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The everyday politics of the underground trade in Burma by the Yunnanese Chinese since the Burmese socialist Era

Wen-Chin Chang

When the Burmese military junta implemented a repressive economy that nationalised trade and industry during the socialist period (1962–88), a black market economy sprang up and predominated. Despite regime change in 1988 and the subsequent adoption of a market-oriented economy, the underground trade has nevertheless continued and thrived. The Yunnanese Chinese merchants of Burma have played a significant role in the contraband economy over the span of regimes. Based on a non-state-centred perspective, this paper aims to look into the everyday politics of the underground trade conducted by the Yunnanese Chinese moving between Burma, Thailand and Yunnan and analyses the country's politico-economic landscape since 1962.

While implementing the nationalised economy, the government took away everything; nothing was left. All commodities in shops were confiscated. I was about 12 or 13 years old at that time. I remember that morning clearly. The government had made arrangements and sent troops to every city and town. Many soldiers arrived at the train station and speedily approached the marketplace. They were led in two lines by an officer and carried rifles fixed with bayonets. Bi-bi, bi-bi, the officer whistled all the way, and assigned the soldiers to station themselves in front of each shop on both sides of the main street, one soldier one shop, armed with a rifle. My father said to me, 'We have lost our shop.' The confiscation went on the whole day. There was no advance notice.[1]

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1 Mr Wang, interview, 10 Oct. 2010. All names in this paper are pseudonyms. This paper is based on my fieldwork in northern Thailand, Burma, Yunnan, Hong Kong, Guangzhou and Taiwan since 1994.

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Map of Burma and its neighboring countries

Everyday politics based on a *minjian* perspective

Taking up a non-state-centred stance, or more specifically, a viewpoint from *minjian* (民間, the popular realm),[2] this paper aims to look into the everyday

2 The use of the term *minjian* is drawn from Mayfair Mei-hui Yang, who uses it to refer to the unofficial order that is generated through the infinite weaving and spreading of personal connections and group formations; Mayfair Mei-hui Yang, *Gifts, favors, and banquets: The art of social relationships in China* (Ithaca: Cornell University Press, 1994).

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politics of the underground trade conducted by the Yunnanese Chinese[3] moving between Burma (Myanmar), Thailand and Yunnan (in southwestern China) since the Burmese socialist era (1962 onwards) and to highlight the agency and constraints in their interactions with the external environment, especially under extreme circumstances. This research corresponds to the current academic emphasis on the significance of borderlands studies. Scholars of this trend stress that the frontiers should not be seen as isolated regions, but as 'interfaces' replete with transitional forces in an ongoing process that sutures different threads of culture, economy, politics and history.[4]

The event described by Mr Wang, a second-generation Yunnanese, took place in April 1964 under Ne Win's socialist regime in a northern Shan State town. On 2 March 1962, Ne Win overthrew the short-lived parliamentary government (1948–62) by means of a military coup. On 15 February 1963, based on a new guiding ideology, the so-called 'Burmese Way to Socialism', Ne Win announced the implementation of a state-controlled economy and thereafter carried out a series of measures to nationalise trade and industry. Both foreign and domestic enterprises were taken over by the state. In total, about 15,000 enterprises of varying size were seized by the government.[5] The only forms of private business allowed was petty trade on the streets and in the markets. The launch of this nationalisation process came as a complete shock to the public and its implementation was too abrupt for people to rescue their assets in time. Furthermore, the government demonetised the 100 and 50 *kyat*[6] banknotes without compensation in May 1964. Businessmen simply went bankrupt. Gross mismanagement, a lack of infrastructure, and policy mistakes quickly contributed to a drastic economic recession and shortages of essential everyday goods. Some 300,000 Indians and 100,000 Chinese — the two dominant ethnic groups in the Burmese economy since the colonial period — were consequently pushed out of Burma.[7]

3 Yunnanese Chinese include both Han and Muslims. The great majority of the Yunnanese Chinese (Yunnanese hereafter) in Burma and Thailand today are descended from the refugees who fled their homeland in China after 1949. Given this movement, the term 'overland Yunnanese' is often used to refer to the Yunnanese diaspora in upland Southeast Asia. This is in contrast to the 'overseas Chinese/maritime Chinese', who migrated from the southeastern coastal provinces of China to other countries by sea. The Yunnanese populations in Burma and Thailand are estimated to be around 700,000 and 150,000 respectively. Yunnanese Han constitute the great majority in both countries, over 90 per cent. In this paper, I also use 'Yunnanese migrants' to refer to the Yunnanese Chinese diaspora.
4 See, for example, Carl Grundy-Warr, 'Coexistent borderlands and intra-state conflicts in mainland Southeast Asia', *Singapore Journal of Tropical Geography*, 14, 1 (1993): 42–57; Renato Rosaldo, *Culture and truth: The remaking of social analysis* (Boston: Beacon Press, 1993); Hastings Donnan and Thomas M. Wilson, 'An anthropology of frontiers', in *Border approaches: Anthropological perspectives on frontiers*, ed. Hastings Donnan and Thomas M. Wilson (Lanham, MD: University Press of America, 1994), pp. 1–14; Alejandro Lugo, 'Reflections on border theory, culture and the nation', in *Border theory: The limits of cultural politics*, ed. Scott Michaelsen and David E. Johnson (Minneapolis: University of Minnesota Press, 1997), pp. 43–67; David E. Johnson and Scott Michaelsen, 'Border secrets: An introduction', in *Border theory*, pp. 1–39; James C. Scott, *The art of not being governed: An anarchist history of upland Southeast Asia* (New Haven: Yale University Press, 2009).
5 David I. Steinberg, *Burma: A socialist nation of Southeast Asia* (Boulder: Westview Press, 1982), p. 77.
6 The exchange rate was 820 *kyat* to US$1 in May 2011; two years earlier, it was around 1,000 *kyat* to US$1.
7 Aung Lwin Oo, 'Aliens in a bind', *Irrawaddy*, 12, 7, see http://www.irrawaddy.org/print-article.php?art-id=3795 (last accessed on 15 Feb. 2013).

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To cope with consumption demands, the black market (*hmaung-kho*) economy in connection with cross-border smuggling became a substitute mechanism, parallel to the ill-functioning state-controlled economy.[8] An estimated 80 per cent of Burma's total consumer goods originated as smuggled merchandise.[9] Market-dominated Thailand was its major partner, with around 70 per cent of smuggled Thai goods, mostly consumer items, according to informants, entering through Shan State before 1980. In return, natural resources and raw materials were smuggled out of Burma. Mule-driven caravans were the main mode of cross-border transportation until the 1980s when motorised vehicles gradually became the norm. After entering Shan State, the contraband goods were distributed onwards, ensuring a livelihood for great numbers of people. The black market trade became a significant part of everyday Burmese life. Oweing to their familiarity with the long-distance trade routes, their location and close connection with ethnic armies, the Yunnanese in Burma and Thailand handled the bulk of smuggled goods between upper Burma and northern Thailand during the socialist period.

In 1988, the Burmese socialist junta had to step down as a result of a series of nationwide revolts. Subsequently, the military-controlled State Law and Order Restoration Council (SLORC)[10] commenced its rule. Although measures such as embarking upon a market-oriented economy have been undertaken since 1988, whimsical policies and a weak socioeconomic infrastructure continue to pose serious obstacles, and the underground trade still prevails. Illegal trafficking across the Sino–Burmese border, in which the Yunnanese of Burma have been active participants, has been especially lively since 1990.

Yunnanese entrepreneurship in history

The mercantile talents of the Yunnanese have existed over centuries in the region encompassing Yunnan, northern India and upland Southeast Asia. The Yunnanese developed widespread networks of trading nodes essentially grounded on kin and home region connections.[11] Burma in particular has been the major site of their economic adventurism because of its physical contiguity with Yunnan. Seen from a *longue durée* perspective, Yunnanese transnational movements remind us to go beyond a state-centric orientation in research.

Both Han and Muslim Yunnanese have actively engaged in long-distance trade and mining since the sixteenth century.[12] Immigration from both groups to Burma

8 Mya Than, *Myanmar's external trade: An overview in the Southeast Asian context* (Singapore: ASEAN Economic Research Unit, ISEAS, 1996[1992]); Kyaw Yin Hlaing, 'The politics of state–business relations in post-colonial Burma' (Ph.D. diss., Cornell University, Ithaca, 2001).

9 Bertil Lintner, 'All the wrong moves: Only the black economy is keeping Burma afloat', *Far Eastern Economic Review*, 27 Oct. 1988, p. 23; Mya Than, *Myanmar's external trade*, p. 3.

