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ESTABLISHING CONTEMPORARY CHINESE LIFE IN MYANMAR

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Trends in Southeast Asia

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FOREWORD

The economic, political, strategic and cultural dynamism in Southeast Asia has gained added relevance in recent years with the spectacular rise of giant economies in East and South Asia. This has drawn greater attention to the region and to the enhanced role it now plays in international relations and global economics.

The sustained effort made by Southeast Asian nations since 1967 towards a peaceful and gradual integration of their economies has had indubitable success, and perhaps as a consequence of this, most of these countries are undergoing deep political and social changes domestically and are constructing innovative solutions to meet new international challenges. Big Power tensions continue to be played out in the neighbourhood despite the tradition of neutrality exercised by the Association of Southeast Asian Nations (ASEAN).

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THE EDITORS

Establishing Contemporary Chinese Life in Myanmar

By Nicholas Farrelly and Stephanie Olinga-Shannon

EXECUTIVE SUMMARY

- From 1985 — when Western democracies sought to limit the range of links that their people had with Myanmar — the Chinese government adopted a proactive policy of engaging with Myanmar and encouraged its people to do the same.
- China has thus played a major role in Myanmar's recent evolution, especially with respect to the number of its citizens and former citizens living in the country and working to transform its economy. A long, porous border unites Myanmar and China and serves as "back door" to both countries. It is through this land border that Myanmar and China face one another. This contrasts with western countries that have tended to view both China and Myanmar from the vantage of the sea.
- From state investment in billion dollar projects to the small shop owners in every village and town in northern Myanmar, the Chinese have entangled themselves in all levels of the Myanmar economy.
- Ethnic Chinese living in Myanmar are well aware that they are permanent outsiders in Myanmar society, even if their families have lived there for generations. The dichotomy persists between "Chinese" and "locals" and is reinforced through discriminatory laws, media and popular culture.
- The flexible cultural orientation of the Chinese in Myanmar has assisted their efforts to integrate with different Myanmar societies. Most of the new Chinese migrants who arrived from the 1980s have, over three decades, adapted to Myanmar cultures while maintaining elements of their "Chineseness". The religious flexibility of the Chinese population further aids their integration and local tolerance of their presence in Myanmar.

- Most Chinese in Myanmar maintain strong economic, cultural and familial ties with China. They also maintain robust networks across the globe. It is not clear if these connections spread to the Chinese government. For the Chinese government, the local Chinese population is both an asset and a liability. This population can facilitate trade and support state-owned investment but, if the tide turns against the Chinese population, large Chinese investments may be painted in a negative light.
- The long-term situation of the Chinese in Myanmar remains profoundly unclear. Many of them appear to have determined that Myanmar will continue to be part of their plans, but that they are also seeking to remain mobile, able to seize new opportunities where they emerge. Among our Chinese informants a new level of cosmopolitan instincts, or perhaps more accurately Sinopolitan instincts, are apparent.
- At the moment, it is the ongoing transformation of Myanmar's domestic political and economic conditions that matter most. For the country's more than 2 million ethnically Chinese residents, the "transitional" period brings new risks and opportunities.

Establishing Contemporary Chinese Life in Myanmar

By Nicholas Farrelly and Stephanie Olinga-Shannon[1]

INTRODUCTION

To understand Chinese life in Myanmar requires that its recent history be put in its appropriate political, geographical, cultural and economic context. Contrary to the assertions of some recent reflections on Myanmar's role in Southeast Asia, and its relationship to China, this analysis draws from the continuity of ties apparent over the last three decades.[2] It is this period, beginning around 1985, that has shaped a new generation of interaction between China and Myanmar which contrasts with the estrangement between Myanmar and so many other foreign cohorts during these years. While Western democracies sought to limit the range of links that their people had with Myanmar, the Chinese government adopted a proactive policy of engaging with Myanmar and encouraged its own people to do the same. This created a position of leadership for some Chinese in the Myanmar economy, and also gave

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[1] This article stems from ISEAS' ongoing study of how the rise of China affects ethnic Chinese communities and identities in Southeast Asia. Nicholas Farrelly is a Fellow in the Coral Bell School of Asia Pacific Affairs at the Australian National University, Canberra, and Director of the ANU Myanmar Research Centre. Stephanie Olinga-Shannon is the Research and Evaluation Officer at the Association for Services to Torture and Trauma Survivors, Perth, Australia.

