICG, 2005, 10).

By 2000, separatist sentiment had reemerged in the south. According to Ministry of Interior statistics, insurgency related incidents rose from one hundred and nineteen in 2003 to over one thousand in 2004 (ICG, 2005, 16). As of August 2013, the Thai Government is conducting peace negotiations with prominent insurgent groups, including the reemerged BRN. However, violence prevails (Porter, 2013).

The reemergence of conflict arguably came from the Thai Government’s approach of assimilation towards ethnic groups. Thailand again began promoting a single ethnicity for the country, which arguably fuelled the re-escalation of tensions. For example, section one of the 2007 Thai Constitution indicates that Thailand is “one and indivisible Kingdom” which ostensibly implies limited options for self-determination and autonomy of the Malay Muslims. Furthermore, no protection is assured for ethnic minorities under the Constitution. According to the International Crisis Group (ICG), Malay Muslims feel politically marginalized by the Thai Government over the dismantling of key government institutions as well as the erosion of human rights for Malay Muslims in general (ICG, 2005, 16). Though the prominent insurgency groups

call for independence of the three provinces, they have signalled that greater cultural, economic, and political autonomy is their goal (Porter, 2013). By not displaying any form of accommodation in its approach to ethnic conflict, the Thai Government is exacerbating tensions with its ethnic insurgency groups (Swamy & Gershman, 2003, 521). Accordingly, assimilation practices in Thailand have been unsuccessful in mitigating conflict.

2.3 Indonesia

The province of Aceh in Indonesia also had a predominant insurgency for independence. There is a cultural, linguistic and religious distinctiveness between the people of Aceh and much of the rest of Indonesia. For example, a more conservative form of Islam than found in most of Indonesia is widely practiced in Aceh (Brown, 1994, 134). Beginning with the Achinese Rebellion of 1953, ethnic conflict for greater control of the Aceh region has continued for years. The Indonesian Central Government mitigated the insurgency in 1959 by giving the region greater autonomy. However tensions reignited in the 1970s when the Indonesian Government signed agreements with American oil and gas companies to exploit Aceh for its natural resources. Aceh is rich in natural resources, especially oil (Pan, 2005). Unequal distribution of profit between the Central Government and the natives of Aceh induced Hasan di Tiro to call for an independent Aceh. He proclaimed Aceh Independent in 1976 and formed the Free Aceh Movement (called GAM) (Brown, 1994, 135). Indonesia responded through an approach of intense militarization of the state. By 1990 the Indonesian Government had large scale military operations against GAM and more than twelve thousand Indonesian soldiers are estimated to have continually been in the region. In 2003 the Indonesian Government declared a state of emergency in Aceh, which allowed it to take drastic military actions against GAM. The Indonesian military advance coupled with the 2004 Tsunami inflicted so much damage on the

rebel movement that it had little choice but to negotiate with the Central Government (Amnesty International, 2013, 14).

To prevent enduring conflict, the Indonesian Government dramatically changed its approach to the Aceh region during this time. It was by changing the Indonesian approach from military domination to democratic cooptation that mitigated the conflict in the region. Instead of military coercion, the Indonesian Government pursued peace talks with the rebels. Under the proceeding Agreement, referred to as the Helsinki Agreement,⁶ Aceh would receive special autonomy and Indonesian troops would be withdrawn from the province in exchange for GAM's disarmament. During elections for the provincial governor held in December 2006, GAM members participated. The election was won by Irwandi Yusuf, whose base of support consisted largely of ex-GAM members (Pan, 2005). At the time of the Helsinki Agreement, Indonesia had its own 'roadmap to democracy' and encouraged the Aceh region to participate in the democratic process. Consequently, as democracy consolidated in Indonesia, conflict declined (Aspinall, 2010). As the next section will illustrate, Myanmar incorporated several of the strategies used by other Southeast Asian states in its approach to the Kachin conflict. However, the Myanmar approach in the Kachin region was altered in light of the economic liberalization of the Myanmarese economy.

⁶Also known as the MOU: Memorandum of Understanding.

3 The History of Conflict in the Kachin Region

The presentation of the history of the conflict in the Kachin region will help contextualize the depth of the struggle and create a foundation for understanding why the current economic transition has exacerbated tensions in the region. This section will proceed as follows. First, a timeline of the Kachin conflict will be presented. Second, a summary of the origins of the conflict will be outlined. Third, Myanmar’s approach to handling the Kachin conflict after the 1994 ceasefire will be detailed. Fourth, the post ceasefire constitutional discussion and the reemergence of hostilities between the KIO/A and Myanmar will be presented. Fifth, China’s role in the recent peace talks will be established. Lastly, the Myanmar approach to ethnic insurgency in the Kachin region will be contrasted with the previously presented Southeast Asian case studies to illustrate its approach in the greater regional context.

Table 3.1 Timeline of the Kachin Conflict⁷

DATE	EVENT
1 January 1886	Myanmar ⁸ becomes part of the British Empire.
April 1937	Britain separates Myanmar from India and makes it a crown colony. For the administration of the colony, Britain favours ethnic groups such as the Kachins and Karens, but undermines the majority Burman,
1942	Japan invades and occupies Myanmar. The invasion leads to interstate ethnic conflict between ethnic groups loyal to the Japanese, such as the majority Burman, and those loyal to the British, such as the Kachins.
1945	Britain liberates Burma from Japanese occupation.
February 1947	The Panglong Agreement was signed. This agreement outlined the creation of an autonomous Kachin State in the Union of Myanmar.
4 January 1948	Myanmar becomes independent with U Nu as prime minister.
February 1961	The Myanmar Parliament and Prime Minister U Nu declared Buddhism as the state religion, alienating the mostly Christian Kachin population. Shortly after, the KIA and the KIO were created ⁹ independent of one another, both with the intent of creating an independent Kachin state.
March 1962	Myanmar General Ne Win conducted a military coup d’état of Myanmar, claiming a need for action against ethnic insurgents. The concurrent dismantling of Kachin rights led to an escalation of conflict.

⁷Sources for this timeline are: ICG, 2013, BBC, July 2013, EBO 2010, and Kaung, 2013.

⁸Though at this time and until 1989, Myanmar was officially referred to as Burma.

⁹On the 5th of February and the 25th of October, respectively.

DATE	EVENT
February 1994	The KIO signed a ceasefire agreement with Myanmar.
August 2003	Khin Nyunt becomes prime minister and promises to hold a National Convention in 2004 on drafting a new constitution as part of Myanmar's "roadmap to democracy".
May 2004	The National Convention begins and is attended by a KIO delegation.
September 2007	Myanmar declares the constitutional talks complete and closes the National Convention, ignoring KIO cries that the convention was not inclusive to its demands.
May 2008	A Referendum is held on the new constitution. The Myanmar Government indicates that ninety two percent of the population voted in favour of the ratifying constitution.
28 April 2009	Myanmar officially instructed the KIO and all other ceasefire groups to transform themselves into Border Guard Forces (BGFs) and fall under the control of the Tatmadaw.
28 April 2010	The Myanmar imposed a deadline for the KIA to join the BGF forces passes. The KIA/O offered counter proposals, all of which were rejected.
September 2010	The Election Commission rejected the registration of the Kachin State Progressive Party (KSPP) from running in the country's first national elections in twenty years.
November 2010	The military-backed USDP wins the election. However, opposition groups and western observers claim that the election is tainted by widespread fraud and the election victory is condemned as a sham.
May 2011	The KIO sent a letter to the Chinese Government to withdraw its investment from a massive hydropower dam project in Kachin State, warning that local resentment against this project could lead to a civil war.
June 2011	Myanmar ends the ceasefire by attacking a KIA outpost near a dam project.
30 June and 1 August 2011	First attempts at peace talks failed as Myanmar wanted a ceasefire agreement while the KIO insisted on a political solution before a ceasefire.
September 2011.	Construction of the Chinese funded Myitsone hydroelectric dam is suspended due to conflict in the Kachin area.
10 December 2011	President Thein Sein orders a unilateral ceasefire in the Kachin conflict.
January 19 2012	The KIO released a three point proposal outlining its demands before it would agree to any ceasefire. Notably, the plan indicates a political solution along the lines of another Panglong Agreement is necessary before peace.
April 2012	Aung San Suu Kyi is elected, along with other National League for Democracy (NLD) candidates, in parliamentary by-elections.
May to October 2012	Four separate peace talks were held ¹⁰ , but no solution is found due to issues of trust between the KIO/A and the Myanmar Central Government.
28 December 2012 to February 2013	The Myanmar army launches an attack that surrounds Laiza, the biggest town controlled by the KIO/A near the Chinese border, ending peace talks.

¹⁰ The meetings were as follows:

21 May 2012 – Peace talks held in the Thai city of Chiang Rai.

31 May to 1 June 2012 – Peace talks held in KIO controlled town of Maijayang.

21 June 2012 - Another meeting was held in Maijayang on 21 June 2012.

30 October 2012 – China convinces the KIO and Myanmar to hold a meeting in the Chinese city Ruili.

DATE	EVENT
4 February 2013	A new round of peace talks were held in the Chinese border town of Ruili. The arrangements of this meeting were organized by China, which gave security guarantees and placed diplomatic pressure on the KIO and Myanmar to attend.
11 to 12 March 2013	Another round of talks organized by China in Ruili.
2 to 3 May 2013	The KIA and the Tatmadaw clashed in several key areas along the proposed path for the Chinese twin pipeline.
30 May 2013	The KIO and Myanmar signed tentative peace agreement with the Myanmar Government. However, fighting is still being reported as of August 2013.

