



GAMBLING AS DEVELOPMENT:

A Case Study of Myanmar's Kokang Self-administered Zone

Myint Myint Kyu



Understanding
Myanmar's
Development

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International Development Research Centre
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Foreword

Myanmar is undergoing an exciting and often unpredictable time of transformation on many fronts after decades of isolation. Outsiders have a only limited understanding of the complexities, dynamics and the depth of change taking place—affecting the social, environmental, economic, and governmental spheres, and directly impacting the livelihoods and practiced culture of the peoples of Myanmar. How are they actively taking part in their country's developmental process, and in the face of what obstacles? In this pivotal moment, Myanmar's need for both mind- and manpower to help fill the gaps of data and research on critical development issues has never been greater.

RCSD has established the Understanding Myanmar's Development (UMD) Fellowship program, supported by the International Development and Research Centre (IDRC), Canada, to enhance the knowledge of Myanmar's development, strengthen the research capacity of Burmese researchers, and encourage them to become actively engaged in the study of development policy and practice. The fellowship seeks to promote sustainable academic exchange and dialogue among researchers from Myanmar, Thailand, and other GMS countries. Under this program, 30 fellowships have been awarded to mid-career researchers in their respective areas of social and economic change, agriculture, environment and climate change, health and health care systems, and social media and innovations.

Myint Myint Kyu's extensive and detailed research on the casino industry in Kokang, a rarely studied corner of northern Myanmar, is an important addition to the growing body of academic work

focusing on Myanmar's borderlands. Kokang, a place that very few scholars have even been able to travel to for a brief visit, let alone to stay and study in depth, poses a very unique set of challenges for those conducting academic research. Fortunately, as someone who has both lived and worked in Kokang, Myint Myint Kyu was in a unique position to conduct research in this area. This insightful study follows on the author's masters thesis work on Kokang (Myint Myint Kyu 2011), which was also done through the RCSD program at Chiang Mai University and gives the reader a fascinating look at the dramatic changes that have taken place over the past quarter century in Kokang as the region's casino industry grew in importance and increasingly dominated Kokang's rapid development.

Chayan Vaddhanaphuti, PhD
Director, RCSDS

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Abstract

This study examines the casino industry that has come to dominate, Kokang, a border region of northern Myanmar, whose local population is a Chinese speaking minority officially recognized by the central government. The area which is now officially known as the Kokang Self-Administered Zone, is a corner of northern Shan State that was once known for its thriving opium production. Interviews with casino employees and local residents of Kokang were conducted for this study, which focuses on the development of the casino industry in the region since its emergence after 1989 and the industry's economic and social impact on the region.

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Editor's note on the ongoing upheaval in Kokang

As one of only a small number of scholars who have lived and conducted research in what is officially called the Kokang Self-Administered Zone, Myint Myint Kyu's study of the area's casino industry sheds much needed light on a very underresearched corner of northern Myanmar. This research, which follows the author's earlier master's thesis work on Kokang (Myint Myint Kyu 2011), provides a fascinating look at Kokang's casino industry and the economic and social impact it has had on this very special region, sandwiched between Myanmar's Shan State and China's Yunnan province.

The author's research is of particular importance as it provides a glimpse into life in Kokang during a casino boom that is clearly now over. In February 2015, just weeks after the author completed her research for this study, conflict once again returned to Kokang, when forces loyal to Peng Jiasheng, the octogenarian former Kokang leader who had been driven from power in 2009, launched a campaign to take it back. The heavy fighting that occurred following the Myanmar National Democratic Alliance Army's (MNDAA) renewed insurrection displaced tens of thousands of people and disrupted much of Kokang's economy. Though largely overlooked by those outside Myanmar, the fighting that took place in Kokang in 2015 has been described by one Myanmar focused defense analyst as being part of the "largest war since Myanmar's independence" (Davis 2015).

Kokang's casino industry appears to have been severely affected by the upheaval in the area and the ongoing conflict between the central government and the MNDAA, which at the time of publication of this study remains intermittent. While initially

some of the casinos stayed open despite the fighting, an incident in March 2017 in which MNDAA forces reportedly made off with millions in funds looted from Laukkai casinos has, according to a journalist who traveled to the area, left Kokang's "usually buzzing casinos quiet" (Wang 2017).

The result of the ongoing conflict means that Kokang is once again closed off from the rest of Myanmar and the rest of the world. As the UN's own special rapporteur on Myanmar recently concluded access to the Kokang Self Administered Zone is now heavily restricted and as a result there is "little information available on the situation" in the area (UN 2017). All the more reason that Myint Myint Kyu's research on Kokang is a valuable and very timely contribution to the field of Myanmar studies.

Kevin McLeod
January 2018

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INTRODUCTION

Background and Research Problem

“da xiang, da xiang, da xiang”

Looking around, I was astounded that the voice was from a group of children who were throwing down their money on *da xiang* (elephant) to bet against the other five animals on the gambling table. Many people stood around the gambling table and stared at the string that the game operator was going to pull down to release three dice from the stand. The children kept shouting and cheering the names of the animals they'd bet on until the game operator pulled down the dice. Suddenly, all the shouting stopped and everything was silent as the people looked at the falling dice with excitement. The three dice slowly rolled down from the stand and showed “rooster,” which again caused thunderous loud noise from the crowd. The children who had bet on “da xiang” lost their money. The loss did not bother them however and they pulled out several ten Chinese Yuan notes from their pocket and threw them on the table for the next round. Many elders were standing around the gambling table and no one said a word to stop the kids from gambling. Instead they continued watching the game.

This gambling was taking place in front of a home hosting a wedding in Laukkai, capital of the Kokang Self-Administered Zone (KSZ) in Myanmar's northern Shan State near the Chinese border. As most of the people in the Kokang are ethnic Chinese, Chinese traditions and customs are observed by people in the Kokang region. Traditionally,

gambling activities take place on special occasions such as weddings, funerals, and other events. Several kinds of gambling games, especially *mahjong*, are set up in and around a wedding house compound and on the street in front of the gate. The streets in front of the home holding the wedding ceremony are usually crowded with vendors selling noodles, snacks, and various gaming activities. Almost all the games were full, with men, women, teenagers, and even some toddlers moving around the tables. Everyone was paying attention and concentrating on the gambling going on. Winning the game seemed to be the only concern for them at that moment. Seeing the stacks of Chinese banknotes that were circulating among the local Kokang people, who had been poor poppy farmers for centuries, I could not believe my eyes.

People in Kokang had relied on the growing and selling of opium for many generations. Poppy farming had been the main source of income for Kokang people's livelihoods until a ban on growing opium in Kokang was officially put in place in 2003 (Kramer 2009a).

What is today called a self-administered zone, located in the borderlands between China and Myanmar is an area that functioned for centuries largely outside the control of governing authorities of either country. Kokang has always been far away from central government administration, a reality recognized by a 1989 ceasefire agreement between Kokang's local rulers and the central government, then a military regime that called itself the State Law and Order Restoration Council (SLORC). The ceasefire which enabled the Kokang authorities to maintain an armed militia (Zaw Oo and Min Win 2007), lasted until August 2009. The 20 year long agreement ended when fighting between the Myanmar military and the Myanmar National Democratic Alliance Army (MNDAA) led by Peng Jiaoheng, broke out after an internal split in the MNDAA over the central government's demand that the group transform into a border guard force ¹ (McCartan 2009). In early December 2009 the

1. According to Myanmar scholar Maung Aung Myoe, in the wake of the 2009 Kokang crisis, some 700 Kokang troops who stayed loyal to Peng Jiaoheng fled to China where they "immediately disarmed by the Chinese authorities". The remaining 300 sided with Peng's former deputy turned rival Bai Suo Cheng (Maung Aung Myoe 2011).

MNDAA forces who opposed Peng Jiasheng became an official unit of the Myanmar border guard force (New Light of Myanmar 2009, December 5).

Under Myanmar's 2008 constitution, Kokang which had been referred to since the 1989 ceasefire in official parlance as Shan State Special Region No. 1, was rebranded a self-administrative zone, one of four such zones created in Shan State². Since 2010, many government officials have been posted to Kokang and they are attached to the local administration committee. These government officials are assigned to assist the new Kokang self-administration authorities in running the region in line with the central government's rules, regulations, and policies. Despite the change in leadership and administration, the local Kokang economy continues to consist of the same business activities that took root under the previous Kokang leadership, gambling, massage parlors and smuggling. The gambling activities that take place openly throughout the KSZ are officially illegal under Myanmar law and are prohibited in most other parts of the country that are under central government control. In Kokang however gambling is allowed and attracts many young Kokang people, as well as youth from other parts of northern Shan State who speak Mandarin, to work in the gambling industry. As the gambling industry has become prosperous, the need for more employees to work in the casinos has also increased. Thus, many youth from central Myanmar have also travelled to Kokang to work in the gambling industry and gambling related businesses.

Although casinos and gambling dens are illegal in Myanmar, many exist in Laukkai, the capital of Kokang, and in many villages across the Kokang region. After the area was officially reclassified a self-administered zone, casinos continued to operate openly in Kokang.

2. According to drug policy scholar Marti Jelsma when it was formed the Kokang Special Region covered parts of three townships Kunglong, Laukkai and Konkyan. The township boundaries did not however correspond exactly with the borders of the special region (Jelsma 2005). In contrast the Kokang Self-Administered Zone is shown on government authorized maps as now just including Laukkai and Konkyan townships with the zone's boundaries matching the township boundaries (MIMU 2015).

Many people I interviewed believe that the reason the central government continues to allow gambling to take place in Kokang was due to a *quid pro quo* with the local authorities. The Kokang officials agreed to join the border guard force and in recognition of this, the government allowed the gambling to continue. Casinos and gambling dens are so widespread across Kokang that Chinese people call Laukkai *xiao ao meng* or “little Macau.” Many people in Kokang are involved in the gambling industry and these activities have become part of their daily lives, a sharp contrast with other parts of the country. Under current Myanmar law, a person involved in gambling can be sentenced to three months in jail. Thus, most people in Myanmar only gamble in public on special occasions like funerals and other traditional occasions, where permission to do so has been given in advance.