10 The council was renamed the State Peace and Development Council (SPDC) in 1997.

11 Andrew Forbes and David Henley, *The Haw: Traders of the Golden Triangle* (Chiang Mai: Teak House, 1997); Ann Maxwell Hill, *Merchants and migrants: Ethnicity and trade among Yunnanese Chinese in Southeast Asia* (New Haven: Yale Southeast Asia Studies, 1998); Sun Laichen, 'Ming–Southeast Asian overland interactions, 1368–1644' (Ph.D. diss., University of Michigan, Ann Arbor, 2000); C. Patterson Giersch, *Asian borderlands: The transformation of Qing China's Yunnan frontier* (Cambridge, Mass.: Harvard University Press, 2006); Yang Bin, *Between winds and clouds: The making of Yunnan (second century BCE–twentieth century CE)* (New York: Columbia University Press, 2008).

12 Sun, 'Ming–Southeast Asian overland interactions, 1368–1644'; Giersch, *Asian borderlands*.

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was one result of this. Their transnational ventures went on for centuries and were further intensified in the nineteenth and early-twentieth centuries due to colonial conditions. After the Second World War, the region underwent political upheaval and change. The takeover of China by the Chinese Communists in 1949 resulted in the flight of Yunnanese into Burma on an unprecedented scale. The Yunnanese refugees, without legal status in the country, mostly settled in rural Shan and Kachin States in the initial stage. Under Chinese Communist governance, the cross-border trade between Yunnan and Burma came to a halt.

From the 1950s to 1980s, a significant number of Yunnanese refugees moved from Burma to northern Thailand due to Burma's socio-political instability, and resettled in many border villages. During this period, many Yunnanese men joined ethnic military units as a means of survival with the hope of fighting their way back to Yunnan. Remnants of the Kuomintang (KMT, Chinese Nationalist Party) troops, which had retreated to Burma after the Communist takeover, were their greatest military patrons.[13] Other major forces included Khun Sa's and Luo Xinghan's armies and the Ka Kwe Ye (KKY).[14] Under the protection of these ethnic insurgent groups, Yunnanese traders conducted smuggling between Burma and Thailand during the socialist period. After the SLORC took power in 1988, new forms of patron–client relationships between traders and state agents developed and led to the continuity of the underground trade, with an attendant growth in state corruption. Many Yunnanese investors and traders have sought protection from the relevant authorities, which has led to a severe backlash against them in the media and amongst the indigenous Burmese.

Theories of everyday politics

In contrast to studies that interpret power relations primarily from the authorities' perspective, Benedict Kerkvliet's concept of everyday politics accentuates the value of investigating the daily lives of ordinary people to explore their reactions to the prevailing order and in particular, the unequal allocation of resources.[15] Kerkvliet writes:

13 The KMT forces were supported by Chiang Kai-shek's government, which had retreated to Taiwan earlier, as well as by the United States. But under international pressure, these guerrilla forces were disbanded — first in 1953–54 and then in 1961. After the second disbandment, two armies survived and moved their main troops to northern Thailand in 1961. These were the Third and the Fifth Armies, under the leadership of Li Wenhuan and Duan Xiwen, respectively. They remained a force until the late 1980s; see Wen-Chin Chang, 'Beyond the military: The complex migration and resettlement of the KMT Yunnanese Chinese in Northern Thailand' (Ph.D. diss., K.U. Leuven, Belgium, 1999); 'From war refugees to immigrants: The case of the KMT Yunnanese Chinese in Northern Thailand', *International Migration Review*, 35, 4 (2001): 1086–105; and 'Identification of leadership among the KMT Yunnanese Chinese in Northern Thailand', *Journal of Southeast Asian Studies*, 33, 1 (2002): 123–46.

14 The KKY were auxiliary militias recognised by the Burmese government from 1962 to 1973. According to Martin J. Smith, the KKY policy began in 1963. However, a former KKY officer told me that their unit was established in 1962 in northern Shan State. See Martin J. Smith, *Burma: Insurgency and the politics of ethnicity* (London: Zed Books, 1993 [1991]); Bertil Lintner, *Burma in revolt: Opium and insurgency since 1948* (Bangkok: White Lotus, 1994); Chen Wen, *Kunsa jinsanjiao chuanqi* [Khun sa: Stories of golden triangle] (Taipei: Yunchen wenhua, 1996).

15 Benedict J. Tria Kerkvliet, *Everyday politics in the Philippines: Class and status relations in a central Luzon village* (Quezon City: New Day Publisher, 1991); Kerkvliet, *The power of everyday politics: How*

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> Everyday politics occurs where people live and work and involves people embracing, adjusting to, or contesting norms and rules regarding authority over, production of, or allocation of resources. It includes quiet, mundane, and subtle expressions and acts that indirectly and for the most part privately endorse, modify, or resist prevailing procedures, rules, regulations, or order.[16]

Applying this framework, he explores how Vietnamese farmers successfully subverted the system of collective farming through their continuing resistance by means of faking work points, engaging in black market trade, illicit land use, family farming, etc.

Tracing Kerkvliet's conceptual framework, we find James Scott's innovative theory on everyday forms of resistance that he uses for analysis of class relations.[17] Grounded on meticulous field data from the Malaysian village of Sedaka, Scott examines the political acts of the peasantry (the powerless) in daily life against the large landowners and farmers (the powerful) 'who seek to extract labor, food, taxes, rents, and interest' from the former.[18] The cleavages between the poor and the rich in Sedaka are related to changes in technology, social relations of production and ritual practices. Deviating from a materialistic Marxian interpretation of the class struggle, Scott looks into the dimensions of human experience and their self-interpretation. Alongside acts and patterns of everyday resistance carried out by the village peasants (including passive noncompliance, evasion, deception, dissimulation, slander and pilfering), he probes their 'consciousness—the meaning they give to their acts', and in turn illuminates the strength of their 'persistence and inventiveness'.[19] Although individual resistance, Scott points out, may seem to be negligible, its impact could be forceful when 'considered accumulatively.'[20] And as Kerkvliet points out, the subordinate's tactics in dealing with the powerful may range from support, compliance, modifications and evasion, and resistance.[21]

Since Scott's and Kerkvliet's original works, the focus on the politics of everyday life has extended to research on different topics including gender, colonialism, the environment, labour, the global economy, migration, living space and the shadow economy.[22] These studies shed light on ordinary people's tactics in reaction against

Vietnamese peasants transformed national policy (Singapore: ISEAS, 2005); Kerkvliet, 'Everyday politics in peasant societies (and Ours)', *Journal of Peasant Studies*, 36, 1 (2009): 227–43.

16 Kerkvliet, *The power of everyday politics*, p. 22.

17 James C. Scott, *Weapons of the weak: Everyday forms of peasant resistance* (New Haven: Yale University Press, 1985).

18 Ibid., p. xvi.

19 Ibid., p. 38; p. 33.

20 Scott, 'Everyday forms of resistance', in *Everyday forms of peasant resistance*, ed. Forrest D. Colburn (Armonk, N.Y.: M.E. Sharpe, 1989), p. 13.

21 Kerkvliet, 'Everyday politics in peasant societies'.

22 For example, Janet MacGaffey, *Entrepreneurs and parasites: The struggle for indigenous capitalism in Zaire* (Cambridge: Cambridge University Press, 1987). Gillian Hart, 'Engendering everyday resistance: Gender, patronage and production politics in rural Malaysia', *Journal of Peasant Studies*, 19, 1 (1991): 93–121; Mario Humberto Ruz, 'Maya resistance to colonial rule in everyday life', *Latin American Anthropology Review*, 6, 1 (1994): 33–40; Babette P. Resurreccion and Edsel E. Sajor, *People, power, and resources in everyday life: Critical essays on the politics of environment in the Philippines*, ed. Kristina N. Gaerlan (Diliman, Quezon City: Institute for Popular Democracy, 1998); Geert de Neve, *The everyday politics of labour: Working lives in India's informal economy* (Delhi: Social Science Press, 2005); *Everyday politics of the world economy*, ed. M. John Hobson and Leonard Seabrooke

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structural dominance in their households, workplaces, community politics, social organisations, livelihoods and so on. Particularly relevant to this paper are studies of shadow economies, especially works that integrate the theoretical framework of everyday politics. Pertaining to this field are diverse types of economic activities that fall outside the state system. While a large portion of them may be easily recognised as illegal and deviating from official institutions and mechanisms, many others may fall into a grey zone, shifting back and forth between licit and illicit status; they may be conducted openly and even connect with the official ones. To distinguish nuances and varying degrees of legality among these 'unofficial' economic practices, scholars have created a range of terms to specify their research subjects including: shadow, informal, underground, parallel, second, unrecorded, hidden, black market and alternative economy. Nonetheless, on account of the topic's slippery nature, careful investigation of interrelated social, political and economic factors along a historical continuum may be more important than coining precise terminology.

