The Shans and the Shan State of Burma

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Introduction

The fourth of January 1984 marked not only 36 years of independence of the Union of Burma from Britain, but also the anniversary of just as many years of civil war, strife, and insurgency. Since 1948, more than a dozen rebel armies — claiming to represent one national minority or another — have been fighting to obtain autonomy or, in certain cases, complete secession from the Union. The most crucial of all these national rebellions is probably the one being fought in Shan State, where secessionist rebels have been up in arms since 1958 and where the Communist Party of Burma (CPB) for the last fifteen years has had its main area of operation.

Unfortunately, however, although the Shan question has attracted the attention of the media in the outside world, little interest has been shown regarding the origins and the roots of this conflict. Indeed, the subject has been treated superficially with the emphasis on sensationalistic aspects such as the booming Shan opium trade, the drug-runners, the war-lords and the “Opium Kings” of the Golden Triangle, of which Shan State forms a part. For it is in this motley mosaic of self-made military commanders, mercenaries, communist as well as nationalist insurgents, contraband traders and assorted outlaws that between 400 and 700 tons of opium are harvested every year. A big part of this is refined into heroin or morphine and smuggled out to various destinations in the world.

The present anarchy in Shan State is a direct result of centuries of mutual distrust between the Shans and their Burmese neighbours, and the problems go far back in the history of the region. The word “Shan” is actually a corruption of “Siam” or “Syam” and is the name given to them by the Burmese; the letter “m” becomes “n” as a final consonant in the Burmese language. The Shans call themselves “Dtai” (sometimes spelled “Dai” or “Tai”) and they are related to

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the Thais and the Laotians — in contrast to the Burmese who are of Tibeto-Burman stock. The Shans settled in the valleys on both sides of the Salween River and established a number of principalities, varying in size and importance. They were never effectively united. Despite increasing Burmese pressure as well as Burmese military presence in some of the principalities, their leaders, the Saohpas, managed to retain a large amount of sovereignty. Neither Burma nor China was ever able to achieve an effective conquest of the warlike Shan princes and their states.

The situation underwent drastic changes in the nineteenth century, when Southeast Asia became an arena of competition between the two main colonial powers at that time, the French and the British. Burma was conquered by the British in the three Anglo-Burmese wars of 1824, 1852 and 1885, and made a province of British India. Meanwhile, the French had extended their sphere of influence over Laos in the east. In between lay the wild and rugged Shan hills with an abundance of principalities and local rulers. Sir Charles Crosthwaite, British Chief Commissioner of Burma in 1887–90, described the situation in this manner:

Looking to the character of the country lying between the Salween and the Mekong, it was certain to be the refuge of all the discontent and outlawry of Burma. Unless it was ruled by a government not only loyal and friendly to us, but thoroughly strong and efficient, this region would become a base for the operations of every brigand leader or pretender where they might muster their followers and hatch their plots. . . . To those responsible for the peace of Burma, such a prospect was not pleasant.¹

To avoid the emergence of an uncontrollable buffer state between the two colonial powers, the British extended their Burmese conquest to the Shan States, which were “pacified” over the years 1885–90. Another main reason that the British decided to precede the French and keep them at bay on the other side of the Mekong was that the trans-Burma trade routes to China passed through the northeastern border areas of the Shan territory. Several envoys sent by the East India Company to Burma during the period 1700–1824 had reported on the China trade from upper Burma and the Shan States.² The two main trade routes to China were the “ambassador’s road” from
Bhamo (now in Kachin state) and the legendary “Burma Road” from Lashio in the northern Shan States to Kunming in Yunnan. The present boundaries of Shan State are, in other words, an outcome of nineteenth century rivalry between the French and the British and the struggle for control of the lucrative China trade. The Shan people are today found on all sides of the borders in this region — in Thailand, Laos, and China.

However, while Burma proper became a British colony, the Shan States were declared to be protectorates. The British recognized the authority of the Shan princes, who enjoyed a status similar to that of the rulers of the Indian princely states. Each Saohpa was responsible for administration and law enforcement in his state; he had his own armed police force, administrative officers, magistrates and judges. In 1922, the British created the Federated Shan States and for the first time the Shan area achieved a governing body common to all the principalities. This was called the Federated Shan States' Council and comprised all the ruling princes — about thirty of them — and the British Governor in Rangoon. The Council dealt with such common concerns as education, health, public works and building. Peace and order was established in the Shan States for the first time in many centuries.

Partly because of their separate administrative status, the Shan States were never affected by the pre-World War II nationalist movement to the same extent as Burma proper. The Burmese nationalists, organized in the Dobhama Asiayone (Our Burma Party), focused their activities against the British colonial masters and the Indian money-lenders from the Chettyar cast, who had taken over vast tracts of land from the impoverished and indebted Burmese farmers. In the Shan States, the situation was different. Through a series of special laws, the Indian money-lenders — and ordinary Burmese also — were barred from entering the Shan States and settling there. The Shan Saohpas were more or less left alone in political matters and the British presence was confined to a Chief Commissioner in Taunggyi and a few political officers in the more important states. On the other hand, however, very little was done to exploit the rich natural resources of the Shan States and to uplift the country economically. The major preoccupation of the British in Burma was to develop the Burmese lowlands on the Irrawaddy plain into a granary and rice exporter for India. The colonial epoch meant for the Shan States peace and stability — but it was also a period of economic and political standstill.
The Panglong Agreement and Independence

This sleepy and stagnant pax Britannica came to an abrupt end when the Japanese overran and occupied Burma in 1942. Fierce battles were fought in the Shan hills between the Japanese Imperial Army and Nationalist Chinese (Kuomintang) units, invited by the British and dispatched by Chiang Kai-shek’s commanders in Yunnan. The Allies and the Japanese each in turn bombed Shan towns, and the country was in chaos and destruction.

Alongside the Japanese fought the Burmese nationalists, organized in the Burma Independence Army (BIA) and commanded by Aung San, a young spell-binding personality often referred to as “The George Washington of Burma”. One year before the Japanese invasion a group of thirty young Burmese, known as the “Thirty Comrades”, had secretly left Burma to get military training on the Japanese controlled Chinese island of Hainan.

The Burmese nationalists had been taken in by the Japanese war-cry “Asia to the Asians!” However, the BIA was not allowed to enter the Shan States or any other frontier areas. The Japanese, like the British before them, treated the Shan States as a separate political entity. They even handed over the biggest of them, Kengtung (12,400 square miles) along with the smaller state of Mong Pan (2,988 square miles) to Thailand, which was allied with Japan during the war. Later, when the group led by Aung San realized that Japan was interested only in a puppet regime in Rangoon and not in true independence for Burma, the BIA contacted its former enemies, the British, and was reorganized into the Anti-Fascist People’s Freedom League (AFPFL).

These tactical mistakes of the Burmese nationalist movement during the war widened the gap between the Burmese and the various frontier peoples who were, generally speaking, more pro-British than the Burmese. When British rule was restored after the war, the Burmese nationalists carried on their struggle for independence. The process might have taken a longer time had it not been for the political upheaval in neighbouring India. In 1947, it was clear that India was going to be granted Dominion Status within the Commonwealth. The British saw, consequently, no reason to cling on to Burma, which as a colony had been ancillary to the British possessions in India. On 27 January 1947, Aung San and the British Labour Prime Minister Clement Attlee signed an agreement which, in effect, was going to give
independence to Burma the following year. But what shape independence would take was still unclear. When Aung San attended meetings with the British in London, the Shan *Saohpas* sent a telegram to Attlee stating that Aung San was representing the Burmese only and not the frontier peoples. Aung San and other AFPFL leaders had toured the frontier areas to gather support for a united, independent Burma. However, the more conservative hill peoples, unaffected by the Burmese nationalist movement, were sceptical of a union with the Burmese, who were considered arch-enemies and untrustworthy.

Despite the difficulties, the leaders of the Shan, the Kachin and the Chin peoples initiated a conference in November 1946. This meeting took place at Panglong, a small market town six miles north of Loilem. The first Panglong conference decided on a common plan for the reconstruction of the war-devastated frontier areas. In addition, the Supreme Council of the United Hill Peoples was founded to safeguard the political interests of the frontier peoples. Its first president was Sao Shwe Thaik, the *Saohpa* of Yawngewe state and Chairman of the *Saohpas*’ Council.

The decision to join Burma and ask for independence from Britain was taken at the second Panglong conference in February 1947. Aung San and the leaders of the frontier peoples (except the Karens who later resorted to armed struggle against the government) signed the historic Panglong Agreement (Appendix I). This is the key document in post-war relations between the hill peoples and the central Burmese authorities. During the second Panglong conference, the Shan *Saohpas* also asked for, and were granted, the right to secede from the proposed Union of Burma after a ten-year period of independence (that is, in 1958), should they be dissatisfied with the new federation. This right was ensured under the first Burmese constitution, Chapter X (Appendix II) wherein the several states existent under British rule became the Shan State.

The Panglong Agreement, and the Frontier Areas Committee of Enquiry (FACOE) set up by the British in 1947 to ascertain the views of the frontier peoples regarding Burma’s independence, indicated to the Burmese leaders that the Shan *Saohpas* and other frontier chiefs expected to retain internal autonomy in their traditional areas. The day when the Panglong Agreement was signed, 12 February, has since then been celebrated officially in Burma as Union Day, a national holiday.
Addressing the frontier peoples in the opening session of the April–September 1947 Constituent Assembly, Aung San emphasized the spirit of the Panglong Agreement: — “The Frontier Areas may or may not join the Union of Burma. There is no force and no compulsion. It is for you to make the decision freely and frankly”. Seen in retrospect, it is plausible to assume that all these promises and concessions to the frontier peoples were given in order to rally the broadest possible support for a quick solution to the problems surrounding Burma’s independence. It is, for instance, doubtful whether the right to secede would have been granted if Burma’s independence process had been somewhat slower.

There was also, undoubtedly, British pressure behind these moves. At the same time that Burma was heading for independence, India was shattered by communal riots between the Hindus and the Muslims. The British had to undertake the painful task of partitioning the Indian subcontinent, with subsequent civil war and bloodshed in Bengal and the Punjab. It is likely that they did not want something similar to happen in Burma. The British were, therefore, eager to patch Burma together into a union and leave it as soon as possible. Furthermore, the British officers who took over Burma after the war were, with a few exceptions, very different from the “old hands” of pre-war days. Most of the new administrators were army men with hardly any emotional ties to Burma and the frontier areas. Many of them were also ignorant of Burma’s history and its traditional national minority problems. On paper, however, everything was ready for the declaration of Burma’s independence — which was going to take place at an auspicious hour in the night on 4 January 1948 — when an event occurred that was as unexpected as it was tragic. On 19 July 1947, the Burmese nation was shocked by the message that Aung San had been assassinated, along with seven other state leaders — among them Sao Sam Htin, the Saohpa of Mong Pawn.

