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Book section
(Accepted version)

Original citation: Originally published in: Windle, James and Morrison, John and Winter, Aaron and Silke, Andrew, (eds.) *Historical Perspectives on Organised Crime and Terrorism*. Routledge SOLON Explorations in Crime and Criminal Justice Histories. Abingdon, UK : Routledge, 2017

Empire, War, Decolonisation and the Birth of the Illicit Opium Trade in Burma 1800-1961

By John Collins[1]

Introduction

This chapter seeks to shed new conceptual light on the evolution of the opium trade within Burma and its relation to the global regulatory system. While the chapter is primarily concerned with the regulation of the opium trade, the centrality of the drug trade to the ongoing Burmese insurgencies mean it has relevance beyond illicit drug policy. Indeed, as William O. Walker III wrote, '[t]here is no adequate way…to understand the foreign and security policy issues affecting Asia without appreciation of opium's role'.[2]

Whereas most analyses take the birth of illicit trade as derivative of a decision to enact a 'global prohibition regime', this chapter highlights a more complex narrative of empire, war, decolonisation, geopolitics and, ultimately, local and international political economy. It highlights that the Colonial powers were extremely reticent to implement policies of suppression or seek to regulate the trade in any way that would undermine governance. Indeed, John Collins highlights Burma as the early case study in a 'development first' approach to drug control:[3] An approach supported by much

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[2] W.O. Walker, 'Drug Trafficking in Asia', Journal of Interamerican Studies and World Affairs, 34(3), 1992, pp.201–16.

[3] J. Collins, 'Development First: Multilateralism in the Post-"War on Drugs" Era'. In: J. Collins editor. After the Drug Wars: Report of the LSE Expert Group on the Economics of Drug Policy. London: LSE, 2016. Available from:

contemporary scholarship.[4] Furthermore, this chapter is the first academic attempt to dissect the intersection between international drug diplomacy and local policy change in Burma.

This chapter highlights a political economy view of the Burmese opium trade, its interaction with the international regulatory system and its place within national and international regulatory changes. As will be shown, despite often intense international pressure Britain resisted implementing pre-emptive prohibitions on opium cultivation, supply and use in areas where it felt the health system was absent, state presence was weak or that prohibitions would simply fuel illicit markets and unrest to the detriment of state control. By highlighting this narrative this chapter aims to capture some of the historical complexity of illicit markets and their relations to nation states in order to provide greater insights into the political economy of illicit drug markets. The case of Burma highlights that pragmatic state responses to complex local environments are often preferable to simplistic and ideological policy responses such as absolute prohibitions or legalisations. As such, the analysis has much relevance for contemporary source country drug control.

Ultimately, one cannot understand the illicit opium trade and its intersection with guerrillas, criminal entities, mainstream political elites, nor the processes of war and decolonisation in isolation. There is often an attempt to view the illicit market as something external to the state. Some analyses correct this by highlighting the illicit market as something which exists in symbiosis or parallel to the states. This chapter suggests a more integrationist approach. To understand the evolution of the illicit opium trade in Burma one must see it as part of the social, political and economic fabric of the state and therefore not something liable to quick suppression. Within this

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http://www.lse.ac.uk/IDEAS/publications/reports/pdf/LSE-IDEAS-After-the-Drug-Wars.pdf

[4] See V. Felbab-Brown, Enabling War and Peace Drugs, Logs, Gems, and Wildlife in Thailand and Burma. Washington, DC: Brookings Institution, 2015; D. Mansfield, '(Mis)understanding the Intersection Between Development Policies and Data Collection', In: J. Collins editor. After the Drug Wars: Report of the LSE Expert Group on the Economics of Drug Policy. London: LSE, 2016. Available from: http://www.lse.ac.uk/IDEAS/publications/reports/pdf/LSE-IDEAS-After-the-Drug-Wars.pdf; J. Windle, Suppressing Illicit Opium Production: Successful Intervention in Asia and the Middle East. London: IB Tauris, 2016.

framework governance is but one part of a complex and constantly evolving system. The state's institutions can interact with the market and, in many cases, make it more problematic or less problematic, but its influence over the illicit market is ultimately limited to management. To really come to grips with the Burmese illicit opium market one must come to grips with its close relationship to the core history, anthropology and political economy of Burma over a multi-century period. This is a story which rings true for issues of organised crime and terrorism more broadly.

The Birth of the Trade

To understand the political economy of the Burmese illicit drug trade, one must first examine the evolution of the trade within east and southeast Asia during the nineteenth and twentieth centuries. For example, as Peter Dale Scott argues, in order to understand Southeast Asian drug traffic after World War II, one must understand nineteenth-century opium policies of the British Empire.[5] As such, the following sections will provide context by exploring the origins of the Asian opium trade. Indian merchants began exporting small quantities of opium from Northern India to China in the mid-sixteenth century. Portuguese, Dutch and British traders became involved in the trade during the seventeenth century. This fractured and locally dominated trade soon gave way to the British East India Trading company establishing a monopoly on the supply and export of opium from India, and allowed India to dominate much of the global opium market.[6]

From the earliest days of the modern trade, the issue of cross border trade proved problematic and paradoxical under international law. In 1799, the Chinese empire prohibited the importation of opium. Absent international regulations however, meant that British India was entitled to continue exporting opium to China, although they nominally avoided direct Chinese exports by selling to private merchants who served as the sinew of supply linking the Indian auction market with China's vast internal

[5] P.D. Scott, American War Machine: Deep Politics, the CIA Global Drug connection, and the road to Afghanistan. Rowman & Littlefield, 2010.
[6] Windle, 'Insights for Contemporary Drug Policy', p.56.

smuggling networks.[7] That is, as many have argued, India under the British soon 'became Asia's first large-scale opium smuggler, forcibly supplying an unwilling China'.[8] Therein drove the Chinese view that prohibition in one country was dependent on prohibitions in all countries. This strict view was soon supported by the United States for both self-interested and ideological reasons. It was a view which conflicted with many European colonial powers, who derived important revenue from their own licensed opium dens and viewed restrictive legal regulation as preferable to unenforceable prohibitions.[9]

The Asian Origins of International Control

In a recent article James Windle highlighted that 'Western prohibitions were pre-dated, and possibly influenced by, Eastern prohibitions'. In other words he correctly pointed out that '[t]he concept of prohibition being a distinctly American construct' was 'flawed'.[10] As the above analysis highlights, Asia was already grappling with issues of prohibition and regulation in the nineteenth century.