3.2 The Origins of the Conflict

Myanmar is an ethnically diverse country. Projected figures indicate that Myanmar is sixty-eight percent Burman, which is also the predominant ethnicity of the Tatmadaw and current Myanmar Government. The Kachins constitute less than two percent of Myanmar's fifty five million population (Thawngmung, 2011, 6). Though Myanmar has a long history of ethnic conflict between these ethnicities, the conflict was intensified by the colonization of the country by the British. When Myanmar was annexed to in 1886, the British mainly recruited Karen, Kachin or Chin ethnicities into the colonial army and administration, leaving the majority Burman out. In addition, during World War II (WWII) Burman nationalist forces aligned with the Japanese Imperial Army and were involved in a series of battles with ethnic minority groups who stayed loyal to the British, such as the Kachin. The period of colonial rule, as well as the violent clashes in WWII, left an entrenched enmity among many Burmans and Kachins. This enmity has added to the difficulty of reaching a level of mutual tolerance and trust sufficient to overcome the country's cultural cleavages (ICG, 2003, 2).

However, when the Nationalist Burmans¹¹ discovered that they were being manipulated by the Japanese, they decided to rejoin the Allied forces for the remaining years of the war. By

¹¹ Officially entitled the Anti-Fascist People's Freedom League (AFPFL).

supporting the British during WWII, the Nationalist Burmans were in a favourable position to negotiate the country's independence from England. At the 1947 Panglong Conference, minorities leaders from the Shan, Kachin and Chin ethnic groups, as well as others, agreed to the formation of Myanmar in return for promises of autonomy in their respective regions, internal administration, as well as a proportionate share in the country's wealth. Consequently the resulting Panglong Agreement assured the Kachins political and economic equality in Myanmar, as well as the right to self-determination (Thawngmung, 2011, 4). However, not long after independence, Myanmar fell into civil war as minority groups, such as the multiple Karen factions, fought for greater autonomy and civil rights (ICG, 2003, 2). Kachin groups also rebelled against the Central Government because of military encroachment into their regional affairs and jurisdictions, as well as not sharing profits on resource extraction. The KIA and later the KIO were formed due to such grievances. Kachin support for the KIO/A grew as a response to a military coup in Myanmar led by General Ne Win in 1962, who then attempted to consolidate control over the Kachin region (Thawngmung, 2011, 6). The Tatmadaw and Myanmar adopted a military approach to handling ethnic insurgency. The entire Myanmar society was organized in relation to ethnic conflicts and maintaining centralized control of the state, and the Myanmar State aimed to end the Kachin insurgency through a military victory (Holliday, 2010, 376).

Sporadic conflict between the KIO/A and the Tatmadaw over the Kachin region continued throughout the 1970s and 1980s. However, faced with the enormous human and financial costs of the conflict, the KIO leadership instead wished to find a political solution (ICG, 2013, 4). The KIO signed a ceasefire agreement with the Myanmar Government on February 24, 1994, which resulted in an end to large scale fighting (ICG, 2003, 8). Importantly,

the 1994 ceasefire only ended the armed conflict. The political grievances which provoked the rebellion remained unaddressed (ICG, 2013, 5).

After the 1994 ceasefire, the KIO became the administrators of its controlled areas in the Kachin region. The KIO therefore developed and ran much like a local government. To fund its governance, the KIO/A was principally preoccupied with assuring its economic survival. The KIO/A sustained itself through the exploitation and trade of the region's vast natural resources. However, as per the ceasefire agreement, the KIO/A gave up territorial control of the Hpakant jade mine to the Myanmar State. This mine was the economic backbone of the KIO/A (Woods, 2010, 750). Because of the loss of the mines, the KIO/A turned predominately to timber production. China, which at the time just recently imposed a domestic ban on logging, created demand for Kachin timber (Woods et al., 2013, 17). Consequently the KIO/A funded and paid for its army and governance of the region through frontier trade with China in copper, jade, and oil, but predominately with timber (Woods, 2010, 750). The KIO also funded its organization through a fervent opium trade¹². Strong economic and business ties were created between many KIO/A elites and Chinese entrepreneurs and government officials. In the Kachin region economic power became political power, as whoever monopolized these trade connections would be able to benefit fiscally from them (Jones, 2013. 9).

3.3 Myanmar Strategy After the 1994 Ceasefire

Before the ceasefire, Myanmar maintained a militarized strategy in regards to handling the insurgency. Myanmar attempted military domination and repression over the KIO/A in order to control the sovereignist movement (Holliday, 2007, 375). After the ceasefire, Myanmar changed its approach to the insurgency in order to diminish the KIO/A's strength and influence.

¹²Due to its high value for trade, the KIO/A and Kachin farmers had the incentive to grow the cash crop Opium. Kachin opium was sold throughout China, Thailand, Laos, and Myanmar. However, due to growing domestic addiction problems in the Kachin province, as well as pressure and incentives from China, the KIO/A now officially discourage the growth and trade of Opium.

The Myanmar military began focussing on controlling the economy of the Kachin region in order to weaken the KIO/A. The ruling military junta sought control of the region via a strategy that Kevin Woods calls “Ceasefire Capitalism.” Woods argues that after the 1994 ceasefire, the relative security this ceasefire offered renewed opportunities to forge business deals and extract resources in the region. Through such business ties, Myanmar was able to gain greater territorial control of the Kachin region in the subsequent ceasefire years (Woods, 2010, 748). Woods argues that the state aimed to cut off KIO/A access to resource rents by redirecting the main current of domestic timber and resource trade away from KIO/A channels into state dominated channels (Woods, 2010, 750). Myanmar was able to gain Chinese support by signing strategic deals with the predominately Chinese foreign investors as well as banning trade through certain border towns and redirecting it through Yangon (Jones, 2013, 10). China, desiring greater access to the rich resources in the Kachin region, supported this rerouting of commerce (Jones, 2013, 9). Consequently, the KIO/A were increasingly squeezed out of the industry by the centralization of resource trade routes in the Kachin region (Woods, 2010, 757).

In addition, Myanmar was able to coopt KIO/A elites to amass control over the economy and territory of the Kachin province. Myanmar was able to cultivate what Mary Callahan calls “emerging political complexes” by creating greater ties with Kachin commanders, state officials, militia leaders, as well as local and religious leaders. Myanmar was able to coopt these Kachin elites and regional commanders’ by offering them resource concession rights as well as patronage, access to larger markets, and exemption from prosecution in exchange for their loyalty (as referenced in Jones, 2013, 10). Woods also states that these elites became “brokers for the regime in negotiating power and authority over land and resources in their respective

jurisdictions” (Woods, 2010, 753). These political elites helped enable the Myanmar State to control and govern Kachin territory, populations, and resources (Woods, 2010, 752).

Myanmar began giving extensive resource concession rights to military favoured entrepreneurs. For example, the Government allocated four hundred thousand acres to eleven private companies in the Kachin region for rubber production (Woods, 2010, 759). Woods indicates that, by privatizing some territory in the Kachin region, the regime in fact strategically appropriated this territory. By privatizing frontier territory, the state created sovereignty over the area as the companies pay their taxes to the state, follow state regulations; as well have all their business ties with the Myanmar Government (Woods, 2010, 751). Military sanctioned ventures make project sites governable and allow Myanmar to administer populations and resources in the Kachin territory (Woods, 2010, 752). Accordingly, Woods indicates that the state and military officials coopted transnational capital networks by directing capital flows into these resource rich areas to form “military-private partnerships” and convert “de jure sovereignty” of the Kachin region into effective territorial control (Woods, 2010, 754). Though Myanmar retained and continued to utilize a military approach to ethnic conflict, “ceasefire capitalism” became its predominant approach to conflict in the Kachin region.

‘Ceasefire Capitalism’ was an effective strategy for several reasons. Firstly, Myanmar effectively cut off KIO/A access to resource rents, making its authority and military weaker in the region. This is not to suggest that the KIO/A were completely isolated or were only able to sustain an inward looking economy, but indicates that its economic capital and influence was severely limited through ‘ceasefire capitalism’ (Jones, 2013, 10). Secondly, many KIO/A elites were coopted into Myanmar, which helped them further central authority in the region (Woods, 2010, 754). Lastly, Myanmar was taking control of the region through project concessions. By

supporting intense Myanmar and Chinese investment, Myanmar profited from the resource extraction and was able to impose its will in the region (Woods, 2010, 751). Accordingly, ‘ceasefire capitalism’ made military action by the KIO/A more difficult and positioned the KIO/A to be more subject to Myanmar demands. Indeed, the weakened KIO/A was ostensibly in a more vulnerable position to be fully coopted into the union (Woods et al, 2013, 9-10).

The KIO/A did indicate its desire for greater political dialogue with Myanmar, as it were convinced that its objectives would be more attainable through the national political process. However, during the ceasefire years after 1994, Myanmar refused specific political dialogue with the KIO/A. Myanmar considered its government to be transitory, hence unable to negotiate political settlements¹³ (ICG, 2013, 5). Instead, Myanmar invited the KIO/A to take part in the National Convention to create a new Constitution, starting in 2004. The Convention would be followed by a referendum on May 10th 2008 and elections in 2010. The KIO agreed to participate in what the Government called “The Roadmap to Democracy” (Linn, 2013).