The Kuomintang Invasion

The state of affairs in Burma when it achieved its independence in 1948 could hardly have been worse. The country had suffered some of the severest air-strikes in Asia during the war; the countryside was ravaged and the infrastructure almost destroyed. The inner circle of competent leaders had been murdered even before independence had been
proclaimed. The new leader and independent Burma's first Prime Minister, U Nu, was a talented, intellectual politician but criticized for not being the strong statesman Burma needed during its first difficult years of independence. Army units rose in mutiny, the Karen minority took up arms and demanded a separate state and the communists went underground to organize guerrilla forces.

In an attempt to forge national unity, the Shan leader Sao Shwe Thaike had been given the ceremonial post of the first President of the Union of Burma. But events in the Shan States thwarted further attempts to placate a possible opposition. In October 1949, Kuomintang (KMT) forces from southern Yunnan, unable to withstand the attack of the Chinese Communist army, crossed over into Shan territory. Led by wartime hero, General Li Mi, they invaded Kengtung state and sought refuge in the Shan hills. In January 1950, remnants of the 93rd Division, the 26th Division and General Li Mi's 8th Army arrived in the southern Shan States and ensconced themselves in the hilly region surrounding Mong Hsat, close to the Thai border. They recruited soldiers from these border areas — mostly Lahu hill-tribesmen — and gave them military training, and began collecting arms, ammunition, and provisions from sources outside Burma. The number of KMT-soldiers swelled from about 1,700 in early 1950 to 4,000 by April 1951. The tiny Mong Hsat airstrip, built during the war, was reconstructed into a formidable air base, capable of receiving C-46 and C-47 transport planes, which brought in arms, ammunition, and medical supplies. This dramatic build-up was a joint venture between the Taiwan government and the U.S. security authorities to encircle and try to reconquer China. The Kengtung-based "Secret KMT Army" tried on no less than seven occasions between 1950 and 1952 to invade Yunnan, but was repeatedly driven back into the Shan States.

The Burmese Army was sent to the Shan States to rid the country of its uninvited guests — but was unsuccessful. U Nu then raised the question in the United Nations General Assembly which, on 22 April 1953, adopted a resolution demanding that the KMT lay down arms and leave the country. Thousands of KMT soldiers were evacuated to Taiwan by special aircraft with pomp and circumstance — at the same time as reinforcements were being flown in to Mong Hsat by nightly flights. Thus, the number of KMT soldiers in the Shan States increased to 12,000 by the end of 1953. The Burmese Army failed to defeat the KMT, but managed to drive some of the units across the Salween River.
into Wa and Kokang states, traditionally the best opium growing areas of the Shan States. The KMT had become involved in the Shan opium trade earlier on, but they were now able to trade more directly. They enlisted the support of Olive Yang, younger sister of the Saohpa of Kokang and the leader of one of the first brigand armies of the Shan States. Encouraging these bands of border bandits gave the KMT trading partners and armed support, and, by adding to the instability of the border areas kept the Burmese Army occupied and split up on several different fronts.

The KMT involvement in the Shan opium trade was explained explicitly by one of its generals, Tuan Shi-wen:

> We have to continue to fight the evil of communism and to fight you must have an army, and an army must have guns, and to buy guns you must have money. In these mountains the only money is opium.\(^6\)

Before World War II, opium was legal but restricted to the wild and mountainous regions east of the Salween (that is, in Kokang and Wa states). Taxes on opium gave some income to the Saohpas, but it was tightly controlled by local and British authorities under the 1923 Shan States Opium Act. Significantly, the main pre-war anthropological study of the Shans has only one reference to opium:

> No religious Shan takes opium, so it is not openly used as a medicine, but native doctors use it occasionally mixed with herbs.\(^7\)

The KMT invasion changed all that overnight. Li Mi persuaded the farmers into growing opium and introduced a hefty opium tax, which forced the farmers to grow even more in order to make ends meet. The annual production increased from a mere 30 tons at the time of independence to 600 tons in the mid-1950s. In its reports to the United Nations, the Burmese Government alleged that much of the opium was air-lifted from Mong Hsat to Taiwan by American planes.\(^8\) However, opium was not an international problem at that time and few, apart from the Burmese authorities, paid much attention to the CIA’s assistance to the KMT’s opium trade. Ensuring Li Mi’s loyalty to the “secret war” against China was a far more important consideration for the U.S. security planners.
The opium which was not flown to Taiwan or Bangkok was carried by mule trains to the Thai border and there sold to different buyers. The most prominent of them was the then Commander of the Thai Police, General Phao Sriyanonda, who also had close ties with the CIA (U.S. Central Intelligence Agency). This caused a political uproar in Thailand. Prime Minister Phibun Songkram complained at a press conference in November 1956: “The Kuomintang causes too much trouble; they trade in opium and cause Thailand to be blamed in the United Nations”. Some of the Thai press were even bold enough to accuse the CIA of being involved in General Phao’s opium trafficking.

Nationalism and Revolt

The KMT invasion, combined with the government’s inability to repel the invaders, meant that the Shans became squeezed between two forces, both of which were perceived as foreign. The KMT was conducting a regime of terror from its strongholds in the Shan hills. According to Elaine T. Lewis, an American missionary who was working in Kengtung state in the 1950s:

For many years, there have been large numbers of Chinese Nationalist troops in the area demanding food and money from the people. The areas in which these troops operate are getting poorer and poorer and some villages are finding it necessary to flee.

On the other hand, reports were reaching Rangoon that the government forces had been no better in their treatment of the village people in the Shan countryside.

In October 1952, the Union of Burma Government declared a major portion of the southern Shan States to be under military administration. The aim ostensibly was to suppress KMT bandits in those areas. But evidently it was another move to undermine the power of the Saoohpas. It had become clear that the Burmese leaders felt uneasy with the federal structure and held that only a strong unitary state could solve Burma’s problem. The Shan princes were regarded as obstacles to the amalgamation of all the states and the Burmanization of the frontier areas. This was an entirely new element in the government’s policy towards the Shan States. The Saoohpas appreciated the
fact that they had certain common interests with Burma which precluded a continuation of the arrangements under British rule for separate administrations. None the less, the historical fact that the frontier peoples — not only the Shans but also the Kachins, the Karens, the Karenni, and others — had never been interfered with in their internal affairs was not forgotten, and the desire for a large measure of autonomy was almost unanimous.

The years up to 1955 saw a great influx of Burmese troops into the Shan States. Before long, there arose friction between the local population and the soldiers. Ordinary Shans, for the first time since pre-colonial days in the nineteenth century, came in close contact with the Burmese, and the ethnic differences became more apparent. In the eyes of the Shan farmers, who had little or no knowledge of the Burmese language, the government troops were just as alien as the KMT. In the countryside, an unarticulated discontent started to grow. Among the Shan intellectuals in the cities, a nationalist movement began taking shape. Semi-political organizations such as the Shan Students Association and the Literary Societies were founded. They held cultural seminars at the universities of Rangoon and Mandalay, and published books, pamphlets, and magazines. They began doing research in the Shan language and script; the old script was modified by these young scholars and a modern vocabulary compiled. The Shan language was never taught in schools in the Shan States where the medium of instruction was Burmese. It was only in the village monasteries that old Shan scriptures were kept and learnt by the young novices. The *Tai Young Magazine*, edited by the Rangoon University Shan Literary Society, became the focal point for the young nationalists. It was not surprising that the winner of the 1957 essay competition had written an ardent description of the KMT invasion and the hardships of his homeland.14

The movement was nationalistic in nature. It sought a peaceful solution by legal means within the framework of the parliamentary system, which the students thought would preserve and safeguard the autonomy and the identity of the Shan States. The chief spokesman of this movement was Sao Shwe Thaikè’s wife, the Mahadevi of Yawnghwe Sao Nang Hearn Kham, who was elected a member of the Shan Legislative Council and a member of the Union Parliament in 1956. Other political personalities leading the Shan national movement were U Tun Ong, an anti-feudalist politician from Yawnghwe (now
deceased), Yang Kyin Sein alias Jimmy Yang, a Member of Parliament of princely blood from Kokang State, Sai Tun Aye (a graduate who later joined the rebellion but surrendered due to personal problems) and Sai Hla Aung, a young geology student who later assumed the nom de guerre Sao Hso Lane and was the commander of the insurgent Shan State Army (SSA) until early 1983.

If the Burmese nationalist movement in the 1920s and the 1930s had been a reaction against British colonial policy and Indian economic stranglehold, the Shan national movement was born out of Burmese encroachments in the Shan States and KMT terror. The Union Government viewed this development with uneasiness, especially since the constitutional right to secede from the Union would come into effect in 1958. Some Shan Saohpas had founded in 1956 a political party called the Shan State United Party (SSUP). They passed resolutions advocating secession rather than surrender their powers, which the Burmese leaders had started to demand. At about the same time, a number of Shan nationalists gathered at a conference in Mong Yai, where voices were raised for secession from Burma. The government tried to suppress the nationalist movement by using the army and its Military Intelligence Service (MIS), but the outcome was counter-productive: groups of young people moved into the jungle, where they organized armed guerrilla units. The first rebel group was called Noom Seik Harn (The Young and Brave Warriors) and was led by Saw Yan Da alias Sao Noi, a Shan from Yunnan in China. He was joined by some university students who had fled the towns when the Burmese Army began its campaign against the Shan nationalist movement.

In 1959, a well-known police officer of Wa descent, named Bo Mong, joined the rebellion. With a band of Wa warriors, he launched a surprise attack on the garrison town of Tang-yan and managed to capture it. Some university students also took part in the battle of Tang-yan. The most outstanding among them was Sao Kyaw Tun (later known as Sao Hso Wan), a nephew of the Saohpa of Mong Yai. Simultaneously, Sai Hla Aung (Sao Hso Lane) with a group of student followers tried to attack Lashio in the north. Other armed groups all over the Shan States began to ambush Burmese army camps and raid isolated outposts in search of arms. It was not a well-planned and synchronized uprising, but the Burmese Army was thoroughly taken aback by the sudden and widespread outbreak of violence. Tang-yan was eventually retaken by government troops, but Bo Mong along
with 300 young men in arms went to the Thai border to join the Noom Seik Harn.

The battle of Tang-yan marked the beginning of the war between the Union Government and the Shan nationalists. The insurgents were, however, divided from the very beginning into many different groups and factions, based more on regional and personal differences than on political disagreements. The first infighting erupted between the rough and uneducated Sao Noi and the young independently minded students. In 1960, the latter broke away and together with Bo Mong, set up the Shan State Independence Army (SSIA). Its first president was Long Khun Maha, a well known writer and poet from Mong Yai. After less than a year he was captured by the authorities and succeeded by Khun Thaw Da (also known as Pi Sai Long), an intellectual related to the Saohpa of Hsipaw. Khun Thaw Da headed the SSIA until 1964, when it was merged with the SNUF and the Kokang Force to become the Shan State Army (SSA).