[2] This paper quarantines use of the name "Burma" to the period up to 1989 when it officially changed to Myanmar. While debates about the appropriate usage of these terms continue, we seek to offer an historically grounded appreciation for the country's nomenclature. In recent years "Myanmar" has proved ascendant with its usage increasing even among those who are critical of the current "transitional" regime.

the Chinese government, whether in Yunnan or Beijing, a better chance to exert influence over the military rulers of Myanmar. Nonetheless it is important to adequately understand the limits of Chinese power-projection into Myanmar and the occasionally tense relations between the Chinese and other Myanmar residents. This history is particularly important given the changes that are re-shaping Myanmar and are leading to the relative diminution of Chinese influence. Elsewhere we have argued that any Chinese "stranglehold" on Myanmar has been loosened by more assertive Myanmar foreign policy efforts, and a deliberate Myanmar strategy of working to embrace a wider range of foreign partners (see Shannon and Farrelly 2013). Yet it is the ongoing transformation of Myanmar's domestic political and economic conditions that matter most. For the country's more than 2 million ethnically Chinese residents, the "transitional" period brings new risks and opportunities (Shannon and Farrelly 2014; Jones 2014).[3]

To understand the responses to those risks and opportunities, this paper seeks to explain the establishment of contemporary Chinese life in Myanmar across the length-and-breadth of the country. We ask: how did the Chinese population become such an important part of Myanmar society and economy? The answers to this question matter because the relationship between China and Myanmar is one that will continue to determine economic and political outcomes for the foreseeable future. What we present here is an alternative history to the one that is usually written. Instead of judging the period from the 1980s to the general election of 2010 as one defined by the lack of Myanmar's international connections we instead seek to present evidence that abundant connections emerged, just not of the type that many people have been looking for. It so happens that while some groups saw fit to ignore Myanmar, many Chinese rushed to join the country's economic growth of the 1990s and 2000s. This set of changes was catalysed by Myanmar's abandonment of the previous socialist economic model and the creation of space for pioneering resource extraction projects. While Myanmar remained a poor

[3] In 2008 the Chinese Embassy in Yangon estimated there to be 2.5 million Chinese living in Myanmar (Zhang 2008, p. 1).

country, pockets of great wealth were consolidated in areas of large-scale Chinese settlement, most notably in the Shan and Kachin States, but also in parts of urban Myanmar.

Therefore the idea that Myanmar was "closed" or "isolated" during the years from the 1988 crackdown on pro-democracy protestors until the general election of 2010 misses the many significant changes that occurred in Myanmar society during those years. Arguably the most important set of changes centred on the new migrations of Chinese to Myanmar, as many as 2 million may have made the journey. Their impact on Myanmar society has been felt in a number of different areas, most acutely in the economy but also in the creation of newly flexible spaces for the creation of identity, the re-imagination of culture and the public display of wealth. To the extent that the prevailing narrative of Myanmar's disconnection from the world is true for these decades is a story merely for the Western democracies that imposed some level of sanction on the Myanmar government and its affiliates. The story of Myanmar's interactions with its neighbours, including Thailand, Singapore and Malaysia, are not readily explained by those trends. China, even more strikingly, has played a major role in Myanmar's recent evolution, especially with respect to the number of its citizens and former citizens living in the country. As a group, they require careful consideration during a period when ideas about citizenship and belonging remain heavily contested.[4]