Since the 1980s a large number of publications in this field have concentrated on Africa, Latin America, and Eastern Europe — regions where the underground trade accounts for an essential part of people's livelihoods. In particular I would like to introduce Janet MacGaffey's and Aili Mari Tripp's works, on the 'second' and 'informal' economies (using their terms) in Zaire (now Congo-Kinshasa and Congo-Brazzaville) and Tanzania, respectively.[23] Both studies draw on Scott's work and advocate the underground trade as a form of resistance against the state's institutional control over people's everyday lives. Situating their case studies against a series of historical events embedded in complex socio-cultural and politico-economic webs, they illuminate the shadowy nature of economic engagements on the one hand, and their subjects' agency in combating oppressive state authorities in order to create alternative resources and institutions on the other. MacGaffey argues that 'illegal and unrecorded trade is not haphazard but institutionalised, operating according to a system of rules known to all participants', and therefore 'the second economy generates not only alternative economic opportunities for people but even an alternative society, with parallel social and religious institutions alongside official ones'.[24]

(New York: Cambridge University Press, 2007); Elisabetta Nontini, 'Resisting fortress Europe: The everyday politics of female transnational migrants', *Focaal*, 51 (2008): 13–27; Gyan Prakash and Kevin M. Kruse, *The spaces of the modern city: Imaginaries, politics and everyday life* (Princeton: Princeton University Press, 2008).

23 The shadow economies treated in their research cover a wide range of commodities including crops, manufactured goods, ivory, diamonds and precious minerals. Collaborating with Bazenguissa-Ganga, MacGaffey expands her research from a regional to a trans-continental base by tracing the socioeconomic history of individual traders from Congo-Kinshasa and Congo-Brazzaville who have migrated to Paris. They look into the traders' transnational connections and a range of cultural factors on which they depend for their engagements. See Janet MacGaffey, *Entrepreneurs and parasites*; Janet MacGaffey, with Vwakyankazi Mukhoya et al., *The real economy of Zaire: The contribution of smuggling and other unofficial activities to national wealth* (Philadelphia: University of Pennsylvania Press, 1991); Janet MacGaffey and Rémy Bazenguissa-Ganga, *Congo–Paris: Transnational traders on the margins of the law* (Oxford and Bloomington: International African Institute in Association with James Currey and Indiana University Press, 2000); Aili Mari Tripp, *Changing the rules: The politics of liberalization and the urban informal economy in Tanzania* (Berkeley: University of California Press, 1997).

24 MacGaffey, *The real economy of Zaire*, pp. 153, 154.

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Burma, a land with a long history of contesting external rule, did not resolve its internal divisions and violence in the wake of its independence in 1948. Continued resistance against the central state from different ethnic communities succeeded the confrontation between a series of local powers and the British colonial government and later Japanese rule. After Ne Win seized the reins of power in 1962 and employed ruthless military control, ethnic rifts further deepened.[25] The country was mired in an ongoing war between the state army and ethnic insurgents. Against this backdrop, it would be misleading to study the country from a state-centred slant, as such an orientation implicitly justifies the legitimacy of state-building and overlooks the complexities of interactions among different political entities in the region beyond state boundaries and the dynamism of the common people inhabiting the borderlands. In contrast, the everyday politics approach is useful in terms of uncovering the lives of people in a situation of intricate power relations: its focus on informal, covert and non-institutional relations guarantees an alternative history.

The black market economy during the socialist era, to draw on Scott, Kerkvliet, MacGaffey and Tripp, demonstrated Burmese people's capacity to act. In effect, it became a widespread form of resistance against the stifling state-controlled economy. As we will learn in the following stories, everyone in Burma — regardless of class, ethnicity or political affiliation — was dependent on the black market and participated in it. Nevertheless, this popular participation did not push the socialist government to remove the repressive economic system, as in Vietnam where the farmers compelled the government to put an end to collective farming. In Burma, smuggling has continued to exist and thrive even after the new military junta's switch to a market-based economy in 1988. Why has the black market continued? How do migrant Yunnanese involved in underground trade interpret their acts in relation to the different levels of power they interact with? What have the Yunnanese achieved beyond economic gain? Can we see any structural changes in the process?

In this paper, the migrant Yunnanese of Burma are the central subjects. As refugees in the past, connected to different ethnic armies, mobile in and around the Thai–Burmese borderlands, and playing a leading role in the underground transborder trade, they have been subjected to a marginal social status and often pictured as criminals by the media. However, their complex background also reflects an intriguing geopolitical landscape that is composed of multi-ethnicities, multi-polities and continual tensions between the diverse cultures. In the following sections, by drawing on detailed narratives by several male and female Yunnanese informants of varying backgrounds, I attempt to elucidate Yunnanese migrants' participation in the contraband trade, especially in the field of transportation. Furthermore, this paper seeks to uncover reasons why this underground trade has persisted since 1988.

Mule-driven caravan trade

The mule-driven caravan trade was the major means of smuggling between northern Thailand and Shan State in Burma during the 1960s and 1970s, and went on until the mid-1980s. In another paper, I have explored the trade's organisation,

25 Smith, *Burma*; Lintner, *Burma in revolt*; Mary P. Callahan, *Making enemies: War and state building in Burma* (Ithaca: Cornell University Press, 2003).

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routes, commodities and embedded socio-cultural meanings.[26] The following account by Mr Yang illustrates Yunnanese' creative interaction with the socialist economy and the major tactics applied in this travelling trade. Mr Yang was born in 1945 in Tengchong, Yunnan. He fled to Burma in 1968 and resettled in Tangyan (Tangyang), a primarily Shan and Chinese town thriving on the underground trade in northern Shan State prior to the mid-1970s. Two of his brothers served in the KMT remnant armies from the 1960s to the early 1980s. In the mid-1980s, he moved his family to Chiang Mai in northern Thailand, but he remained active in the Thai–Burmese transborder trade until 1996. I visited him in 2000, 2002, 2004 and 2006 to gather his life story in Chiang Mai. The following excerpts are part of his narrative accounts.

> *The implementation of a socialist economy by the Burmese government actually benefited us Yunnanese. Following the confiscation of shops that entailed a scarcity of domestic goods, Burma was desperate for merchandise from its neighbouring countries. If it were not for this economic system, we Yunnanese would still have been labourers; we would not have travelled to Thailand. We Yunnanese were the primary group engaging in the Thai–Burmese cross-border smuggling, accounting for 60 to 70 per cent.*[27] *The rest was undertaken by Shans and other ethnic minorities, including Karens, Kachins, Penglongs, Luoheis, Lisus, etc. Burmese people were timid. The real smugglers were the Yunnanese. We had had the traumatic experience of flight from China. Engagement in the long-distance mule-driven caravan trade was nothing in comparison ….*
>
> *The life of the caravan trade was arduous and risky. The trafficking was mostly over mountain tracks, with a lot of detours. Large caravans were composed of over one hundred mules, and required military escort, especially when they encountered the public roads.*[28] *While crossing the public roads, mostly at two or three o'clock after midnight, the escort troops had to block a part of the road to let the caravan cross quickly. The circumstances were as intense as being in a war. People ran in great haste while chasing the mules (renpaozheguo shengkoudazheguo* 人跑著過牲口打著過*). Sometimes caravans had to take a public road for some distance in order to make a connection to mountain paths. If encountering the Burmese army on the way, they had to fight against them ….*
>
> *When arriving in a village, a caravan leader would check with the village head if there were Burmese troops nearby. Most villages were in the spheres of influence of ethnic insurgents. If a Burmese troop arrived at village A, the village head would send a messenger to inform village B, whose village head would send another messenger to inform village C. The information was transmitted village by village until it reached a post of an ethnic insurgent group. If any village head did not fulfil this duty, he would be executed ….*
>
> *When the situation became too dangerous to move on, the journey had to come to a halt somewhere. Sometimes the halt took a long while, and the place of sojourn would gather more and more caravans. The number of mules could amount to several hundreds*

26 Wen-Chin Chang, 'Venturing into "barbarous" regions: Trans-border trade among migrant Yunnanese between Thailand and Burma, 1960–1980s', *Journal of Asian Studies*, 68, 2 (2009): 543–72.
27 Mr Yang was speaking about the Thai–Burmese border trade via Shan State during the socialist period. Some informants gave a higher estimate of 80 per cent.
28 The caravans mainly used mountain tracks, but sometimes they needed to cross or even travel on public roads which were controlled by the Burmese army.