Besides the SSIA and the remnants of the Noom Seik Harn, there was also the Shan National United Front (SNUF), which operated in the southern Shan States. It was led by Bo Mo Heing, a long-time insurgent leader who initially went underground with the Burmese communists in 1952. The second in command was Khun Kya Nu, a relative of Khun Thaw Da. Gradually, the SNUF drew closer to the SSIA and the two groups co-operated politically and militarily. In Mong Yai state in the north, a commander called Bo Dewaing had set up a small armed group together with Chan Shee-fu, alias Khun Sa, the stepson of the myoz a of Nawngleng (Loi Maw). Khun Sa was half-Shan, half-Chinese and his name was later to become known throughout Southeast Asia and the world. Khun Sa’s first armed band bore the intriguing name of the “Anti-Socialist United Army” (ASUA). He was known as a staunch opponent of left-wing ideas and reportedly ran an anti-communist school in Tang-yan for some time. The fifth main group was the Kengtung-based Shan National Army (SNA), commanded by U Gondara alias Sao Gnar Kham, a famous ex-monk who had been active in the cultural and political awakening of 1955−56. The SNA absorbed most of the rebel groups in Kengtung state and it also included the controversial U Ba Thein, a Christian Shan with close CIA connections. There was also the Shan National Independence Army (SNIA), a break-away faction of students from Noom Seik Harn which was active in the south. The SNIA was in turn split into
different factions and showed more interest in attacking the other Shan groups than fighting what presumably was the common enemy, the Burmese Army.

Thus, the Shan rebels were far from united. There were several reasons for the fragmentation. Firstly, the Shan rebellion began as a spontaneous uprising without any centralized, proper leadership. Secondly, the Shan States have never been effectively united since the days of the Mao Empire. Petty chieftains and local war-lords belong to the tradition of this region and their different armed bands have operated separately because of the steep mountain ranges and thick jungles which divide them. Thirdly, this traditional lack of unity had been exploited during the British days. The Shan nationalists had to bear some of the consequences of the divide-and-rule policy the British had conducted in their former empire. The Shan States consisted of more than 30 different principalities, and each region built up its own resistance army. These were usually based on the old police force or princely army. Each Saohpa had his own armed force.

At the same time that the Shan rebellion broke out, there were serious political and economic problems in Burma proper. An economic recession had set in just after independence and U Nu’s attempts to build a Burmese welfare state (pyidawtha in the political rhetoric) had not been successful. Furthermore, in April 1958, the AFPFL had split up into two hostile factions, the “Clean” AFPFL headed by U Nu and his deputy Thakin Tin, and the “Stable” AFPFL, led by Deputy Prime Ministers Ba Swe and Kyaw Nein. The mounting crisis caused U Nu to resign on 26 September 1958, and give way to a caretaker government. This was led by General Ne Win, one of the “Thirty Comrades” and Supreme Commander of the Burmese Armed Forces since independence. One of the main tasks of Ne Win’s military caretaker government was to suppress the insurgency. The government launched several military offensives and established a system of rewards and protection for informers who reported insurgent activity to the government.

It was in 1959 also that the Shan Saohpas formally renounced all their powers at a grand ceremony held at Taunggyi and attended by all the princes, Ne Win himself and the top echelons of the Burmese Army. The duties of the Saohpas were taken over by the elected Shan State government. The position of the Saohpas towards the armed insurrection had been very awkward. They could not condemn the
resistance because the rebels were their own people; but they could not support them either. Open confrontation with the Union Government might lead to a large-scale war in the Shan States. There was also a certain amount of distrust between the Saophas and some of the young rebels who, influenced by revolutionary ideas, were opposed to the old leaders — symbols of a feudal society they wanted to change.

U Nu returned to power in April 1960 after almost nineteen months of military rule. He had won the general election earlier that year as the leader of the Pyidaungsu (Union League Party). He proclaimed that he would operate “in strict compliance with the principles of democracy”. But dissension broke out within the Pyidaungsu and it appeared that U Nu’s new party would split apart. To add more problems to the already weak and troubled U Nu government, the Shan leader, Sao Shwe Thaik, submitted a proposal to loosen the federal structure of the constitution. In February 1962, the Burmese Government convened the Nationalists’ Seminar in Rangoon in order to discuss the future status of the frontier areas, or the Constituent States, as they were now called. All the government ministers, Members of Parliament, heads of the Constituent States and their State Ministers attended this seminar.

On 2 March 1962, before any decision had been taken, General Ne Win staged a coup d’état and detained all the participants of the meeting. Sao Shwe Thaik was arrested. He died eight months later, in October 1962. It was believed that Ne Win and the army suspected that U Nu would give in to the demands of the minority leaders. Ne Win abolished the old constitution and introduced military rule headed by a Revolutionary Council with himself as its Chairman.

With the coup, the constitutional right to secede from the Union was declared null and void. Rebellion flared anew in Shan State. In 1964, the SNUF and the SSIA, together with the Kokang Force (a local armed force of the Chinese-dominated Kokang state), agreed to merge into the Shan State Army (SSA). Its first leader was Sao Shwe Thaik’s widow, Hearn Kham, the Mahadevi of Yawnghwe. She was elected Chairman of the Shan State War Council, which also included Jimmy Yang, the commander of the Kokang Force, Pi Sai Long from the old SSIA, Bo Mo Heing from the SNUF and Sao Hso Kharn (alias Sao Ong Paung). Only Sao Noi (Noom Seik Harn), Bo Dewaing from Mong Yai, and Sao Gnar Kham (SNA, the Kengtung group) refused to join, saying that the time was not yet ripe for unity.
War, Opium Politics, and the Ka Kwe Ye (KKY)

The most pressing problem the Shan insurgents had to face was financial backing for their armed struggle against Burma’s new military regime. Funds had to be raised from the resources of their own country. Shan State is potentially rich, but the hill people did not have the expertise to exploit teak, oil, precious gems and minerals. One commodity, however, was already well established at the beginning of the rebellion and could bring in cash: opium. The KMT invasion and the devastation of the countryside had destroyed the traditional rice-based economy of Shan State. Farmers had to become porters for the government troops during their offensives against the insurgents. Many of them left their paddy fields and took to the hills, where opium poppy was the only viable crop they could grow.

The poppy had previously been cultivated especially by Chinese hill-tribes, who had migrated from Yunnan during the British days. They taught the indigenous Lahu, Lisu, Akha, Wa and Pa-O hill-tribes to grow opium. After the KMT invasion and the 1962 coup d’etat, an increasing number of impoverished Shan farmers also took up opium farming. According to Chao Tzang na Yawnghwe:

The fast rolling opium bandwagon was further oiled by the introduction of the Burmese Way to Socialism following General Ne Win’s coup of 1962. All businesses and banks (foreign and otherwise), shops, industries, factories, etc., were nationalized, and business and trade by individuals and private concerns came to a dead stop. Naturally, in such an economic vacuum there arose a black market economy which for opium traffickers was a boon as they, and only they, were equipped to exploit this sad situation. Opium was bought by them at very low price from ragged cultivators, transported in armed caravans to the border and refined into heroin. And on the return trip to get more opium, Thai goods and commodities were taken up and sold in Shan State at very high profit — thus, a killing was made both ways, at least thrice yearly.

Rather than creating socialism, the Burmese Way to Socialism in effect delivered the economy into the hands of the opium traffickers. As such, opium became the only viable crop and medium of exchange. Thus, cultivation of opium, limited to east of the Salween prior to 1963, not only spread all over Shan State, but to Kachin, Karenni and Chin states as well.18
The 1962 coup d’etat and the escalation of warfare threw Shan State into a state of anarchy. It was virtually cut off from the rest of Burma. The civil wars between the KMT, the government and the Shan rebels had made progress impossible. There was — and still is today — no marketing infrastructure for any cash crop other than opium. For the insurgents, opium became an important source of income, either through taxing the growers and giving protection to the opium convoys passing through their territory, or by direct involvement in the trade. Money derived from the opium trade financed the armed struggle against the government and was also used to barter for guns, ammunition, medicine and other necessities.

The degree and form of involvement varied from group to group. Jimmy Yang’s Kokang Force gradually dissociated itself from the SSA and approached U Nu’s exiled Burmese for help. Under the CIA’s auspices, Jimmy Yang became the commander of the northern division of U Nu’s United National Liberation Front (UNLF) and set up his headquarters near the Thai border. Carrying on the tradition from his younger sister Olive, he organized opium caravans from his native Kokang state and co-operated closely with the KMT. Sao Gnar Kham’s Kengtung-based SNA was equally dependent on the opium trade for its survival. The army consisted of more than 5,000 armed men and controlled most of Kengtung state, the biggest of the former Shan States and one of the main opium growing areas. An estimated 10 per cent of all poppy fields in Shan State are located in Kengtung, compared to nearly 40 per cent in Kokang and Hsenwi states, 15 per cent in the Wa states, nearly 15 per cent in Mong Yai state, and the remaining 20 per cent in Mong Pan, Mong Hsu, Mong Nong, Mong Nai, and Hsi Hseng in south and central Shan State.

The distribution of poppy fields in Shan State explains why Jimmy Yang and Sao Gnar Kham were so dependent on the opium trade. It also explains why the most politically motivated of the groups, the SSA, was never involved to any appreciable extent in the opium business. No more than 1,000 viss, or roughly 1½ tons, were grown in the SSA area south of the Hsenwi-Lashio road and north of Kehsi Mansam.19 This is less than 0.2 per cent of all the opium produced in Shan State at that time. The SSA levied a 10 per cent opium tax on the growers, another 10 per cent on the buyers, and an additional tax for traders and caravans passing through their territory.20

Opium has been an important but little appreciated ingredient in
Shan politics ever since the rebellion broke out. The fact that some of the groups have been heavily involved in the opium trade has sown dissension and distrust among the insurgents and is a main reason that the Shan movement up to this day has been divided and unable to form a united front.

The resistance had been able to increase its share of the Shan opium trade, thanks to U Nu’s last military campaign before his overthrow. The Burmese Army had launched an offensive against the KMT and managed to drive them out. Though U Nu has always denied it, it is commonly known that Beijing on Zhou Enlai’s advice sent more than 10,000 troops to southern and eastern Shan State to fight along with the Burmese soldiers. This joint operation drove the KMT across the border to Thailand and Laos. The KMT had been, officially at least, cut off from American and Taiwanese aid, but the U.S. State Department offered to pay for the repatriation of KMT soldiers to Taiwan. A few thousands were actually evacuated, but the ones who were left behind for one reason or another were reorganized into the 3rd and 5th regiments, commanded by General Lee Wen-huan and General Tuan Shi-wen, respectively. They encamped on the Thai side of the border and reached an understanding with the Thai authorities: they acted as a buffer and unofficial “border police”, and sent soldiers to protect road construction in sensitive areas where there was communist insurgency.

General Lee established his headquarters at Tam Ngop, northwest of Chiang Mai, and General Tuan at Mae Salong further to the north. The 3rd and 5th regiments divided Shan State between them into two spheres of interest, mainly for business purposes. General Lee got the area west of the Salween river and the border from Fang (Loi Lang) to Mae Hong Son (Mae Aw); General Tuan, the area east of the Salween and the border from Mae Sai-Tachilek to Fang. They established “tax stations” along the border, where they collected “customs duty” on opium convoys reaching Thai territory. Inside Shan State, they operated through allies working on their behalf. General Lee succeeded in forging a pact with the veteran Mo Heing, who had broken away from the SSA to set up his own Shan United Revolutionary Army (SURA). This group found sanctuary at Pieng Luang in the Thai-Shan border area which was under General Lee’s unofficial jurisdiction.