To better explain this situation, our paper begins with a discussion of 1985 and 1988 as pivotal years in relations between Myanmar and China. This is followed by an analysis of Chinese life in Myanmar. The first of these sections explores the notion that China and Myanmar share a "back door". This is followed, second, by an analysis of the interactions between Chinese and non-Chinese residents of the major population

[4] The most significant fault lines in Myanmar have emerged in recent years between Muslims and Buddhists. These are exacerbated by the assertion that some Muslims, including the politically sensitive category of Rohingya, are illegal immigrants. At this stage Buddhist consternation about Chinese migration has been relatively muted, but it retains the potential to spark communal tension and even violence.

centres where a Chinese presence is most telling. Third, we look closely at the place of the Chinese in Myanmar's economy and the role of natural resources in motivating and shaping Chinese activities in Myanmar. The paper then seeks to interpret the different Chinese contributions in Myanmar with reference to the political and economic changes occurring in the country since the 2010 general election. In the conclusion we suggest that Myanmar and China face the need to create a relationship that serves all of the Myanmar people, including the significant ethnic Chinese population. Whether there is an appetite for that level of maturity and inclusion remains in doubt.

1985, 1988 AND ALL THAT

When scholars turn their attention to recent Myanmar history, they tend to fixate on the tumultuous events of 1988 (see McCarthy 2000; Guyot 1989). There is no question that it was a pivotal year in the country's history, right up there with 1947 (Walton 2008), 1962 (Farrelly 2013, pp. 314–17) and 1974 (Taylor 1979). It was in 1988 that the Burma Socialist Programme Party was toppled in a messy period in which the military re-asserted its full control of the institutions of government (Watcher 1989). The State Law and Order Restoration Council (SLORC), a military junta that inherited control from the socialist regime, was the immediate outcome of the turbulence. What followed was a further quarter century of heavy military involvement in political life (see Tonkin 2007). This period is best known for the battle between Aung San Suu Kyi's National League for Democracy, and the entrenched military regime (Wintle 2007). Yet such stories of military rule and democratic resistance miss some of the other important trends of a period in Myanmar history that is not simply about elite political conflict.

From 1985, the relationship between Myanmar and the People's Republic of China changed dramatically. Previously, China and Burma had a fraught set of connections (Holmes 1972; Lintner 1990). The socialist government in Yangon resented Chinese military and political support to the Communist Party of Burma. The communist insurrection had survived for decades, most coherently in the mountains of the Shan State where it enjoyed ready re-supply from Yunnan. These battles were

costly for the Burmese government and required a great expansion of the armed forces during the 1960s and 1970s. In the 1980s their combat losses peaked. Using official Burmese government figures, Yoshihiro Nakanishi (2013, p. 224) has estimated that for parts of that decade the *Tatmadaw* were losing almost 900 soldiers in combat deaths each year. The worst year was 1984 when over 1,300 government soldiers were killed, and more than 3,500 wounded. The battles also raged on ideological fronts (see Badgley and Aye Kyaw 2009). The socialist government's military intelligence networks sought to undermine the support enjoyed by the communists around the country, but successes were often short-lived. The communist ideology remained attractive to those who deemed Burma's socialist system a corrupt compromise with a range of vested interests, including the Western powers. Revolutionary sentiments remained close to the surface. But beginning in 1978, the Chinese implemented an increasingly pragmatic foreign policy agenda and in 1985 the Chinese Government ceased support to the Communist Party of Burma as they re-enforced their policy of non-interference (Steinberg and Fan 2012, p. 150; Maung Aung Myoe 2011, p. 183). By the time the socialist government collapsed in 1988 and the Communist Party of Burma dissolved, relations between the two countries had begun to improve and were soon to blossom (Maung Aung Myoe 2011, p. 184).