Historian David Courtwright, places drugs within the processes of globalisation and efforts to regulate them as a natural by-product.[11] Drugs, like other global commodities, were the subject of trade expansion in tandem with the processes of globalisation and European imperialism through the sixteenth, seventeenth and eighteenth centuries. As trade expanded, so too did local, national and then international attempts to control, profit from and/or prohibit certain types of use. Early attempts to impose local prohibitions developed as substances such as opium and tobacco grew in affordability and prevalence. Meanwhile, the recognition of medical

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[7] *Ibid*.
[8] A.W. McCoy, The Politics of Heroin: CIA Complicity in the Global Drug Trade, Afghanistan, Southeast Asia, Central America, Colombia. Brooklyn: Lawrence Hill, 2003, p.78.
[9] *Ibid*.
[10] J. Windle, 'How the East Influenced Drug Prohibition', International History Review, 35(5), 2013, 1185–99, p.1185.
[11] D. Courtwright, 'A Short History of Drug Policy or Why We Make War on Some Drugs but not on Others', in J. Collins, editor. Governing the Global Drug Wars. London: LSE; 2012. Available from: http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR014/SR-014-FULL-Lo-Res.pdf, p.24.

benefits complicated efforts to control distribution and use and determined the trajectory towards a dual track global regulatory system.[12]

As William McAllister, writes, 'it is precisely because the original design of the system was as devoted to cost-effective access [to medicinal drugs] as to limiting illicit supplies that demand-side issues were shunted to the background, in hopes of reducing the matter to a "simple" police problem'.[13] At the international level this resulted in a mechanistic regulatory vision, one which viewed the production and manufacturing model of opiates and other substances as complex and unsuited for co-option by criminal enterprises. The resulting global regulatory system that developed in the 1920s and 1930s was based on this view that if leakages from licit to illicit market were minimised, the latter would eventually become virtually extinct.[14] Following this view, international and national regulatory efforts would become merely a case of enforcing regulations and acting at the margins of the trade. Indeed,

> the international treaties of 1912, 1925, and 1931 and related enforcement statutes created a global control system intended to limit narcotic production to estimated medical needs and to minimise diversion and non-medical use. Rudimentary at first, the system gradually became more efficient and comprehensive ...[15]

Birth of the Global Regulatory System

China's imperial collapse in 1911 served as the spark that ignited the drive towards a global regulatory system. The opium trade was widely blamed by many in China for weakening the country. Following China's defeat in the Opium Wars (1839-42 and 1856-60) the importation of Indian opium had been fully legalised, with annual imports

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[12] *Ibid*, p.17.
[13] W.B. McAllister, 'Reflections on a Century of International Drug Control', in J. Collins, editor. Governing the Global Drug Wars. London: LSE IDEAS; 2012. Available from: http://www.lse.ac.uk/IDEAS/publications/reports/pdf/SR014/McAllister_William.pdf
[14] K. Meyer and T.M. Parssinen, Webs of Smoke: Smugglers, Warlords, Spies, and the History of the International Drug Trade. Oxford: Rowman & Littlefield, 2002.
[15] Courtwright, 'A Short History of Drug Policy'.

of opium expanding from six million pounds in 1839 to fifteen million in 1879. Further, domestic Chinese production had risen to 32 million pounds per annum, absorbed by rising domestic consumption.[16] Although a vibrant historiographical debate remains over the 'extent and significance of opium use and addiction in Qing China',[17] the perception of it as a cause of imperial rot was pervasive and fuelled international control efforts. The more recent debates about determining the actual impacts of opium on the domestic Chinese population[18] in many ways mirror those of World War II era Britain, grappling with the questions of prohibition in Myanmar (see below).

The first truly international gathering to discuss the Chinese opium issue met in Shanghai in 1909. Convened under a US diplomatic push, a discordant meeting emerged. On the one side were China and the US pushing immediate measures to suppress the global trade, while Britain and European powers with Asia colonies sought to veto any new international obligations to suppress and regulate production and consumption in their colonies. The British Government

> [u]nlike the United States…were caught between two conflicting currents of opinion. On the one hand public opinion in Great Britain, the United States, and China was calling for an abrupt end to the traffic. On the other hand the opium merchants in India and China, the opium producers in India, and the Indian government wanted the trade to continue indefinitely.[19]

What emerged was a 'midway' set of resolutions establishing a goal of greater regulatory oversight and the move towards gradual suppression of the trade. Most importantly, and surprisingly given British 'touchiness', Resolution 4 established the principle of export control. That is, 'the duty to prevent the export of opium and its various products to countries which prohibit their entry'.[20] The principle China had lobbied for since 1799.

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[16] *Ibid*; see Windle, 'Insights for Contemporary Drug Policy'.
[17] Courtwright, 'A Short History of Drug Policy', p.17.
[18] F. Dikötter, L.P. Laamann and Z. Xun, Narcotic Culture: A History of Drugs in China. London: Hurst, 2004.
[19] A.H. Taylor, American Diplomacy and the Narcotics Traffic, 1900-1939: A Study in International Humanitarian Reform. Durham: Duke University Press, 1969, p.76.
[20] *Ibid*.