Relations between the SSA and the KMT were never cordial, despite the fact that the former had troops posted at Tam Ngop for
some time. In late 1969, fierce battles were fought between the two. The KMT faced difficulties in keeping control of eastern Shan State. After the main KMT force was driven out of Shan State in 1961, the CIA needed a new protégé there and its choice was Sao Gnar Kham’s SNA. The United States decided to support the various groups fighting against the Ne Win government. Through their agents in northern Thailand, the CIA contacted U Ba Thein, deputy commander of the SNA and requested him to organize intelligence teams for work in Shan State and cross-border operations into Yunnan in China. The CIA also initiated contacts between U Ba Thein and the Laotian right-wing leader Phoumi Nosavan, who was the head of Laos’ unofficial Opium Administration. As such, he was in charge of the opium industry in the Lao kingdom. In this way, a new opium route was opened, eastwards across the Mekong river. The KMT, however, still remained a main force along the Thai-Lao-Burmese border junction. Large numbers of KMT soldiers were still kept along the border between Laos and Shan State and deals across the Mekong had to be made through the KMT intermediaries. A big KMT camp was established near Keng Lap on the bank of the Mekong and from there the KMT kept a watchful eye on all activities going on in either direction between Laos and Shan State.

The Laotian connection became increasingly important in the late 1960s and early 1970s. Under the terms of the Geneva Agreement of 1962, Laos was a neutral country in whose affairs no foreign power was supposed to intervene. Officially, there was no war in Laos, so the CIA acted “secretly” through mercenaries, recruited mainly from the Hmong hill-tribe. The CIA pumped in millions of dollars worth of military hardware to support its “secret army” in Laos. The effect was that Laos developed into Southeast Asia’s largest illicit arms market, where the latest models of sophisticated American arms could be bought. For the Shan rebels, this was an inexhaustible source of supply, and they paid in raw opium.

Phoumi Nosavan was not the only high-ranking Laotian army officer involved in drug activities. The top man in Laos’ narcotics industry was no less important a figure than General Ouane Rattikone, the then Commander-in-Chief of the Royal Lao Army. He and other officials in the Laotian Government refined opium into heroin in the “555” cigarette factory in Vientiane. Heroin was a new trading item and the market had been created in the mid-1960s by the arrival of
American soldiers in Vietnam. Another heroin laboratory belonging to General Ouane was located at Ban Houei Say in western Laos, near the Mekong. This became the most important refining centre for opium crossing into Laos from Shan State.25 For the CIA, this was a game of lesser importance. The main reason it had initiated contacts across the Mekong was to establish co-operation between right-wing Shan groups and like-minded people in Laos. Hundreds of Shan insurgents, mainly from the SNA, were hired as mercenaries by the CIA and the Laotian right-wing to fight against the communist Pathet Lao in the hills surrounding the Plain of Jars in northern Laos.

The Burmese Government was incapable of overcoming the innumerable rebel armies operating in Shan State. Ne Win’s administration was also tied up with political and economic problems closer to Rangoon. In order to fight the rebels, the Ne Win government had in 1963 authorized the setting up of the Ka Kwe Ye (KKY) home guards. This local militia was given the right to use all government controlled roads and towns in Shan State for opium smuggling in exchange for combating the rebels.26 There were three reasons for this move. The first was insufficient funds in the State Treasury. Rangoon could not afford to provide the KKY with money, rations, uniforms, arms, and other necessities. By trading in opium, Ne Win hoped that the KKY home guards would be self-supporting.27 But it was also an attempt to undermine the financial basis of the Shan rebels. If the KKY could drive the insurgents out of the opium market, they would have no money to buy guns and ammunition to carry out their struggle. A third reason was that the Burmese Way to Socialism had isolated the country from the outside world and created an acute shortage of consumer goods. The government had to turn a blind eye to smuggling activities along Burma’s borders, given the choice of contraband or no goods at all, which would result in political and social unrest.

The KKY commanders carried their opium to the market town of Tachilek, near the border junction between Burma, Laos, and Thailand. There, the opium was exchanged for bars of pure gold, and hence the area got the nickname “the Golden Triangle”. At the border, the KKY bought consumer goods which they brought back as a return cargo in their lorries and mule trains. Some of it, especially fancy furniture, was reportedly given to Burmese Army officers to soften their possible irritation to the trade.28

There was total anarchy, with an abundance of armies ambushing
and betraying each other over the opium trade. Some were more successful than others and quite a few KKY leaders became rich on the deal with the central Rangoon authorities. Khun Sa, alias Chan Sheefu, the leader of Loi Maw KKY (and a former resistance leader who had now joined the government), Bo Lai Oo from Wa state, Lo Hsing-han who led the Kokang KKY from his base at Lashio, Win Min alias Wu Chung-tin of Loi Sae, Mahasang, U Sein, Chin Chao Wu, and Cho Huang Chai of Vingngun KKY and numerous others developed their own fiefdoms. They built up their own private armies, purchased military equipment from the black market and the latest models of arms, including M-16 and Browning automatic rifles, M-79 grenade launchers and 57 mm recoilless rifles.

Among all these war-lords, Lo Hsing-han became famous in 1973 when senior U.S. narcotics officer Nelson Gross proclaimed him “kingpin of the heroin traffic in Southeast Asia” and said that “Lo Hsing-han is an international bandit and responsible for a growing portion of Asia’s and America’s drug-caused miseries”.29 Statements like these were surprising news in Shan State. But the late 1960s had not only seen the emergence of the powerful KKY home guards; there had also been a dramatic change in the U.S. narcotics policy. By directly or indirectly supporting the Golden Triangle opium trade, the U.S. had made a grave mistake. Heroin had become extremely popular and the largest clientele was to be found among the American soldiers in Vietnam. When the GIs gradually returned home, the narcotics problem went from Saigon’s army barracks to the middle-class suburbs in the United States. The public became alarmed and the authorities started taking measures, aimed at solving the drug problem.

The U.S. Government built up its powerful Drug Enforcement Administration (DEA) and millions of dollars were funneled into the hill-tribe economy of the Golden Triangle to provide the opium farmers with substitute crops. The poppy fields and the so-called “drug kingpins” became the most important targets of American drug enforcement in Southeast Asia. In the war against drug-trafficking in Shan State, the U.S. Government came down on the side of its former enemies in Rangoon, proclaiming that the Ne Win government was the strongest single force in the region.

The U.S. had already ceased its support to the SNA, which in any case had all but vanished from the scene. Sao Gnar Kham had been assassinated in December 1964 at Huei Krai caravan station in north-
ern Thailand. U Ba Thein carried on alone throughout the 1960s, but was finally arrested and surrendered to the government.

The U.S. policy of pin-pointing "kingpins" came, however, under heavy criticism from many experienced observers. The naming of Lo Hsing-han as "The King of Opium" was dismissed by most astute observers as a media-directed exaggeration. At the same time as the drug authorities were trying to focus the attention on one trafficker of moderate status and importance, two relatively unknown opium merchants with KKY connections in Kengtung — Shi Kya Chui and Yang Sang (alias Yang Shih-li) — were in fact trading in much larger quantities than the "kingpin" himself. By comparison with the Kengtung merchants, Lo Hsing-han was a minor trafficker, the critics said, and his role was mainly to provide protection for the mule trains and lorry conveys that carried raw opium down to General Lee's encampments along the Thai border. From his base in Lashio, northern Shan State, Lo Hsing-han was only able to organize three to four conveys a year carrying opium, jade, and other contraband down to the Thai border of Tachilek, the apex of the Golden Triangle. Shi Kya Chui and Yang Shih-li, on the other hand, were more conveniently based at Kengtung, only 105 miles north of Tachilek, which made it possible for them to undertake up to ten trips a year or more.

Like the United States, Ne Win also chose the wrong strategy in the Shan State opium war. The local KKY commanders had by 1973 grown too strong for government control. When the KKY was founded, Rangoon had thought that most people in Shan State would rally behind the home guards. But only the Chinese traders and local war-lords — who were eager to get their share of the opium trade — responded favourably to Rangoon's offers. Moreover, in order to conduct their opium conveys through Shan State, the KKY leaders had to negotiate tax arrangements with the rebels, who controlled the countryside and frequently ambushed the conveys which tried to slip through without paying duties. Thus, the KKY, instead of fighting the insurgents, had to co-operate with them. The key to success in opium transportation was to avoid fighting as much as possible in order to be able to advertise to the merchants that the militia commanders could offer safe conduct for the conveys.

Thus, the entire KKY programme had become a failure and the KKY leaders were asked in 1973 to disband their groups and surrender their firearms to the authorities. Lo Hsing-han was among the war-
lords who refused to do so. On the contrary, he was elected chairman of a committee aimed at uniting all armed groups in Shan State. He signed a pact with the SSA and declared war against the government.

This brief war lasted until 17 July 1973 when Lo Hsing-han was captured in the small village of Ban Toom in a remote corner of Thailand’s Mae Hong Son province. Lo had crossed into Thailand together with 200 heavily armed followers in an attempt to escape a Burmese army column in hot pursuit, only to spring a trap set by American narcotics agents who were working in collaboration with the Thai Border Patrol Police. Lo was dispatched to Bangkok and ceremoniously displayed for the international press and its photographers. A month later, he was extradited to Burma to stand trial. On 17 Nov 1976, Lo Hsing-han was sentenced to death. The court also decided to confiscate about US$3 million worth of property owned by him and his group. However, critics of the DEA policy noted that Lo Hsing-han’s actual drug activities during his time as a KKY commander in Lashio never matched the claims of the DEA and were, in any case, always carried out with the tacit agreement of the Burmese authorities.  

There are several questions surrounding Lo Hsing-han’s arrest. According to witnesses testifying at his trial in Rangoon, Lo had intended to seek political asylum in Thailand on the grounds that he would discontinue drug trafficking. Shortly before his arrest, Lo had come to an agreement with the SSA on the pre-emptive sale of the main part of the Shan opium crop directly to the U.S. Government in return for political pressures on Rangoon (Appendix III). The SSA and Lo had been able to make this offer because of major changes in the balance of power in Shan State. In 1972, 95 per cent of the opium was being conveyed by the KKY armies, but within a year virtually the whole trade had fallen back into the hands of the resistance. The reason for this was simply that several ex-KKY commanders had turned their home guard units into rebel armies. When the SSA and Lo Hsing-han had signed their agreement, Lo went up to Loi Sae near Tang-yan to persuade these groups to support the proposals, and he succeeded to a certain extent. Mahasang’s Wa group (previously, the Vinggun KKY), opium war-lord Chang Peuk, and the former Lo Maw KKY, founded by Khun Sa (who was then in prison), were among the groups which supported the proposals. It was the first time ever that bodies organizing or participating in drug trafficking offered
assistance to wipe out the trade they themselves were involved in. It was also the first time since 1962 that international narcotics organizations were invited to visit the opium growing areas in Shan State.