3.4 The Constitution and the Reemergence of Hostilities

In 2004, the KIO/A joined the Constitutional Conference for the creation of a Constitution by sending delegates. A thousand delegates came together to produce a document outlining the principles of a new Constitution which would then go to public referendum. In 2007, the KIO/A submitted to the chairman of the Convention a nineteen point proposal for the inclusion of certain provisions in the future Constitution. However, the proposal was not permitted by the chairman to be discussed at the Convention, and the KIO received no response

¹³ After disappointing results for the military backed National Unity Party in the 1990 elections, the military decided to ignore the election results. To ensure no opposition to its decision, the Tatmadaw then arrested the majority of the political opposition and placed NLD leader Suu Kyi under house arrest. Ultimately, the Tatmadaw decided to defer political change as long as possible (Hliang, 2012, 199). The Tatmadaw rationalized this decision by indicating that the military must hold power in order to create a new Constitution (Min Win, 2004, 49). Since the Myanmar Government at the time of the 1994 ceasefire agreement only existed to make a constitution, it is argued by the ruling junta that they did not have to authority to offer any political concessions to the KIO/A.

from the authorities. Indeed, during the Constitutional talks, the KIO/A had no influence on the proceedings; all its recommendations were ultimately ignored. The KIO/A indicated that the proposed Constitution did not represent its desires for rejoining the union. The referendum nevertheless passed and in 2008 a New Constitution of Myanmar was created.

The KIO/A also attempted to create a political party for the 2010 elections, however it was refused on the grounds that a political party cannot be associated with a group “in revolt with arms against the state” (ICG, 2013, 7). Consequently, Dr. Manam Tu Ja, who resigned as the Vice-President of the KIO to lead the KSPP, was barred from participating in the 2010 elections¹⁴ (ICG, 2013, 9). The people in Kachin were left with no Kachin based electoral options (O’Hara & Selling, 2012, 39). Consequently, the KIO/A leaders felt that the Kachin population had no representation in the elections (Beech, 2013).

The KIO/A found that the new political order would weaken the KIO/A considerably. A large concern was Article 338 of the new Constitution. This article indicates that all ceasefire groups, including the KIA, are to transform into a Border Guard Force (BGF) under Tatmadaw control¹⁵. On April 28th 2009, the Tatmadaw officially demanded the KIA to join the BGF. If the KIO/A were to agree, they would be completely at the mercy of the whims of the Myanmar Government (EBO, 2010, 3 & ICG, 2013, 7). However, before agreeing to the Constitutional talks, Myanmar officials had told the KIO/A that they would not be required to give up its arms in the interim period. Accordingly, the KIO/A accused the military of breaking its word (Naing, 2013). Throughout 2009 and 2010 the KIO/A offered Myanmar several counter proposals for its

¹⁴ Five other high ranking KIO/A officer resigned at the same time in order to establish a new political party.

¹⁵ The Euro-Burma office (EBO) reports that each new Tatmadaw controlled BGF would be comprised of eighteen officers and three hundred and twenty six soldiers. The highest rank in the BGF would be a major and each battalion would have three majors, five captains and ten lieutenants. Importantly, the EBO indicates that the age limit for the BGF would be between eighteen and fifty. This suggests that all KIA and KIO officers whose ranks are higher than major and senior officers older than fifty years of age will be forced to resign. Moreover, each battalion would include at least three percent of officers from the Tatmadaw. The Tatmadaw would then control key positions of the BGF, including logistics (EBO, 2010, 3).

BGF demand, most of which assured that the KIA remain free of Tatmadaw control. The KIO/A, also issued a counter proposal which indicated that the KIA was willing to disband if a political solution similar to the Panglong Agreement could be found through dialogue. However, all counter proposals were rejected by Myanmar (EBO, 2010, 3). Because of the KIO/A's reservations, The KIA refused to join the BGF force and disregarded the April 22nd 2010 deadline to join imposed by Myanmar (EBO, 2010, 4).

After the 2010 elections, a major shift in the relations between the KIO and Myanmar was publicly demonstrated. The Myanmar State controlled newspaper, called the New Light of Myanmar, began labelling the KIO as “insurgents” for the first time since the ceasefire agreement was implemented. Before, they were referred as a ceasefire group (O'Hara & Selling, 2012, 38). The Central Government eventually declared the ceasefire with the KIO/A “null and void” on September 1st, 2010 and ordered the closure of all KIO/A liaison offices as well as applied substantial economic pressure by blocking existing KIO/A trading routes (ICG, 2013, 7). Furthermore, the Tatmadaw began increasing its military presence in the Kachin region (ICG, 2013, 6). The rising tensions eventually led to an outbreak in hostilities. On June, 9, 2011, the seventeen year ceasefire between the KIO/A and the Central Government ended when the Myanmar military attacked a KIA post close to Taping Number One and Taping Number Two hydropower plants, both of which were owned by the Chinese Datang Corporation, on the Taping River (Burmese News International, 2013, 3). President Sein, after months of fighting, eventually declared a unilateral ceasefire (Kenan, 2012B, 4). However, fighting continued nevertheless (Naing, 2013).

3.5 Chinese Involvement in the 2011 Kachin Conflict Peace Talks

Peace talks after the collapse of the 1994 ceasefire failed repeatedly. The Myanmar Government demanded a new, mutually agreed upon ceasefire before they would discuss withdrawing from KIO/A occupied territory. The KIO/A however demanded that the Myanmar Government withdraw from the frontlines of KIO/A controlled territories before negotiations could move forward (Burmese News International, 2013, 2). KIO leaders also indicated that the Government betrayed its trust and consequently insisted on a three point plan before a ceasefire can be made. First, an agreement on the distribution of KIA and Myanmar troops and their locations must be made. Second, a wide ranging discussion similar to the Panglong Conference, which would involve all ethnic leaders and the government, is to be scheduled in order to settle long-standing political disagreements. The third step would then be the implementation of this new Panglong Agreement in the Constitution (Linn, 2012). Eventually, even the scheduling of meetings broke down over issues of trust, and the location of a meeting could not even be agreed upon (ICG, 2013, 9).

It was China that broke the deadlock in early 2013 by persuading Myanmar and the KIO/A to return to negotiation. China offered the secure location of Ruili in the Yunnan Province as well as insisted that it would act as a moderator in order to overcome trust issues. During these talks, China began pressing both sides for a ceasefire. For example, during negotiations China released several clear and strong worded statements indicating that the two should immediately implement a ceasefire. In January 2013, China also sent a high level delegation to Myanmar, headed by then Vice Foreign Minister Fu Ying and senior military representative Qi Jianguo, to discuss the ceasefire with President Thein Sein (ICG, 2013, 10).

China was very active in the talks, frequently chairing the discussions. China was aggressively involved in the substance of the meetings as well. For example, on a meeting in Ruili on the 4th of February 2013, the Chinese representative acting as the Chairperson refused to sign off on the minutes unless the mention of humanitarian aid and ceasefire monitoring were deleted (ICG, 2013, 13). In a March 2013 meeting, China was asked to participate as only an observer, yet still exerted itself into the discussion. At one point, the Chinese observer halted the discussions to have a private meeting with the actors involved (ICG, 2013, 14). Furthermore, China put significant pressure on both sides to attend such meetings, and often provided explicit security guarantees for all participants to ensure their compliance (Linn, 2013).

On the 30th of May 2013, the KIO/A signed a tentative peace agreement with Myanmar. This peace deal is based on a seven point peace agreement which reflects KIO/A demands for a dialogue on political issues, most notably autonomy and a share in the economic exploitation of the Kachin region (Ivanov, 2013)¹⁶. Both the KIO/A and Myanmar indicate that it was predominately through Chinese pressure that this agreement was signed (ICG, 2013, 1). Though there is now a tentative peace deal, as of August 2013 clashes between the KIO/A continue. Indeed, according to the Associated Press, the KIA and the Tatmadaw have clashed twenty one times in the month after the peace deal was signed (As referenced in Radio Free Asia, 2013). For example, the Tatmadaw forces launched a new assault on the KIA's fourth Battalion in Mungpaw in northern Shan State on August 20th 2013. The fighting has been continuous since the Myanmar military moved over three hundred more troops to the KIA's frontline post in the

¹⁶ The seven points encompass the following:

1. A goal to move forward with a political dialogue.
2. To establish joint monitoring committees.
3. To undertake relief, rehabilitation and resettlement efforts of internally displaced people in the Kachin region.
4. To take steps in order to achieve de-escalation and cessation of hostilities.
5. To engage in dialogue regarding the repositioning of troops.
6. To establish a KIO technical team for more effective peace discussions.
7. To invite observers to attend future meetings.

Law Hkawng area on August 17th 2013. The last attack was instigated after KIA troops were asked to move its frontline post in Law Hkawng area to allow for greater Central Government access to the region (Mizzima News, 2013A).

3.6 Comparison of Approaches to Ethnic Insurgency With Myanmar

There are similarities between the evolving Myanmar approach and the case studies in the region. Like Thailand, Myanmar originally attempted to assimilate its ethnic minorities. Since 1961 when Buddhism was made the state religion, tensions have grown among Kachins towards the Myanmar state. The Central Government of Myanmar exacerbates ethnic tensions by promoting a single Myanmar identity. Indeed Myanmar leaders U Nu, Ne Win, Saw Maung and Than Shwe all governed based on a “one ethnicity, one language and one religion” motto, which further pushed the Kachin people away (Sakhong, 2012, 4). By not displaying any form of accommodation in its approach to ethnic conflict, tensions between the Myanmar state and the Kachins propagated (Sakhong, 2012, 8, & Swamy & Gershman, 2003, 521).

After the military takeover of Myanmar in 1962, a predominately military approach to solving ethnic conflict was adopted. Like Indonesia, Myanmar became a military dominated, authoritarian regime under the premise of protecting the unity of the state from separatist groups (Englehart, 2012, 667 & Slater, 2010). However, like Indonesia, military power in the Kachin region at best could only put pressure on the KIO/A. At its worst, military power emboldened and encouraged the KIO/A to escalate the conflict. Importantly, military power in the Kachin region never resolved the conflict (Thawngmung, 2012, 9-10).