The US continued to push for a Plenipotentiary conference to give legal teeth to the resolutions of the Commission and in 1912 The Hague Opium Conference convened. The Conference produced the 1912 International opium Convention. Chapter I, Article III, of which established the principle of export control on raw opium. This represented a British proposal which other powers failed to weaken substantially. However, the Article lacked teeth, with no regulatory mechanism to ensure enforcement and no way to limit the availability of raw opium through production limitation. Chapter II, meanwhile, argued for the gradual and effective suppression of the exportation of opium prepared for smoking, its manufacture and use. This, however, was fundamentally weakened by an unwillingness of European colonial powers to set a date for implementation.[21]

Walker writes that '[b]y the late 1920s, opium had become as inextricably tied to the fate of China as it had nearly a century before'.[22] Therein lies the intersection of American imperial rise, Britain's imperial decline, Burmese governance and China's collapse. The worsening of internal strife caused a re-emergence of domestic opium cultivation in China, following a brief respite during the implementation of the 1907 Agreement with India.[23] From 1917, 'Military governors in the various provinces permitted and even encouraged poppy cultivation in order to enable the farmers to pay taxes to finance their troops'.[24] Meanwhile the writ of the central government declined in significance.

Japan also emerged as a key protagonist in the Chinese opium economy. Prior to 1914 Japan imported the bulk of its raw opium for manufacturing purposes from the Ottoman Empire, Persia and India. However, economic dislocation during World War I, saw Japan further domestic cultivation to the point of near self-sufficiency. Despite this, manufactured imports from Britain and the US contributed to a surplus by war's end. With increased commercial penetration of Japanese controlled enclaves in

[21] *Ibid*.
[22] Walker, 'Drug Trafficking in Asia', p.205.
[23] J. Windle, 'Harms Caused by China's 1906–17 Opium Suppression Intervention', International Journal of Drug Policy, 24(5), 2013, 498–505.
[24] Taylor, American Diplomacy, p.135.

Southern Manchuria, 'a shadowy periphery of Japan's expanding political and economic influence in China' emerged and by 1920 Japan emerged as one of the leading suppliers of illicit narcotics to China'.[25] Further, China continued to produce vast amounts of opium domestically.[26]

In 1932 the puppet Manchukuo regime established a government opium monopoly, bucking the global trend away from these interventions. Further, at a time of US efforts to suppress global production, the Monopoly bought opium from the rogue narcotics regime of Persia as well as Korea, thereby sustaining their market in the face of ostensible global suppression efforts. In the aftermath of the 1931 Convention a sense of optimism pervaded international drug diplomacy, but Japan appeared to swim actively against the tide of global public opinion. With local and international perceptions that local consumption was increasing, many concluded that Japan was actively fostering a local opium economy to generate revenue for imperial expansion[27] whilst using opium to weaken the Chinese peoples. The reality was likely somewhat different and '[w]hat looked like genocide and conspiracy at the highest levels' was actually 'political compromise in pursuit of larger goals'. Indeed, the Chinese and Japanese 'governments formal denouncement of opium 'conflicted with the field operations and covert actions of their own armed forces' and politicians who the trade 'for tactical purposes', often turning 'to traffickers for money or information'.[28] Further, the political economy of the newly prohibited market ensured that 'in order to survive the changed conditions, they [traffickers] needed to find official protection, especially in their supply, delivery, and, more recently, their investment operations'.[29]

Enter Burma

Around this period Burma emerged as a key actor in regional drug policies. As Robert Maule writes,

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[25] J.M. Jennings, The Opium Empire: Japanese Imperialism and Drug Trafficking in Asia, 1895-1945. London: Praeger, 1997, p.40.
[26] Taylor, American Diplomacy.
[27] Jennings, The Opium Empire.
[28] Meyer and Parssinen, Webs of Smoke, p.280.
[29] *Ibid*, p.280.

> [w]hen Burma was separated from India in 1937, the production and distribution of opium in the trans-Salween area became an important issue for the British since the Government of Burma would be expected to adhere to the various international agreements to control the opium trade. Initiatives by British officials in London to tighten restrictions were necessary since this region produced over and above the licit requirements of opium for the Shan States, but they were never fully implemented owing to resistance from local authorities and traders and the lack of any alternative cash crop to substitute for opium.[30]

Burma was annexed to the Indian Empire in 1886. At this time poppy cultivation, use and trade was common in the semi-autonomous Shan, Kachin and Wa regions. Britain neglected production until World War I witnessing an unchecked expansion of opium production. Quickly thereafter the policy turned from one of '*laisser-faire'* to production limitation.[31] Although the causes of policy change have received little historical coverage, and no clear attempt to link international shifts to local policy change, this was likely the result of a confluence of internationalist pressure to regulate the trade, alongside the Sino-Indian Opium Agreement of 1907, and genuine concern over expanding production. In 1923, just prior to the Geneva Opium conferences and just one year after the creation of the Shan States Federation,[32] a new Opium Order sought to regulate production. As Robert Maule writes,

> The legislation placed responsibility for the control of poppy cultivation in the hands of the Cis-Salween Sawbwas[33] and their officials. All opium produced by cultivators had to be sold to the State from which users could purchase limited

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[30] R. Maule, 'British Policy Discussions on the Opium Question in the Federated Shan States, 1937-1948', Journal of Southeast Asian Studies, 33(2), 2002, 203–24, p.203.
[31] *Ibid*.
[32] The Shan State Federation was a collection of nominally sovereign political entities, each under the rule of a local monarch but administered by a single British administrator with the aim of bringing them under the control of the Governor of Burma.
[33] The title of the hereditary rulers of the Shan States of the Cis-Salween river area.