One of the initiators of this proposal was the English film-maker Adrian Cowell, who had gone to Shan State in early 1972 to make a film about the SSA. He was the one who brought the proposal to Washington and presented it to the Committee on International Relations in the House of Representatives. During the hearings, Cowell explained the aim of the offer:

In considering them [that is, the proposal], it is worth noting that the revolutionaries are not asking for arms, which have always been so easy to buy in Laos that they are equipped with carbines, M16s, M79 grenade launchers and 57mm recoilless rifles. Nor are the Shans asking for any more money than they are already getting on the black market. What they hope to gain is that — if the outside world starts to buy opium — this will break the cordon of secrecy around Shan State. Since 1962 no journalists, or State Department or Narcotics Bureau officials, or any other outsiders, have been allowed into the opium region. The Shans hope that once the outside world realizes what is happening it will exert moral pressure on General Ne Win to return to the legal constitution under which the different nationalities . . . agreed to join the Union of Burma.34

The SSA and Lo Hsing-han offered to sell the U.S. Government some 400 tons of opium for approximately US$20 million, a fraction of the cost of drug-related crime suppression and law enforcement in the U.S., which at that time was estimated at US$27 billion a year. Instead of being converted into approximately 88,000 pounds of heroin, the 400 tons of raw opium could have been used for medical purposes. The offer came at a time when there was a world-wide shortage of morphine, codeine and other medical opiates.35 The U.S. claimed that the arrest of Lo Hsing-han had removed the effect of the proposal and rejected it. Ambassador Sheldon Vance expressed the official American standpoint in a testimony before the House of Representatives:

To be honest, I must state to the Subcommittee that we see major problems with this proposal. Unless properly handled, it could result in our negotiating with and possibly supporting a group in
armed rebellion against the Government of Burma... for this reason... we have informed the Government of Burma of the proposal and have emphasized to them that we would only consider proceeding with it in cooperation with the Burmese authorities.36

Sources in Shan State maintain that General Lee from the 3rd KMT had heard about the proposal, while it was being drafted at the SSA's headquarters in Shan State. Lee tipped off the police and informed them about Lo Hsing-han's whereabouts after he had crossed the border into Thailand. The same sources allege that General Lee saw the proposal as a threat to his own influence over the Shan opium trade and, therefore, wanted to stop it. However, the proposal was made once more in 1975 (Appendix IV) by the SSA and two other rebel armies. Even this time the offer was turned down, on basically the same grounds as for the 1973 proposal. Instead, the U.S. Government increased its aid to Rangoon. Dr Peter Bourne, Director of the Office of Drug Abuse Policy, explained the American view:

It is unthinkable that any representative of this administration [that is, Jimmy Carter's] would negotiate with representatives of insurgent groups opposed to the legitimate government of Burma, much less use the American taxpayers' dollars for a program that would, in effect, provide a subsidy for narcotics traffickers and arms for an insurrection.37

Unrest and Turmoil

Caught in the cross-fire between the government troops and the insurgents are the impoverished Shan and hill-tribe peasants. Thousands of them have been uprooted; they have been forced into strategic hamlets to isolate themselves from the rebels and many more have become refugees in their own country. Reports on acts of cruelty have, so far, been based on accounts given by refugees, who have made it to the Thai border. Trafficking in opium was not the only right granted to the KKY during its heyday in the 1960s. It also had the right to conscript men. The Burmese army, too, has been accused of committing atrocities on the Shan civilians (see Appendix VI). The human rights question in Burma became a controversy when the U.S. Select Committee on Narcotics Abuse and Control was discussing further aid to
Rangoon in July 1977. Robert Schwab stated in his submission to the committee:

... we are encouraging and supplying material for military operations against ethnic minorities by a government without any sustainable pretence to legal authority in the region ... this policy and aid would be questionable under any administration. Under the Carter administration they are clearly irreconcilable with explicit and reiterated human rights declarations. We have refused aid to several countries on the basis of their lack of concern for human rights; yet in Burma, we provide the very equipment that makes deprivation of human rights more efficient, coupled with a policy that urges this deprivation to the utmost ... according to the great latitude of the terms under which the helicopters [and presumably the fixed-wing aircraft] are given to the Burmese, they could conceivably be used even for strafing women and children in the poppy fields and still not violate the agreement.38

Apart from eighteen helicopters and an unspecified number of fixed-wing aircraft, Burma is also getting aid from the Government of Norway, which has agreed to contribute, through the United Nations Fund for Drug Abuse Control (UNFDAC), approximately US$5.5 million of a total of US$6.5 million over the period 1976 to 1981.39 Most of this money is supposed to be destined for “crop substitution programmes”, but according to Norwegian sources, part of it has also been spent on the so-called “resettlement programme” where the Burmese army grouped several villages together and checked the mobility of its inhabitants.

The Situation Today

While successive U.S. administrations have declined Shan offers to help wipe out the opium trade in return for some sort of recognition, Washington did, in early 1972, contribute US$1 million to a “resettlement programme” for Nationalist Chinese in northern Thailand. The 3rd and 5th Kuomintang were renamed “Chinese Irregular Forces” (CIF) and permitted to remain on Thai territory with their respective headquarters at Tam Ngop and Mae Salong. As a part of the deal, 26 tons of opium were publicly burned and General Lee said that he was
washing his hands of the trade. Some observers were, however, not so convinced:

These 26 tons of what was said to be opium was burnt, although witnesses have privately testified the smell was that of burning soya-beans and banana, and not the unmistakable pungent, sticky odour of burning opium; the ex-KMT then, not surprisingly, proceeded to demand additional payment for their destruction of another ton, the 27th ton.\(^{40}\)

In a recent interview, a senior narcotics officer attached to the U.S. Embassy in Bangkok admitted:

The CIF supposedly got out of the business back in 1972, when that resettlement deal was made. I think, to a certain extent they did. But to say that everybody connected with the CIF are out of the narcotics trade is certainly pushing it much too far.\(^{41}\)

General Tuan of the 5th KMT died in June 1980. During the last years of his life he had become somewhat of a lone wolf; his army had lost much of its previous strength and turned to other activities. Soldiers from the 5th KMT have been active as road guards and as late as in 1981, “volunteers” from Mae Salong were used against communist insurgents in the Khao Khor mountains in Thailand’s troubled north-east. Tuan’s successor, Colonel Lei Yu-tien, asserted in an interview\(^{42}\) that Mae Salong had been turned into a “Mountain of Peace” and that they were “only farmers now” — statements few observers are prepared to accept at face value.

Nevertheless, the former glory of the KMT has declined considerably, if not completely disappeared, and other groups have emerged on the battlefront in Shan State. A serious inner-party struggle broke out in the Communist Party of Burma (CPB) at the same time that the Cultural Revolution was raging in China. Several moderate leaders were purged as “revisionists” and later killed. After heavy fighting with government troops, the CPB’s former base area in the Pegu Yoma mountain range, in central Burma, was eventually destroyed in 1975. By then, most of the communist forces had already moved from central Burma to the wild areas east of the Salween River in northeastern Shan State. A revolutionary, pro-Chinese faction led by Thakin Ba
Thein Tin had set up its new headquarters at Panghsang in Wa state near the Chinese frontier, where they could receive large amounts of weaponry and other aid from China.43

The CPB developed into the single strongest and most powerful of Burma’s numerous guerrilla groups with an approximate strength of 10,000—14,000 soldiers, fully armed and equipped by Beijing. Soon the CPB became the most serious threat to Burma’s military government. Naw Seng, a veteran Kachin leader, returned with 300 Kachin soldiers to bolster the strength of the communist forces. Other insurgent groups, representing the different nationalities, signed treaties with the CPB to fight the Rangoon government, which was seen as the common enemy. The SSA was among the groups which went into alliance with the CPB in 1975. Shan soldiers received military training from the CPB, attended political seminars in Yunnan and were provided with Chinese-supplied arms, ammunition, and uniforms. That this happened in 1975 was no coincidence. In that year, the Indochina war was over and it was no longer possible to buy guns, bullets, and military hardware in Laos, previously Southeast Asia’s largest and most lucrative market for arms.

In addition, Shan leaders were becoming increasingly disappointed with the outside world’s lack of interest in their attempts to win international understanding for their struggle and their pleas for co-operation in the battle against narcotics flowing from the Golden Triangle. According to two Shan researchers attached to Chiang Mai University:

The efforts by Thaiyai [that is, Shan] leaders to present the realities of the opium question was swept aside by the Carter Administrations’ pronouncement which stated in effect that the only possible solution to the heroin and opium business was to increase support to Rangoon . . . the closing of all doors to the rebels of Burma because of their alleged involvement in the heroin business had a very harmful effect on two particularly well-organized nationalist organizations — the Kachin Independence Army (KIA) and the Shan State Army (SSA). That is to say, the CPB’s promises of arms and logistic support became more attractive to the junior officers of the two armies who as a result of international indifference became very much disillusioned with the Free World, particularly the United States which was hitherto greatly admired.44
While other groups got more and more involved in opium, and the trade became an end in itself, the SSA adhered to its initial nationalist ambitions. As a result, the Shan State Progress Party (SSPP) was born on 16 August 1971. It developed into the only political organization with national support across Shan State. A new cultural awakening had taken place in Shan State. Large numbers of students had gone to the villages, where they taught the rural folk to read and write Shan, despite the government’s efforts to discourage them from doing so. Some of these “barefoot teachers” joined the rebellion and brought with them new ideas to the SSA’s jungle hideouts. While the original founders of the SSA had been young aristocrats with close Saohpa connections, the newcomers had received their political inspiration from the student movement of the late 1960s and early 1970s. Many of the new generation of Shan nationalists had socialist leanings, which were further strengthened during their years of friendship with the CPB.

However, recent events in China have altered the picture drastically. During the Cultural Revolution, the present leadership of the CPB had sided with the “Gang of Four” and condemned Deng Xiaoping. In those turbulent years, the CPB had its own “Deng”, Yebaw Htay, who was branded a renegade and killed along with other party moderates. Later, with Deng Xiaoping’s return to power in China, relations between Beijing and the CPB became extremely tense. They deteriorated even further when China launched its new policy of wooing the governments of Southeast Asia instead of giving massive support to the various insurgent groups in the region. When the Chinese reduced their aid to the CPB, the communists showed a renewed interest in the opium trade, which they had neglected as long as China provided them with everything they needed. The CPB already controlled vast opium growing areas in Wa and Kokang states and it is believed that almost 50 per cent of all poppy fields in Shan State are now under the CPB’s control. The American DEA claims that it is as much as 80 per cent, which is clearly an exaggeration. To make up for the withdrawal of material support from China, the CPB has stockpiled thousands of viss (one viss = 3.5 lbs) of opium at Panghsang. From there, the party transports the drugs to the Thai border, where other groups take over.