The case of the Philippines however indicates that autonomy eases ethnic tensions and diminishes the use of military as a response for grievances. Indeed, it was when then leader Ne Win attempted to centralize power in Myanmar in the 1960s that conflict in the Kachin region

intensified (ICG, 2003, i). The KIO/A have signalled repeatedly that they would rejoin the union and end the insurgency if Myanmar were to create another Panglong Agreement and offer greater autonomy. However, unlike the Philippines, Myanmar still claim centralized control of the Kachin region and has circumvented calls for Kachin autonomy (Holliday, 2010, 112& ICG, 2013, 1).

Providing a political outlet for grievances also appears to diminish ethnic conflict, as it did in Indonesia. In comparison, when Myanmar included the KIO/A in the Constitutional Convention, it heralded an unprecedented amount of cooperation and hope between the actors. Indeed, insurgency in the Kachin region of Myanmar and the Aceh region of Indonesia share many similarities. Both were former colonies bound into a union with diverse ethnicities. Both the Kachins and Acehs battled for greater control of their regions and resources. Both chose the path of state militarization to deal with these insurgencies (Min Win, 2008 & Slater, 2010). Furthermore both Indonesia and Myanmar, after years of using heavy handed military tactics, ostensibly aimed to settle their internal disputes through democracy. At the time of the Helsinki Agreement, Indonesia had its own ‘roadmap to democracy’ and encouraged the Aceh region to participate in the democratic process. Consequently, as democracy consolidated in Indonesia, conflict declined. However, unlike Indonesia, Myanmar did not allow the KIO/A to fully take part in the political process. The KIO/A delegations were ignored during the Constitutional Convention and all Kachin and KIO/A associated parties were barred from taking part in the 2010 election (ICG, 2013). Since the Indonesian Government respected Aceh democratic choices, disputes in the Aceh region have been able to find a political resolution. Accordingly, the Government gave the Aceh insurgency leaders a political option. More importantly, the Aceh

leader's position within the democratic framework was respected. As a result, conflict subsided in Indonesia (Aspinall, 2010).

Yet Myanmar effectively mitigated the conflict in the Kachin territory through 'ceasefire capitalism' and giving the KIO/A a political option through the constitutional talks (Woods, 2010, 767, Woods et al, 2013, 17). Furthermore the KIO/A signalled clearly to Myanmar, through its participation in Constitutional Conference, that they wanted a political solution. Why did Myanmar in 2010 change a cogent strategy of economic restriction and political cooptation to return to a predominately military approach to solving its dispute with the KIO/A? And why would China involve itself in the conflict, a move much unlike its stated position on respecting state sovereignty in internal conflicts (Swamy & Gershman, 2003, 497). It appears the rapid economic liberalization of the Myanmar economy which accompanied the "Roadmap to Democracy" helps illustrate the Myanmar State's change in approach to the KIO/A. Furthermore, this economic liberalization will also shed light on the Chinese position.

4 Stalemate Between the Myanmar Government and the KIO/A

The current Myanmar stance in regards to the economic flows of the Kachin region is incompatible with what the KIO/A considers necessary for its very survival. Accordingly, there is a stalemate between the two actors. This section will proceed as follows. First, the economic liberalization of Myanmar will be outlined. Second, Myanmar's economic interests in the Kachin region will be presented. The third and fourth sections will explain the Kachin population as well as the organizational structure of the KIO/A in order to contextualize and clarify the political environment in the Kachin region. Fifth, why the KIO/A must retain a military option in solving disputes will be explained. Lastly, the current military conflict over the Kachin region will be explored.

4.1 Economic Liberalization of Myanmar

Since 2010, Myanmar has undergone massive reform in order to integrate itself into the world economy. One such reform was the creation of a Foreign Investment Law in November 2012. This law delineates certain incentives for Foreign Direct Investment (FDI) into Myanmar, as well as land use terms and legal structures to address concerns expressed by foreign investors (Anukoonwattaka & Mikic, 2012, 15). For example, this law gives investors unprecedented security against nationalization for the first time in Myanmar (Anukoonwattaka & Mikic, 2012, 16).

Furthermore in 2011, Myanmar created the Special Economic Zone Law to provide a legal mechanism to promote foreign investment in special industrial zones. These Economic Zone Laws have allowed for the large scale privatization of major Kachin resources, such as in the Jade mines (Woods et al, 2013, 29). Other major reforms include the liberalization of some export and import taxes, privatization of major state assets, opening up of the

telecommunications sector, and the endorsement of a new microfinance law (Turnell, 2013). Because of the economic liberalization of Myanmar, foreign investments have increased from roughly three hundred million in 2009-2010 to roughly twenty billion in 2010-2011, an increase of six hundred and sixty seven percent (Allchin, 2011). Accordingly, the rapid economic liberalization of Myanmar has made it apt for investment and profit.

4.2 Myanmar Economic Interests in the Kachin Region

The Kachin region is particularly profitable due to its rich natural resources. It has vast jade, gold, and timber resources. Jade, the most profitable export in Myanmar, is situated almost exclusively in the Kachin region (ICG, 2013, 19). Furthermore, it is rich in hydroelectric energy and oil reserves. Due to its profitability, the recent economic liberalization of Myanmar has attracted many investors to the region, most notably China. China has made large investments in the region to extract natural resources, especially in timber. China has already tapped the Kachin region over its energy corridor from the Indian Ocean port of Kyaukpyu, consisting of twin pipelines to import natural gas and crude oil (ICG, 2013, 15). Furthermore, China has developed many large scale dam projects, the biggest being the billion dollar¹⁷ Myitsone Dam project¹⁸.

Indeed, the more investment in the region, the more the Myanmar Government gains through taxation. The Central Government is the only political body that has the right to taxation in Myanmar; consequently it encourages investment throughout Myanmar regardless of ongoing conflicts, including in the Kachin region (ICG, 2011B, 14). Indeed, President Sein has travelled the world promoting Myanmar and encouraging investment, particularly from China and the US (Boehler, 2013). Due to the resources in the region, the Kachin province is seen as profitable to foreign investors. Indeed, out of all investment in Myanmar since 2010, eighty eight percent has

¹⁷All monetary amounts are in US dollars.

¹⁸However, the construction of this Dam has been suspended due to fighting between the KIO/A and Myanmar since 2011.

been in resource extraction. The Kachin region alone has already billions of dollars in investment. The Government has a strong incentive to guard exclusive control over the resources in the region (Allchein, 2013).

The rapid economic liberalization of Myanmar has also allowed for the ascendance of entrepreneurial elite in Myanmar which also have a stake in the Kachin region. These elites, coined for the purpose of this thesis as the “the Myanmar Oligarchs,” are a select group of state-linked entrepreneurs who own and control much of the resources and businesses in the country. Their ascendance is due to former dominance of the economy by the Tatmadaw. Priscilla Clapp, the former US Chief of Mission in Myanmar, said that over fifty years of military rule had left Myanmar with weak institutions and capacity (referenced in IMF Survey, 2013). Because of the military’s historic control of the economy, the only relevant entrepreneurs in Myanmar are those in the military or those who have cultivated close, and often corrupt, relations with powerful military officials in order to obtain trade licences, construction contracts, joint venture deals or other lucrative opportunities (Jones, 2012, 6). Clapp indicates that creating institutional capacity in Myanmar will be a difficult process, which may take several generations to establish (as referenced in International Monetary Fund Survey, 2013). Because there were little institutional inhibitors preventing the military from buying the newly privatized assets, the military elites, their families, and people loyal to the Tatmadaw have become the new ‘oligarchs’ of Myanmar. Indeed, because of the rapidness of the economic liberalization, there is no state institutional capacity to weed out corruption. Consequently the privatization of national businesses and assets in Myanmar’s state mediated transition to capitalism were monopolized by military generals and “national entrepreneurs” who have close ties to the military¹⁹ (Jones, 2012, 7). Accordingly, a

¹⁹An example of the creation of the Myanmar oligarchs is that, for the sale of state assets, the Privatization Commissioner of Myanmar releases separate lists of what state owned goods are for sale specifically for the military and their affiliates (The New

substantial amount of the nation's wealth, businesses, and resources are now owned and controlled by less than five percent of the population, almost completely ethnically Burmese, and closely linked to the Tatmadaw (Jones, 2012, 8).

These elites have tremendous influence over the economy in the Kachin region (Jones, 2012, 8). For example, the timber trade in the Kachin region is mainly logged for export by two companies backed controlled by military personnel. One is the Htoo Company owned by state linked business tycoon Tay Zawho is reported to be the son-in-law of Senior General Than Shwe. Another is the Yuzana Company, whose board is made up solely of military linked elite (MyanmarNet, 2010). Because of the value of the Kachin region for to the Myanmar State and the Myanmar oligarchs, centralized control of the economic exploitation of the region is furiously guarded (Jones, 2013, 8).

In light of the economic development in Myanmar, a military approach over political cooptation in the Kachin region is plausible. In order to assure full economic benefit of the exploitation of the Kachin region, the Central Government is unlikely to agree to any power sharing agreements that would affect its bottom line. In addition this elite class of 'Myanmar Oligarchs' has the ability to influence state policy towards the Kachin region (The Irrawaddy, 2010). In order to protect elite assets and diminish competition, military action over political cooptation is pressed by these elites (Jones, 2013, 5).

4.3 The Kachin People

In order to understand the conflict, the background and conditions of the Kachin people will be summarized. Most approximate data indicates there are roughly seven hundred and fifty thousand Kachins in the Kachin region. However, there are over a million Kachins when

York Times, 2012). Since there is no systematic law regulating privatization, the military has been able to issue orders granting ownership to whomever they chose (The Irrawaddy, 2010).

including the neighboring Shan and Chinese Yunnan provinces as well as in Arunachal Pradesh, India (Minorities at Risk Project, 2006). Predominately Christian, the Kachins are an amalgamated grouping of the Jinghaw, Lhaovo, Lachik, Zaiwa, Rawang, and Lisu linguistic groupings. However the identity of 'Kachin' has been predominately internalized by these 'nations' (Thawngmung, 2011, 15).