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or over a thousand. In comparison, small units of caravans, usually composed of 40 to 50 mules and some 20 muleteers, were more dynamic in moving. They needed no escort force.

Mr Yang's vivid description of the everyday politics initiated by the Yunnanese caravan traders illustrates how they turned the stifling situation under Burmese socialism to their advantage by dominating the Thai–Burmese underground trade. His stress on the distinctive boldness of the Yunnanese in combating the risks imposed by nature and geopolitics firstly reveals their awareness of an oppressive central regime and militant ethnic insurgents. Secondly it highlights the continuity of the interplay between trade and politics in this historical borderland. In *Merchants and migrants*, Hill elucidates the Yunnanese penchant for commerce over centuries, as characterised by their knowledge of markets, credit arrangements and adaptation to local political structures alongside their risk-taking nature. This configuration is reaffirmed by Giersch in *Asian borderlands*, which examines political, economic and social interactions between the indigenous, Chinese immigrants and Chinese official agents in Yunnan during the Qing period (1644–1911).

Long-distance trade became a common livelihood among many Yunnanese in Burma and Thailand. Their journeys were hazardous. The description of crossing the public roads was a graphic example. Other dangers included travelling during the rainy season, as well as threats from wild animals, miasma, malaria, and gangsters. Mr Yang encountered the Burmese army a few times. Twice he was accused of conducting illegal trade and was put in jail: once he was caught at home and the other time at Heho airport (near Taunggyi). However, the traders' relationships with the Burmese authorities were not always confrontational, as Mr Yang explains:

Burmese authorities are very corrupt. Bribery helps get things done. Once I went to Burma [by car from Thailand] without taking commodities with me. When passing a checkpoint, an official said to me: 'Why didn't you bring goods with you this time? You don't need to be afraid. Tax payment will guarantee your passage.'

Apart from the mule caravans, vehicle transportation was used for smuggling in upper Burma during the socialist period, especially from the 1980s onward. While the former mostly used mountain tracks and worked in affiliation with ethnic insurgent groups, motor vehicles proceeded along public roads by bribing the Burmese authorities and/or in collaboration with the KKY. Very poorly paid state agents earned extra income by extracting bribes from civilians, especially those involved in smuggling. According to Mr Yang and other informants, the units involved included the police, customs department, military intelligence, immigration, forestry and even the military. Mr Yang described the procedure for transporting jade stones by car.[29]

Prior to departure, traders would negotiate a settlement with the authorities in charge. For example, a trader would tell an officer the amount of stones that would be transported. That officer would say: 'Oh, it is a certain subordinate who is in charge of the post that day. You go and talk to him'. After the amount of payment was settled, the money

29 Jade stones were transported variously by mule caravans, motor vehicles or aeroplanes; see Wen-Chin Chang, '*Guanxi* and regulation in networks: The Yunnanese jade trade between Burma and Thailand, 1962–88', *Journal of Southeast Asian Studies*, 35, 3 (2004): 479–501.

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> *would be divided among the staff. The whole unit was involved in bribery (*chiqian shi zhengge danweichi 吃錢是整個單位吃*).*

Units of the Burmese state apparatus also participated in the illegal trade and were in fact well integrated into this informal economy. Hence, paradoxically, the black market economy as a popular form of resistance to combat the state economy was supported by the participation of state agents. In practice, it was not only civilians who were dependent upon the black market economy, but the state authorities themselves. Informants pointed out that the authorities sometimes confiscated smuggled goods and resold them on the black market or kept them for self-consumption. Even the high-ranking officers who initiated the socialist economy were believed to consume luxuries smuggled in from abroad. The following narratives by Aunty Shen further illustrate how military and government transportation were involved in the logistics of the contraband trade.

Long-distance trade via state transport caravans

Aunty Shen was born in 1949 in Kutkhaing (north of Lashio) and grew up in Kengtung. A few years after getting married in Kengtung, she and her husband moved to Taunggyi. She had a market stall until 1978 (when her youngest daughter was three). She then joined several relatives in transborder trade by following caravans of state transport that plied between Taunggyi and Tachilek until 1988. In 2010, she related her trading experiences in detail when I visited her at her daughter's shop in northern Taiwan.[30]

> *Life in the past was harsh. Long-distance trade was very dangerous. There were many ethnic rebels on the way, and the road conditions were very bad, especially between Kengtung and Tachilek, one side was mountain, the other side precipice. I sweated all the way because of nervousness. Whenever I set off for a trip, I handed my life to Heaven and Earth (*bashengming jiaogeitian jiaogeidi 把生命交給天交給地) ….
>
> *A state transport caravan was comprised of two types of automobiles — those from the army that transported soldiers and those from the government that transported supplies.*[31] *The former were green and the latter blue. Both types were six-wheelers. The trucks nowadays are much bigger, with ten wheels. The number of cars was sometimes 50 to 60, sometimes over a hundred. The government needed to transport supplies to the posts in frontiers. The transportation was led by a vanguard of military trucks …. When passing dangerous areas where ethnic rebels often appeared, the soldiers had to get off the trucks to check for security along the way. After affirming safe passage, they tied red triangle-shaped handkerchiefs on trees as a sign to guide the governmental trucks that followed behind …. Soldiers changed stationed posts every six months. Their movement also required transportation.*

30 It was Aunty Shen's first trip to Taiwan. Her daughter had come to the country for further education and got married later. I have known Aunty Shen since 2004 and visited her several times in Taunggyi. However, in Taunggyi, her account of the transborder trade was always piecemeal. During our meeting in Taiwan, she said that she had been more concerned about talking of her past while in Burma.

31 Apart from transportation via vehicle caravans, the Burmese government contracted with mule owners to ship supplies to mountainous areas where there was no access to any public road.

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Taking advantage of shipping supplies, the drivers of governmental trucks took civilian passengers secretly. The salary of the drivers was very small, really small. They had to use the opportunity to make extra income …. Every few trucks had a leader who supervised the trucks' transportation and repairs. After receiving money from the passengers, truck drivers had to share it with their leaders …. The cost to passengers was not much. In the beginning, I remember it was 50 kyat for one person, but later on it increased to a few hundred kyat. The cost was much less than taking private cars; therefore, most people preferred to take government cars …. Regarding charges on conveyance of goods, it depended on the quantity. If you carried a lot, the driver asked more. If you carried little, he asked little. He evaluated the quantity by sight. Normally he didn't overcharge ….

Every truck took five to six passengers, sometimes seven to eight, other times up to twenty. It all depended on the space left after it was loaded with supplies …. A truck caravan could accommodate several hundred passengers …. We also had the experience of taking the military trucks, when the government trucks were too crowded. It was more comfortable to sit in military trucks because they were not stuffed with goods …. The soldiers dared not misbehave. They were on missions and travelled with their supervisors.

Normally I went with five or six companions, including a couple of men; we were all relatives. We didn't let strangers join our group. Strangers might steal …. We stayed together during the journey …. At night we slept wherever the trucks stopped. Sometimes we asked for accommodation from villagers, sometimes we slept in temples …. Some villagers gave free accommodation; some would ask for petty fees, 10 to 20 kyat. Everyone had to carry his/her own bedding. It was this large [showing me the size with her arms open], a quilt, a pillow and a mosquito net all tied in a roll. I always carried warm bedding with me. The night could be chilly. The journey was arduous; I needed good sleep ….

Sometimes we had to sleep in the open countryside. Imagine, there were three to five hundred passengers, or even more. You had to be quick to occupy a spot for sleeping when the trucks stopped. We put pieces of waterproof cloth on the ground to mark our space. We didn't let strangers join us. We had to guard our belongings. There were people from different ethnic groups. At night some fought or quarrelled; some drank; some gambled. Some people lost all their money gambling, even money for buying food ….

During the journey, we bought food from villagers when possible. Imagine, there were several hundred people. It was a good opportunity to make business. When villagers learned about the coming of truck caravans, they would prepare food for sale, such as sticky rice, cooked chickens and vegetables. They set up their stands in a row …. You had to be quick to buy the food; otherwise there would be nothing left …. At places where purchasing food was not possible, we ate whatever we had brought with us. We sometimes ate with the drivers and soldiers who cooked their own food. We also shared our food with them. When food was cooked, everyone got a small pot with rice, soup, vegetables, and other stuff inside. The governance of the Burmese state was not good, but Burmese people were very kind, good-hearted.