Although there are strict laws preventing people from gambling in other parts of Myanmar, people in Kokang can freely access casinos and gamble openly due to its complex and ambiguous legal status³. In addition, the gambling industry is accepted and welcomed by many Kokang people because of the large economic benefit it brings them. There remains few other opportunities to earn a living in Kokang other than gambling and illicit activities. In recent years, the Kokang gambling industry, which is connected to other gambling centers in the Mekong region has become one of the biggest in the country.

This paper focuses on the nature of the gambling industry in Kokang, including those employed in the industry and its impact on the area. It assesses whether the gambling industry contributes to the development of the region, what positive and negative impacts have been brought by the gambling industry to its employees and to the local people of Kokang, based on the following research questions:

3. Casinos can also be found operating in other semi autonomous parts of Shan State, including in Mong La, held by the National Democratic Alliance Army (NDAA) (Finch 2014)

Research Questions

- Is the gambling industry in Kokang contributing to the development of the region?
- What is the development and administrative policy of Myanmar, China and local officials from the Kokang Self-administered Zone (KSZ) toward the gambling industry in Kokang?
- What are the social, economic and other impacts of the gambling activities on employees and local people?
- What are the social impacts of gambling in the Kokang region?

Research Methodology

Site of study

This field study was conducted mainly in Laukkai, the capital of the KSZ in Myanmar's northern Shan State. Kokang is situated to the east of the Salween River and forms the border area between Myanmar and the People's Republic of China. The distance between Laukkai and the Chinese border town of Nansan is about ten miles, and many villages along both sides of the border are just meters apart from each other. Due to the area's geographical remoteness and distance from the central cities of Myanmar, Kokang people mainly rely for their daily necessities on purchases from China. The population of the Kokang region prior to the outbreak of fighting in 2009 was estimated to be 200,000 with around 25,000 people living in Laukkai (Global Times 2009 and Joint Kokang-Wa Humanitarian Needs Assessment Team 2003). The 2014 national census recorded that the combined population for the two townships that make up the KSZ was 154,748 (MIMU 2014).

The overwhelming majority of the local population is Kokang Chinese⁴. The Myanmar government's list of officially recognized

4. Some have put the percentage of ethnic Chinese in Kokang at 80% (SHAN 2003) while others have put this at 90% (Global Times 2009) though it is unclear where these figures have been derived from.

“national races” includes Kokang under the Shan category, though many people in the Kokang region remain without citizenship⁵.

Members of other ethnic groups including Lisu, Miaozi, Kachin, Palaung, Shan, and Wa also live in the Kokang region. Since the implementation by the Myanmar government of market reforms beginning in 1989, beginning in 1989, many Chinese from Yunnan have migrated to Laukkai and the rest of Kokang region over the porous border. Chinese migrants run businesses such as shops and restaurants, and Chinese hotels can be seen in almost all parts of the KSZ. The local authorities have set up their own administrative offices in Laukkai and use Mandarin as the official language. The use of Chinese Yuan, which is the main currency in the region, far exceeds the use of Myanmar Kyat. Moreover, since the ceasefire agreement between the Myanmar government and Kokang authorities in 1989, Laukkai has turned into a modern border town, with all the modern facilities one finds in neighboring China. In many ways Laukkai resembles the typical rural town or city in Yunnan only with casinos, which are also banned in mainland China.

Since the ceasefire in 1989, numerous gambling establishments of various sizes have sprouted up in Laukkai, a development that was accompanied by building of much of Laukkai’s infrastructure. Almost every large hotel operates a casino, massage parlor, and other assorted entertainment venues such as bars, clubs, and KTV (Karaoke bar) within their hotel compound. Gambling activities can be seen in every street of the town in the form of gaming centers, where various kinds of slot machines are operated. There are many neighborhood gambling dens throughout Laukkai where gamblers

5. As scholars Nicholas Farrelly and Stephanie Olinga-Shannon have pointed out the inclusion of the Kokang as an official ethnic group in Myanmar has meant that the “Kokang have crossed the threshold from foreign to indigenous in the Myanmar system and have attained ‘national race’ status, affording them special rights not afforded to more recent Chinese migrants”. (Farrelly and Stephanie Olinga-Shannon 2015). According to American scholar Mary Callahan, the decision to grant Kokang people national registration cards in the years following the 1989 ceasefire was made by military intelligence chief Khin Nyunt (Callahan 2007)

can play mahjong or cards. Some gambling activities such as lottery games are operated by the roadside or under the shade of trees. The entire town of Laukkai is full of places for gambling.

Laukkai town is divided into four residential quarters; Dong Cheng, Shuan Feng Cheng, Jin Xiang Cheng and Shuan He Cheng. All four quarters were developed after the ceasefire agreement between the Myanmar government and the MNDA in 1989. Since then different kinds of gambling places have developed: casinos, gaming centers, roadside gambling tables, and neighborhood gambling dens can be found in all four quarters. There is at least one well known large casino in each quarter, together with many smaller gaming centers. In Dong Cheng quarter, Fu Li Lai is the biggest casino and the Jin Jiang, Bai Sheng, Jing Fu casinos are located in Shuan Feng Cheng.

There are also many more gambling places in Laukkai's other two quarters. The main sites studied for this paper were the Fu Li Lai and the Si Nuo Ke casinos. Two neighborhood gambling dens and some roadside gaming places operating in the Dong Cheng quarter were also studied. In addition, many large casinos in other residential quarters were visited and observed to understand the gambling industry of the Kokang region as a whole.

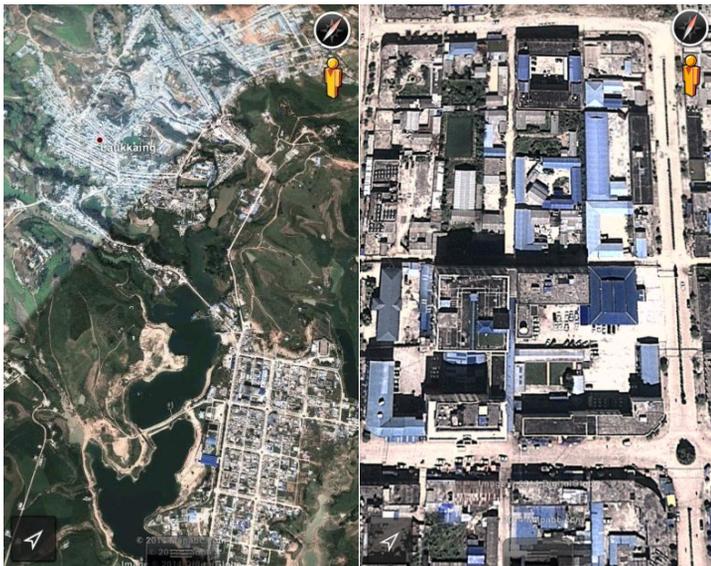
Despite there being hundreds of big and small casinos and gambling dens in all parts of Laukkai, it appears that most of the Chinese gamblers like to gamble at the casinos in the Dong Cheng quarter. In order to facilitate the punters spending their money the casino operators arrange transportation to pick up the Chinese gamblers directly at the border crossing points to bring them to the casinos. Free accommodation is provided to gamblers who bet large amounts of money. Food, accommodation, and entertainment are all easy and convenient for gamblers in Dong Cheng as the hotels, restaurants, spas, massage parlors and shops are all in a big compound located in the center of the quarter. The streets of Dong Cheng are full of gamblers and casino employees, especially in the evening. It is the best place to study the lives of casino employees and the impacts of gambling activities on the region as all the casino operators, employees, and gamblers can easily be reached and interviewed.

Map of research site

Figure 1 Kokang location map Source: Shan Herald Agency for News SHAN www.shanland.org



Figure 2 Map of Dong Cheng Quarter and Fu Li Lai Casino



Unit of analysis

Data analysis for this study was based on the collection of individual narratives and non-participant observation of the casino employees, gamblers, Chinese immigrants, and officials from the local area and those from China. Moreover, the daily lives of casino employees and their interactions with gamblers, operators, and other people was observed, to understand more about the nature of gambling activities in the Kokang region.

Field techniques

This study was carried out from November 2013 to September 2014, when in-depth interviews were carried out with casino employees, gamblers, operators and the people living and working in the Kokang region, both locals as well as outsiders. Most of the findings are from non-participant observation. I had the chance previously to talk with local people and observe the gambling activities of the region in 2011 when I conducted research for my master's thesis which was also about Kokang (Myint Myint Kyu 2011). In 2012, I worked with the United Nations World Food Programme in Laukkai to provide food assistance to vulnerable former poppy farmers in the region. Seeing the people work and gamble in the casinos become part of my daily life during my stay in Kokang from August 2012 to March 2014. I have travelled to almost every part of the region as part of my duties and have had the chance to meet and talk to the parents of youth who are working in the Laukkai casinos.

In November 2013, I started visiting Laukkai's casinos to observe activity and to interview people to get a better and deeper understanding of the gambling industry of Kokang. Since my fieldwork in 2011 for my master's thesis, I have talked to hundreds of people about the gambling industry of the Kokang region. I have relied on four casino employees and a couple of local authority figures as my key informants for this paper. Most of the study was based on my observation and personal interviews.

Although I left the Kokang region in April 2014, I kept contact with my key informants and continued to monitor Kokang in newspapers, online articles, magazines and blogs related to the

Kokang gambling industry for secondary data. I also talked to many people from Lashio, Mandalay, Yangon and Taunggyi, including ex-gamblers and former gambling operators based in Kokang, for a better understanding of the big picture of the Kokang gambling industry.

Terminology

I use the term “gambling industry” in this paper to refer to places where people can gamble, bet, irregardless if the building itself is a grand building, a roadside gambling place, a mobile casino, a neighborhood gambling den, or a gaming centre. All of these places where people can gamble or bet over something, I have defined as part of the “gambling industry.” All the casinos and gambling activities in Kokang are defined as the gambling industry.

A casino, or in Chinese *yu le gong si* (“recreation company”), is a place where different kinds of gambling activities operate in the same building or different buildings in the same compound. The buildings are much bigger than any other gambling places in terms of size and also host other activities like massage parlors, restaurants, bars, clubs, KTV, spas and pawn shops. Some casinos even provide accommodation, equivalent to four star hotel service, for high rolling gamblers. My research in Kokang indicates that there are an average of 50 gambling tables or more in each gambling hall.