Such foreign relationship-building efforts formed part of China's broader development strategy. Seeking to avoid the upheaval sweeping the Soviet Union and other communist states, Chinese authorities hoped to continue improving the economic conditions of their citizens to stave off the possibility of regime collapse (Nolan 1996). The Chinese government abandoned their policy of self-reliance and opened their borders to trade and investment a decade earlier than Myanmar (Naughton 1996). Myanmar faced an economic crisis in 1988 and then chose "state-led capitalism", roughly based on the Chinese model, resulting in the liberalization of trade and the opening of international borders, and the encouragement of some foreign investment and private enterprise (Mya Than and Tan 1990). During this period, Chinese strategy sought to harness the economic capital of the ethnic Chinese living abroad, and to encourage more Chinese citizens to emigrate. By encouraging its citizens to leave, the Chinese government was aiming to ease the

domestic population burden and to receive foreign capital badly needed for economic growth through return investments. In 1986, for the first time in Chinese history, Chinese were allowed to leave China without government permission and without losing their Chinese citizenship (Nyiri, 2011).[5] Chinese migrants were no longer considered traitors to the revolution, but patriots for Chinese development. Millions of new Chinese migrants, *xinyimin* (新移民), many of whom were educated and skilled entrepreneurs, left China to seek their fortunes abroad (Zhuang 2011, p. 12). The prospect of encouraging Chinese to migrate, even temporarily, to Myanmar had great appeal for Chinese authorities. The basic point is that such ties were predicated on mutual benefit. For China, the prospect of working to develop Myanmar's lacklustre economy was especially enticing.

As the Sino-Myanmar borderlands became safer and more accessible, and ceasefire agreements with local militias became entrenched, these areas became an attractive route for would-be Chinese migrants. The borderlands had been fraught with banditry and armed conflict and, without decent roads, the terrain was barely passable. In 1988, Asia World, which is one of Myanmar's largest companies founded by ethnic Chinese Kokang leader Lo Hsing Han, built a road that reduced the travel time by car between the border and Mandalay from several days to around twelve hours (Kudo 2006, p. 11). The collapse of the Communist Party of Burma in 1989 and subsequent ceasefires between local ethnic armies and the Myanmar government brought to the borderlands what was, by any historical standard, relative stability (Smith 1991). This stability and accessibility lay the foundation for increased trade, commercial activity and movement across the border. From 1988 the door to Myanmar for Chinese migrants had opened, both metaphorically and practically. The Chinese legal and physical barriers to emigration to Myanmar had lifted and money was to be made on the other side of the frontier.

[5] The Law of the People's Republic of China on the Control of the Exit and Entry of Citizens was passed in 1985 and came into effect on 1 February 1986. It also became easier to get a passport to exit the country (Nyiri 2011, p. 145).

Although the Chinese could legally emigrate from China, they could not legally immigrate to Myanmar, yet with the aid of local ethnic Chinese, they were able to navigate such technicalities. Myanmar visas for Chinese citizens were restricted to thirty days but once inside, Chinese migrants could acquire fraudulent identity documents through brokers (Lintner 1998, p. 143).[6] Border crossings in ethnic Chinese-dominated areas became popular with Chinese migrants. According to our Chinese informants in Myanmar, Qianlong Bridge in Kokang Special Autonomous Region, previously known as Shan State Special Region 1, was a particularly popular route. The Kokang are ethnic Han Chinese and even though their ancestors arrived in Myanmar in the eighteenth century, they speak a Yunnanese Mandarin dialect and continue to follow Chinese customs (Wang 2005, p. 72). As such, migrants from across China could communicate with Kokang brokers and disappear into Myanmar's only Chinese "national race" with ease.[7] Following a ceasefire agreement with the Myanmar government in 1989, the Kokang leaders enjoyed substantial autonomy, making it easier to evade arrest (Callahan 1998, p. 17). Further inside Myanmar, other border towns in the Shan State and Kachin State were obvious places to develop familiarity with the new country (see Toyota 2003). From there, Chinese migrants made their way to Lashio and Myitkyina, two major towns in the Shan and Kachin States, and eventually all the way to Mandalay and Yangon. The Chinese presence in Myanmar's major cities and towns increased sharply at a time when the Myanmar government was looking for external support and investment (as described in Thant Myint-U 2012).