Among the passengers, the Shans were the largest group. There were more women than men. It was easier for the women to negotiate with the customs officials at the checkpoints [for a reduced bribe]. Officials might make concessions to women, because women were less threatening …. [But sometimes] they confiscated passengers' goods. I suffered such a loss several times. Actually, the confiscated goods were mostly kept by the customs officials themselves; only a tiny portion was handed to the government ….

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> *After arriving in Tachilek, we went to Mae Sai*[32] *to buy goods to take back to Burma to sell, mostly foodstuffs and clothes; monosodium glutamate [MSG] was a main commodity. Big traders shipped whole trucks of MSG. People in Burma consumed a great deal of MSG …. Poor people didn't have money to buy food; they just mixed some MSG in their cooked rice ….*
>
> *A round trip took about two weeks, but sometimes one or two months, depending on transportation ….*

Aunty Shen paints a vivid picture of the organisation of the civilian long-distance trade which was dependent on the state transportation, their lives during the journey and interactions with the drivers, soldiers and customs officials. Interestingly, her description shows an unusual human side to the Burmese soldiers who have always been portrayed as brutal and ill-disciplined by the international media and authors outside Burma.

Comparing Mr Yang's and Aunty Shen's narratives, we find several points of structural differences related to gender, ethnicity, trading routes, means of transportation, and political affiliation. First, in contrast to the mule-driven caravan trade that was predominantly carried out by male Yunnanese, the civilian long-distance trade, in its dependence on state vehicles, was mostly undertaken by women of different ethnic groups, especially the Shan. Second, whereas the mule caravans by and large traversed mountain trails, the vehicle caravans took public roads. Third, the mule-driven trade relied on ethnic rebel escorts, while the trade via military and government trucks relied on state agents. While the Burmese armed forces were the enemies of the mule-driven caravan traders, they became friends of the traders taking state vehicles. In contrast to the mule caravan trade that tried to shun confrontation with the Burmese army, the trade depending on state transportation had to watch out for attacks from ethnic insurgents. Clearly, there were neither absolute friends nor steadfast enemies for those engaged in the underground trade.

This intricate situation was connected to a wide range of factors embracing questions of state legitimacy, governance, the economy and human agency in resistance and adaptation. Although it gained independence from the British, Burma as a nation-state did not obtain thorough recognition from all the ethnic communities within its borders.[33] Its legitimacy has always been challenged. Under the Ne Win regime, both the civilians and state agents suffered suppression. Tactics of everyday resistance and adaptation, essential for survival, arose not only from the populace but also from the state agents. This in turn entailed complications in political loyalty and also challenged the state's legality. Whereas international circles commonly hold the nation-state as the most widely accepted political entity, the formation of Burma and many other young nations challenge this assumption. When the state malfunctions, the authorities may change their role as protectors and initiators of rules to that of transgressors. The black market economy in Burma illustrates this paradox.[34]

32 Mae Sai is the Thai border town adjacent to Tachilek. When the border gate is open, people from both sides move freely. When the gate is closed they secretly cross the border, marked by a river, in small boats.

33 Smith, *Burma*.

34 In their studies, MacGaffey and Tripp also recorded similar situations in Zaire and Tanzania, accentuated by corruption and civil wars.

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The following narratives given by Mr Li and Mr Xia respectively further broaden our knowledge of political loyalty, non-state regulation and the operation of the Burmese black market economy.

Interactions between the state, the KKY and ordinary civilians

Mr Li was born in Kokang[35] in 1943. His father was the chief of a small region and had his own militia. In 1961, Mr Li took some forty soldiers from his home village to the headquarters of the KMT Third Army in northern Thailand — Tham Ngob (in Chiang Rai Province) — to receive short-term military training, which was repeated a few times afterwards. The leader of the Third Army, Li Wenhuan, gave weapons to Mr Li to help him set up his force in Kokang.[36] In Kokang, Mr Li helped the Third Army recruit new members and provided military escorts for traders. His collaboration with the Third Army continued even after he handed over his troop to the Burmese government in 1969 and it became a unit of the KKY forces. In 2007 in Taunggyi he related the history of his military career to me.

> *Northern Shan State had become a battlefield [in the late 1960s]. The Communist Party of Burma [CPB] was gaining control in Kokang and Changqingshan. The KKY unit I led had about 300 soldiers. About 150 were in charge of growing opium; the other 150 were on guard. Fifty of them followed me around. But when the situation required it, all troops participated in fighting.*
>
> *Changqingshan produced the best opium. Half of the harvested opium grown by my troop became the common property [of our unit]; the profit from the other half was divided equally among all the soldiers, including those who planted the crop as well as those on military duty. Between 1969 and 1972, there were a lot of battles. Our troop fought alongside another Burmese troop, also numbering about 300. They did not grow opium. They were financially supported by the government. However, the Burmese troops were bad; they often troubled civilians. Yet, within my sphere of influence, they dared not misbehave. My ruling philosophy was to 'suppress the bully and assist the weak'* (yaqiang tiluo 壓強提弱)*….*
>
> *Our lives were very harsh then. It was pure luck that we survived those days. The government sold us goods cheaply. We then sold them again. Goods purchased with 100,000 kyat could be re-sold for 200,000 kyat. Sometimes the profit was more than double. As we were a KKY troop, we could apply to the government to buy various kinds of goods including textiles, rice, gasoline, cement, tyres, salt, sugar, tobacco, clothes, flour, peanuts, corn, bicycles, jeeps, and so on and so forth. The jeeps were left over from the Second World War. One jeep cost only about 1,000 kyat. At that time, a big truck was only a few thousand kyat. We also levied an opium tax on the local people, at the rate of 20 per cent of their production ….*

The KKY troops operated between 1962 and 1973. The Burmese government incorporated these regional militias into their army to fight against the Burmese

35 Kokang is a border region in northern Shan State where Yunnanese Chinese have settled for centuries.

36 The Indochina wars contributed to weapons smuggling from Laos and Cambodia to Thailand and Burma. Several leaders of major ethnic armies controlled the trade and sometimes used smuggled weapons as gift tokens to absorb minor ethnic forces.

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Communists and ethnic rebels. However, like Mr Li's troop, many KKY forces also aligned with ethnic insurgent groups for purposes of underground trade. The KKY provided military escorts for mule caravan traders, and were involved in opium and arms trading and the reselling of goods purchased from the government. Their multiple affiliations highlighted the complexity of the region's politics, which was entangled in collaboration, betrayal and rivalries. Although different scales of political powers crisscrossed one another, each initiated its own rules for recruitment, trade and local security. Consequently, parallel to the official rule of law, there was an un-unified regime of non-state regulations constituted by different military groups. The Burmese junta was only one of the multiple political entities.

In Pyin U Lwin (Maymyo) in 2008, another former KKY officer, Mr Xia, related to me the development of his unit, which was led by his uncle. The troop was composed of about 500 soldiers and controlled a region of six to seven villages north of Kutkhaing. Prior to joining the KKY forces in 1962, his uncle had organised the troop as a local self-defence guard in the 1950s. After siding with the Burmese government, the troop helped the Burmese army fight against the Kachin Independence Army (KIA) and was allowed a place in the opium trade. In 1968, the CPB started expanding in northern Burma with the help of the Chinese Communists, who provided military training and supplies. This situation mitigated the confrontation between the forces of Mr Xia's uncle and the KIA, as the CPB became their common target.

In 1973, the Burmese government ended the KKY policy and demanded the disbandment of all the KKY forces. Both Mr Li and Mr Xia's uncles complied with the order and handed over their weapons. However, some KKY leaders switched sides and became ethnic rebels in order to ensure that their interest in the underground trade continued.[37] The notorious warlords, Luo Xinghan and Khun Sa, had also served as KKY (from 1962 to 1973 and 1965 to 1969, respectively), primarily to strengthen their drug trafficking enterprises. Both had been jailed by the government for several years (from 1973 to 1980 and 1969 to 1974, respectively). Their military-cum-economic careers were/are[38] marked with repeated collaboration and confrontation with the Burmese junta as well as with various armed ethnic groups.[39] The alternating affiliations and the state's involvement in the contraband trade highlight the problem of determining the nature of legality. As the controversial regime was only one political entity among others, laws issued by the junta could not be deemed by the people as being more legitimate than the non-state regulations initiated by armed ethnic minorities.

How did ordinary people live in such an entangled environment torn apart by different powers? Mr Yang's and Aunty Shen's narratives reveal ordinary traders' survival strategies through resistance and adaption. While smuggling was a prevalent form of resistance, participation required facilitation from various parties, including the parties they resisted. Whether state authorities, the KKY or ethnic rebels, each party played dual roles as protectors and exploiters. Under such circumstances, it

37 There were 24 KKY units at the time; 19 of them followed the order; see Chen, *Kunsa jinsanjiao chuanqi*, pp. 193–4.

38 Khun Sa passed away in 2007, but Luo Xinghan still maintains a relationship of cliental patronage with the current Burmese junta.