A gaming center or *you xi shi* is a place where many slot machines and an electronic fishing game machine called *dar yu ji*, operate. The gaming centers are located in the streets beside noodle shops, grocery shops, or beauty parlors. Depending on the size of the room and the operator’s financial capacity, there will be two to five slot machines and *dar yu ji* in one center. Sometimes, only one *dar yu ji* is available in a gaming center.

Neighborhood gambling dens are places where people gather together at someone’s house to play *mahjong* or cards. Some houses have people playing mahjong almost everyday and have become small private casinos. The house owner collects money from the gamblers for food and beverage related services, known as *chou shui* in Chinese (literally “pump/pull water”).

Mobile casinos are gambling tables that shift from place to place, where people can gamble on *lay guang jin* or play cards. The operators move their gambling table to places where there are weddings, funerals, and festivals taking place. Sometimes they can be seen in front of temples, five-day rotating markets, and street corners.

Roadside gambling places are locations where gamblers can purchase daily lottery tickets from an operator who sits beside the road and sells tickets. Sometimes lottery tickets can be purchased from tea-shops, noodle shops and at the entrance of casinos.

Type of Gambling Activities in Kokang

There are many gambling activities taking place in KSZ. The games people commonly play include *baccarat*⁶, *mahjong*⁷, *dou dizhu*⁸ and *long hu dou*⁹. Many people bet on *lay gaung jin*¹⁰ (four animals) or dice, *chauk guang jin*¹¹ (six animals), *don set chauk*

-
6. A card game played in casinos in which two or more punters gamble against the banker; the player who holds 2 or 3 cards that total closest to nine wins
 7. A Chinese game commonly played by four players. It is the most frequently played game in Kokang and can be seen being played at homes, funerals, markets and by the roadside.
 8. *Dou Dizhu* is a card game in the genre of shedding and gambling. It is one of the most popular card games played in China.
 9. *Long Hu Dou* is a game similar to Baccarat, but there is no set banker and the players act as banker. It is also very commonly played in Laukkai.
 10. *Lay Gaung Jin*—4 animal game, there are four animals (fish, elephant, cock and lobster) pictured on a sheet of paper where gamblers can put money down on an animal. A string is pulled to let dice fall down on the sheet. Depending on the number of animals shown on the dice surface; the player can get back double or triple their wager.
 11. *Chauk Gaung Jin*—6 animal game – the principal of playing the game is same as Lay Guang Jin

*gaung*¹² (36 animals), *hna-lone hti*¹³ (2 digits lottery), *don-lone hti*¹⁴ (3 digits lottery), soccer¹⁵, slot machines¹⁶, *da yu ji*¹⁷ (fishing game), and the Myanmar Government State Lottery. Occasionally, people bet on several other games like cock fighting or traditional *pai jiu* (an old style of *mahjong*).

Baccarat is played in the big casinos, or *yu le gong si*, of Laukkai. Most of these gambling places are associated with hotels. *Baccarat* tables are set up side by side at the entrance hall of a hotel, which also performs as a casino. Gamblers and observers can be seen throughout the casino at all times. Some people are actively gambling, while most are standing around the tables and watching the games. As per my observation, the majority of the gamblers are Chinese from mainland China, while some are local Kokang Chinese. Rarely are Burmese gamblers seen playing *baccarat*, but they are more often found in the relatively small gaming centres, gambling on slot machines or *dar yu ji* games. The gambling hall is thick with cigarette smoke. The sounds of people shouting and cheering, commonly punctuate the air. No one is idle. Sometimes a baby's crying can be heard among the gamblers.

-
12. *Don Set Chauk Gaung* – 36 animals is a kind of gambling game originating from the Shan people. People can wager on 36 animals and the game operates three times a day: morning, afternoon and evening. The winner can get back 36 times their wager, if their choice comes up as the winner
 13. *Hna Lone Hti*—2 digit lottery is popular among Burmese migrant workers in the Kokang. Chinese people rarely bet on it. The game involves betting on the last two digits of the Thai stock exchange; it operates three times per day. The winner can win up to 8 times their wager.
 14. *Don Lone Hti*—3 digit lottery is also similar to the 2 digit lottery. The only difference is it operates only twice per month (every 1st and 15th of the month). It is based on the last three digits of the Thai State lottery, and only played by Burmese migrant workers in the Kokang.
 15. Betting on football, is a very popular activity for Burmese people Kokang. Gamblers bet on major international football games and tournaments.
 16. Slot machines can be seen in every casino and gaming center. Kokang people consider it a machine for “play” and do not consider it to be an actual type of gambling.
 17. *Da Yu Ji* is a kind of electronic gaming machine. It can also be found in Yangon and Mandalay. The players use coins to take part in the game in which they hit fish in the water. The more fish are killed, the more points that the player will earn, and points can be exchanged for money.

The tendency of gamblers to speak loudly and dump discarded sunflower seed shells, cigarette butts and used tissue paper on the carpet make the gambling hall an unpleasant place. This despite the nice looking crystal lamps and big Chinese ceramic flower pots that decorate the interior. Though gambling is considered a sin in Buddhism, almost every casino in Laukkai has a *Guan Yin* shrine in the middle of the gambling hall. Some of the gamblers offer incense sticks, flowers, candles, fruit, and money to the shrine in the belief that doing so will give them luck. Some casino operators use knives, ginger, and chicken blood to make an offering or setting in the centre of their gambling hall, a *Taoist* practice that is intended to garner good luck for the operator. When gamblers are asked about the offering made by the operator, many of them say they do not believe in such superstitious things. They do not care about what kind of setting is in the gambling hall, they are much more concerned about the professionalism of the card dealers.

It is common for gambling halls to be set up on the ground floor of the casino building. At least 40 *baccarat* tables are set up in every casino. There often are four to five employees, usually young women, taking care of each gambling table. Armed guards patrol the premises at all hours, surveillance cameras are also constantly recording what transpires. There is no break time nor holiday for the casino. It operates 24 hours a day, and employees workers on one of three shifts per day. All the casinos in Laukkai can be accessed freely with no restriction. Most of the Kokang people and some small gamblers play in the common rooms. Poor people who don't have enough money can also be seen standing aside the gambling tables watching other people gamble. Their eyes sparkle when people win, and they shout loudly with excitement when the gamblers lose. Some people appear to spend all their days and nights in the casino just watching others gamble.

There are also special VIP rooms for gamblers who are regular customers of the casino and bet large amounts of money. This kind of VIP room is usually set up either on the first floor or top level of the building. Outsiders rarely get permission to enter these special rooms without showing a large amount of money first. I did not get a chance to observe the VIP rooms. I learned from my

informants that the rooms are fully furnished with nice furniture, air-conditioning and are much better than the common gambling rooms. Food and drink is readily served to all VIP gamblers free of charge. Accommodation is also provided for VIP and regular gamblers. Only selected employees are assigned to work the VIP rooms. Although there are no set criteria for VIP gambling room employees, many people say that only attractive women are hired to work in the VIP rooms. As one casino employee observed there is a large disparity in pay between those working in the VIP rooms and those working in the regular rooms:

Not everyone can work in the VIP gambling rooms. I have been working in the casino as a card dealer for many years earning 2,000 Yuan per month. The girls from Lashio can get more than 5,000 Yuan per month because they have a good body, pretty face, and know how to operate computers.

I have not been to any VIP gambling rooms and do not know what kind of games operate there. From my observation, employees working in the VIP areas are from Lashio, Kyaukme, and Mandalay. Many are educated and some are university graduates. They can operate computers well, so they have been assigned to control online gambling activities. These online positions are not based on one's appearance, but on person's computer literacy and education level.

Online gambling

Online gambling has gradually become popular in Kokang. Young women and men with headphones, sitting in front of computers, can be seen in every casino. It has become one of the best revenue and income generating streams for the operators and local authorities. Gamblers do not need to cross the border to Kokang to take part and can do so from any part of the world through the internet. Gamblers only need to create an online account at the casino website and deposit money into their online account. Then gamblers can see their cards via a webcam from their office or home. Thanks to the internet they are able to give instructions to someone who makes bets on their behalf in the casino. The wager is transferred online and the online gambling assistant is paid by the online gambler on a monthly or weekly basis.

In recent years working as an online gambling assistant has become a well paid job for Kokang youth. Many young people from Kokang, as well as from China and other areas, can be seen in the casinos working as online gambling assistants. They are called *chao pang shou* in Chinese which literally means “controllers.” They are differentiated from regular casino employees by their uniforms.

Some casino employees also work for online gamblers after hours. The online card dealer needs to be literate and have basic knowledge of computing. The salary for an online card dealer is double that of a normal card dealer. They can earn at least 4,000 CNY per month and sometimes more. Most of the young women recruited for online gaming appear to be from Lashio and Kyaukme in Shan State, or Mogok in Mandalay Region. They are literate and some are university graduates.

Slot machines

Playing slot machines is one of the most popular gambling activities in Kokang. Game centers can be seen on almost every street and in every part of the town. There are hundreds of slot machine game centers in Laukkai. Many people, including children, play in the game centers and in the local people’s view it is not gambling but merely “play”. The earnings generated at a game center are often high, and some say operating a game center is more lucrative than operating a casino. Game centers do not need to recruit many staff and they can be operated with just two employees on two shifts per day. The game centers are open 24 hours per day.

Mobile gambling

There are some gambling activities operating on the streets of Laukkai town and in front of houses where a wedding or funeral takes place. The amounts waged during this kind of gambling are usually small, and mostly poor people and youth take part in this kind of gambling. The operators go around the region and operate wherever there is an event like a wedding, funeral, birthday or religious ceremony. The operator has to pay tax to local authorities or the Myanmar police for running these kind of gambling activities on the street.

Other gambling activities

Other betting activities such as those involving Thai lottery numbers, *hna-lone* (2-digit), *don-lone* (3-digit), and football betting are popular and mostly played by the Burmese community in Kokang. Practices that also take place in other parts of the country including Yangon (Economist 2012).

The 2 digit game operates 3 times a day. The gambler buys his number of choice from the seller, often a Burmese person who runs a tea shop or restaurant in Laukkai. The winning number is based on the last two or three digits of the Thai stock exchange. The winner can get back eight times their wager. Due to the central government's restrictions on gambling in Myanmar, *hna-lone* and *don-lone* do not openly operate in Laukkai. The operator does not pay tax to local authorities. This might be due to the relatively small scale of the activities in the region.