> amounts from State opium shops. Under the regulation, "any other opium found in the State", was considered illicit and subject to seizure by the State.[34]

In short, the Burmese monopoly followed the long established model used in Colonial India. Local implementation varied however. For example, in the Northern Shan States, opium sales operated through a monopoly sold through auction on an annual basis. The owner would have to police the trade and prevent diversion to the illicit traffic.[35] Meanwhile, the order was not applied to the Tans-Salween Shan States, where political control was viewed as too weak and economic alternatives to opium crop cultivation absent. Perhaps most importantly, opium production in neighbouring China was viewed as uncontrollable and thereby negated any interventions which already suffered poor odds of success given local conditions. Highlighting the clarity of policy goals, one official highlighted that '[w]e were warned by the Secretary of State in 1919 that restrictive measures are not to be pressed to the point where danger of serious unrest or disturbance is anticipated'.[36] This attitude was to remain for the British right through World War II.

Early experiments with prohibitions in Burma proved unsuccessful. The Government of India enacted prohibitions on consumption, except for registered users, in 1894, but reversed course in 1902 after a rapid growth of the illicit market. Thereafter the government expanded licensed shops in Lower Burma. Opium was supplied directly from India and from seizures of Chinese and Shan State illicit opium. The low profits obtained by the monopoly in Burma suggest that its utility lay less in revenue and more in political stability and state capacity protection.[37]

In 1926 India announced it would cease all exports of opium, following its relinquishing of the Chinese market after 1907.[38] This raised difficult questions for Burma. In 1931 the British convened a 'Commission of Enquiry'. Soon after, officials in Burma

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[34] R. Maule, 'The Opium Question in the Federated Shan States, 1931-36: British Policy Discussions and Scandal,' Journal of Southeast Asian Studies 23(1), 1992, 14-36, p.15.
[35] *Ibid*.
[36] *Ibid*, p.15.
[37] *Ibid*, p.16-7.
[38] Windle, 'Insights for Contemporary Drug Policy'.

proposed a closed system of control, whereby it would license and buy up crops in the Shan States and use it internally, with surpluses being exported to Siam, French Indo-China and the East Indies. The India Office in London and the Government of India vetoed the plan suggesting it ran counter to international treaty obligations and was unworkable given weak governance. A 'status quo' arrangement emerged whereby India would continue to provide Burma with cheap opium, while the general policy of 'non-interference' in the frontier areas around smuggling remained. When the informal trade between the frontier regions and Siam was exposed and Siam resorted to domestic cultivation the issue of surplus Burmese production became more acute, yet remained insoluble due to weak governance and widespread production in China. Meanwhile the price of imported Indian opium seemed certain to rise upon separation from India, rendering the use of Shan opium more attractive.[39]

Understanding the economics of the opium trade and colonisation in the 1930s in South Asia requires an understanding of the local breakdown of transfers. Burma received the highest profits from opium sales out of all Indian provinces, although its quantities were relatively small. The Government received a 500% profit on reselling cost-price Indian opium. Therefore, the disappearance of cost-price Indian opium would likely impose significant economic loss in terms of government revenue. Meanwhile, opium revenue represented a relatively negligible 1.1% of India's revenue by the mid-1930s. For this reason Burma began to look to the Shan States and its own opium production sources. Further, the Government of Burma received expressions of interest from the Dutch East Indies about potential exports.[40] As the government pursued the Shan States' role as a supplier, London worked to shield Burma's interests from international attention. For example, in the 1931 Bangkok opium conference London made sure to exclude the Shan States from any new limitation obligations. Nevertheless, the idea of Burma developing a domestic market, let alone an export market, was not welcomed by London or the Government of India. In particular, although the British Government felt the idea of self-sufficiency could be well defended at the international level, control of production was not viewed as practicable. Regulatory obstacles were not made of political will but of state capacity.[41]

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[39] Maule, 'British Policy Discussions', p.19.
[40] *Ibid*.
[41] *Ibid*.

British concerns over the territories of Burma had played a vital role in the 1920s and 1930s as Britain pushed back against absolutist prohibitions on opium smoking and production in areas of weak or low governance. While China, supported by the US, maintained a narrative of an externally imposed opium problem, Britain and other states highlighted that the region's opium problem came from a weak China, particularly unchecked opium production in Yunnan. Absent effective controls in China, effective controls in Burma, the Shan States or other colonial territories would be impossible. For China (and the US), the causality was reversed, absent outright bans of opium production and prohibitions on non-medical consumption, China would continue to suffer. While Britain and others argued the efficacy of their monopoly and quasi-regulatory systems as a means to undermine the black market and manage an 'addicted' consumer population, prohibitionist states remained unconvinced.[42]

The Burma Issue – From Legal Framework to Legal Exception:

Article 6 of the *Hague Opium Convention* of 1912 committed States Parties to the gradual 'suppression of the manufacture, the internal traffic in and the use of prepared opium in so far as the difference conditions peculiar to each nation shall allow'.[43] At the outbreak of World War II, however, opium smoking was allowed (or tolerated) under proscribed conditions in the East Indies, Malaya, the Unfederated Malay States, Brunei, Sarawak, Burma, India, Ceylon, North Borneo, Hong Kong, Indochina and Thailand.[44] Many in Britain and the Netherlands argued that consumption was diminishing as a direct result of their monopoly systems. Further, they claimed it was an effective mechanism to prevent the illicit traffic 'which stimulates consumption'.[45] The US, however, continued to argue that the European powers were not following the spirit of the 1912 agreement and pushed for immediate prohibitions and

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[42] J. Collins, Regulations and Prohibitions: Anglo-American Relations and International Drug Control, 1939-1964 London: London School of Economics and Political Science, 2015. Available from: http://etheses.lse.ac.uk/3107/

[43] International Opium Convention, The Hague, 1912, paragraph 6.

[44] J. Collins, 'Breaking the Monopoly System: American Influence on the British Decision to Prohibit Opium Smoking and End its Asian Monopolies, 1939-1945', International History Review. 2017/Forthcoming.