After Lo Hsing-han’s arrest in 1973, a new name and a new army became famous throughout the Golden Triangle. Chan Shee-fu, alias
Khun Sa, is supposed to be the new “opium king” and is said to control most of the refining activities along the Shan-Burmese border. His armed force, the Shan United Army (SUA), is allegedly the best-equipped and most heavily armed narcotics organization in the world. Khun Sa was born in 1933 in the market town of Nawngleng in Loi Maw district of Mong Yai (South Hsenwi) state. His stepfather enjoyed the position of myoza (village headman) under the Saohpa of Mong Yai. He received his first military experience as a combatant in the KMT forces, an interlude which lasted only a couple of years. After that, he was allied with rebel leader Bo Dewaing, but in the early 1960s — with the increase of activities by Shan nationalists — the Eastern Command of the Burmese Army asked him to convert his force into a KKY home-guard unit to counter the insurgents. Khun Sa agreed and was one of the KKY commanders who benefited most from the opium deal with the government; Loi Maw KKY became one of the most prosperous units in all Shan State. Khun Sa was even impudent enough to announce that he would not be willing to pay taxes to the KMT for his opium. His plan was to conduct a massive 16 ton opium caravan across the Mekong. In Laos he was going to sell the load to General Ouane Rattikone — a challenge to the KMT’s supremacy in the border areas.

General Lee and General Tuan rushed their joint forces to the river junction, where the borders of Thailand, Laos and Burma intersect. A big battle was fought near Ban Khwan sawmill on Lao soil. It created a sensation all over the world and went into the history books as “The 1967 Opium War”. The actual outcome of the war is still somewhat obscure. Officially, Ouane was the winner — he made away with the opium and cheated both Khun Sa and the KMT — but the fact remains that after 1967, Khun Sa grew stronger and stronger while the KMT went into a state of decline.47 When the Burmese Military Intelligence Service (MIS) learnt that Khun Sa was engaged in serious negotiations with the Shan rebels, he was arrested in 1969. According to Shan resistance sources, Rangoon had also begun to suspect that he was in touch with former Prime Minister U Nu, who was at that time in Thailand organizing a resistance against Ne Win.

After Khun Sa’s arrest, his men escaped into the jungle, where they became known as “Loi Maw rebels” and, later on, the Shan United Army (SUA). They were led by Chang Shu Chuan, alias Sao Hpalang (“General Thunder”), an ex-KMT of Manchurian origin.
who had undergone military training in Nanking before the communist takeover of China in 1949. Second in command was Leng Tseun, also formerly of the KMT and a native of Beijing. While underground, they formed a temporary alliance with the SSA. In 1973, two Russian doctors at the Soviet-built hospital in Taunggyi were kidnapped by the SUA. The doctors were released, supposedly unconditionally, after almost a year in captivity. By a strange coincidence, Khun Sa was released shortly afterwards. What actually happened was that a well-known Thai politician intervened and negotiated the exchange of prisoners in a way that aroused little suspicion outside the area.48

Khun Sa returned to his men in the jungle, where he rejoined the rebellion. The SUA was one of the signatories of the 1975 opium proposal (Appendix IV), and as head of the militarily most powerful group behind the proposal, Khun Sa attended, on 19 March 1977, a meeting at the Thai beach resort of Pattaya. Khun Sa declared in a written answer to questions submitted by the U.S. authorities:

The current system being carried out by the Burmese with the assistance from the U.N. and the U.S. . . . is impossible to accomplish . . . we have more influence over the people in Shan State than the Burmese. Therefore, I dare say that we have the capability in 6 or 7 years to eliminate opium . . . you are welcome to be taken in Shan State to meet opium growers and see how they live and how poor they are.49

However, the U.S. State Department once more declined any cooperation with the groups in Shan State:

The narcotics trade has long fostered a state of lawlessness over wide areas of Burma and northern Thailand. The rule of law in these areas has been replaced by the depredations of warlord armies and bandits such as Chan Shee-fu’s so-called Shan United Army. We have, therefore, stressed the need for law enforcement. . . .50

In 1980, the Thai Government offered a 500,000 baht (approximately US$22,000) reward for the arrest of Khun Sa. On 21 January 1982, heavily armed Thai Border Patrol Police units, supported by paramilitary rangers, attacked Khun Sa’s headquarters at Ban Hin
Taek, located just a few miles inside the Thai border. Supported by planes and helicopter gunships, about a thousand Thai troops fought for several days with the SUA. The attack followed a visit to Burma and Thailand by the U.S. Assistant Secretary of State for International Narcotics Matters, Dominic Dicarlo. There had been allegations that Khun Sa had links with the CPB. The arrival of communist opium merchants at the SUA’s camps along the Thai border had disturbed the Thai authorities and created the suspicion that Khun Sa was no longer a buffer to counter communist infiltration into Thailand but that he could act as a middleman to help forge ties between the CPB and the Communist Party of Thailand (CPT).  

A year and a half after the fighting in and around Ban Hin Taek, the SUA may be shattered, but it is far from defeated. The SUA has not only managed to rebuild most of its forces, but it seems to be expanding its influence along the Shan-Thai border as well. Starting from February 1983, hundreds of SUA troops have been dispatched to the border areas opposite Mae Hong Son province, where the SUA apparently is building up a new stronghold. The SUA is also in control of the border areas across from Ban Hin Taek, the previous headquarters, and, since July 1982, also the Doi Lang area west of Fang, where the SUA defeated units from the CPB in a series of bloody clashes. By fighting the CPB, Khun Sa meant to show that he alone was going to be the middleman along the border and that the CPB would have to deal through him and not directly with foreign opium buyers. Another reason undoubtedly was to show the Thais that he was defending Thailand from communist penetration, a notion local Thai authorities had been willing to accept until the battle of Ban Hin Taek and, therefore, had treated the SUA and its clandestine activities with benign neglect.

The Thai policy of encouraging rebel groups to settle along its border with Burma goes back to the rule of Prime Ministers Phibul Songkram (1947–57) and Sarit Thanarat (1958–63). They had hoped that in exchange for the freedom of movement and access to logistic support from Thailand, these groups could provide protection against communist infiltration in the area. That policy was largely discredited by the blatant involvement of many buffer groups — notably the SUA — in the narcotics trade. The usefulness of having foreign armed bands stationed along the border has also been questioned by the present Thai government, especially since the CPT has been defeated over
the past few years and no longer poses any significant immediate threat to Thailand's security. The defeat of the CPT has also freed more than 5,000 paramilitary rangers from actual combat duty in the northeast of Thailand, and it seems likely that these troops will in the future take over the role still being played by Shan rebel groups and other armed bands along the Thai-Burmese border.

The insecure position of the SUA after the battle of Ban Hin Taek has weakened its grip over the Golden Triangle opium trade. However, the trade still continues unabated, but the local opium merchants and the international drug rings have chosen other routes and areas, where protection can be more easily provided by other armed groups. It seems that certain factions within the CIF (formerly KMT) have regained from Khun Sa what they lost to him during the 1970s. Closely allied with the remnants of the 3rd KMT is the Shan United Revolutionary Army (SURA), which since the battle of Ban Hin Taek has emerged as the SUA's most important rival along the border with Thailand. The SUA's trading activities are being carried out by Chinese merchants, while the right-wing, staunchly anti-communist SURA concentrates its activities on Buddhist religion, the construction of temples and pagodas, and the printing of Shan scriptures. The most notable victim of the Big Opium Gamble along the Thai-Burmese border seems to be the SSA, which has never been involved in the opium trade to any appreciable extent and, consequently, is economically weak. The 1975 defence pact between the CPB and the SSA was terminated during the SSPP's second congress in August 1981. Shan leaders then complained bitterly about the way they had been treated by the CPB. They claimed that the CPB lacked popular support west of the Salween and tried to use the SSA as a cover to get this.

For almost a year, the SSA tried to survive on its own, but failed completely. In June 1982, the SSA's brigade commanders and frontline officers were once again obliged to approach the CPB for an alliance and military aid. The same fate has befallen the Kachin Independence Army (KIA) in Burma's northernmost Kachin State and the new alliance between the CPB, the Shans and the Kachins means that the communists have gained an extra 6,000–7,000 tough and experienced jungle fighters as auxiliary troops. More significant is the fact that the KIA and the SSA enjoy wide popular support in their areas. Thus, these alliances make it possible for the CPB to move more or less freely in the whole of Shan and Kachin states.
The reason that the CPB is eager to forge alliances with basically non-communist nationalist groups such as the KIA and the SSA is obvious. The CPB’s military base area has for the last fifteen years been the wild Wa hills adjacent to China in northeastern Shan State, but its political future, if any, lies in the Irrawaddy plain and Burma proper. With an understanding reached between the CPB and the SSA and KIA, sending the communist troops down to central Burma will certainly be much easier. In May 1983, it was reported that for the first time since 1975, CPB units had crossed the Irrawaddy plain and re-entered its former stronghold in the Pegu Yoma mountains.57

An extremely dangerous situation has arisen in Shan State, partly due to apparent inconsistencies in U.S. drug policies in the area, and partly to the Burmese Government’s inability to overcome the insurgents, both nationalist and communist rebels alike. With the SUA fighting and co-operating with the CPB at the same time, and the SSA and the KIA in renewed alliances with the CPB, the situation in the Golden Triangle appeared, in January 1984, to be more confused than ever, and totally bewildering to any but the most expert observer.

APPENDIX I

THE PANGLONG AGREEMENT 1947
Panglong, 12 February 1947

A conference having been held at Panglong, attended by certain Members of the Executive Council and the Governor of Burma, all Saohpas and representatives of the Shan States, the Kachin Hills and the Chin Hills:

The Members of the Conference, believing that freedom will be more speedily achieved by the Shans, the Kachins and the Chins by their immediate co-operation with the Interim Burmese Government:

The Members of the Conference have accordingly, and without dissentients, agreed as follows:

1. A representative of the Hill Peoples, selected by the Governor on the recommendation of representatives of the Supreme Council of the United Hill Peoples (SCOUHP), shall be appointed a Counselor to the Governor to deal with the Frontier Areas.
2. The said Counsellor shall also be appointed a member of the Governor’s Executive Council, without portfolio, and the subject of Frontier Areas brought within the purview of the Executive Council by Constitutional Convention as in the case of Defence and External Affairs. The Counsellor for Frontier Areas shall be given executive authority by similar means.

3. The said Counsellor shall be assisted by two Deputy Counsellors representing races of which he is not a member. While the two Deputy Counsellors should deal in the first instance with the affairs of their respective areas and the Counsellor with all the remaining parts of the Frontier Areas, they should by Constitutional Convention act on the principle of joint responsibility.

4. While the Counsellor, in his capacity as Member of the Executive Council, will be the only representative of the Frontier Areas on the Council, the Deputy Counsellors shall be entitled to attend meetings of the Council when subjects pertaining to the Frontier Areas are discussed.

5. Though the Governor’s Executive Council will be augmented as agreed above, it will not operate in respect of the Frontier Areas in any manner which would deprive any portion of these areas of the autonomy which it now enjoys in internal administration. Full autonomy in internal administration for the Frontier Areas is accepted in principle.