2

THE DEVELOPMENT OF THE GAMBLING INDUSTRY IN KOKANG

Introduction

This chapter will explore the changes in the gambling industry in Kokang from 1989 to 2014 and the different policies applied to the industry. The gambling industry began in the Kokang region following the 1989 ceasefire agreement between the central government and the Kokang authorities.

The Kokang region, which was incorporated into British colonial Burma under the Anglo-Chinese Treaty of 1897 has gone through a fascinating and complex history. After formally coming under British jurisdiction Kokang, which according to local history had been settled in the 17th century by Han Chinese loyal to the Ming Dynasty who sought sanctuary following the emergence of the Qing Dynasty, was not ruled directly by colonial authorities but was instead a sub-state of North Hsenwi (Seekins 2006) . In August 1947, just months before Myanmar gained independence, Kokang became the 34th principality of the Federated Shan States (TNI, July 2015).

The Yang clan whose patriarch, Yang Wen Pin, ruled Kokang at the time as the hereditary leader or Myosa, agreed to become part of the Union of Burma provided Kokang's "internal autonomy" was respected and that "should be no external interference" in Kokang's affairs, as his son informed a government committee in 1947 that was tasked with determining the future of what colonial

authorities referred to as Myanmar's frontier areas (Frontier Areas Committee of Enquiry Report 1947).

The victory by communist forces in China in 1949 sent a new wave of Chinese into Kokang, with thousands of troops from the Kuomintang (KMT) retreating there following their defeat. The arrival of the KMT in Kokang was accompanied by a significant increase in opium production, the KMT were eventually driven out of the area by government forces (Sai Kham Mong 2007). In 1959 Yang Kyein Tsai, also known as Edward Yang, who a decade earlier had taken over from his father as the ruler of Kokang, joined the other hereditary rulers of Shan State in relinquishing their traditional authority to the Shan State government (Kratoska 2002).

In 1968, Kokang came under the control of the Burmese Communist Party (BCP), who ran the area until an internal rebellion by BCP forces led to the group's demise (Smith 1999). The first group to break away from the BCP was the Myanmar National Democratic Alliance Army (MNDAA) led by Peng Jiasheng, who served as commander in Kokang and had played a key role in enabling the BCP's takeover of the area¹⁸. As Peng would later explain in an interview, long standing grievances between the mostly ethnic lower ranking ethnic people and the CPB leadership were a driving force behind his decision to rebel against the mostly Burman CPB leadership, "The CPB style looked very good, they said they were serving the people. But actually they destroyed the culture and history of Kokang. During CPB time not one house was constructed, and there were no roads or cars; we were still riding horses." (Kramer 2009b).

Poppy cultivation had for many years been the main livelihood for

18. Prior to his serving as a BCP commander, Peng and his brother both served in the Kokang Revolutionary Force, a group formed in the early 1960's by the former MP for Kokang, Jimmy Yang (Yang Zhensheng), the younger brother of the Saopha of Kokang. Peng joined forces with the BCP who entered Kokang from China in January 1968. With Peng's help the BCP was able to quickly take over Kokang and establish a battalion known as "War Zone 404" which Peng headed (Lintner 2015 and Lintner 1990).

people in the Kokang region, which was known for having poor soil. Unrefined opium and heroin gleaned from poppy was the key source of revenue from which the local authorities maintained their armed forces.

The MNDA had originally pledged in mid 1997 to halt all opium cultivation in Kokang by the 2000/2001 poppy season but missed this deadline and a full ban was not implemented by the MNDA until 2003 (US State Department March 2004 and Jelsma 2005). In 1997 the leadership of another breakaway faction from the BCP, the Mong La based National Democratic Alliance Army (NDAA) had also implemented an opium ban (Woods and Kramer 2012). Similarly the leadership of the UWSA, the largest group to emerge from the collapse of the BCP implemented a ban of their own in 2005.

The MNDA's ceasefire with the central government in 1989, which was a verbal agreement and not written down, was the first in a series of such agreements reached by the SLORC regime with a series of ethnic armed groups (Zaw Oo and Win Min 2007). In return, the then military regime granted the MNDA a significant degree of local autonomy and the right to run their administration over what was officially known as Shan State Special Region No. 1. In 2011, in accordance with what was outlined in the new constitution, Kokang changed from being a special region to a self administration zone (Sandar Lwin 2014).

The 1989 ceasefire did not bring prosperity to the lives of all local people in Kokang, many of whom would face serious difficulties following the implementation of the opium ban in 2003. As research from the area has shown the ban was enforced without sufficient planning for the development of alternative livelihoods (Kramer 2009). Leading the United Nations Office on Drugs and Crime (UNODC) to conclude that the 2003 ban had "significantly detrimental effect on the local economy and well being of the local population" (UNODC 2005).

Because of the ban a large segment of Kokang's population lost their livelihoods, leaving many unable to fulfill their basic needs including food shortages, malnourishment, and health and education problems. According to a report from the Japan International Cooperation Agency (JICA) villagers in Kokang

“saw their cash earnings shrink to just a tenth of their former levels, as the poppy ban was enforced without measures to guarantee income. People could no longer afford the food and fertilizer they had purchased in China, and they were also cut off from medical services and school education” (JICA 2005).

According to the JICA report the loss of income triggered by the ban had a severe impact on the health of the local population in Kokang as well. “Weakened by an insufficient diet, an increasing number of villagers fell sick and died. Some, burdened by huge debts, took their own lives. To make things worse, malaria began to spread, infecting more than 4,000 villagers and killing some 270” (JICA 2005). After the opium ban went into effect Kokang’s population which was estimated in 2000 to be 200,000, decreased to 140,000 in 2004 (UNODC 2004).

In the years since the opium ban went into effect local authorities have sought ways to overcome the problems associated with the ban, with some limited assistance from the central government and other aid from Japan and the UN for what has become known as ‘alternative development’ (Woods and Kramer 2012 and Japan Journal 2009). Assistance has also been received from China’s government who supported the local authorities in running alternative crops programs such as sugarcane, rubber, and tea plantations. Some researchers have claimed that much of this support ended up benefiting Yunnan businessmen more than the impoverished ex poppy growers, many of whom ended up being dispossessed from their land to make way for large scale plantations (Woods and Kramer 2012).

In order to aid ex-poppy farmers with their livelihoods and develop the region, the MNDAA authorities set up six development guidelines: (1) legislation and law enforcement, (2) education system standardization, (3) regional agricultural development, (4) trade promotion, (5) opium eradication and (6) cooperation with China for alternative development (Myint Myint Kyu 2011). Based on these guidelines, agricultural, trade, and gambling industries were developed in Kokang. Gambling quickly became one of the main generators of revenue for the local authorities, as well as a major source of income for the local militia.

The ceasefire that was reached between the MNDAA and the central Government in March 1989 ended in August 2009 when the veteran Kokang leader Peng Jiasheng and those loyal to him were driven from power following clashes with the military that ostensibly arose over the army's attempt to search an illegal weapons factory in Kokang (Maung Aung Myoe 2011)¹⁹. Although the casinos and gambling dens were closed for several days during the clashes, the gambling industry of the region was able weather the storm. After the clashes the casinos resumed operating and new ones were opened.

A significant factor that has shaped the ups and downs in Kokang's gambling industry have been the rules put in place by Chinese authorities concerning the ability of Chinese citizens to cross into Kokang. Rules imposed in 2005 significantly impacted the Kokang economy, as well as border trade in the area overall.

Changes in the Gambling Industry in Kokang

Old casinos or *lao du chang*: 1989 – 2005

Based on my observation, Chinese people like to gamble more than any other ethnic group in Kokang. This is especially so for mainland Chinese from across the border. They play cards and *mahjong* in their free time, on special events such as weddings, funerals, and gatherings of friends. Even in restaurants, while waiting for their order Chinese people like to play cards. Some people play cards or *mahjong* just for fun or to kill time without betting money. Initially, most people play cards and *mahjong* for fun, but some become heavily addicted. Some players are full time gamblers.

19. Although the ceasefire with the central government lasted 20 years, Peng's rule in Kokang was not uninterrupted during this period. In late 1992, a conflict between Peng and a faction led by his deputy Yang Mao Liang (also Yang Mao-liang, Yang Maoliang and Yang Mouliang) turned violent leaving 30 dead, though Peng was driven out of Kokang at the time he later resumed being the leader in late 1995 after ousting his rival (Myint Myint Kyu 2011 and SHAN 2003).

According to my informants, the casinos started operating in downtown Laukkai and Yan Lon Zhai (border checkpoint area) in the 1990s. They were not widely distributed across town as they are today. In the past, there were only a few two storey brick buildings in Laukkai, and many houses were built with mud walls and thatched roofs. Not more than 10 cars ran on the only available all-season access road across Laukkai town, which was just a few kilometers long. People relied on mules for transportation on the muddy hilly roads. Mahjong and cards were widely played at funerals, weddings, and on some special occasions. During the 1990s, gambling activities were well organized in Laukkai. Gambling was only allowed to take place in a big compound located in the center of the town, which was surrounded by fish ponds and vegetable fields. There were several one story brick buildings in the casino compound. Game operators ran all their activities in the hall with baccarat, dice, cards, and cock fighting being the most popular games. Most of the game operators were from China. Due to the local authorities favorable investment policy, many Chinese businessmen crossed the border into Kokang to set up casinos in the region. They were allowed to operate gambling activities only within this casino compound. Security services were provided by the MNDAA militia, and the operators were taxed per the number of gambling tables they operated.

The pioneer casino operator of the Kokang region was said to be a Chinese from another autonomous ceasefire area, Shan State Special Region (2) also known as Wa State, run by the UWSA. He established a casino at the UWSA capital Pang Kham (also known as Panghsang), and then expanded to Kokang where he entered into joint operation with the local authorities. Later, the Laukkai gambling industry expanded to Chin Shwe Haw, a sub-township of Kokang special region which is close to the Myanmar government controlled area of Kunlong Township. All of the casinos were operated by business people China, Hong Kong, Macau, and Taiwan, who had connections and networks with the local authorities. The Chinese casino operators only recruited Chinese staff, who were provided accommodation in the casino compound. A 2003 report authored by a consortium of international NGOs and UN agencies operating in Myanmar that

traveled to both Kokang and Wa State observed that 80% of the staff employed in Kokang's casinos at the time of their visit that year were from China (Joint Kokang-Wa Humanitarian Needs Assessment Team 2003).