The majority of Kachin population are amongst the poorest in the world. According to the United Nations' 2011 Integrated Household Living Conditions Assessment, the average proportion of total household budget spent on food is between sixty eight and seventy four percent (From Win, 2013). There are few chances for an education outside of the main cities, and school supplies are limited. Proper healthcare is absent from many parts of the region and hospital infrastructure has been neglected by the Central Government in the region. Malaria, HIV/AIDS, and drug addiction have grown to be tremendous problems in the Kachin region (Minorities at Risk Project, 2006 & The Nation, 2013).

The economy is predominately agricultural, as most of the Kachin population relies on farming rice, teak, and sugar cane to survive. The Myanmar Government has made little attempt to incorporate the Kachin population into the economy, as the majority of the resource projects in the region have been developed by Central Government or Chinese Investment (ICG, 2013, 19). With no central support, the vast majority of Kachins live below the poverty line (Win, 2013).

The current resource projects have had detrimental effects on the local Kachin economy as soil erosion, mud slides, and flooding has increased and affected farming practices (Huges & Ward, 2013). The Central Government and the KIO/A have paid little attention to the environmental effects of large scale resource projects, and accordingly the environment as well as local livelihoods have suffered. For example, the large scale deforestation of the Kachin

region for lumber has caused massive soil erosion and rivers are appearing to dry up, detrimentally affecting the majority of farmers (Mizzima News, 2012). Kachins are regularly reported as feeling exploited by the resource contracts as they receive none of the benefits, but suffer the detrimental effects that they cause (Thawngmung, 2011, 15 & ICG, 2013, 19). Coupled with the seventy five thousand reported internally displaced persons due to the re-escalation of the conflict, the Kachin people are in a vulnerable position (Human Rights Watch, 2012).

4.4 The Organizational Structure of the KIO and the KIA

The KIO acts as the political and administrative managers of its controlled territory, which incorporates the majority of the Kachin province of Myanmar. The KIO defines itself as a political organization that is comprised of Kachin nationals and citizens. It claims to be the leading political voice for the people of Kachinland and that the KIO strives to protect and further the public welfare for the people of the Kachin province (Kachinland News, 2013). As the biggest Kachin organization, the KIO is the largest voice in Myanmar that claims to speak for Kachin interests.

KIO policy, administration, and the KIO itself are overseen by the KIO Central Executive Committee (KIOCC) which has been run by KIOCC Chairman Lanyaw Zawng Hra since 2006. According to the Myanmar Peace Monitor, other KIOCC members include: Vice-Chairmen N'Ban La and Gouri Zau Seng, as well as General Secretary La Ja and Deputy General Secretary Sin Wa and La Nan. La Nan is also the media spokesperson for the KIO (Mizzima, 2010 & Myanmar Peace Monitor, 2013). The KIO also has a central body referred to as the Kachin Independent Council (KIC), which was created to govern the Kachin region (Ellgee,

2013). However, the President of the KIC has always been the chairman of the KIOCC (Kachinland News, 2013, Burmanet News, 2001, & KLN, 2013).

As the governing body of the Kachin region, the KIO is responsible for providing infrastructure, schools, hospitals, as well as teacher and nurse training colleges, immigration for its borders, and a civilian police. The KIO has even made and maintained a hydro power station. The KIO are also the cultural center of the Kachin province, as it provides a TV station, newspapers, as well as libraries and Kachin language classes for the population (ICG, 2003, 9 & ICG, 2013, 4). The KIO even create festivals for the Kachin population. Such celebrations include the Kachin Independence Organization Day, which is celebrated each October 25th on the anniversary of the KIO's creation (Kachinland News, 2013). Another day is Kachin Martyrs' Day, which commemorates the KIO founders and fallen KIA soldiers each August 10th (KLN, 2013). Importantly, the KIO also funds its administration of the Kachin province. The KIO funds its government and activities through various means, most notably through resource extraction and trade as well as taxation of the local population and businesses (KachinNews, 2010).

Though the KIO and KIA originally started out as independent, they quickly became intertwined in the 1960s and now the KIA is the military wing of the KIO. Though there is no indication that the KIO decides military tactics for the KIA, the KIA and the KIO speak in unison on their political demands (Cliff, 2010). Indeed, the chief of staff and top General Gam Shawng of the KIA sits on the KIOCC as the third Vice Chairman and the Commander in Chief. Other KIA commanders, such as lieutenant General N'Ban La, are also on the KIOCC. Accordingly the KIO/A are firmly integrated, though they have their specific functions (Myanmar Peace Monitor, 2013). However, the KIA is fully dependent on the KIO for funding for all aspects of its operations (EBO, 2010).

Headquartered in Laiza with the KIO, The KIA is made of four brigades positioned in the Kachin and Shan states (Myanmar Peace Monitor, 2013), as well as a mobile brigade. Though the KIO acts as the administrators of its entire controlled territory, the KIA ostensibly does not have the resources or manpower to assert complete control or authority on the Kachin region. The majority of troops are stationed at bases close the Chinese border; however they are also divided around outposts close to the borders of KIO dominated territory (Fuller, 2009). According to independent observers, the KIA has a force of four to six thousand (Cliff, 2010). However, due to the escalating conflict, current recruitment is reported to have provided the KIA with approximately seven to ten thousand soldiers. The KIO claim to have a force of ten thousand soldiers with an additional ten thousand reserves (Myanmar Peace Monitor, 2013). The KIA is a low-tech force, depending mainly on old AK-47 rifles as its primary weapon (Leithead, 2010). There are also the Kachin made KA-47 rifles in use, and KIA commanders claim to have artillery as well. The KIA also manages several training camps and at least one weapon factory (Cliff, 2010). Because the KIO/A operate as the political, administrative, and security power of the Kachin region, the Kachin people depend on the KIO/A to fulfill these tasks. Importantly, the KIO/A local support base stems from its ability to fund and execute these functions (EBO, 2010).

4.5 Kachin Independence Organization/Army Survival

The goals of Myanmar in the Kachin region clash with the fundamental demands of the KIO/A for the region. The KIO/A believe that a stake in the region's resources is integral to its participation in the union. Indeed, a share of the nation's wealth is a fundamental aspect of the 1947 Panglong Agreement. During the post 2011 discussions for peace, the KIO/A demands an agreement similar to the 1947 Panglong Agreement which fundamentally includes economic

rights such as regional taxation and resource exploitation (Linn, 2012). The KIA's chief of staff told British Broadcasting Corporation (BBC): "We will not do that [join the Border Guard], or disarm, until they have given us a place in a federal union and ethnic rights as was agreed in 1947" (O'Hara & Selling, 2012, 40).

It was due to this objective of economic certainty that the KIO had an internal power struggle that removed many leading KIO members. In February of 2001, there was a coup by several KIO members, led by then deputy major general Lamung Tu Jai²⁰ to overthrow then KIO chairman Zau Mai. Reports suggest that Zau Mai was overthrown due to his business dealings with the Myanmar Government (ICG, 2013, 5)²¹. Indeed, the Irrawaddy reported that "many ordinary Kachins and Kachin Independence Organization officials had been upset by Zau Mai's business dealings with Myanmar generals and businessmen in the southern Chinese province of Yunnan, involving gold and jade mining and logging concessions in Kachin State" (reported in BurmanetNews, 2001). Zau Mai was arguably coopted into a patronage network through the Myanmar approach of "ceasefire capitalism." However, because of exploitation of the Kachin state without benefit for the KIO/A or the Kachin people, the current KIO/A leaders have grown into their role with a firm stance against the exploitation of the Kachin state without official KIO/A involvement and benefit for the Kachin province. Indeed, the KIO lost a considerable amount of support by the local Kachin population when it was seen as corrupt and under central Myanmar control through Zau Mai's business dealings (ICG, 2013, 5). The KIO arguably has curtailed such actions as it affects its overall sustainability in the region. Consequently it is ostensibly more difficult, under its current leadership, for the KIO/A to be coopted through a form of "ceasefire capitalism" as it was before.

²⁰Lamung Tu Jai became the new KIO Chairman until his death in 2006. He was replaced by the current Chairman Zawng Hra.

²¹ The KIO/A officially claim that Zau Mai stepped down for health reasons.

Though KIO/A have indicated the importance for economic control of the Kachin region, they have been regularly “squeezed out” by Myanmar. A principle example is through the KIO/A’s participation in the Constitutional talks. Through these talks, the KIO/A aimed to consolidate the economic gains of the ceasefire in a new Constitution (Jones, 2013, 11). The KIO/A proposed several provisions and clauses at the convention for the new Constitution. A fundamental provision was that the union be a federation, and that there should be laws that assure the sharing of benefits for natural resources (KIO Central Committee, 2007, 3). The KIO also outlined that the regions should have responsibility over water and land allocation and management (KIO Central Committee, 2007, 4). They also made a specific recommendation regarding Kachin timber sales, a commerce the KIO/A depend upon significantly (Woods, 2010, 752), which stated that they have the right to tax specified hardwood varieties (KIO Central Committee, 2007, 4). However these demands were overlooked and ignored by the Myanmar State and no economic guarantees are offered the KIO/A in the 2008 Constitution (Burma News International, 2012, 1). The option of achieving Kachin economic equity in a democratic manner is also unavailable as KIO/A affiliates were barred from participating in the 2010 elections and the KIO/A backed party was forcibly disbanded (ICG, 2013, 9).