39 Chen, *Kunsa jinsanjiao chuanqi*.

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was not only powerful figures who changed allegiances; ordinary people too switched sides simply for survival. Among informants' narratives, there were stories of military desertion, tax evasion or the joining of different armed groups at different periods. One informant recounted how some villagers who were farmers during the day were transformed at night into rebels who exploited other villagers for taxes. In short, the everyday politics of many Yunnanese in Burma (and also Thailand), as depicted by these informants, illustrate both constraints and resilience during the socialist period.

Echoing MacGaffey's and Tripp's studies, we may say that Yunnanese migrants not only established their own economic structure to generate alternative resources, but also challenged the central state's political order and economic policy. Despite the prevalence of smuggling, the underground trade was intensely competitive and contested by many factions. These factions never united to topple the repressive regime. In fact, the smugglers and the authorities were connected and shared some symbiotic interests. The underground trade therefore rendered resistance to as well as collaboration with the authorities. Accordingly, the Yunnanese migrants' participation in the underground trade on the one hand contributed significantly to the continuation of economic life under a restrictive system in Burma; but on the other hand, it also enhanced the overall structure of corruption and exploitation and in effect may have assisted its prolongation. In the next section, I move on to examine the Yunnanese ongoing engagement in smuggling, especially in the field of transportation, after 1988.

Continuity of the black market economy

With the shift to a market-oriented economy since the end of 1988, the Burmese junta opened several border towns for trade with neighbouring countries. The towns include Muse, Loije, Laiza, Chinshwehal and Kambaitti adjacent to China; Tachilek, Myawaddy and Kawthaung on the border with Thailand; and Tamu and Reed bordering India.[40] Muse, across the border from Ruili in Yunnan Province, has been the busiest among these towns since the mid-1990s owing to the quick growth of the Sino–Burmese trade.[41] The Ruili–Muse connection has channelled the largest amount of bilateral trade.[42] The boom has especially accelerated since China granted 'intra-boundary extra customs' (*jinnei guanwai* 境内關外) status to Jiegao in 2000, originally a Tai village of 1.92 square kilometres, located in the southeastern corner of Ruili. Through Jiegao, import–export goods currently enjoy reduced tariff rates.

40 Maung Chan, 'Miandian junzhengfu de caiyuan yu bianjing maoyi' [The economic sources of the Burmese military junta and its border trade], *Dajiyuan* [Epoch Times], 2 Feb. 2005.

41 In 2011 China overtook Thailand to became Burma's largest trading partner, with trade amounting to US$6.5 billion according to International Monetary Fund figures; see Aye Thidar Kyaw, 'China firms trade position in Myanmar', *Myanmar Times*, 16 Jan. 2012; Elaine Kurtenbach, 'Boomtown Ruili faces backlash', *Irrawaddy*, 1 June 2012.

42 For the Chinese side, Ruili/Jiegao handles 70 per cent of Yunnanese–Burmese trade or 34 per cent of Sino–Burmese trade, see Meng Biguang and Si Lizhang, 'You yige meili de difang' [A beautiful place], in *Ruili gaige kaifang sanshinian* [Thirty years of reform in Ruili], ed. Ruili gaige kaifang sanshinian bianweihui (Luxi: Dehong minzu chubanshe, 2009), pp. 14–19; for the Burmese side, Muse channels 70 per cent of the nation's total trade with China (Wikipedia, Muse, http://en.wikipedia.org/wiki/Muse_(Shan_State), last accessed 30 May 2009).

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From there, the traffic enters Muse and connects southwards via the 'new' Burma Road[43] with Lashio, Mandalay and Yangon, and west-northwards via Stilwell Road with Bamo, Myitkyina and Ledo (India). It is also possible to take the Irrawaddy River from Bamo to Yangon. The Ruili–Muse link is therefore strategically important for China as it provides access to the Indian Ocean.[44] The major export commodities from China via Ruili include electronics, machinery, industrial and construction materials, textiles, cotton yarn, consumer goods and fertilisers; those from Burma via Muse are agricultural produce, gems, fish, timber, minerals and rubber.

In 2000, I travelled from Mandalay to Lashio for the first time and was intrigued by the bus packed with passengers and goods; traffic along the journey was busy with trucks overloaded with import–export merchandise. In 2009 and 2010, I further traced Sino–Burmese transportation on this route by conducting fieldwork in Ruili and Jiegao (for one week in 2009) and Mandalay, Pyin U Lwin, Kyaukme, Hsipaw and Lashio (for one month in 2010). I noticed that the Yunnanese in Burma, with their penchant for long-distance trade, have assumed a substantial role in transportation and import–export trade ventures. Many of them have also launched investments in Yunnan itself, especially in the gem trade, relying on their social connections in Burma and Yunnan and their knowledge of this trade.[45]

Mr Wang, whose memory of the Burmese government's confiscation of his father's shop is quoted at the beginning of this article, runs a bus company in a northern Shan State town. Here he describes his business.

> *I started the company in the 1980s with a few pickup trucks. Now I have six buses, primarily for transport of passengers and secondly of goods. Our vehicles are not standard products. A normal bus only has eight or nine leaf springs, but the buses in Burma have had more pieces added, up to 14 or 15. The frame rail and many other parts have also been reinforced. The reworking is for transport of more goods. According to the law, overloading is illegal. But we do it by paying some tea money to the authorities on the way.*
>
> *The route between Ruili and Mandalay is the busiest [for Sino–Burmese trade]. Part of the transported goods are taxed, but most commodities carried by buses, pickups and trucks are smuggled merchandise that evade taxes. Everybody does so. This is business. Take an example: the transport of 200 crates of beer from Ruili to Mandalay by bus. The first part of the transport is from Ruili to Lashio, then from Lashio to Hsipaw and then from Hsipaw to Mandalay. For my part, I need to pay 30,000 to 50,000 kyat to*

43 The Burma Road was constructed during the Second World War, running between Kunming (in Yunnan) and Lashio (in Burma), for transporting the Allies' supplies from Burma to China via the Wanding–Kyukok connection at the Sino–Burmese border. The new Burma Road follows by and large the old route via the Ruili–Muse gateway at the border and has been extended from Lashio to Yangon via Mandalay.

44 Li Chenyang, 'The policies of China and India toward Myanmar', in *Myanmar/Burma: Inside challenges, outside interests*, ed. Lex Rieffel (Washington, D.C.: Brookings Institution Press, 2010), pp. 113–14.

45 See Chang, '*Guanxi* and regulation in networks'; Wen-Ching Chang, 'The trading culture of jade stones among the Yunnanese in Burma and Thailand, 1962–88', *Journal of Chinese Overseas*, 2, 2 (2006): 107–31; Wen-Chin Chang, 'From a *Shiji* episode to the forbidden jade trade during the socialist regime in Burma', in *Chinese circulations: Capital, commodities, and networks in Southeast Asia*, ed. Eric Tagliacozzo and Wen-Chin Chang (Durham: Duke University Press, 2011), pp. 455–79.

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the authorities in order to get the goods passed through the checkpoints. This is the underground toll (mailuqian 買路錢*). The amount is not fixed in advance. We have to negotiate with the authorities …. For the transport of the 200 crates of beer, I only receive around 120,000 to 130,000 kyat. I have to pay 40,000 kyat for the underground toll, at least 10,000 kyat in labour costs, plus the cost of gasoline, cost for commodity damages, etc. In the end, I only earn around 20,000 to 30,000 kyat. The profit is very little ….*

Our buses are primarily for taking passengers. Transported goods are put in the spare space. We only handle low-priced goods, such as beer, flour, cooking oil and other types of consumer goods. Expensive commodities are not entrusted to bus companies, but particular transportation companies with trucks. The net interest for a loaded bus is only about 50,000 to 70,000 kyat. But a loaded truck that carries electronics, machinery and construction materials from Muse to Mandalay could earn as much as one million kyat. They are also smuggled goods that require expensive transportation fees ….

Apart from goods, we also help to transport currency. The service charge for money transference by the post office is 4 to 5 per cent of the transferred amount. Through us, it is only one per cent. For 100,000 kyat, we only charge 1,000 kyat …. The customer brings the cash to my company. I register the customer's name and address and the receiver's name and address and the amount of money in a notebook. I pack the money and lock it into a box and then hand it to the driver who will give the box to the person in charge at the station in Mandalay. It's safe. We have never had any problem.