The reliance on staff from China appears to be related to their having a higher level of education than Kokang people, a view shared by the UN/NGO consortium, and therefore could provide better services to Chinese gamblers with no language or culture barriers. Most of the gamblers were from China, and only a few Kokang people could afford to play in the casinos.

The casinos not only attracted Chinese gamblers, they also attracted many small scale traders from China, as well as ex-poppy farmers from the upland areas of Kokang to work in the casinos. However, due to their lack of education, Kokang people were only recruited to work as security guards, cleaners, and other low-paying jobs in the casino. Gambling can be said to have been the first development activity in Kokang immediately following the ban of poppy cultivation in the region. The authorities mainly relied on revenue collected from casinos for regional infrastructure development, including access roads and construction efforts. Along with the development of the gambling industry, large hotels were built around Laukkai under a "build, operate, transfer" (BOT) system. These buildings were later turned into entertainment industry facilities such as casinos, massage parlors, spas and clubs. Eventually the gambling tables from the casino compound were moved out to new buildings in different parts of town. Nowadays this area, which was the site of the first casinos known as *lao du chang*, has no gambling or casinos operating. Instead the buildings that used to be gambling halls are rented by migrants from China who are employed in Kokang.

Many Kokang people say that the infrastructure development of Laukkai town has largely been dependent on tax revenue from the casinos. The gambling activities bring revenue for the region. The gambling industry gradually expanded in Kokang, reaching its peak in 2004/2005. Many tall brick buildings and paved roads can be seen in every part of town. The streets are filled with the latest model cars and motorbikes, which were very rare in the past.

Mobile communication became available in the region with the help of China Mobile, a state owned firm. The gambling industry of the Kokang went well until the Beijing government launched a “sweep drugs, gambling, and AIDS” campaign along its border areas at the end of 2005. The crackdown halted the growth of Kokang’s gambling industry for some time.

Kokang gambling industry before the 2009 crisis (2005 – 2009)

In order to control and prevent Chinese citizens from crossing the border into Kokang and other militia controlled gambling enclaves such as the Kachin Independence Organization (KIO) held town of Mai Ja Yang in Kachin State and the NDAA controlled town of Mong La, the Chinese Government in the early 2000s established a “three cuts” policy. This involved cutting these autonomous areas from access to electricity, mobile networks, and Chinese financial institutions (Khun Sam 2005 and Xia Hailong 2003). The Kokang region had been receiving its electricity supply from the Ling Cang power grid in China’s Yunnan province. Although several hydro power projects were planned and constructed in Kokang, the electricity generated from these power plants was not enough for the entire region.

While the local Kokang authorities did little to regulate the gambling sector in Kokang, Chinese authorities sought to limit irregular crossing of people by stepping up border patrols, making it more difficult for anyone to cross the border from Yunnan to gamble. Chinese authorities also limited the number of people who could cross the border at official checkpoints in Kokang by barring Chinese citizens from outside of Yunnan from obtaining border crossing permits.

The crackdown from the Chinese government hugely impacted the Kokang gambling industry for a period. Many of the gambling dens, casinos and shops were owned by Chinese. Once these owners and operators returned to China, all activity stopped and the number of people in Kokang decreased steeply. Laukkai became a ghost town. Many small businesses such as noodle shops, clothing retailers and beauty parlors closed due to the decrease in gamblers. The business activities of many Kokang people were heavily affected by the downturn of the gambling industry.

The slowdown however did not last long and the Kokang gambling industry rebounded within a year's time. Infrastructure development also continued and Laukkai recovered to how it was prior to the crackdown after a short period.

The Kokang region's favorable economic policies attracted many outsiders, particularly those from China, to invest in the region. The region had been gradually developing its infrastructure and local people's livelihoods improved somewhat as there were many job opportunities available. Chinese investors widely invested in gambling activities in Kokang.

Many Kokang people maintain that the casinos have significantly contributed to the overall development of Kokang. As one person told me, the casinos changed everything. "Laukkai's infrastructure has been developed by *du chang*, casinos. If there is no *du chang*, nothing will change and things will remain the same as when Kokang people still lived under thatched roofs and mud-walled houses. They could only watch movies and talk to friends and family over the phone in their dreams without the casinos," a Kokang resident explained.

The gambling industry brought a significant amount of infrastructure development to the region. Almost all the tall modern buildings in Laukkai are somehow related to the gambling industry.

Most Chinese who cross the border into Kokang do so for gambling. Some gamblers are Chinese government officials who are rumoured to be misusing state funds for gambling. One of my local informants, who has been living in Laukkai's Dong Cheng quarter for many years, described the repercussions for indebted gamblers as being very serious. "Dead bodies are frequently found in the *dong cheng* lake. Nobody knows the cause of death, but we guess they are were related to gambling. Some might have been killed because of gambling debts. One staff worker from Nan San Bank used to come and gamble in the casino, and on one occasion, he lost all his money and didn't dare go back to China. In the end he committed suicide in the lake", the informant said.

The boom in Kokang's gambling industry has brought many social problems and crime to the area. Criminal cases associated with

gambling were reported frequently and Kokang people saw murders, suicide, and theft as normal. Many of the deaths were associated with gambling. One of my key informants explained to me about the dark side of Kokang's casino boom.

During Peng Jiasheng's [previous chairman of the Kokang special region and the head of the MNDA] term, there were many Chinese gamblers arrested or kidnapped because of their gambling debts. At the time, the casinos provided credit to gamblers when they lost all their money. Once they had lost everything, their own money and credit from the casino, they were arrested or taken hostage by the casino operators. They were detained in the special region authorities' police station, and some were kept at the casino operator's hotels until they repaid their debts. I heard that many of them ended up killed and their bodies thrown into the dong cheng lake. You can still see the iron bars on the hotel windows. Those bars are to prevent debtors or gamblers taken hostage from committing suicide by jumping out of the building. In the past, there were no bars and some people jumped. No one knows the reason why they jumped, but mostly likely it's related to gambling.

Although there have been many criminal cases associated with gambling, people in the region still continue to gamble. Thanks to China Mobile, a state owned telecom provider based in China, whose services carry over across the border, the internet is accessible in much of Kokang which makes internet gambling possible. China Mobile also set up a branch office in Laukkai to provide mobile communications and internet service to Kokang. Since then, online gambling has become one of the major gambling activities of Kokang. Gamblers do not need to show up at the casino in person any more. They can gamble from their homes or offices, in fact any place in the world where internet is available. Their wagers are transferred to the operators' online bank accounts, which has made monitoring and controlling online gambling a big challenge for Chinese authorities.

After the 2005 restrictions, the Chinese government again implemented control mechanisms over gambling in the border regions. They not only tightened up the border crossing policy and cut electricity to the area, but they also cut mobile communication services from China to Kokang. The China Mobile office in Laukkai was closed and internet became inaccessible in the Kokang region. The internet cut caused difficulty for the gambling operators, as online gambling was their biggest and most profitable sector. However, the online gambling did not stop for long. It resumed fairly quickly through a satellite link set up by the casino operators to provide internet access for their gamblers. The operators used generators for electricity. The gambling industry took off again, up until the clash between the MNDAA and the Myanmar military that broke out in August 2009. The clash is known as the “8.8 crisis” in Kokang, as it started on August 8th.

The gambling industry in Kokang (2010 – 2014)

An informant recounted how during the 2009 clashes in Kokang the gamblers at the casinos continued to play even while gunfire could be heard outside.

The gamblers were very addicted to gambling. The sound of gunfire outside the casino did not bother them. Some kept playing, neglecting the fire and shooting, as the situation got worse and worse. Casinos were the last businesses still operating in Kokang during the 8.8 crisis. The gamblers were unbelievable.

The 2009 August crisis caused many Kokang to flee to China as refugees. The clashes between the military and Kokang forces saw shells land across the border in Yunnan. The MNDAA was defeated and Peng Jiasheng, the longtime leader of Kokang, fled the area. After the clashes, Kokang came under the control of a temporary

Kokang administrative committee led by Bai Suo Cheng²⁰, the former deputy chairman of the Kokang Special Region who served under Peng Jiasheng as his deputy commander before their violent parting of ways. In 2011 Kokang ceased being a special region and officially became the Kokang Self-Administered Zone, one of several such zones outlined in the 2008 constitution.

Similarly the former MNDAA troops who were part of the faction that opposed Peng Jiasheng, were transformed into a unit of the Border Guard Force (BGF) which is officially under Myanmar army control. A ceremony to commemorate the transformation of the troops into BGF unit 1006 was held on December 4th 2009 (New Light of Myanmar Dec 12 2009). The political instability in Kokang had a heavy impact on the local economy, especially the gambling industry and as a result many casinos closed and many Kokang people became jobless.

In 2010, I went to Kokang to conduct research for my master's degree thesis. I arrived in the region in November and found that the infrastructure of Laukkai was totally different from the past. Within a decade, this small border village had developed into a modern town. Although the casinos and gambling dens were closed, I could see the grandeur of the casino buildings from outside. Some of the casinos were damaged from the fighting. There were bullet and shell-holes in the windows and doors, and cracks in the walls. Many buildings which had been rented out to Chinese gamblers and casino employees for accommodation were empty. Some of the casino main entrance doors were open and unguarded, and the gambling tables were scattered inside the hall. Many vehicles with Kokang issued license plates were parked along the road heading to Yunnan, because the Chinese authorities

20. Bai Suo Cheng was elected to the Shan State parliament in the November 2010 election representing the constituency of Laukkai No 1. In December 2012 he was bestowed with a "World Peace Prize" from a group that describes itself as the United Nations Chinese Friendship Association (UNCFA) (Boehler and Echo 2013) His name has been transliterated into English in many different ways in Myanmar focused media including Pai Sou Chen, Bai Souqian, Pei Hsawk Chen, Pauk U Chan and Pae Sao Chein.

did not allow them across the border. Many vehicles with Chinese license plates were also left abandoned by their owners when they fled back home. The shops along the red-light district were also closed and the whole town was very quiet. Only a few gambling dens and game centres were operating, with just a small number of patrons.