Simultaneously, the Myanmar population emerging from decades of socialist rule demanded the consumer goods that citizens in neighbouring countries had long enjoyed. China was already producing these products

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[6] Lintner claims that when a Myanmar national died, their family could sell their identity card to a broker who would then sell it to a foreign citizen and simply replace the photo.

[7] "National race" status is especially important in Myanmar as it confers special rights. Historically those who are excluded from this category, including the Rohingya, are vulnerable to state policies of discrimination and even deportation.

cheaply and in vast quantities for the European and American markets (Nyiri 2007, p. 139). Chinese entrepreneurs established themselves in Myanmar and began using their networks to facilitate the trade and sale of cheap consumer goods to eager Myanmar customers, just as they did in other countries (see Minakir 1996; Nyiri 2007, 2011; Chang and Rucker-Chang 2011). The Myanmar market was soon flooded with Chinese plates, textiles and tobacco (Kudo 2006, p. 9). During a period when Myanmar faced sanctions and boycotts from other major exporters, China and the Chinese border provided a lifeline and helped sustain Myanmar economically and materially.

The population movement that accompanied the economic enmeshment is significant for a number of other reasons. First, the number of Chinese living in Burma had dropped until 1983, due in part to the discrimination that the Chinese population suffered under General Ne Win's socialist regime.[8] Chinese were actively discouraged from settling in the country and those who had stayed were encouraged to Burmanize their dress, speech, names and lifestyles. The small Chinese population resident in Burma were targets for government suspicion, especially during periods of heightened concern about communist subversion, and there were few opportunities for the public performance of their latent Chineseness. Second, the integration of new Chinese migrants from the 1980s and through the 1990s changed the structure of the population in key places around the country. This demographic transformation is nowadays most apparent in Lashio in the Shan State where approximately 30-35 per cent of the population are ethnic Chinese. It also means that many border towns in northeastern and northern Myanmar, especially places like Mong La, Shweli, Muse and Laiza are now Chinese-dominated. Chinese language, currency and culture have changed the tone of day-to-day interactions in many places. Chinese influence has pushed well beyond the international frontier.

It is this influence that has made it difficult for Myanmar authorities to ignore the challenges presented by the large Chinese population. During

[8] In 1983 the census counted 234,000 Chinese (representing 0.6 per cent of the estimated total population) down from 350,000 in 1961 (1.6 per cent of the total population) (Mya Than 1997, p. 118).

the 2014 census, the identification and enumeration of Chinese was a further complication for a government seeking to count the country's people for the first time in more than three decades (see Mathieson 2014). Whether the 2014 census will get close to adequately quantifying the Chinese population remains in doubt. Indeed the nature of ethnic classification in Myanmar, and the links made to various political projects, serve to further complicate such matters (Walton 2008). Many of the Chinese living in the country present a portfolio of identities both officially and in daily life. To be defined and counted as only one of the officially recognized "national races" has highlighted the deep ethnic stratification apparent in Myanmar.[9] During field research, we were repeatedly told by Chinese that if they had more than one "race" listed on their identity card, as many Chinese do, they would use whichever classification would protect their "national race" status.

ANALYSIS OF CHINESE LIFE IN MYANMAR

To more fully explain the character of Chinese life in Myanmar the following sections look closely at three specific issues: the "back door"; Chinese roles in the Myanmar economy; and local cultural and political dynamics. The back door has shaped the nature of Chinese migration and trade between the two countries, while their role in the economy is often their reason for being in Myanmar in the first place. The economic success of the Chinese in Myanmar has shaped their relationship with the locals in a variety of ways.

I. The "Back Door" Border

A long, porous border unites Myanmar and China and serves as "back door" to both countries. It is through this land border that Myanmar and China face one another, as opposed to western countries that have

[9] Many Myanmar citizens have multiple ethnic identities listed on their identification documents. For a description of how this works in practice, see Farrelly (2014, p. 470).