The KIO/A depend on resource extraction in order to assure its security and to fund its operations (ICG, 2013, 19). For example, the KIA operates as a paid army. Consequently its recruitment is dependent on its soldiers being paid (Thawngmung, 2011, 46). Furthermore, the years of acting as the local government of Kachin province have meant that KIO local support is intertwined with its ability to provide services. Major General Gam Shawng of the KIA indicates that the KIO/A are losing local support owing to the loss of revenue due to being cut from the current resource extractions. Because the KIO/A has trouble adequately funding its governance

of the Kachin region, Kachins are turning elsewhere for leadership (Cliff, 2010). The ICG indicates that the posturing of the KIO/A over economic matters may be in order to assure its support base. To remain pertinent to the Kachin people, the ICG indicates that the KIO/A “...needs to prove to the Kachin people that they can further their interests (ICG, 2003, 11). Accordingly, the KIO/A needs a steady stream of revenue to maintain local support (Cliff, 2010).

The changing structure of the economy in Kachin has placed the KIO/A in a vulnerable position. If the KIO/A does not have a political agreement that assures its objectives, it will continue fighting. To continue fighting, the KIO/A needs access to resources and commerce routes in the Kachin region. The resources and trade routes in the Kachin region are being exploited by Myanmar and foreign enterprises through the Myanmar state. To achieve its stated objectives as well as to remain viable, the KIO/A needs control over these resources. Therefore the KIO/A has little choice but to remain active militarily.

4.6 Military Conflict Over the Control of the Kachin Region

It is unlikely the major escalation in fighting has happened in the Kachin region due to the KIA’s refusal to join the BGF, as is the common reason cited by Myanmar for the resurgence of hostilities. Indeed, the Myanmar Government abandoned its demand for the KIA to join the BGF in September of 2012, yet fighting still continued (Keenan, 2012B, 1). Instead, it is arguably due to control of the economic flows in the region. The Myanmar Government, as part of its concession deals with many Chinese companies, has ensured the security of its projects. For example, Myanmar signed an agreement with the China Power Investment Agreement to assure the protection of its projects in the region, most notably the Myitsone Dam (Mathieson, 2011). Similar agreements for the Latpadaung copper mine project, which is contracted to the Chinese firm Wanbao and financed in part by China’s NORINCO group. Various timber, copper,

and jade projects have similar agreements. Importantly, if Myanmar fails to protect these projects, it is often expected to compensate these companies for their losses (Mizzima News, 2013B). To prevent huge losses, Myanmar has the incentive to assure the safety of these projects. Furthermore, Myanmar wants to prevent illegal extraction and trade accomplished by the KIO/A, as that effects concession deals they have already signed, undermine its control over the economic capital of the region, and essentially equates to less profit for the state and state elites (Vandenbrink, 2013 and ICG, 2013, 19).

The KIO/A however, have various incentives to prevent these projects. First, the KIO/A are not part of the trade deals, but suffer the consequences. For example, the Myitsone Dam project is estimated to impact millions of people downstream who depend on the Irrawaddy River for agriculture, fishing, and transportation. Furthermore, the Myistone Dam will destroy the confluence, the area where the Irrawaddy, Mali and N'Mai rivers meet. This area is considered sacred to many Kachin. Indeed, because of the Myistone Dam, the KIO sent a letter addressed to then Chinese Premier Hu Jintao stating that it had "...informed the military government that KIO would not be responsible for the civil war if war broke out because of this hydropower plant project and the dam construction" (Keenan, 2012B, 5). Secondly, the lack of control or economic benefits from the current resource attraction in Kachin has led the KIO/A to indicate that the Kachin region and people are being exploited. The rapid rate of resource extraction without any say is against the KIO/A's stated demands for peace in the region. The KIO/A indicated that under the current rate of resource extraction it has little alternative but to continue armed resistance to prevent further abuses of its people and its territory's natural resources (Keenan, 2012B, 1). Thirdly, KIO/A are weakened by the centralization of control of the resources, as the Myanmar military is able to entrench its control in the region at the expense

of the KIO/A (Woods, 2010, 756). Lastly, the KIO/A depend of resource extraction to fund their military and governance. Consequently, the more it controls, the more it is able to achieve its objectives (ICG, 2013, 19). Ultimately, it is an impasse. The state and it's aligned 'oligarchs' dominate the economy of Myanmar, but the KIO/A considers its stake in the region's economy necessary for its survival and longevity.

When detailing the fighting in the Kachin region, it is evident that much of the combat revolves around control of natural resources. Though the military assault on the KIA in 2011 by the Tatmadaw was officially because the KIA refused to go under the control of the military and become a border force, it is arguable that the Tatmadaw attacked in order to secure Kachin Dam projects. Indeed, the first attack by the Tatmadaw was west of the Taping River, home to a number of hydropower projects (Keenan, 2012B, 5). Moreover other military advances by the Tatmadaw were to secure dam projects. Indeed, the KIO claim that the Tatmadaw regional commander demanded the KIO/A on several occasions to withdraw from positions leading to the dam in order to provide the government access (Woods et al., 2013, 21). What is more, the Tatmadaw told the KIO/A explicitly to remove its troops from the area around Tapaing Hydropower Project on the 11th of June 2011 to avoid an altercation. Indeed, many of the major advances by the Tatmadaw were to control dam projects (Keenan, 2012B, 6). Interestingly, the only way the KIA was able to avoid further advancements by the Tatmadaw is when it started attacking dam projects. For instance, when the Tatmadaw asked for a ceasefire happens to coincide with when the KIA starting attacking these projects (Keenan, 2012B, 7).

Other fighting was ostensibly over control of resource areas. For example, in June 2011 fighting over the control of the jade-rich Hpakant mine and surrounding territory indicate conflict based on resource control (Vandenbrink, 2013). The fighting over these mines were

accompanied by the KIO/A demanding Myanmar to end its offensive against the KIA and to give it greater autonomy in this resource rich area (Vandenbrink, 2013). Indeed, all official KIA offenses were near resource projects or on resource infrastructure (Myanmar Peace Monitor, 2013).

The battle tactics of the Myanmar army are also coordinated around resource projects. On May 2nd 2013, the KIA and the Tatmadaw clashed in several key areas. The KIA's 38th Battalion and Myanmar army's 125th Infantry Battalion met near Man Jak village in northern Shan State. Another battle took place between KIA's 36th Battalion and the Myanmar army's Kutkai based 242nd Infantry Battalion at an area located between Kawng Sa and Hpai Kawng village. In Kachin State, KIA's 5th Battalion under 2nd Brigade fought against Myanmar army's 93rd Infantry Battalion near Namhkyi Maw village on May 3rd. These battles all happened within a day of one another in areas that coincided with the planned path for a Chinese twin pipeline route. Indeed, local observers indicate that the battles happened in preparation of principle construction of the pipeline (Kachinland News, 2013). In addition, the KIA destroyed a strategically important bridge spanning the Nam Hpak Hka Stream which connects the two Taping hydropower plants to slow down the projects as well as interrupt Tatmadaw army movement (Kachinnews, 2011).

The 'Myanmar Oligarchs' may also be exacerbating conflict for their own economic ends. As previously mentioned, much of the Myanmar 'Oligarchy' consists of current and former military officers of the Tatmadaw. For example, several mining operations in Myanmar are now privately controlled by military officials or people with close links to the military (Neihzial, 2008, 2). According to official statistics, three hundred and eighty small gold mines have been partly or totally privatized in recent years, while more than five hundred ruby and jade mines have come under the private ownership of people associated with the military (The Irawaddy,

2010). Much of the fighting in the Kachin region has accordingly affected the profitability of their resource businesses. The ‘Myanmar Oligarchs’ ostensibly have a lot to gain from keeping these sites safe. Accordingly, they could potentially have the military ignore direct orders from the President of Myanmar in order to ensure the safety of their assets. The military, even after democracy, still have independence in their decision making ability. Consequently, the military elite ostensibly have more sway in the Tatmadaw than the President himself (Englehart, 2012, 669).

There has been cases in which the military has ignored orders for a ceasefire from the President to continue the offensive on the KIA and accordingly secure Tatmadaw elite assets. For example on December 11th 2011, at the height of the operations around Laiza, the President demanded an end to the offensive. This demand happened hours after the Myanmar legislature had passed a resolution urging an end to the fighting. However, the military continued operations for another week. This is not the first time, or the last time, the Tatmadaw disobeyed the President in matters pertaining to the KIO/A (ICG, 2013, 11). It is ostensible that these actions are to secure military elite controlled assets and prevent loss of profit. Indeed, the ‘Myanmar Oligarchs’ have arguably prevented the Myanmar Government from making concessions in the Kachin region, as their business would have the most to lose from such an arrangement (Jones, 2013, 1 and ICG, 2013, 9).

Locals in the Kachin region echo the proposition that continued fighting stems from the military’s desire to consolidate control over areas in which projects are concentrated. Many regional NGOs found that the resumption of fighting is directly related to foreign investment in the area. According to a Kachin NGO worker “People feel the military offensive is because of the pipeline, to move the KIO out of that area” (Woods et al, 2013).

Importantly, the KIO/A has the ability to continue fighting the Tatmadaw indefinitely. Due to the KIA's entrenchment in the area and the Kachin people's resentment towards the Central Government the KIO has indicated that they conflict can last for another fifty years (EBO, 2010). Guerrilla warfare is a form of military action the KIA has expressed undertaking to gain autonomy. Indeed, KIA General Gam Shawng stated that the KIO/A "...can survive, so a return to the guerrilla warfare is the most likely tactic" (Cliff, 2010). Gam Shawng adds further "Morally we will never surrender or disarm until we secure our rights, but we can change in appearance. If necessary we will take off our uniforms and fight in the cities like the Irish Republican Army" (The Nation, 2013). Indeed, the KIO central decision making body agrees, and no sacrifice is too large in their quest for greater autonomy. At the threat of large scale losses through continual warfare, the KIO Central Committee Secretary 2 Thing Nan stated "These are small investments compared to the cost of a whole nation" (Cliff, 2010).