This scene had changed completely by 2012, when I returned again to Kokang to work with the United Nations World Food Programme (WFP) in Laukkai. The whole town was alive once again and the casinos re-opened. Young women in different colored casino uniforms were all over town. The downtown streets were full of people, motorbikes and vehicles. Seemingly everywhere in town small petty traders set up road stalls, noodle shops, and barbeque stands. China Mobile shops and pawn shops sprung up around the casino and gambling areas, where gamblers pawned off their various valuables including mobile phones, watches, jewellery, motorbikes, cars, and anything else of value for cash. Mannequins were displayed with the latest fashions inside the windows of shops around town. Karaoke halls, massage parlors, discos, and pubs were full of young people. Pretty girls sat in front of the shops of the red-light area. The entire town of Laukkai appeared to have returned to life and it was hard to believe that Laukkai had only very recently witnessed heavy fighting between Kokang forces and the Myanmar military.

Kokang's shift from being a Special Region to a self-administered zone, was more than just a superficial change of name and was accompanied by a deeper integration of Kokang into the formal governance structure of Myanmar. As part of the change Myanmar government officials and various ministerial offices had relocated to Laukkai. Burmese people were now far more common in Kokang than they had once been. Some of the casinos started to recruit Burmese-speakers to work in the casinos as helpers, cleaners, and some were also trained to work as card dealers. Most of my informants noted that even though the gambling industry had been revived in Kokang, the situation was different from the past. There was now more gamblers and more entertainment places such as massage parlors, spas and clubs around town. Although the newly arrived Myanmar government officials still

allowed gambling to take place openly, many Kokang people felt they had more freedom in the past when these officials weren't around. Due to the language barrier and cultural differences, there remained a significant gap between the Kokang and Burmese communities. The number of Burmese people in Kokang has increased year by year as many of them migrate to the region to work in sugarcane fields. In contrast to the situation before the 2009 conflict, Burmese people could now be seen in all the casinos. With some of the Burmese newcomers to Kokang clearly showing signs they had become addicted to gambling.

Gambling Policy

Myanmar government policy on gambling

Officially gambling is strictly prohibited in Myanmar by law. Gamblers and operators can be sentenced to prison terms of more than 3 years under the Myanmar Gambling Act of 1899, a colonial era law that remains on the books. This law prohibits the “advancing or furnishing money for the purpose of gaming” as well as “using the instruments of gaming for the profit or gain of the person owning” (The Gambling Act 1899). News of the government's action against gambling dens and gamblers occasionally appears in state-owned newspapers, although there are still many people involved in various forms of gambling across Myanmar.

The gambling industry has flourished in parts of Myanmar controlled by ethnic armed organizations (EAOs) and ceasefire groups, most notably in Kachin and Shan States along the China-Myanmar border. Several casinos also operate along the Thailand-Myanmar border near Mae Sot. Some casinos also operate in parts of Myanmar that are officially under the standard jurisdiction of the government, including in Tachileik on the Shan State border with Thailand and at an island in the Mergui archipelago in the Andaman sea near the Thai border town of Ranong (Boot 2007).

At the time this research was conducted, the Kokang gambling industry was said to be the biggest of the several mini-Macaus

operating in territory held by the various ethnic-armed groups, in terms of both size and number of gambling places.

As with the casinos in Kokang, those operating in territory held by the UWSA and in Mong La the capital of Shan State Special Region (4), tend to be setup in big compounds. In order to control the movement of drug users and the spread of HIV/AIDS, Wa authorities ordered the closure of all fishing game centres (*dar yu ji*) operating outside of the casino compounds in Pangkham²¹. All the gambling activities in these special regions are believed to generate revenue to fund their respective ethnic militias. The central government has only limited administrative power and authority over these special regions and border areas.

Unlike the gambling industry of other special regions, the Kokang casino and gambling dens are widespread throughout the region. The central Myanmar government officials who have been stationed in Kokang since 2010, do not appear to have the authority or the will to regulate the industry. Some of the small gaming centers are known however to pay unofficial taxes to the Myanmar police and officials. As an individual who works as a local authority in Kokang explained, only a small number of the casinos that operate in Kokang are officially registered.

Four casinos are officially allowed to operate in Kokang by one of the higher level government officials. He has a close relationship with the current Kokang chairman, Bai Shuo Cheng, from when he served as the northern region commander. After the clashes between the Myanmar military and Kokang self-defense troops in 2009, only four casinos were officially recognized by the central government.

While only a handful of casinos are officially allowed, more than forty casinos were operating in the Kokang region at the time this research was conducted. Government staff and officials appeared to often frequent the various casino-owned entertainment venues,

21. Wa forum website and interview with persons familiar with Pangkham

including spas, massage parlors, and gambling halls. The big casinos in Laukkai also provide sponsorship for some events and activities organized by the Myanmar government, including Myanmar New Year, Independence Day and Martyrs Day commemorations.

Kokang policy on gambling

Since the poppy cultivation ban went into effect, the casino and gambling industry became one of the main revenue sources for Kokang authorities. Likewise the gambling industry has driven much of the area's development. There are no specific rules or policies for the casino and the gambling industry in the region. Within a decade, the Kokang region's roads, bridges and communication infrastructure had developed considerably. Following the arrival of the casinos, many people's livelihoods and incomes improved significantly, leading to a widespread belief that gambling and casinos had brought important business to the region.

Although the local authorities in Kokang are aware that the gambling industry had also brought many unwanted problems to the region, finding alternate means of generating revenue for development was very difficult. The Kokang taxation department collects taxes from all the casino operators. It was a challenge and very difficult to find the standard rate of taxation for the casinos. I visited the Kokang taxation department several times, but received no data or records for reference. Despite my efforts, I did not even have a chance to talk to any taxation department staff or officials. According to interviews with casino operators, they pay 1,500 Chinese yuan per month in tax to operate each fishing game machine known in Chinese as *dar yu ji*. So if a gaming centre has four machines, the tax will be 6,000 yuan per month, plus other payments such as 300 yuan for maintenance fees and 150 for cleaning/municipal fees to the Kokang authorities.

Most of the *yu le gong si*, gambling places, are owned by the local authorities or are joint ventures between local authorities and businessmen, who are mostly from China. The casino building is owned by a person, usually someone from Kokang or a Kokang official. The owner rents out the entire building to a businessman, and the latter rents out the floors or individual rooms of the

building to several operators. In some *yu le gong si*, there are several operators operating different games and activities in the same room. They also need to pay a certain percentage of their income to the casino owner as a tax. Although all the buildings are owned by local authorities, the gambling activities inside that building are not run by them. The casino operators are using the name of local authorities to protect their casinos.

There are more than a hundred casinos, gambling dens, gaming centers and mobile casinos operating in Kokang, though only four have official permission. Besides the four big casinos operated by the top level authorities, the others are all joint ventures between Chinese and the family members, sons, daughters and relatives of local Kokang officials. Tensions between the casino operators and the Kokang authorities have arisen over issues of taxation and electricity allocation. Currently, almost all restaurants, shops, hotels, construction sites and many businesses are owned by the family of Bai Suo Cheng, the current chairman of the KSZ. Many predict a clash internally among the Kokang authorities as they compete for power. Though many Myanmar officials were assigned to Kokang in order to assist the local authorities in setting up a government administration system and proper rule of law, their presence appears not to have changed the way the casino industry functions in Kokang.

Many interviewees in Kokang said that funding for Kokang's infrastructure development has come mostly from taxes on the gambling industry, in addition to taxes on the Kokang agriculture sector, including sugarcane, tea and rubber plantations. Tax revenues from gambling are said to heavily outweigh revenues from the agriculture sector. According to a Chinese blog posting, the casinos generated 120 million yuan in tax revenue for the Kokang authorities in 2012, while sugarcane plantations generated 50 million yuan²². The gambling industry has also been the main source of revenue for local authorities to fund Kokang's development. The Kokang economy and local people's livelihoods heavily rely on the gambling sector. While the region is a self-administered zone where the Myanmar government has been

22. The blog was accessed in 2014 but has since been taken down, it has been archived at <https://web.archive.org/web/20140620194351/http://business.sohu.com/>

increasing its role in local governance, it appears unlikely that the gambling industry in Kokang will be affected by Myanmar government administration or policies. Many people believe that the industry will continue operating in Kokang, although it is illegal in other parts of the country. When asked whether there are plans to close down the gambling industry in Kokang, one of the local authorities replied, “we cannot close the casinos right away, even though they create lots of problems for our youth, especially drug abuse issues. We will try to improve the situation as we all rely on the income from that industry”.

China policy on gambling

Officially the Chinese government has rules in place to restrict its citizens from traveling to neighboring countries to gamble. I have been to several border towns between Myanmar and China, and at almost every check point on the China side, signs are posted with a stern message to dissuade would be gamblers. The government warnings claim that “there are many criminal cases threatening the lives and property of Chinese citizens outside of the country. Chinese citizens are strictly prohibited from going out of the country for gambling and illegal trading.” Although nearly everyone who crosses the border at official check points has to pass by these signboards, it appears many gamblers have either somehow missed them or chosen to ignore the stern warnings.

Chinese government delegations have over the years frequently visited Kokang to assist with alternative development and related poppy eradication efforts (China Daily 2004). They can clearly see that their citizens are gambling in the casinos. Apart from the restrictions in place affecting the ability of Chinese citizens to cross in and out of official crossing points, Chinese authorities do not have a strict policy with regards to Kokang’s gambling industry. One of the Chinese government’s major actions against the gambling industry in the border areas occurred in 2005. At the time the Chinese government established a “three cuts” policy to gain some control over the gambling industry outside of its border. The action impacted the gambling industry for only a short period of time before the industry prospered again.

China clearly dominates the other sectors of the Kokang economy that are not gambling related. Chinese owned sugarcane, tea, and rubber plantations operate all across the Kokang region. All the big construction and infrastructure development projects are contracted to Chinese people or companies. Recently, China and the Myanmar government joined forces to develop an industrial zone between Kokang and the Nan San border area. The gambling industry of Kokang would be seriously affected if the Chinese government chose to implement strict laws and policies barring its citizens from traveling to Kokang, as occurred in 2005. However, such actions would also cause losses for Chinese border trade. Thus, the Chinese government only provides support and encouragement for the Kokang authorities to develop the region through alternative means.