[45] Memo: The Problem of Prepared Opium, 23 March 1943, FBNA/ACC170-74-5/Box124/File1230-A, Postwar Narcotics Problems #1.

suppression similar to that enacted by the US in the Philippines.[46] Further, they argued it would enable international agreement on an enforceable production limitation agreement, a goal key states aimed for but ultimately widely missed in the lead up to World War II. During the 1930s The British and Dutch maintained that a production limitation agreement was first needed to reduce the leakages into the illicit market from China and Persia, following which the abolition of opium smoking and eating might be possible, 'provided that a reasonable transitional period is allowed'.[47]

During the interwar period the opium situation in China appeared to the Europeans as one of inexorable decline. China had disintegrated into warlordism, civil war and soon would be at war with Japan. Further, the Europeans had likely seen how premature opium suppression efforts had backfired in China, leading to increased political and economic strains exacerbating the political fragmentation of the country.[48] Political and economic chaos further helped fuel a process whereby local politics and the black market grew in symbiosis, as all sides used the illicit trade to finance military operations.[49] By the beginning of the 1930s China remained the epicentre of the global trade and the key to control in the region. Meanwhile, a League Commission of Enquiry reported in 1930, '[c]ontact with Chinese Immigrants has in other Far-Eastern territories usually been the cause of the indigenous population acquiring the opium-smoking habit'.[50]

In 1935, in China, the nationalists under Chiang Kai-shek initiated a Six-Year Opium Prohibition Plan aiming for total suppression by 1940. The plan proved ultimately unsuccessful, undermined in part by the outbreak of war with Japan in 1937.[51] Nevertheless, Chang's Government began declaring victory in areas it controlled, while claiming that in the areas under Japanese control conditions were getting worse

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[46] Collins, 'Breaking'.
[47] [LON] 1751(f), 22 April 1939; [LON] O.C.1753(c), 20 February 1939; [LON] C.C.1792, 17 September 1940, quoted in Memo: The Problem of Prepared Opium.
[48] J. Windle, 'Harms Caused'.
[49] Meyer and Parssinen, Webs of Smoke.
[50] [LON] C.635.H.254.1930.XI, November 1930, Vol. I, P. 37. Quoted in Memo: The Problem of Prepared Opium; see Collins, 'Breaking'.
[51] Y. Zhou, Anti-Drug Crusades in Twentieth-Century China: Nationalism, History, and State Building. Oxford: Rowman & Littlefield, 1999.

and, in an attack on the Colonial powers, that China's successes were being undermined by 'places where opium is openly sold by the local governments'.[52]

The deterioration of China and the determination of opium control advocates in China and the US to land some blame on the colonial monopoly system fuelled divisions between Britain and the US. While many in Washington privately recognised that many Chinese nationalist generals and local politicians were complicit in the trade, they consciously overlooked that fact seeing a useful tool to bludgeon Japanese actions while also building goodwill with the Chinese government. Britain, however, was overtly critical and sceptical of nationalist assertions and viewed them as undermining colonial policies in Burma and other places.[53]

With the outbreak of war in Europe in September 1939, the goal of securing a global opium production limitation agreement through the League of Nations formally collapsed. The League ceased functioning while the quasi-independent treaty bodies associated with global drug control, the Permanent Central Opium Board and the Drug Supervisory Body, fled Geneva for a 'field office' in Washington DC under the patronage of the US Federal Bureau of Narcotics (FBN).[54] The FBN, under the leadership of Harry J. Anslinger, spotted an opportunity in the tumult of war and launched a frontal attack on the colonial monopoly system, specifically in Britain and the Netherlands, expecting that if those dominos fell, all other regional monopolies would fall with them.[55] As Anslinger described it in 1942, 'the two most important subjects of a post-war world, namely, limitation of opium production and the abolition of smoking opium monopolies' would need to be tackled if the US vision of control was to be realised and international harmony on this issue ever reached.[56]

The British initially bucked against the pressure, describing the new wave of criticism in 1942/3 as the work of 'foreign and Chinese propagandists'. Further they maintained China as the main obstacle to regional controls given the 'smuggling by and on behalf

[52] Memo: The Problem of Prepared Opium; see Collins, 'Breaking'.
[53] Collins, 'Breaking'.
[54] Collins, Regulations and Prohibitions.
[55] Collins, 'Breaking'.
[56] Cited in Collins, Regulations and Prohibitions.

of the Chinese communities resident' within their colonies.[57] One Foreign Office official wrote, 'Americans' with their experience of prohibition should be the first to appreciate the importance of avoiding a situation where the law itself is brought into contempt'.[58] Nevertheless, A combination of changed economic and strategic logic for the colonial powers and discomfort about the broader geopolitical implications for saying 'no' to their American allies on this issue, ultimately forced Britain and the Netherlands to announce an immediate cessation of their monopoly systems in 1943, albeit with broad flexibilities written in.[59] In November 1943 the UK government announced its intention

> to adopt the policy of total prohibition of opium smoking in the British and British protected territories in the Far East which are now in enemy occupation and, in accordance with this policy, the prepared opium monopolies formerly in operation …will not be re-established on their reoccupation.[60]

De facto changes remained limited in many areas as we shall see, particularly regarding Burma. However, the normative framework governing opium markets in Asia shifted significantly during World War II.

Explaining Burmese Exceptionalism

While Britain had ostensibly committed to a radical change in opium policy in Asia, the reality of implementation would be much more constrained, most notably in Burma. US expectations on the issue remained high, but were certain to be dashed. In 1944/45 Burma became Britain's prime concern on this issue as the allies launched a major military offensive to drive out the Japanese forces. Although quietly acknowledged during their internal policy discussions in 1942/3, it was now openly recognised in London that immediate prohibitions were impossible and would merely fuel unrest, illicit markets and possibly conflict with local elites and ethnic groups. Further, China

[57] Scott's Minute; Minute, File: Minutes of Informal Meeting of the [FPA], 26 May 1943, BNAFO371/34545.
[58] *Ibid*.
[59] Collins, 'Breaking'.
[60] Parliamentary Question and Answer, 10 November 1943, BNA-FO371/34546.

remained an obstacle, due to the large amount of opium it was producing. British policy quickly became focused on managing US expectations.[61]