The clashes between the KIA and Myanmar military in the Kachin territory are ostensibly due to the economic liberalization of the state and the uneven concentration of profits in resource extraction in the Kachin region. Myanmar maintains an approach to ethnic conflict dependent on military power as the economy of Myanmar has liberalized in a fashion that demands the state have complete control of the resources in the Kachin region and a military ready to take it by force.

5 Chinese Engagement in the Kachin Region

China has enmeshed itself into the Kachin conflict since the re-escalation of the fighting between the Myanmar state and the KIO/A. Since the outbreak of conflict in 2011, China brought both sides together to negotiate and has since played an integral role in the peace process (ICG, 2013, 2). However, this position is uneven in light of China's longstanding principle of non-interference in other country's affairs (Zarni, 2010). Why has China changed its position regarding internal conflicts of other states? China's role is understood when examining its investment in the region as well as the reasons why China would benefit from a relatively stable, yet politically unhinged, Kachin region. This section will proceed as follows. First, the importance of the Kachin region for China will be outlined. Second, Chinese interests in a viable Myanmar State presence in the Kachin region will be explored. Lastly, China's interest in an independent KIO/A will be presented.

5.1 Chinese Investments in the Kachin Region

China has invested heavily into the Kachin region. For example, Chinese investments in the Kachin region include at least two billion spent on pipelines which will bring oil and gas through Myanmar in to the Yunnan province²² (Ivanov, 2013). Indeed, of all the investment China has made in Myanmar, sixty five percent is situated predominately in the Kachin region. All major mining, energy, and logging operations by Chinese companies have been in the Kachin region (Woods et al, 2013, 28). Furthermore, large amounts of Jade and Timber are harvested by Chinese companies are exported back to China (Diantan & Yingjiang, 2013). The fighting has already disrupted Chinese investments in the region, including the currently suspended Myitsone Dam and the Dapein Dam, which were forced to shut down due to the conflict (Sun, 2013).

²²The pipelines are due to begin oil transportation at an unspecified date in 2013.

The Kachin region is also relied upon for China`s growing energy needs. For example, the Myitsone and six other dams in Kachin state will provide more than ten thousand megawatts of hydroelectric energy. The agreement assures that ninety percent of the power will go to China (Dapice, 2012, 6). China sees its energy projects in the Kachin region as integral to the energy security of the Yunnan province, and sees the twin pipelines in particular as important in helping it avoid dependence on shipments coming through the Strait of Malacca. In addition, the Yunnan province of China partly depends upon the Kachin region for its economic development. Everything from rice, cars, cell phones, and a university education is provided by the Yunnan province for those in the Kachin region. The Kachin region is so intertwined with the Yunnan province that Chinese currency is used as the standard for bank transfer procedures (Masood, 2013).

5.2 Chinese Objectives in the Kachin Region

If China wants to salvage its investments and fulfill its energy demands, stability in the Kachin region is necessary (Dapice, 2012, 7). Due to the close proximity of the fighting to the Yunnan Province, China has expressed fears of a spill over effect into its territory. Indeed, since December 17th 2012, the Chinese foreign ministry has noted that artillery fire from within the Kachin area had fallen on Chinese territory four times (Roberts, 2013). China has reacted by strengthening its security presence along the border as well as calling for an end to the fighting (Boehler, 2013). When a further stray shell landed across the border on 17 January 2013, China became more active. In addition to issuing an unusually strongly-worded statement expressing “strong concern and dissatisfaction with the situation, and demand[ing] that Myanmar earnestly investigate and adopt a series of measures to prevent further similar occurrences”, China went on to call on “both sides involved in the conflict in Myanmar to ... immediately implement a

ceasefire ... and jointly protect the peace and stability of the China-Myanmar border area” (ICG, 2013, 12). There are already an estimated seventy five thousand to a hundred thousand refugees in the Yunnan province and China fears large influxes of refugees in the area if conflict heightens (Ivanov, 2013).

As already mentioned, China has played a constructive role in the 2011-2013 Kachin peace process (ICG, 2013). However, China has never called for an end of the conflict, but only a permanent ceasefire. For example, China has not pushed the dissolution of the KIO/A. Indeed, the former foreign minister of China stated that they want a permanent ceasefire deal, but has made no suggestion that the KIO/A become a border group as once Myanmar demanded nor calls for KIA disarmament (Mar, 2013). Indeed, the Myanmar State has tired of Chinese influence in peace negotiation arguably due to such reasons (Diantan & Yingjiang, 2013). Though a ceasefire is definitely an improvement in the situation, why would China not want a more permanent solution? Why not end the conflict entirely? It appears that China has more to lose with a decisive victory by either Myanmar or the KIO/A than if tensions between the two advisories stayed constant.

5.3 China and Myanmar

China needs a strong Myanmar presence in the Kachin province. China has long been the most prominent economic trading partner with Myanmar. Since the recent economic liberalization of Myanmar, China has invested billions into the region which it would not want to see jeopardized by Myanmar losing its presence in the Kachin region. The vast majority of China’s investments in Myanmar have been through the Myanmar State. For example, a May 2007 agreement with the China Investment Corporation for the implementation of seven large dams along the Irrawaddy, Mali, and N’Mai Rivers in the Kachin state was signed with the Sein

Government. This agreement has no support in the Kachin region outside of the Government (Keenan, 2012B, 5). These investments as well as countless others in jade and timber equate to billions of dollars in investment and value for Chinese investors. Furthermore, China's business elites have greater connections with the Myanmar Government than other actors in the region. For example, when Thein Sein went to China in April 2013, the event offered the Myanmar Government delegation a chance to meet with China's newly appointed economic policy makers, such as the Chairman of the National Development and Reform Commission Xu Shaoshi and Minister of Commerce Gao Hucheng. Thein also met with the Chairman of China Power Investment, which is responsible for developing the dam projects in Myanmar. Consequently, major business connections are at a state to state level between the two nations (Sun, 2013). If Myanmar was to lose control over the Kachin region, China would either have to renegotiate or lose these investment deals (Woods, 2010, 768). Additionally, Myanmar has been a more reliable trading partner than the KIO/A in the Kachin region (Woods, 2010, 767).

In addition, a smaller Myanmar presence in Kachin would mean less direct investment into Myanmar, as the majority of its investments have been in the Kachin region. With weaker ties, Myanmar is likely to further pursue its growing relationship with the US and the West, which China has been arguably attempting to curtail (Linn, 2013). Indeed, a fundamental reason for China's involvement in the Kachin region is to keep the US and other states out of Myanmar (Govindankutty, 2013). The US has frequently expressed concern over the conflict in the Kachin region, and there have been calls from within the US and other ethnic groups calling for American intervention and mediation. China ostensibly would not want a larger US presence in the negotiations. A greater US role in the negotiations would further enhance US influence on

Myanmar. Consequently, with Myanmar in its pocket, the US could potentially strengthen its presence along China's border (Linn, 2013).

Furthermore, if China were to lessen its political influence on Myanmar, it could ostensibly weaken its position to exert its economic demands on the state. Due to past economic sanctions²³, Myanmar has grown dependent on China. However, now with the liberalization of Myanmar's economy, China is just now truly capitalizing on its ties with the region (Roberts, 2013). If another state were to take the lead in the Kachin region, it would ostensibly gain access to an area critical for Chinese investment as well as keen strategic zone. Consequently, further foreign involvement in the Kachin region would weaken Chinese strategic interests (Sun, 2013). Indeed, China has actively assured that it is the principle external actor involved in the negotiations. For example, according to Kachinland News, China postponed peace talks scheduled for April 3rd 2013 due to objections over the inclusion of UK and US representatives (Linn, 2013). China is aware that if it did not play a principle role in the negotiations, another state could fill its absence, which would accordingly have dire consequences for China's geopolitical interests in the region. Indeed, soon after the US Ambassador to Myanmar Derek Mitchell visited the Kachin State in mid-December 2011, China offered to host the Myanmar KIO/A peace talks to ostensibly pre-empt a similar move by the US (Sun, 2013).

5.4 China and the Kachin Independence Organization/Army

Working only with the Myanmar Government would be inadequate in assuring China's full exploitation of the Kachin region. China would have more to lose with a decisive Myanmar victory in the region than it would gain. A reason why is how the KIO/A have acted as another source of economic gain for China. Without the KIO/A, China will lose a trading partner in the region. A still viable trade exists between the Kachin and Yunnan provinces that are through

²³Mainly due to the military ignoring the results of the 1990 elections and human right abuses.

unofficial trade channels managed by the KIO/A. The Kachins share a common ethnicity with minorities on the Chinese side of the border and it is these relationships that form the backbone in the trade between these two provinces. China does not want to fuel resentment by siding too closely with Myanmar, which are resented in the Kachin region. Consequently China need a strong Kachin actor in order to ensure the continuity of its investments in the area (Sun, 2013).

If the state were to defeat the KIO/A completely, the Kachin separatist situation would be less manageable for China. Without a strong KIA, its army will disband. A disbanded KIA would mean a stream of soldiers and weapons could proliferate along China's borders without any centralized control. Furthermore, rogue Kachin guerrillas once loyal to the KIO/A would no longer be restrained and might potentially attack any target they identify as a threat (Sun, 2013). Indeed, without the presence of the KIO/A, Kachin separatists will ostensibly join smaller nationalist groups in which negotiation will be harder to enact. The KIO/A's regional demands are considered by China more moderate than many of the less predominant Kachin nationalist groups, making them more susceptible to Chinese interests and more willing to negotiate (O'Hara & Selling, 2012, 35). Because many Chinese projects have been unwelcome in the Kachin region, such as the Myitsone Dam project, having an unrestrained and armed force would be disadvantageous to China's investments in the region (Dapice, 2012, 8).