3

WHO ARE THE CASINO EMPLOYEES, OPERATORS, AND GAMBLERS?

Introduction

Laukkai is full of restaurants, shops, beauty parlors and gaming centers which are located on every street. Young people in their casino uniforms can be seen walking in the streets, shopping in the stores and markets and eating at the food stalls. All the shops and restaurants are full of Chinese customers. There are many guesthouses, hotels, and rooms to be rented to visitors in every quarter of town. The town is full of migrants from China as well those from many parts of Myanmar. This chapter aims to provide an understanding of who the casino employees, gamblers, and casino operators in the region are. Their views and perceptions of Kokang's gambling industry will be explored, based on my personal interviews.

Who are the Casino Employees?

When the gambling industry began operating in Kokang in the 1990s, all the casino and gambling dens were owned and operated by Chinese investors from China. In the past, all gambling activities were operated in *lao du chang* where the local militia provided security services to the investors, employees and gamblers . Gamblers were mostly from China, so casino operators recruited Chinese staff to work in their casinos. Unlike people from the

other side of the border many Kokang people were illiterate at that time. Many Kokang youth had never been to school, instead they helped their families in the poppy fields since childhood. Only youth from rich families could attend private classes taught by Kokang's literate class. There were no proper schools in Kokang and as a result, there were only a few literate Kokang people in the region. There wasn't even a Burmese school or any Burmese people in the region. Thus, almost all of the Kokang people could not speak or understand the Burmese language. Many rural families, headed by elders who had little education themselves, did not encourage their children to be educated. Thus, when the casinos began to develop, most Kokang people were unable to work there due to their lack of literacy and low education levels.

Only literate Chinese youth, especially young women, were recruited to work in the *lao du chang*, or old casinos, as card dealers, supervisors, and managers. Local Kokang people were eligible to work as cleaners, security guards, or doing other jobs which did not require a high skill level. In the early years of casino development in the region, casino jobs were not popular among the Kokang people. They did not know what was going on in the casinos and many Kokang people were even afraid to walk into the casino compound, places they considered too grand or modern for them. Some even felt that they were from a different world. Therefore, Chinese investors and Chinese employees dominated the whole gambling sector in the early years of casino development in Kokang.

The situation changed in 2003, after the ban on poppy cultivation came into effect in the region. With the ban, many Kokang people faced food serious shortages and a major drop in income. They had been relying on poppy cultivation for centuries, and selling poppy was their main source of income. Once poppy was banned, the Kokang people were out of work and there were no alternate job opportunities in the region. Few possess any other job skills outside agriculture. In order to create job opportunities for local Kokang youth, the head of the MNDAA and leader of the Kokang administration, Peng Jiasheng, ordered casino operators to recruit local Kokang Chinese to work in their casinos if they wanted to continue operating in Kokang. Each casino had to follow a quota mandating that 50 percent of their total employees were from the local community.

The operators also set criteria and requirements for those who wanted to work in the casinos. Anyone who passed or finished Chinese middle school was eligible to work in the casinos. This was the main requirement of casino operators when recruiting local people. After these rules were put in place, many Kokang youth with a Chinese middle-school level of education were recruited. They were trained for several weeks before they could officially begin work as card dealers. More young women joined the casinos than young men. A result of the fact that many families needed their sons to stay back in the village to help with farmwork.

Many young people prefer to work in the casinos over doing farm work, as casino work is less physically challenging. Casinos became the main choice for young people, and in the years since the casinos opened more and more youth left their villages to work in Laukkai's gambling industry. Now almost every family from the villages around Laukkai has one or two family members working in the casino industry.

For the casino operators, it was much cheaper to recruit local people than Chinese. The number of Chinese employees gradually fell in Laukkai's casinos. Today, Chinese employees are mostly found working as managers and supervisors in the casinos, while most of the card dealers, tellers and guards are all Kokang people. As the gambling industry has grown in Kokang, the need for casino employees has increased along with the increasing number of casinos and gambling dens in the region. The relatively good salaries offered by the casinos not only attract local Kokang people, but many migrants from other states and regions of Myanmar were also drawn to work in Kokang's casinos.

My main research site, the Fu Li Lai casino, was the first casino that recruited Kokang and other youth from Mandalay, Lashio and other places around northern Shan State when it started operating in the 1990s. The owner of the casino is a local Kokang Chinese, and currently there are some 3,000 people employed at the Fu Li Lai casino. Many ethnic people, including Kachin, Lahu, Shan as well as Burmans who can speak Chinese, are currently working in this casino. In September 2014, Fu Li Lai celebrated its 22nd anniversary with famous singers from Yunnan performing. The

local Kokang media has reported that Fu Li Lai has assisted the Kokang authorities with health, education and agriculture development since it began operations.

Local employees

There are several reasons that local youth join the casinos as employees. The main reason for them to work in the casinos is simply that there are few other job opportunities in the region. All the casino employees I interviewed were from villages in the Kokang region. Their families are mostly middle class, but some are from impoverished village backgrounds. Their parents are farmers who work their traditional upland fields or sugar cane plantations or on tea farms. They have been helping their parents in the fields since childhood. Most of them have a Chinese middle school level education, as there is no school or classes offered beyond middle school level in many villages. If they want to study beyond middle school, they have to go across the border to Nan San to pursue further studies. Due to their families financial situation, many youth from the villages look for jobs in Laukkai or Nan San after finishing school. Depending on their education level and social connections, young people from Kokang find work in Laukkai or in China across a variety of sectors. Often those Kokang youth with low education levels, find work across the border in Nan San as salespeople, waiters, construction site workers and so on. From this perspective, casino employment seems much better than working in China in menial or low wage labor jobs. Many young women end up working in the casinos as card dealers, cleaners, or cooks after receiving an introduction from an older friend, classmate, or acquaintance, from the same village who has already been working in the casinos. One of my interviewees, a young ethnic Kachin women who used to work as a casino employee, told me about her experience.

I am from Ka Mai village [a village in northern Shan State, outside of the Kokang region]. Almost all the young people from my village come to Laukkai and work in the casinos after they dropped out from school for many reasons. All my childhood friends came to

Laukkai and got jobs at the casinos. I wanted to follow them to Laukkai, but my mother was afraid that I would become a casino employee. So she did not allow me to leave the village, and asked me to finish my high school exam. I am the youngest in my family and I do not need to do anything at home. My family only wants me to study hard to pass Myanmar high school and become an educated person. But I am not interested in studying Burmese, and I wanted to follow my friends to Laukkai where I thought it was more fun than in our village. As soon as I finished my grade ten exam, I told my mother that I would go for a picnic with my school friends, but instead I came to Laukkai. I became a casino employee after a childhood friend introduced me to the casino manager.

Many youth, like the women I interviewed, from the village became casino employees because their friends and neighbors are also working in the casinos. They do not want to stay in their villages and work in the fields, as their parents and grandparents did before them. They do not have many choices, working in the casino they can get good pay with relatively easy work. The mother of one employee lamented to me how youth were drawn to the casinos:

It is difficult to control the kids, to stop them from going out to work in the casino. The girls see other girls working in the casinos wearing pretty clothes, high heels, looking beautiful, and then they want to become like them. It is really hard to have them stay at home and help us to work in the sugarcane fields now.

Some of the employees send their salaries back to their families in the villages. They become a model for other young people from their village. Once someone finishes middle school, they want to join the casinos, with few wanting to work in agriculture. I talked to several third and fourth grade students in the village schools about their ambitions. Almost all of them replied that they will go to Laukkai to work after middle school. I have been to many villages around Kokang and found that almost every family has one or two adult children working in a casino. Some employees

send their monthly salaries back home, while others still ask for money from their parents. Most parents have no idea about what their children do in the casino. They often only know that they are working in Laukkai.

“*Shang bang*” is a word heard frequently from local people, it literally means someone working in an office, a place where the working hours are fixed and they get paid monthly. The word *shang bang* usually refers to those working in an office or company, a “decent,” white collar job. *Shang bang* and *da gong* have the same meaning, someone working to get paid. However, people use *da gong* to refer to wage labor, which usually means blue collar jobs. Generally the term *da gong* is used for those who work in the casinos and gambling dens, as people consider them not ideal places to work. In Kokang, however, people use the word *shang bang* to describe someone working in the casinos, while they use *da gong* for those who work as wage laborers, shopkeepers or sugarcane field workers. For Kokang people, working in a casino or gambling den has a higher status than working in restaurants, construction sites or other blue collar jobs which provide monthly wages. People are proud to say their work is *shang bang*, no matter if they are a card dealer, a cleaner, or a security guard in the casino.

Shang bang signals that someone has a higher status and a higher education level than *da gong*. In addition, the salary of a *shang bang zu* (*zu* = person) is much higher than *da gong zu*. In 2014, the daily wage for people working in Kokang’s sugarcane fields or the construction sites of Laukkai was 50 yuan for men and 30 yuan for women. In addition, work is not guaranteed every day, as it depends on the season and the kind of job. But in the casino, the minimum monthly salary is around 2,000 yuan per month, so women prefer casino work over any other kind of work in Kokang.

A few of the Kokang casino employees are from rich families. For these well to do workers, their parents are able to send them to China or central Myanmar for further study after Chinese middle school in Kokang. But many do not want to go for further study and instead choose to work in the casino as their friends do. The reasons they join the casinos varies, one of the most common reasons appears to be that they can use their salary from the casino

as they like and do not need to ask for pocket money from their parents. By working in the casinos, they feel that they are independent and most importantly they can spend long hours working together with their friends and meet new people. One of my interviewees explained that her friends who work in the casino are living well.

All my friends are working in the casino and I see they are very happy. They make many new friends and their life is so colorful. They work in the casino in the day and go to karaoke and clubs after work. Compared to them, my life is boring. I have nothing to do at home, no income, and have to ask pocket money from my parents. I feel like I am useless compared to my friends.

There are many reasons that local Kokang people choose to work in the casinos. For the majority of them, poverty and lack of other job opportunities are the main driving forces. By working as casino employees, they can get a good salary for themselves and their families.