Mr Wang clearly explains the process of transporting contraband goods by bus, illustrating the continuation of an informal economy parallel to the official one. Different tactics are involved, such as the reinforcement of vehicles' loading capacity, and the need to arrange smuggling connections and bribes to checkpoint officials. Furthermore, as in any system of logistics, there are different types of transportation companies of varying scale handling different categories of smuggled goods. These tactics were developed in response to arbitrary trade regulations and political complications that have endured even after 1988.

According to informants, an official licence for trading with foreign countries involves lengthy bureaucratic procedures. Merchants must first export goods of equal value to those they import, although they can invest only 90 per cent of their profit, as the government imposes a 10 per cent tax. For imported goods, 80 per cent has to fall in the priority categories issued by the government.[46] Import taxes on many types of commodities are too high for merchants to make any profit at all.[47] In addition, despite the fact that the central government has contracted ceasefires with more than twenty armed ethnic groups since 1989,[48] political integration

46 Myo Lwin, 'China–Burma border trade continues to grow', http://newsmekong.org/china-burma_border_trade_continues_to_grow (last accessed on 30 May 2009).

47 Qu Jianwen and Liang Chen, *Touzi dongmeng: miandian* [Invest in ASEAN: Myanmar] (Kunming: Yunnan jiaoyu chubanshe, 2008).

48 These contracted groups are often referred to as ceasefire groups. They include fourteen main ceasefire organisations and nine other ceasefire forces that are not always listed by the government; see Martin Smith, 'Burmese politics after 1988: An era of new and uncertain change', in *Burma: Political economy under military rule*, ed. Robert H. Taylor (London: Hurst & Co., 2001), p. 34.

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remains uncertain. Most of the ceasefire groups are not willing to submit their forces completely to the junta.[49] They signed the truce in part for economic reasons. Many of them exploit the special politico-economic status granted by the government to make deals, legal or illegal, with foreign companies in logging, mining and plantation agriculture, mostly run by Chinese entrepreneurs from China.[50] In other words, the government maintains heavy-handed rules over its market-oriented economy and the country's political structure remains divided.[51]

State agents, armed ethnic groups and merchants alike make use of this murky situation for profiteering. A big Yunnanese transport entrepreneur whose company owns more than 100 large trucks said to me in 2010: 'Burma is at the initial stage of the market economy that yields good opportunities for businesses' (*miandian gang kaifang zhuanqian jihui bijiaoda* 緬甸剛開放賺錢機會比較大). According to him, over 1,000 tons of import and export goods respectively pass every day through the official gate at Muse. He stressed that his transportation is all 'legal', but acknowledged that in order to obtain import–export licences for certain commodities, he needs to cultivate 'special relationships' with the authorities. He was cautious about revealing further details, but 'valuable presents' are certainly required. Accordingly, business opportunities following the opening up of the market economy are not equally available to everyone. Those with large amounts of capital to invest in such special relationships with the authorities are privileged. It is therefore intriguing to dig into the issue of patron–client relationships in Burma to further understand how everyday politics is tied to the controlled market economy.

Mr Fang is a young Yunnanese entrepreneur from Burma whom I met by chance in Jiegao in 2009 at his shop, which sold tree fossils smuggled from central Burma. He also engages in fish farming in the suburb of a southern city. He disclosed details on his fish farming business:

> *Burma is the easiest place for doing business in the world. No matter what kind of work, as long as you dare to pay, things get done …. Policy change is only for lip service; deep-rooted ties connected to the black market economy remain …. Wherever you go, you should be polite. Be they ethnic insurgent groups or the state agents, you have to be polite and generous as you need good relationships for business. Do not engage in any confrontation* (buyao qugen renjia ying 不要去跟人家硬).

49 The central government would like to integrate the ceasefire ethnic minorities into border guard forces, but the proposal has been turned down by several groups. The failure of integration has triggered tension in different border areas. The confrontation between the Myanmar National Democratic Alliance Army in Kokang (under the leadership of Pheng Jiasheng/Pheung Kya-shin) and the Burmese army in 2009 was a prominent example.

50 Yin Hongwei, 'Zhongmian daji feifa muye maoyi' [Strikes on the illicit timber trade between Burma and China], *Nanfengchuang* [South wind window], no. 9 (2007); William Boot, 'Burmese gems, timber find other markets as US increases sanctions', *Irrawaddy*, 3 Nov. 2007; Kevin Woods, 'Ceasefire capitalism: Military–private partnerships, resource concessions and military–state building in the Burma–China borderlands', *Journal of Peasant Studies*, 38, 4 (2011): 747–70.

51 Taylor, *Burma*; Sean Turnell, *Fiery dragons: Banks, moneylenders and microfinance in Burma* (Copenhagen: NIAS Press, 2009); David I. Steinberg, *Turmoil in Burma: Contested legitimacies in Myanmar* (Norwalk, CT: EastBridge, 2006); Ashley South, *Ethnic politics in Burma: States of conflict* (London: Routledge, 2008); Ardeth Maung Thawnghmung, *The 'other' Karen in Myanmar: Ethnic minorities and the struggle without arms* (Lanham: Lexington Books, 2012).

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> *The Yunnanese are rich and daring. In contrast, the Fujianese and Cantonese are more conservative. The latter build up their businesses steadily, and are mostly involved in produce trade, land speculation, and operating restaurants or shops. Yunnanese undertake large ventures, such as jade and gold mining. Wherever there is jade or gold, they rush to the place to mine it. Most of the mining areas were/are controlled by armed ethnic groups. Some Yunnanese bosses invest 10 million or 20 million kyat and may get nothing back at the end .... I was in jade trading and oil mining before. Five years ago, I wanted to do something more stable around [a southern city].... I contacted the mayor directly and got 500 acres of land. It's a piece of wasteland. Part of it had been opened up for cultivation by farmers. But the government owned the land. I gave a golf set costing 5 million kyat to the mayor, some gold necklaces to his wife, worth 2 million kyat, and some presents to the mayor's subordinates. In total, I spent eight million kyat [on gifts]. I purchased [the land itself] at 3,000 kyat per acre. If it were private property, it would have cost hundreds of billions. I've used it for fish farming ....*
>
> *I hire soldiers from the Burmese army to guard my fish ponds. I pay the soldiers directly, 50,000 kyat a month each and also provide them with free board and lodging. There are more than ten soldiers. The shift is changed once a month .... It is OK to deal with the military, but not with the police, as the latter's demands are endless* (wudidong 無底洞). *If the police catch you doing anything wrong, they will extort repeatedly from you. If that happens, you need to look for higher-ranking officers to back you up. Money is required for everything in Burma anyway. As long as you are willing to spend money, you get to your ends. Once you are familiar with the authorities, they help you. The so-called 'strangers at the first meeting but friends at the second' .... I offer presents to the officers during festivals and make donations to temples and the poor. Last year I donated 150 sacks of rice after Cyclone Nargis. I had the rice delivered to the authorities. Whether they distributed it to the disaster victims was out of my control .... I know a big general. He told me frankly that as long as I don't touch politics, don't oppose to the state and don't get involved in drug trafficking, I can seek help from him.*

Mr Fang's story explicitly details the phenomenon of cliental patronage between the Burmese authorities and their business cronies. This kind of relationship, mostly seen as instrumental and utilitarian, exists around the world, of course. The scholarship on patron–client relations point out three of its basic features: the status of the patron and that of the client are unequal; mutual contact is personal and distinguished from commercial transactions; and interactions involve reciprocal exchanges.[52] Mr Fang's interactions with the Burmese official agents clearly denote these three constituent parts. First, their unequal statuses in regard to political resources are evident. Second, while the purpose of Mr Fang's contacts with the officials is for commerce, the contact itself has to be initiated on a personal basis. The phrase, 'strangers at

52 Jeremy Boissevain, 'Patronage in Sicily', *Man*, 1 (1966): 18–33; Eric R. Wolf, 'Kinship, friendship, and patron-client relations in complex societies', in *The social anthropology of complex societies*, ed. M. Banton (London: Tavistock, 1966), pp. 1–22; John Duncan Powell, 'Peasant society and clientalist politics', *American Political Science Review*, 64, 2 (1970): 411–25; James C. Scott, 'Patron–client politics and political change in Southeast Asia', *American Political Science Review*, 66, 1 (1972): 91–113; James C. Scott, and Benedict J. Kerkvliet, *'How traditional rural patrons lose legitimacy: A special theory with reference to Southeast Asia'* (Madison: Madison Land Tenure Center, University of Wisconsin, 1975); R.P. Saller, *Personal patronage under the early empire* (Cambridge: Cambridge University Press, 1982).