As Collins writes, 'Britain's Burma dilemma centred on placating American wishes while accommodating local logistical barriers'.[62] The US was openly paranoid that their troops, operating within the Burma theatre, would become engaged in opium consumption, develop addiction and bring it home to the US after the war. It was a recurrent US wartime fear dating back to their civil war when opium addiction earned the name 'the army disease'.[63] Britain, on the other hand, viewed US concerns as unfounded, arguing that there were no recorded cases of British troops operating in the area becoming addicted.[64] Nevertheless, the US, despite subtle warnings from London that their 1943 prohibition announcement would 'not immediately be so sweeping', had interpreted it as an absolute prohibition.[65]

To convince its US allies, Britain sought to divide its policy aims into short term and long term goals. The short term goals would be based on the need for 'control', while the long term aims would ultimately centre on prohibition, but provided issues of development, security and stability were met. London convened an Expert Committee in late-1943. This quickly adopted a conservative stance echoing previous committees such as the 1931 *League of Nations Commission of Enquire Report*. The latter had culminated in the 1932 commitment to total suppression of opium eating and smoking in Burma, but only after key conditions, such as reductions in neighbouring countries, political control, development and stability, were met. The 1943 Commission praised earlier government efforts and highlighted continuity between policies began in the 1930s and those which were likely to be enacted after World War II. Going further, they argued that the anti-opium discussions within the US had underestimated the progress made by the government of Burma and that much of the issue centred on misinformation and misunderstanding.[66]

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[61] Collins, Regulations and Prohibitions.
[62] Collins, Regulations and Prohibitions, p.83.
[63] H.W. Morgan, Drugs in America: A Social History, 1800-1980. Syracuse University Press, 1981.
[64] Collins, Regulations and Prohibitions.
[65] Cited in Collins, Regulations and Prohibitions.
[66] Collins, Regulations and Prohibitions.

Short term policy, meanwhile, fell to the Chief Civil Affairs Officer in Burma who had already begun enacting opium policies in areas under British control. These included a general policy aimed at strictness but underpinned ultimately by flexibility. For example, the military administration was not to reopen opium shops unless they felt forced by circumstances. Further, troops could, if needed use opium as local currency and administrators, to the absolute chagrin of officials in Washington, could allow the extension of cultivation into areas previously prohibited until effective government was restored.[67] Ironically, Washington fell afoul of the local currency issue itself as we shall see.

Despite internal support for their policy, Britain suffered unease over how the US would respond. Many argued that the US demand for immediate prohibitions was 'out of the question' and would create 'positive dangers'. Meanwhile, colonial officials were anxious to draw lines in the sand on territorial policy, making clear that civil control would supersede military control at the earliest moment and, fundamentally, that 'actual administration will be in the hands of the British Civil Affairs officers'.[68]

Nevertheless, despite attempts to placate US concerns on this issue, dissent soon emerged. One medical officer in Burma, who had experience of the opium issue and had served on the Expert Committee of 1943, Lt. Col. K. Lindsay, took aim at the prohibitionist direction of policies. Correctly believing his views were suppressed within the Expert Committee he warned London officials against following the 'pre-arranged policy of the League of Nations' and the 'well meaning but misinformed bodies in Europe and America trying to force their ideas on oriental people'. Referring to the former as 'an international ring of statistics-bound opiophobes' and 'anti-opium propagandists' he spoke of his own conversion on the issue, recognising the broader socioeconomic complexities, particularly for the coolie labouring class. Offering his

[67] *Ibid*.
[68] LBO to Taylor, January 1944, BNA-FO371/39366; see Collins, Regulations and Prohibitions.

'medical and social view' he said that total prohibition 'would be foolish as well as wrong'.[69]

Many in the Foreign Office privately agreed 'whole heartedly' with his comments and lamented that 'the voice of moderation and common sense' was so absent from the debate.[70] Ultimately, the decision fell to Admiral Lord Louis Mountbatten as Supreme Allied Commander in South East Asia. Colonial officials, however, cautioned him to 'keep in mind a number of complicating factors, including the potential hardship to native growers; political difficulties in districts where the habit was endemic; negative side effects of increased smuggling; and the impact of Chinese supplies nullifying prohibition'.[71]

Far away, in Washington DC, UK Ambassador Lord Halifax was furious with the delay, fearing 'strong opposition' from the US who might resort to 'drastic measures' and mobilise public support against Britain, thereby undermining hopes post-war Anglo-American relations.[72] Soon a clear split pitted the UK War Office and various colonial administrations on one side pushing back against 'uninformed' US interference, and the Foreign Office, rallying behind Ambassador Halifax, on the other. Amidst the delay, some in the US State Department began to consider unilateral action to close the opium monopolies in areas US troops operated in and the Congress passed a resolution urging prohibitions on all non-medical and non-scientific use globally. The US were hoping to shift attention to Afghanistan, Iran and India in the post-war era, but unless Britain could resolve the Burma issue the latter would continue to attract US ire.[73]

For Britain, ultimately, the key to regional control remained centred on China. If China could establish a strong central government in the aftermath of the war, then they believed there was hope for control in Burma. The US continued to publicly reiterate

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[69] Lindsay Minute, Notes on Policy of Opium Prohibition in Burma, January 1944; Letter, Lindsay to McGuire, 27 November 1943, BNA-FO371/39366.
[70] Williams' Minute, 7 February 1944; Scott Minute, 14 February 1944, BNA-FO371/39366.
[71] Collins, Regulations and Prohibitions, p.86.
[72] Halifax to Sir. Cadogan, 17 April 1944, BNA-FO371/39366.
[73] Collins, Regulations and Prohibitions.

false claims about the success of Chinese suppression efforts, arguing that what remained was merely a clearing up exercise after the Japanese occupiers. Britain rejected these claims yet held their fire, recognising the importance of the Chinese relationship to the US. Nevertheless, as the defeat of Japan came into sight, even US press sources began to criticise the Nationalist claims and ultimately lessened US support on this issue. In March 1945 London forwarded a damning memo to their US counterparts highlighting that the political economy of the trade in China meant the Nationalists, although earnest, were outmatched. Profits were 'fantastic', warlords could ignore central government orders and the Communists, despite Nationalist claims, did not appear to be growing opium to any great extent.[74]

Deciding the Post-war Policy in Burma:

By the close of the war in Asia little had changed to alleviate the fundamental political economy of the trade in Burma. If anything, the continued instability in China and the dislocations of the war had made it worse. In this context Britain found little option but to fudge the policy response. Britain, ultimately was caught between a paradox of political economic and diplomatic imperatives. The latter prevented it implementing its preferred flexible approach to policy, the former prevented it implementing the prohibitionist policies the latter demanded.