A major security concern for China is if the KIO/A were to break down completely. A decisive defeat would mean the end of KIO administration of the Kachin region. The expected political fallout could lead to a vast amount of refugees crossing into the Yunnan province, further destabilizing the region (Sun, 2013). The December 2012 fighting around the KIO headquarters in Laiza, which has a large civilian population, has already illustrated what the fall of the KIO could mean in regards to the augmentation of internally displaced persons. Several

International Crisis Group interviews with locals in the region indicate that many Kachins escaped to China not solely due to fighting, but out of fear of Myanmar dominance over the region (ICG, 2013, 10). Accordingly, China would ostensibly receive a large influx in refugees.

What is more, having influence over more than one source of power in the Kachin region offers China more opportunities to fulfill its goals. For example, China can use its connection to the KIO/A to leverage power over Myanmar. China did exactly this in regards to timber exports. When the state was unable to fulfill China's timber needs, China relied on the KIO instead (Woods, 2011, 758). On the other hand, China has also allowed, to an extent, escalating military pressure on the KIO/A by Myanmar in order to put pressure on the KIO/A's opposition to the natural resources and the dam projects in Kachin State (Linn, 2013). By using Myanmar to pressure the KIO/A, China can push for the acceptance of Chinese investment projects in the Kachin region. Having more than one actor in which to negotiate, China can play the two off of one another for its own benefit.

On the other hand, if China were to disregard Myanmar and support full independence of the Kachin region, it could arguably encourage similar movements in China (Roberts, 2013). However the KIO/A currently work towards Kachin autonomy, not independence. Since 1976, the KIO made a significant political reorientation²⁴ and went from calling for independence to supporting the creation of a federal state, accepting the Kachin state as an autonomous but yet integral part of the future Myanmar union (O'Hara & Selling, 2012, 34). For that reason, the KIO/A is a good partner for Chinese goals in the region. Alternatively, there is the fear that if China supports coercive measures against the KIO/A, it might provoke the nationalist Jingpo groups in the Yunnan Province, which could lead to an internal security threat in Yunnan. Both the Kachins in Myanmar and the Jingpo in China belong to the same ethnic group

²⁴Mainly due to the change in KIO policy overseen by influential former KIO chairman, Maran Brang Seng.

(Govindankutty, 2013). Consequently China is able to support the KIO/A without having to worry about supporting a full sovereignty movement which would run contrary to its political goals at home.

China has not used its influence on the KIO/A to have it moderate its demands for autonomy, and has not pushed Myanmar to change its approach to the ethnic insurgency in the Kachin region. It has curtailed a political solution to instead press for stability. In the context of the future of the Kachin region, China benefits most from having a stable, but still in conflict, Kachin region and has acted to ensure enduring tensions in the Kachin region.

6 Implications

The economic liberalization of Myanmar and the enduring tensions in the Kachin region have several implications. An important implication of this paper is that the heightened tensions between The Myanmar Government and the KIO/A mirror the tensions between the Central Government and other ethnic military groups in Myanmar. For example, the Shan State Army and Chin National Front as well as various other rebel groups agreed to ceasefires under generally the same conditions that the KIO/A did. Furthermore, tensions over centralized resource extraction have already caused heightened tensions elsewhere, such as in the Karen state (Keenan, 2012A, 3-4, Thawngmung, 2011, 9). Consequently the political and economic reforms outlined in the “Roadmap to Democracy” encroaches many of the other ethnic insurgency groups and their political goals. The rapid economic liberalization of Myanmar has made conflict more likely between other ethnic groups and Myanmar as well (Keenan, 2012A, 1). Furthermore, greater regional autonomy is an almost universal demand for the different ethnic military groups (Thawngmung, 2012, 8). Indeed, the hostilities with the Kachin region have already increased tensions between the Myanmar Government and other ethnic groups. For example, the leaders of the Wa, a group that has a ceasefire agreement with the Government but still has a standing army of thousands, made a declaration with two other military groups that warned a return to civil war in Myanmar if the encroachment on its economic and political autonomy by the Myanmar military continues (Fuller, 2013).

Another important implication is that Myanmar cannot have a stable democratic state without addressing the ongoing ethnic divides. A failure to find a way to satisfactorily settle ethnic conflict caused the collapse of Myanmar’s democracy sixty years ago, and has been a major factor prolonging military rule in Myanmar over the proceeding decades (Holliday, 2010,

112). A viable democracy is unlikely to develop if there is still intrastate strife (Beech, 2013). Indeed, new democracies historically have reverted back to civil war and authoritarian control if the democratic institutions do not adequately reflect the ethnic diversity of the country (Fuller, 2013). Consequently, Myanmar's new democratic state may not be viable without properly addressing its ethnic conflicts.

Another important implication is that the enduring conflict assures that there will be no political stability in the Kachin region. Foreign companies are able to take advantage of the situation to the detriment of the environment and the people (Woods et al., 2013, 21). Due to the lack of political stability, there is little institutional regulation in the region. Because there is little oversight, foreign companies can extract resources at low cost with little to no reinvestment in the region. Furthermore, large scale resource projects have caused tremendous environmental and social damage in the region. For example, the China Investment Corporation's construction of seven large dams along the Irrawaddy, Mali, and N'Mai Rivers in the Kachin state have had caused a large toll. The region is being exploited, as all energy extracted will be sent to China, while all the profit from these dams is to be extracted from the region and sent to the Central Government of Myanmar. Furthermore, these projects will likely cause great social and economic upheaval in Kachin province. The Myistone Dam alone is estimated to impact millions of people downstream who depend on the Irrawaddy River for agriculture, fishing, and transportation. According to the Myanmar Rivers Network, over sixty villages, where approximately fifteen thousand people live in the Kachin region, will be forcibly relocated without the informed consent of the villagers for the construction of the Myitsone Dam (Keenan, 2012B, 5). In addition, Myanmar's forest coverage was down to twenty four percent in 2008 from fifty two percent in 1962 due to improper regulation, most of it in the Kachin region

(Woods et al., 2013, 18). Accordingly, the enduring tensions would ensure continuing damage and strain on the environment and the way of life of people in region.

Lastly, by allowing ethnic tension to simmer, the Tatmadaw may be leaving a path for their eventual return to power. According to the 2008 Constitution, the Tatmadaw can exercise executive power during times of national emergency (Hlaing, 2012, 204). Through this clause, the Tatmadaw can return to power whenever they find it apt for state security and for as long as they deem it necessary. The Tatmadaw has legitimized its control since 1962 as the only institution which can keep Myanmar unified (Hlaing, 2010, 47). For example, in 1988 when tentative political reforms were on the agenda, the Tatmadaw assumed that unpatriotic forces were creating disorder and therefore was justified to strengthen its hold on power (Kreutz, 2013). By allowing ethnic tensions to continue unresolved, the Tatmadaw has a justification for retaking government if they are so inclined. By not creating peace with the KIO but ensuring enduring tensions, there will most likely always be a part of the Kachin population against the state. By not resolving any conflicts, the Tatmadaw will have a constant source of legitimacy to retake to retake control of the state if found necessary.

7 Conclusion

Through “ceasefire capitalism” and the political cooptation of the KIO/A in the constitutional talks, it appears Myanmar could have had a political settlement that did not cause a resurgence of large scale military conflict as seen in recent months. However, the rapid economic modernization of Myanmar has led to a change in priorities for Myanmar where the exploitation of the Kachin region has predominance over peace. A political solution over a legitimate sharing of resources and political power in the region seems to be the most practical solution. However, due to elite Chinese and Myanmar State interests, a robust distribution agreement seems unlikely (Swamy & Gershman, 2003, 522). The threat of having an unresolved insurgency will arguably have a negative effect on Myanmar’s economy, fledgling democracy, and the political atmosphere of the state.

The Myanmar approach to ethnic conflict has been marred due to its narrow concept of economic development. In comparison, the Philippines accepted alterations in state power in order to preserve the state as a whole (The Economist, 2013). However, unlike the Philippines, Myanmar did not attempt an economic fragmentation or cooptation policy. Instead, the Central Government benefits predominately from economic control. For that reason, conflict has continued. Identity does not seem to be the sole fault line in which conflict endures in the Kachin region as it exacerbated conflict for Malay Muslims in Thailand. Like Thailand, Myanmar has a history of ethnic bias in governance that has strained tensions. However KIO/A military tactics are more closely correlated with the presence of resource projects in the Kachin region. Indeed, the KIO/A have signalled frequently that it is fighting due to territorial control of Kachin resource projects (Keenan, 2012B, 5). Unlike the Aceh in Indonesia, the Kachins have no outlet for grievances with the Government (Aspinall, 2010 & Swamy & Gershon, 2003, 508). It was

rejected from the political process, but the state supported resource projects still affect the KIO/A and the entire Kachin region. Accordingly, military conflict is arguably its sole option.

In conclusion, the economic liberalization of Myanmar has led to renewed and enduring tensions over control of the economic flows in the Kachin region. At the heart of the conflict is the impasse between Myanmar and the KIO/A. Because of rapid economic liberalization, Myanmar has greater fiscal incentives to establish complete control of the Kachin region and to use its military strength in order to secure it. The KIO/A as well has little option other than through military conflict to assure its survival (Woods et al, 2013, 17). As a result, both sides are in a deadlock over the Kachin region. China, which has invested heavily into the Kachin region due to its vast economic potential, wants to ensure it can capitalize on its interests in the region. Accordingly, China acts with its interests in mind, which has also assured enduring tensions in the region. Ultimately, Myanmar's economic transition favours persistent tensions in the Kachin province.

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