6. Though the question of demarcating and establishing a separate Kachin State within a Unified Burma is one which must be regulated for decision by the Constituent Assembly, it is agreed that such a State is desirable. As a first step towards this end, the Counsellors for Frontier Areas and the Deputy Counsellors shall be consulted in the administration of such areas in the Myitkyina and the Bhamo Districts as are Part II Scheduled Areas under the Government of Burma Act of 1935.

7. Citizens of the Frontier Areas shall enjoy rights and privileges which are regarded as fundamental in democratic countries.

8. The arrangements accepted in this Agreement are without prejudice to the financial autonomy now vested in the Federated Shan States.

9. The arrangements accepted in this Agreement are without prejudice to the financial assistance which the Kachin Hills and the Chin Hills are entitled to receive from the revenues of Burma, and
the Executive Council will examine with the Frontier Areas Counsellor and Deputy Counsellors the feasibility of adopting for the Kachin Hills and the Chin Hills financial arrangements similar to those between Burma and the Federated Shan States.

Shan Committee
Hkun Pan Sein, Saohpalong of Tawngpeng State
Sao Shwe Thaik, Saohpalong of Yawnghe State
Sao Hom Hpa, Saohpalong of North Hsenwi State
Sao Noom, Saohpalong of Laikha State
Sao Sam Htun, Saohpalong of Mong Pawn State
Sao Htun Aye, Saohpalong of Hsamongkham State
Hkun Pung, Representative of the Saohpalong of Panglawng

People's Representatives:
U Tin Aye
U Htun Myint
U Kya Bu
Hkun Saw
Hkun Htee
Sao Yape Hpa

Kachin Committee
Sinwa Nawng, Myitkyina
Zau Rip, Myitkyina
Dinra Tang, Myitkyina
Zau La, Bhamo
Zau Lawn, Bhamo
Labang Grong, Bhamo

Chin Committee
U Hlur Hmang, A.T.M. Falam
U Thawng Za Khup, A.T.M., Tiddim
U Kio Mang, A.T.M., Haka

Burmese Government
Aung San

APPENDIX II

THE CONSTITUTION OF THE UNION OF BURMA, 1948

CHAPTER X
Right of Secession

201. Save as otherwise expressly provided in this Constitution or in any Act of Parliament made under section 199, every State shall have the right to secede from the Union in accordance with the conditions hereinafter prescribed.

202. The right of secession shall not be exercised within ten years from the date on which this Constitution comes into operation.

203. (1) Any state wishing to exercise the right of secession shall have a resolution to that effect passed by its State Council. No such resolution shall be deemed to have been passed unless not less than two-thirds of the total number of members of the State Council concerned have voted in its favour.

(2) The Head of State concerned shall notify the President of any such resolution passed by the Council and shall send him a copy of such resolution certified by the Chairman of the Council by which it was passed.

204. The President shall thereupon order a plebiscite to be taken for the purpose of ascertaining the will of the people of the State concerned.

205. The President shall appoint a Plebiscite Commission consisting of an equal number of members representing the Union and the State concerned in order to supervise the plebiscite.

206. Subject to the provisions of this Chapter, all matters relating to the exercise of the right of secession shall be regulated by law.

APPENDIX III
PROPOSALS TO TERMINATE THE OPIUM TRADE IN SHAN STATE, 1973

1. The Shan State Army and its allies will invite observers from the United States Narcotics Bureau, or any similar body to visit the opium areas of Shan State and to transmit information about opium convoys on their own wireless transmitters.

2. The SSA and its allies will ensure that all opium controlled by their armies is burnt under international supervision. The opium will be sold at a price to be negotiated later, but the basis for negotiations should be the Thai border price.

3. The SSA and its allies will attack all opium convoys which are not subject to an agreement based on these proposals.

4. In return for these temporary measures, the SSA and its allies will expect help in finding a more permanent solution to the problems of Shan State.
   a. Because the opium trade can only flourish in a state of anarchy, and since this anarchy will never end until the people of Shan State are allowed to have democratic elections and political self-determination, foreign organizations interested in an end to the opium trade will be expected to use their influence to persuade the government of Burma to return to the legal constitution of Burma.
   b. Once the Shan State has a democratically elected government, those countries which will gain from an end to the opium trade will be expected to provide financial help for an economic and agricultural campaign to assist the people of Shan State to replace opium with other crops.

5. If the assistance is received, the political parties signatory to these proposals will ensure that the elected government of the Shan State will — after an agreed transition period — allow helicopters under international supervision to search out and destroy any opium fields that still remain.

LO HSING-HAN  
President,  
Shan State Unity Action Committee,  
Shan State

BOON TAI  
Vice President,  
Shan State Progress Party,  
Shan State
As representatives of the Shan people, the signatories to these proposals are concerned by the misery caused by narcotic addiction throughout the world and increasingly inside Shan State. However, as the opium trade thrives on anarchy, and as many Shan people depend on opium for their livelihood, its cultivation will never cease until Shan State has a democratic and representative government, supported by a majority of the Shan people, capable of carrying out a long-term agro-economic programme to replace opium with equally viable crops.

The signatories to these proposals guarantee that as soon as a democratic Shan government is elected, a treaty will be negotiated whereby opium is abolished after an agreed transition period in return for international aid and expertise.

During the intervening period of civil disorder, the signatories propose the following temporary measures:

1. The signatories will sell the annual Shan opium crop at the Thai border price to any recognized international or governmental body.
2. The signatories will cooperate with the purchaser to prevent opium grown in Shan State being marketed by parties not subject to the terms of this agreement.
3. The signatories will permit inspection inside Shan State.
4. The signatories will assist and participate in any economic, agricultural or sociological research aimed at replacing opium with alternative crops.

To initiate negotiations for the sale of the 1975 opium crop, the following immediate steps are proposed:

1. Before May 1st 1975, the sale of 1 ton of opium at the current Thai border price of 3.100 baht per viss.
2. On the satisfactory conclusion of this sale, a price will be determined, on the basis of the prevailing border rate, for a further purchase of 5 tons of opium from each separate resistance organization that attends a Shan opium conference to be held on
the Thai border in July 1975 where a fixed price for future opium sales and a long-term agreement will be negotiated.

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>KHUN LOUM FA</td>
<td>Secretary-General</td>
<td>Shan State Progress Party</td>
</tr>
<tr>
<td>SAO FAH LANG</td>
<td>Chief-of-Staff</td>
<td>Shan United Army</td>
</tr>
<tr>
<td>HSAI KEOW</td>
<td>Vice-President</td>
<td>Shan State Army (Eastern)</td>
</tr>
</tbody>
</table>

**APPENDIX V**

**WHO’S WHO IN THE SHAN STATE**

<table>
<thead>
<tr>
<th>Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ba Thein, U</td>
<td>Deputy Commander of the Shan National Army (SNA), the CIA’s man in the Shan States in the 1960s. Has now surrendered to the Burmese.</td>
</tr>
<tr>
<td>Ba Thein Tin, Thakin</td>
<td>Chairman of the Communist Party of Burma (CPB). Resided previously in Beijing, now at the CPB’s headquarters at Panghsang.</td>
</tr>
<tr>
<td>Boon Tai</td>
<td>Student activist from Rangoon University, and later SSA leader. He succeeded Hseng Suk (Khun Kya Nu) as the SSPP’s president in 1976 and resigned in 1979. Assassinated in Chiang Mai, northern Thailand, in August 1983.</td>
</tr>
<tr>
<td>Chan Shee-fu (alias Khun Sa)</td>
<td>Half-Shan, half-Chinese veteran fighter from Loi Maw, Mong Yai state. The present commander of the Shan United Army (SUA), defeated by the Thais when they stormed his headquarters at Ban Hin Taek in January 1982. Dubbed “the drug kingpin” of the Golden Triangle by the DEA.</td>
</tr>
<tr>
<td>Name</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Cornelis C. van der Kelen</td>
<td>Ex-KMT of Manchurian descent. The present Chief-of-Staff of the SUA.</td>
</tr>
<tr>
<td>Bertil Lintner</td>
<td></td>
</tr>
<tr>
<td>Dweaing, Bo</td>
<td>Local commander from Mong Yai, Khun Sa’s first ally.</td>
</tr>
<tr>
<td>Gnar Kham, Sao (alias U Gondara)</td>
<td>Ex-monk from Kengtung, the founder of the Shan National Army (SNA). Assassinated in December 1964 at Ban Huei Krai opium caravan station, Thailand.</td>
</tr>
<tr>
<td>Hearn Hkam, Sao Nang</td>
<td>The Mahadevi (Celestial Princess) of Yawngwhe state, married to Burma’s first President Sao Shwe Thaike. The first commander of the Shan State Army (SSA) and Chairman of the Shan State War Council. Has now retired and lives in Canada.</td>
</tr>
<tr>
<td>Hso Lane, Sao (alias Sai Hla Aung)</td>
<td>Took part in the national resurgence movement of the mid-1950s and joined the rebellion in 1958. He was the commander of the SSA and president of its political wing, the Shan State Progress Party (SSPP) until April 1983. Surrendered to the Burmese Government in June 1983.</td>
</tr>
<tr>
<td>Hso Noom, Sao</td>
<td>Son of the last Saohpa of the Wa state of Mong Leun, a professional soldier since the age of 15, and SSA commander. Steered the SSA into a renewed alliance with the CPB in June 1982 and succeeded Hso Lane as the leader of the SSPP/SSA in April 1983. Died in November 1983 of natural causes. No new president has been appointed yet, but his former deputy, Kay Lin Da, has been named political commissar of the SSPP, and veteran rebel Hpang Hpa has become commander of the SSA.</td>
</tr>
<tr>
<td>Name</td>
<td>Description</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Htay, Yebaw</td>
<td>The “Deng Xiaoping of the CPB”. Killed in 1968.</td>
</tr>
<tr>
<td>Khun Kya Nhu (alias Hseng Suk)</td>
<td>First President of the SSPP (1971–76). One of the founders of the Shan National United Front (SNUF) in the early 1960s.</td>
</tr>
<tr>
<td>Khun Loum Hpa (alias Sao Hso Wai)</td>
<td>Son of Sao Shwe Thaik and Sao Nang Hearn Kham. Editor of the <em>Tai Youth Magazine</em> in the mid-1950s and the first Secretary-General of the SSPP (1971–76).</td>
</tr>
<tr>
<td>Lee Wen-huan (‘‘Lao Lee’’)</td>
<td>Opium war-lord. Commander of the 3rd Kuomintang (KMT), now renamed Chinese Irregular Forces (CIF). Lives in Thailand where he has acquired Thai citizenship.</td>
</tr>
<tr>
<td>Li Mi</td>
<td>KMT General from Yunnan who sought refuge in the Shan States after his defeat in the Chinese civil war in 1949–50.</td>
</tr>
<tr>
<td>Lo Hsing-han</td>
<td>Local commander from Kokang state; Ka Kwe Ye (KKY) leader in Lashio until 1973, when he declared war against the Burmese Government. Arrested in the same year but released in 1980 and is now commanding a counter-insurgency force based at Nampong near Lashio. Younger brother: Lo Hsing-minh.</td>
</tr>
<tr>
<td>Mo Heing, Bo</td>
<td>A long-time revolutionary leader. Joined the communists in 1952, went underground in Shan State in 1952. Surrendered in 1958 but rejoined the rebellion later in the same year, first in Noom Seik Harn and then as head of the Shan National United Front (SNUF). Member of the 1964 Shan State War Council. The present Chairman of the Shan United Revolutionary Army (SURA), allied with General Lee Wen-huan of the 3rd KMT. During 1983 he made several pleas for unity among the</td>
</tr>
</tbody>
</table>
Shan rebels, and many SSA soldiers in the south, who disagreed with the northern SSA’s decision to co-operate with the CPB, have recently joined forces with the SURA.