Lord Mountbatten tried to walk a middle line. He framed the policy as one of socio-economic development supported by suppression. As living standards and government control increased, so too could restrictions. The War Office began creatively reinterpreting the US congressional resolution as referring only to the illicit traffic. In the meantime a two tier policy became apparent for the region. Britain would have a sweeping set of directives for Malaya, Borneo and Hong Kong, and a more ambivalent directive for Burma.[75] Mountbatten expressed misgivings and feared British reluctance would be misunderstood as an effort to protect cultivator interests in Burma. The Burma Office offered a long explanation of some of the obstacles they faced. For example,

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[74] *Ibid*.
[75] Collins, Regulations and Prohibitions.

> The tribesmen of the various Kachin Hill tracts use opium in their tribal religious ceremonies and also attach considerable importance to its medicinal properties. Prior to the Japanese Invasion cultivation was prohibited in most areas and Government provided a limited supply for these purposes. When Government officers retired from the hills the tribesmen were informed that the prohibition against cultivation was withdrawn; as Government could not meet the tribesmen's requirements it was only reasonable to allow them to grow what they needed. This will be the situation on our return and an immediate renewal of the prohibition orders would cause unrest. Opium production in these areas is very small and the quality is so bad that no-one outside the hill tracts would use it.[76]

Ultimately Britain transmitted the policy to the US State Department hoping salesmanship and a 'positive' approach would paper over the inconsistencies. In the meantime, highlighting the complexity of the wartime theatre in Burma, and the broader opium issue the US fell afoul of their own policy. The Burma Office received word that,

> The American forces operating in Burma have caused rather an awkward situation, since the British Forces were prohibited from supplying opium to the populace as payment for goods and services, except in very exceptional circumstances, but the American Forces made payment with opium freely and in large quantities, and consequently, secured labour, etc. which the British Forces were unable to secure.[77]

A Burma Office official wrote: '[t]his fact, if true, would be a useful card to have up our sleeve if the Americans should try to take any high moral line about our proposed policy in regard to opium'.[78]

The response from the State Department regarding the Burma policy was furious and took British officials by surprise. Further, they pre-empted the British trump card

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[76] Munster to Mountbatten, 13 September 1944, BNA-FO371/40510.
[77] Annan to Logan, 11 April 1945, BNA-FO371/50654.
[78] *Ibid*.

regarding US troops trading opium, suggesting they had only recently learned about the practice and that the War Office, having been notified that it was a violation of US policy, immediately instructed Theatre Commanders to prohibit further use. Then, as Collins writes,

> The State Department memo tore into British policy. They presumed that the reopened shops would dispense opium for smoking as well as eating. This, they pointed out, was not "at all in consonance" with Britain's November 1943 Declaration and claimed that the experience in Hong Kong showed that government licensed shops had failed to undermine the inflow of illicit opium from the Chinese mainland during the 1930s. They argued that the only effective policy was prohibition together with enforcement and Britain's policy would worsen the regional and global situation. They explicitly urged the British Government "to reconsider". [79]

Although the US response triggered a re-evaluation by Britain, ultimately the policy had been decided and remained in place. The removal of US troops from the Burma theatre soon undermined their key argument that a legalised opium trade threatened their national security. The British approach to opium control in Burma, as well as the Far East more broadly, continued to be driven by gradualism, development and regulatory impulses rather than a blind commitment to immediate prohibitions, even if this approach came with some international political costs.

After World War II

Broader Cold War concerns soon overshadowed the opium issue in the region. The US, time and again, found itself accepting local compromises that colonial powers implemented in troubled areas. For example, in 1945 France had announced a policy of complete prohibition in their colonies.[80] However, fears of social unrest and an inability to implement prohibitions meant that highland groups were exempted and an

[79] Collins, Regulations and Prohibitions, p.98.
[80] W.B. McAllister, Drug Diplomacy in the Twentieth Century: An International History. New York: Routledge; 2000.

unofficial opium monopoly continued.[81] Britain, pulling out of the Indian sub-continent, had less of a vested interest in the opium issues there and was happy to leave this to local administrations to resolve. The intersection between opium and their foreign policy thereafter frequently centred on protecting their former colonies, and thereby their political relationships, from criticism at the UN Commission on Narcotic Drugs (CND). Regional trends, however, were towards greater prohibitions. Opium was perceived as a tool of colonial oppression and post-colonial administrations found this a useful issue to demonstrate a break with the exploitation of the past.