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the first meeting but friends at the second', points to this fact. Third, their interactions are maintained by balanced reciprocity, as in Mr Fang's offering appropriately valued gifts to the officials and the latter providing equivalent protection and benefits for Mr Fang's business operations.

While patron–client relations are seen as random and short-lived in some societies, e.g., the dyadic contract in a Mexican peasant village studied by George M. Foster,[53] they can be well structured and institutionalised, as in ancient Rome.[54] In Burmese society, we find the phenomenon of patronage prevalent through all levels of society. Its existence is deeply embedded in the Burmese socio-cultural structure, underlying a brokerage system for the operation of a wide range of matters, including arranging official papers, looking for jobs and doing business. Whenever people encounter tasks beyond their capacity, they seek help from brokers (*pweza*). The system of *pweza* permeates Burmese daily life, and is grounded on an hierarchical structure predicated on one's power and capability. In other words, patrons are ranked. One often begins by seeking help from the lowest rank of *pweza* with whom one is most familiar. If this does not work, one then moves up to a more powerful one, possibly via an introduction by the lower-ranking *pweza*. In Mr Fang's story, he distinguished the varied statuses of his patrons according to the prices of the gifts offered to them. While his story essentially shows instrumental interactions, Bénédicte Brac de la Perrière has also pointed to the building of emotional links in the *pweza* system.[55]

The opening up of the economy under a repressive regime has worsened the intertwinement between politics and the underground economy and generated more corruption.[56] While businessmen seek political patronage, state agents also cultivate their influence in the business world in order to strengthen their political power and economic interests. The junta's best-known cronies are two Burmese entrepreneurs, Tay Za and Zaw Zaw, who have obtained lucrative concessions in logging, gems and jewellery, tourism and transportation, civil engineering and construction, and international trade.[57] According to the *Irrawaddy*, among those who became legislators through the national election on 7 November 2010, six are known drug lords backed by the government.[58] Being a migrant group in Burma, the ethnic Chinese need even more protection from powerful state agents. Informants commonly express that they have no interest in politics, as the memories of discriminatory

53 George M. Foster, 'The dyadic contract: A model for the social structure of a Mexican peasant village', *American Anthropologist*, 63 (1961): 1173–92; George M. Foster, 'The dyadic contract in Tzintzuntzan II: Patron-client relationships', *American Anthropologist*, 65 (1963): 1280–94.

54 Andrew Wallace-Hadrill, 'Patronage in Roman society: From republic to empire', in *Patronage in ancient society*, ed. Andrew Wallace-Hadrill (London: Routledge, 1989), pp. 89–116.

55 In a paper discussing the life story of a female *pweza* and her affiliation with her *pweza* at a higher level at different periods of time, Bénédicte Brac De La Perrière stresses that the role of *pweza* not only helps in mediation, but overall functions like a patron to his/her clients; Bénédicte Brac De La Perrière, 'A woman of meditation', paper presented at the workshop 'Burmese lives: Ordinary life stories under the Burmese regime', Cambridge, Mass., Harvard University, 4–5 June 2010.

56 David I. Steinberg, *Burma/Myanmar: What everyone needs to know* (Oxford: Oxford University Press, 2010), pp. 100–101.

57 Wai Moe, 'Junta confers titles on cronies', *Irrawaddy*, 12 Jan. 2010.

58 Marwaan Macan-Markar, 'Juanta's drug 'exports' to China test economic ties', *Irrawaddy*, 4 Jan. 2011.

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laws against foreigners during the socialist era and the 1967 anti-Chinese riots in Yangon are still fresh. The economy, the only part of the public sphere they aim for, requires their adaptation to the existing system of client-patronage.

The market economy in Burma has spurred on Yunnanese migrants' business activities. Many Yunnanese migrants today are involved in mining, transportation, logging, trading jade stones and tree fossils, land speculation, construction, crop transactions, fish farming, chicken farming and running hotels and restaurants. Many of them also have business connections abroad, especially in Yunnan. The bustling traffic between Ruili and Muse is impressive. In Ruili and Jiegao, there are seven main bazaars that trade in jade stones,[59] tree-fossils and products made from them. There is also one bazaar, opened in October 2010, for redwood furniture (advertised as the biggest in Southeast Asia). The raw materials are essentially imported from Burma, legally or illegally. There are also many shops that sell motorcycles to Burmese who smuggle them into Burma by riding them through mountain routes.

While China has accelerated the opening of its border trade, the Burmese government still applies restrictive controls and imposes high taxes on various types of imported goods. Despite a series of political and economic reforms after the national election in November 2010 (including the release of hundreds of political prisoners, relaxation of media control, dialogues with the main opposition party, the National League for Democracy, and several ethnic armed groups, and changes to the exchange rate and foreign investment rules), the country still suffers from ongoing humanitarian crises, a lack of the rule of law and the institutional capacity to cope with current developments. A great majority of the common people still struggle to make ends meet.[60] The national salaries for civil servants and soldiers remain meagre, far too low even for a modest lifestyle, which has reinforced corruption.[61] Consequently, the economic imbalance between China and Burma, detrimental trading regulations imposed by the Burmese government, along with continued ethnic divisions and corruption, have fortified the underground trade. Despite the strengthening of customs checkpoints at the official border gates, many informal channels exist for the smuggling of both merchandise and people; the commodities transported via the official gates are not all legal either.

Meanwhile, in the face of China's overwhelming economic power and its push for investments in Burma, there has been a rise of anti-China and anti-Chinese sentiments among the Burmese public. Media reports in Burma from time to time condemn the migrant Yunnanese' participation in the underground trade and their

59 In 2005, the Burmese government issued a new regulation demanding that all export jade stones have to be sold at public auctions (*gongpan* 公盤) in Yangon first. This change contributed to the establishment of Guangzhou as the biggest jade trading centre, with jade stones shipped from Yangon by sea. Nevertheless, the smuggling of jade stones and ornaments to Yunnan from northern Burma continues. (In October 2010, the government shifted the jade auction site to the new capital, Naypyidaw.)

60 See International Crisis Group, 'Reform in Myanmar: One year on' (Jakarta/Brussels, 11 Apr. 2012); Cameron Hill, 'Burma: Domestic reforms and international responses' (Parliament of Australia, Department of Parliamentary Services, 22 May 2012). Also see: Qu and Liang, *Touzi dongmeng: Miandian*; Guo Xiaolin, 'Boom on the way from Ruili to Mandalay', in *Myanmar/Burma: Inside challenges, outside interests*, pp. 86–100.

61 A private soldier only receives 16,000 *kyat* (US$16) a month; see Wai Moe, 'Burmese media denies reports of mutiny, attacks BBC', *Irrawaddy*, 23 Jan. 2010.

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involvement in patron–client relationships.[62] However, as this paper has tried to illustrate, the underground trade is embedded in a wide range of political, economic and socio-cultural contexts. In Burma, there is no clear distinction between legal and illegal trade. Viewed from a non-state-oriented perspective, business concessions obtained via cliental patronage are no more legal than cross-border smuggling by petty traders. Although a few wealthy Yunnanese traders (especially those in Mandalay) tend to draw the most attention as well as criticism, most Yunnanese in Burma are small merchants.

Moreover, Yunnanese traders have been conducting business for centuries between Yunnan and mainland Southeast Asia by working with different political forces, as pointed out in historical records and more recent research.[63] Focusing on the issue of everyday politics, the case of the contemporary Yunnanese migrants of Burma provides insights into the way in which their economic dynamism reflects the country's intricate and murky political economy. From the socialist period to the current regime, the economy has changed from a highly state-controlled system to a more open, but still controlled market-oriented economy. Corruption remains, or has even intensified. Ethnic conflicts have been mitigated, but the country stays politically divided. The mule caravans witnessed for centuries in northern Burma have been replaced by convoys of cars, buses, trucks and motorcycles. The economic agency of the Yunnanese in Burma continues to enliven their adaptive strategies in interactions with the external environment for the foreseeable future. However, increasing xenophobia against the Chinese in Burma could also lead to inter-ethnic unrest if the government does not proceed with politico-economic reforms that are truly based on social justice.

62 Min Zin, 'Burmese attitude toward Chinese: Portrayal of the Chinese in contemporary cultural and media works', *Journal of Current Southeast Asian Affairs*, 31, 1 (2012): 115–31.

63 Xia Guangnan, *Zhong yin mian dao jiaotong shi* [History of traffic between China, India and Burma] (Shanghai: Zhonghua shuju, 1948); Hill, *Merchants and migrants*.

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