**Mong, Bo**


**Ne Win**

One of the thirty comrades, Commander-in-Chief of the Burmese Army in 1949, head of the caretaker government in 1958-60, and military dictator after the 1962 coup d’etat. Resigned from the presidency in November 1981, but remains Chairman of the ruling Burma Socialist Programme Party (BSPP) and still the de facto ruler of Burma.

**Nu, U**

Prime Minister of Burma prior to the 1962 coup d’etat. Tried to organize resistance against Ne Win’s government in the early 1970s but surrendered during the amnesty in 1980. Now back in Rangoon.

**Noi, Sao**

(Alias Saw Yan Da) A Shan from Yunnan in China. As head of the Noom Seik Harn in 1958, he was the first Shan revolutionary leader. Now lives in retirement in Thailand.

**Pi Sai Long**

(Alias Khun Thaw Da) Joined the Noom Seik Harn in 1959 and became the second President (after Long Khun Maha) of the Shan State Independence Army (SSIA) in 1961. Member of the 1964 Shan State War Council. Now lives in retirement in Thailand.

**Rattikone, Ouane**

Commander-in-Chief of the Royal Lao Army until 1971, and top name in Laos’s narcotics industry. Imprisoned after the communist takeover in 1975 and reportedly died in captivity in 1979.
San Yu
Burmese army veteran, Secretary-General of the BSPP from 1964 to 1981. Appointed President of Burma in November 1981.

Shwe Thaike, Sao
Saohpa of Yawngwhe state, the first President of the Union of Burma (1948–52). Arrested by Ne Win during the 1962 coup d'etat and died in prison in the same year.

Sriyanonda, Phao
Thai police general, head of the Thai police until 1958. The main buyer of Shan opium (from KMT) in the 1950s. Became a millionaire. Now deceased.

Tuan Shi-wen
From Yunnan in China. Belonged to Li Mi’s army. Commander of the 5th KMT until his death in June 1980.

Yang, Jimmy
(“Lao Tuan”)
Belonged to the Kokang Saohpa family. Member of the Union Parliament in the 1950s. Set up the Kokang Revolutionary Force and joined the SSA in 1964, member of the Shan State War Council. Has now surrendered and lives in Rangoon.

Yang, Olive
Jimmy’s younger sister. Set up the first brigand army and organized the first lorry convoys that carried opium to the Thai border. Arrested in 1962 and deported to Rangoon, where she still lives.

APPENDIX VI

A researcher and spouse, who used to work in northern Thailand, have provided the following report, based on an interview with a refugee from Shan State. It should be noted that these are no more than allegations common to both sides, which cannot be independently verified. They typify the mood of counter-insurgency operations in many other countries.
In April 19xx, we spoke to a man from a village near Lashio. At the age of 14, he had been drafted into the KKY. While it was possible to buy out this draft, our informant said he could not afford to do this. He had been fighting for the KKY for many years, but finally ran away to Thailand, where he stayed close to the Burmese border.

When the KKY caught up with him and his friends, the ring-leader was executed. Our informant persuaded the officers to allow him some more time off to work, in order to save a little money. The KKY soldiers, he said, were paid only 30 kyats (US$1.50 according to the actual, black-market rate) per month; the rations they were given were not sufficient. "We were always hungry" our informant said.

After working in the village where we lived for about a month, some KKY officers came to tell him to report back to the camp. He was visibly shaken by this and obviously feared for his life. He had no choice but to return, though. If he had tried to escape further into Thailand, he would have been arrested as an illegal immigrant and deported; if he had stayed close to the KKY, he was sure to be captured by them.

We witnessed the spectacle of this frightened and desperate man being surrounded by four KKY officers and being told, in effect, that his life was not his own to live. He was taken back to the camp, but allowed to return the next day with a higher ranking officer to collect his personal effects. A man from the village who had employed him put in a plea on his behalf, saying that he was not fit to be a soldier anymore and was a very good worker. He would cause the KKY no trouble. Our informant left with the officer a little later. We have not seen or heard from him since.

Most allegations of atrocities committed against Shan civilians attribute them to the Burmese Army. The above-mentioned couple also submitted the following account on the atrocities committed recently in Shan State:

We have spoken to many refugees who have crossed the border into northern Thailand to escape the fighting. Nearly all reported that the Burmese Army:

1. Force people to carry food and ammunition for no pay and insufficient food. Women forced to do this work are often raped;
2. Force people to walk ahead of Burmese troops as "human mine detectors";
3. Force civilians to walk on either side of Burmese soldiers to protect them from sniper fire. (The Burmese pay no compensation if anyone is killed while performing forced "duties". They will even request donations for the coffin from fellow villagers of the deceased, we were told);
4. Kill and eat livestock without paying the owner;
5. Steal other material goods even automobiles, from civilians.

Several refugees also told us about the Burmese "resettlement" or "collectivization" programme. The Burmese Army will force several small villages to group together, burn or raze buildings left behind (using any salvaged construction material for their own purposes). They then build a fence around the outside of the new settlement, beyond which no one can travel. This makes it easier, according to our informants, for the army to find young men if they need more soldiers and harder for the rebel armies to come and request rice.

We spoke to one man, a zalee (lay scripture reader) who reported on the Burmese campaign to drive all the Shans east of the river Nam Tien over to the west side in order to prevent them from feeding rebel soldiers (this is being carried out under the guise of "collectivization"). Many people so displaced flee to Thailand; this is how we came to know this zalee. The zalee said that people can get permission slips from the Burmese Army to cross back over the river to work in their fields, but they cannot sleep there; they must return to the settlement at night. Sometimes, the distance to their fields makes this impossible and they must abandon their fields.

On the way home from their fields, the people are often stopped by the Burmese Army and asked if they have seen any Shan rebels. According to the zalee, if they say no, they are beaten. If they say yes, the Burmese demand to be taken to the place where the rebels were seen. If the Burmese actually catch someone tipping the rebel forces, it is likely that he/she will be shot.

Two dramatic and personal stories that have come to attention are as follows:

In December 1979, we spoke with the headman of a Black Lahu village in northern Thailand, close to the Burmese border. He told
us that his village had, until recently, been in Burma, just across the border. Some KMT soldiers were staying in that village, uninvited. The Burmese Army burned the village, on the assumption that the Black Lahu were co-operating with the KMT. The KMT soldiers escaped, but several Lahu children were killed.

In August 1980, one of us spoke with a Shan who had come to Thailand to find seasonal work. He had to do so because the possibility of being forced to serve the Burmese Army (in one of those capacities described above) made it difficult for him to provide support for his family. He had served with the Shan State Army (SSA) for eight years. After leaving them for some time, he was arrested by the Burmese on trumped-up charges; they tortured him by suspending him from the ceiling with ropes tied around his biceps for one whole night. His arms were useless for months afterwards and he had to be fed by someone else.

NOTES AND REFERENCES

3. For the full text of this agreement, see Maung Maung Pye, Burma in the Crucible (Rangoon: Khittaya Publishing House, 1951), pp. 103–10.
8. "Kuomintang Aggression", p. 11 and 37: "The Kuomintang troops have engaged in large-scale smuggling of opium...the profits of which have gone into their pockets...a regular plane service of two flights a week between Mong Hsat and Taiwan was reported. These aircraft, C-46 and C-47 transport planes...carry opium on their outward flights''.
9. According to Alfred W. McCoy, The Politics of Heroin in Southeast Asia (New York: Harper and Row Publishers, 1972), p. 144: "There can be little doubt that CIA support was an invaluable asset to General Phao in managing the opium traffic. The agency supplied the aircraft, motor vehicles, and naval vessels that gave Phao the logistic capability to move opium from the poppy fields to the seaways''.
10. Ibid., p. 141.
11. Ibid., p. 141.
13. Interview with the Mahadevi of Yawnghwe, 7 January 1982.
14. The winner was Sai Pan, a student (Tai Young Magazine, no. 4, 1957).
20. Adrian Cowell, "SSA Opium Tax", in ibid., p. 124. Also, interview with Sao Hso Lane, 18 April 1981.
22. Ibid., p. 107.
24. Ibid., p. 310.
25. Ibid., pp. 246–47.
26. Ibid., p. 314.
27. Ibid., pp. 336–37; and also Focus Magazine (Bangkok), August 1981: "... only about 600 of the 1,374 men of the KKY in the Kokang region were paid by the government at the rate of 50 kyats [about US$7] per month. The remainder earned their living by trafficking in drugs or smuggling other goods".
28. Interview with Sao Hso Lane, 17 April 1981.
29. Focus Magazine (Bangkok), August 1981.
30. McCoy, op. cit., footnotes, p. 448: "Perhaps to blunt criticism of Thai and Laotian complicity in the Golden Triangle opium trade, U.S. officials have exaggerated the importance of Law Sik Han (Lo Hsing-han)". See also Focus Magazine (Bangkok), August 1981.
31. Interview with Sao Hso Lane, 17 April 1981.
33. Statement of Adrian Cowell, in "Hearings, Washington, 1975". But note the distinction made by Cowell: "The armies themselves only escort the convoys, and they charge about a 20-per cent protection fee, and most of the opium is, in fact, bought and sold by merchants who operate independently"; ibid., p. 28.
34. Ibid., p. 39.
35. Statement of David A. Feingold, ibid., p. 11.
37. Testimony of Dr Peter Bourne, in "Hearings before the Select Committee", 12 and 13 July 1977, p. 13.
42. Bangkok Post, 28 August 1981; and Asiaweek, 4 September 1981.
44. Chao Tzang na Yawngewe and Khun Kanit Wanakamol: “The CPB and Thailand’s Frontier with Burma” (Chiang Mai University, December 1982).
45. Adrian Cowell, “Resistance Armies”, in “Hearings, Washington, 1975”, p. 19: “In the event of a negotiated Shan peace, the Shan State Progress Party is likely to dominate an elected assembly”.
46. For a breakdown of area of poppy fields inside Shan State, see Bertil Lintner, “New Year New Fears”, Business in Thailand (Bangkok), February 1983.
47. The most detailed account of the 1967 Opium War is to be found in McCoy, op. cit., pp. 323–28, but it is far from accurate. An officer who participated in the battle has privately admitted to this author that “the time is not yet ripe to reveal what actually happened”.
48. Focus Magazine (Bangkok), February 1982.
50. Ibid., p. 54: Testimony of Robert B. Oakley, Deputy Assistant Secretary for East Asian and Pacific Affairs.

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