In the case of Burma, the inclusion of the Shan and Wa states, which had prior to the war been omitted from discussions on this issue due to their nominally sovereign status, tipped Burma into the category of producer state. Britain feared this would raise problems in UN drug forums, particularly as member states once again looked towards the idea of a unified global production limitation treaty regarding opium.[82] Indeed,

> It was decided that the Government should highlight their commitment to a long-term strategy, that first aimed at controlling production in the area, then limiting production and consumption in the Shan States and eventually a total prohibition on production. London believed, with this long-term strategy in place, it would be defensible for the Government to purchase surplus opium stocks in these areas and use them partly to meet local demand for opium eating.[83]

Far from reticence to defend the policy, the UK's top drug diplomat, the seasoned Home Office official Major Coles, described it as 'a very satisfactory scheme for dealing with a very troublesome subject'.[84] He further examined the idea of whether Burmese opium could compete on the international market or whether it would be too low grade to be commercially viable. Ultimately, due to British support in CND, Burma received minimal attention and was occasionally portrayed as a victim of trafficking,

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[81] J. Windle, 'The Suppression of Illicit Opium Production in Viet Nam: An Introductory Narrative', Crime Law Social Change', 57(4), 2012, 425–39.
[82] Collins, Regulations and Prohibitions.
[83] *Ibid*, p.151.
[84] Coles to Morley, 4 November 1946, BNA-FO371/59611.

for example when US drug diplomat Harry Anslinger wanted to bludgeon Siam over their apparent lack of control in 1948. Despite nominal commitments towards prohibitions, little changed on the ground in Burma and many other parts of the opium producing world. As Collins writes, in 1948,

> [t]he political situation in Burma worsened it fell entirely off the opium radar as states struggled to find a political resolution. With the shift of nationalist Chinese (KMT) troops into the mountain regions the seeds of an invigorated illicit opium industry were laid. The UK was concerned to protect their relationship with Burma while the US aimed to stabilise the security situation in the region. Neither had an interest in kicking the Hornets' nest of regional opium policy. Meanwhile, the KMT forces began to utilise the ungoverned spaces and opium trade to fund anti-communist insurgency efforts.[85]

The political economy of the issue had gone full circle and caught the US in the exigencies and grey areas of the political and wartime economies of the region. Further, opium began to play a key role in the Indochina conflict, effectively funding Vietminh offensives. The US meanwhile, seizing on the domestic Red Scare began painting the People's Republic of China (PRC) as a key protagonist in a global opium production scandal. Harry Anslinger testified to Congress that 'efforts to control addiction within Communist China have been feeble and ineffectual' and that they had been carrying on 'Heroin Warfare' against the US.[86] The exact opposite was in fact true. The PRC had enacted an extremely effective suppression campaign,[87] effectively driving opium out of the rural areas and further into the borderlands of Burma. The nationalist guerrillas stationed there utilised this trade to fund their own activities against the PRC government and soon received support from US intelligence sources in this endeavour.[88] Britain, on the other hand, recognising the US claims as fraudulent, kept quiet on the issue as they were happy to see attention directed away from Burma and the booming illicit market that had taken root since the PRC victory.

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[85] Collins, Regulations and Prohibitions, p.196.
[86] See press clippings; Anslinger Remarks, 8th Session CND, April 1953, FBNA/ACC170-74-5/Box122/File1230-1, UN 8th Session (1953). .
[87] See Windle, Suppressing Illicit Opium Production.
[88] McCoy, The Politics of Heroin.

Offering their own diversion they blamed Siam as a transhipment hub and a state in dereliction of its drug control duties.

Ultimately from that point until the Single Convention of 1961 Burma remained an absentee actor on drug control. It attended CND meetings as an observer on occasion, always to the praise of the UK delegate as a positive sign, but ultimately the situation that had developed was within the realm of political economy, geopolitical interests and national struggles. It was not a situation liable to be impacted by the writ of international agreements or the weight of international opinion.

Conclusion

Historian Peter Dale Scott argues that the modern relationship between war, political instability and the illicit drug trade came of age during World War II. The case of Burmese opium highlights this point.[89] This chapter goes further and has attempted to highlight that one must understand the evolution of regional opium policy and outcomes as one driven by a complex dialectical process determined by political economy, geopolitics, national realities and policy ideologies.

This chapter examined the relationship between opium, opium policy and state control in Burma and to a lesser extent its neighbours during the early part of the twentieth century. It highlighted that opium policy was frequently viewed as part of a broader strategy of securing state control, often through pragmatic engagement with local needs and a recognition of the limits of central governmental control in key opium producing areas.

The lessons and echoes for contemporary drug policy discussions are immense. The chapter highlights an intuitive recognition on behalf of the British and others that improperly sequenced eradication efforts or the imposition of blanket prohibitions with little regard for local needs or capacity were often pointless and counterproductive. This is a lesson states as diverse as Colombia, Afghanistan, Thailand and many others have learned through hard experience over the later parts of the twentieth century. As many authors correctly argue, opium policies, to be effective, must be based on

[89] Scott, American War Machine.

principles of sustainable development and any policies must be implemented in a sequenced manner which takes account of local needs.[90]

The Burma case highlights how these insights were understood by colonial powers in the first half of the twentieth century and subsequently, perhaps, forgotten in the period of decolonisation. As countries examine ways to move beyond alternating strategies of eradication and ineffective alternative development projects, the lessons of Burma are timely and useful. The first is that governance capacity and political penetration is a key prerequisite to effective policy implementation. The British knew this in Burma and rejected externally designed policies aimed at quick and pre-emptive prohibitions. The second is that sensitivity to local socio-economic factors will ultimately determine the success of interventions and the capability of the state to impact drug outcomes. The British again recognised that a fundamental lack of economic development, security and welfare would ultimately torpedo any attempt to impose even the most well-meaning policies. A third lesson is that long term goals must be separated from short term ones. Policy impatience leads to inappropriate short term policy choices which can frequently exacerbate the problem and make longer terms goals more difficult and expensive to deliver.

If a state is serious in its attempts to move beyond a reliance on illicit drug crops in certain areas it must recognise the long-term nature of their problem and design a commensurate commitment based on health, development and a respect for the fundamental political and economic rights and needs of the communities involved. Without that commitment a cycle of failed policies, conflict and economic hardship is the most likely outcome, as predicted by the British in Burma and as evidenced by the lessons of Colombia, Afghanistan, Thailand and many others as the twentieth century progressed.

[90] See Windle, Suppressing Illicit Opium Production.