Employees from outside the Kokang region

Another group of casino employees who come from outside of the Kokang region and who also don't come from China come from other parts of Myanmar. Most of these people are from northern Shan State, including places like Lashio, Kyaukme, Ka Mai, and some come even from places in central Myanmar like Kyaukse, Mandalay and Mogok. The main reason most of them join the casinos is the good salary. Nowadays, it is difficult to get a better paying job in Myanmar's big cities. Even a university graduate cannot easily find a job.

In the rest of Myanmar, many people still do not even know where the Kokang region is located. The name Kokang is still new to many people and they think that it is a dangerous place to work. The region is still known for its decades-long conflict between the military and local armed forces. It was a black market area with many illegal activities, such as drug trafficking and smuggling, much like many of the border areas throughout the country. For

many people, the Kokang region is still a mysterious place and they dare not travel there. However, for people from other parts of northern Shan State, Kokang is much less daunting. With connections through friends or relatives, many young people from places outside of the Kokang region travel to Kokang to work in the casinos and gambling industry. As their education level is better than local Kokang people, they can easily get a job in the gambling industry if they can speak Chinese. Some of these people from areas outside of Kokang are Burmese university or high school graduates. Some of them have been working in the casinos for many years and some have even gotten married with local people and settled down in Kokang.

One of my Burmese interviewees, a casino worker from Mogok in Mandalay Division, told me she was surprised at the level of development when she first came to Kokang.

I came to Kokang to visit my relatives who are posted over here as Myanmar government staff. At first I thought Kokang was a small border village. To my surprise, the town is more developed than my hometown. The roads are wide and paved with concrete, the buildings are higher and better. Mobile phones and SIM cards are everywhere and communication is very easy for people. I saw many young girls working in the casinos, and at first I thought they were bad girls, as we are told that girls in the border areas are working in the sex industry as prostitutes. I have been here for more than a year now and now I am working in the casino as a cleaner. If you can control yourself not to get involved in gambling, drugs, or having affairs with the gamblers, the casino is a good place to work where you can get good pay. One of my Burmese friends could even send money back to her village in central Myanmar to buy a plot of land. She has been in Kokang for several years and now she can speak a bit of Chinese. It will be easy for her to become a card dealer, or she can get a well-paid job in Nan San, China with her language skills. I will try to learn and improve my Chinese so that I can get a better job in the future.

Just like my informant, many Burman people from central Myanmar, especially from the dry zone where drought causes frequent crop failure, came to Kokang to look for a better livelihood. Due to the language barrier, they get paid less than local Kokang laborers. Many of them work in sugarcane plantations, construction sites, restaurants, and some work as domestic workers. Burmese people started coming to Kokang in earnest after the region became a self-administered zone. Burmese entrepreneurs in Kokang often own tea shops, noodle shops, with some even running Burmese-style massage shops. Burmese people are not usually recruited to work in the casinos as employees, mainly due to language barriers. A lack of trust between Chinese investors and Burmese people also appears to be a factor in limiting Burmese people's employment opportunities in Kokang.

In Myanmar, many people view the idea of women working in massage parlors, gambling dens and the entertainment industry like KTV, all of which often involve sex work as something shameful. The women employed in the industry are often seen as "bad girls." Many of my Burmese informants were surprised when they saw women working in the casinos when they first arrived in Laukkai. After spending some time in Kokang, they started to understand the nature of casino work and they could accept these are well-paying jobs, some of them even tried to get jobs in the casino. Through networking, some Burmese people have been recruited to work in the casinos. Some have been working in the industry for several years and now they do not want to go back to their home villages where job opportunities are lacking for them. Some gaming center operators specifically recruit Burmese-speaking staff to service the increasing number of Burmese gamblers in Laukkai. The Burmese gamblers can be seen in relatively small gaming centers around town. They are mostly migrant workers and they spend their free time in the gaming centers and some Burmese-run shops in Laukkai.

Casino Employees' Perceptions on Working in the Gambling Industry

My research indicated that many casino employees are satisfied with their current jobs. Many felt they were paid well, compared to the work of a salesgirl in a Chinese shop or waitress at a restaurant. They can make many new friends from China, from whom they make connections to work in China or further afield. They are eligible to get increases in salary and promotions if they follow the casino rules and perform their assigned duties well. Sometimes they feel bored and tired as they work long shift hours. After their shifts, they are tired and do not want to do anything else. They like to release their stress at nightclubs or bars after work. The main reason for them to work in the casinos is financial. They do not think or feel that other people look down on them for working in the casinos. It is a normal job for Kokang people. However, not every employee likes their job and enjoys working in the casinos. One of my informants from Lashio who worked in a casino for six months complained that the atmosphere was not good.

At first I thought casino employee life is fun. You do not need to do any housework. Food and accommodation are all provided. Many of my Chinese school friends from Lashio are working in Laukkai casinos. They get a good salary and some of them are married to Chinese men and now live in China. I saw that they were happy working in the casinos, so I decided to come to Laukkai and work in a casino. I paid a deposit for my uniform and trained as a card dealer for a month. When I officially started working as a card dealer, I felt I was not suited and the casino was not the right place for me to work. Many gamblers, especially from China, use abusive words when they lose their bet. They like to shout at us and we are not allowed to react to their verbal abuse. Even though I am not happy with the gamblers' behavior or their words, I have to smile at them and make them happy. So I decided to leave the job. I did not even get the deposit money back for my uniform because I only worked there three months.

From my interviews, many casino employees from poor families are happy and satisfied with their jobs, mostly because of the good salary they get from the casinos. To become a casino employee, prospective employees not only need to pass Chinese middle school, they also need to make a deposit payment for their uniform with the casino operator. They also have to pay training fees, in advance, to become a card dealer. For some young people from poor families, they have to take loans from friends and relatives to pay for uniforms and training fees in order to become a casino employee. For many Kokang people, Laukkai is the only place they can look for a job other than traditional agricultural work. Most of them have never travelled outside of the Kokang region to other areas in Myanmar. For them, Laukkai is a big city where they can get many modern clothes and many other things which they have never had or seen in their villages. Many rural young people want to go to Laukkai and work there.

The people who do not like casino jobs are mostly from well-off families from outside of the Kokang region. Their families do not rely on their income. They have travelled and have seen better jobs than casino employment. They can choose better jobs than Kokang people as they can speak Burmese and can travel to Yangon, Mandalay, or even foreign countries to find better work. However, for Kokang youth, Laukkai or Nan San in China, are the only places where they can find a job outside of agriculture. Among the available jobs, the casino seems to be the best bet, and casinos have become a sought after place to workk

Daily Activities of the Casino Employees

The casino operators provide food and accommodation for their employees. The tpical shift is is eight hours per day. There are three shifts a day and employees do not need to cook or do any other job except work in the casino. Most of the employees' hostels are located very close to the casino, some are even in the same compound. Four to eight employees share a room in the hostel. All men and women are accommodated in the same hostel and use the same common bathroom and toilet. The hostel has a television room where the employees can watch movies or sing

karaoke in their free time. The weather of Kokang is cool so casino owners have set up boilers to provide hot water for their employees to bathe or wash. Cooks and cleaners are also recruited by the casino operators to take care of meals and maintain a clean premise. One of the employees from a Kokang village told me that her standard of living at the casino dormitory was good.

The bosses treat us very well. They are very considerate and even provide hot water for us. I can take a warm bath at anytime I want, which I cannot get it in my home. In my village, I have to fill the bucket with water and place it under the sun to get warm before taking a bath. Living in the staff hostel is very convenient. What I like most is I do not need to do any house chores such as cooking or cleaning, which I have to do at home. I can save money because I don't need to buy food. I can watch movies with friends during my free time in the hostel. It is fun and comfortable to live in the staff quarters.

Not every employee likes to spend their free time in their hostel. As there are some 3000 employees working in the Fu Li Lai casino, the streets and roads are full of employees in their casino uniform and high heels during shift hours. Girls in short skirts and high heels with colored hair can be seen in the streets, karaoke bars (KTV), and clubs of Laukkai after working hours. Dong Cheng park, KTV parlours, and restaurants are always full of young people especially in the evening. Many young men with motorbikes and cars can be seen waiting outside of the girls' hostels, and they hang out until late in Laukkai's clubs and bars.

Although the casino operators provide free accommodation with full facilities for their employees, many of the employees still rent a room close to their place of work. They say it is not comfortable to share a room with eight people in the hostel. They want a private room to rest after standing for long hours at work. Some share a rented room with their friends, while some live together with a boyfriend or girlfriend. According to my informants, some girls like to go out with gamblers after their working hours. Some have affairs with the gamblers and become the "*xiao san*," literally

a “third person,” or lover of someone who is already married. A casino employee from Lashio who used to live in the staff quarters told me how her roommate, a young villager, changed dramatically after living in Laukkai for a brief period.

I had to share a room with three other employees, one from a local Kokang village and two from China. I did not know them before and they were total strangers, but I had to share a room with them. When I first met them, the Kokang girl was 18 years old. She was an ordinary good looking village girl with long hair and simple clothing. She did not know how to wear makeup or high heels. Compared to her, the two Chinese girls looked much more modern. They always went out in their tight skirts, low neck dresses, and high heels after work. They sometimes spent their night in the bars and clubs and did not come back to the hostel. After a few months, the local Kokang girl totally changed. She curled her hair and colored it. She started to wear modern dresses and always hung out with Chinese gamblers after her work hours. She started drinking and sometimes did not come back to the hostel at night. She had totally changed. Now I heard that she eloped with an older Chinese guy who has several wives. He bought a house in Laukkai for her and now she has a baby. She quit her casino job and now behaves like a boss and goes around the gambling dens and plays *mahjong*.

It is neither a surprise nor shock to see female casino workers become *xiao san* to gamblers or other men in Kokang. There are many cases where the employees elope with the gamblers and disappear from Kokang without a trace. Some have affairs with several people at the same time, or end up working as sex workers. More and more girls from the villages keep migrating to Laukkai to become casino employees.

Who are the Gamblers?

“Everyone in Kokang gambles. If you do not play cards or gamble, you will be seen as abnormal! Gambling is a normal daily activity for Kokang people,”

This is what a Laukkai-based gambler told me during our conversation in a casino. In Kokang, seemingly everyone, men, women, girls and boys all gamble. It is not much of an exaggeration to say that people learn to gamble from when they are in their mother’s womb. Pregnant women are seen at the mahjong tables, baccarat and dar yu ji (fishing machine) centers, regardless of how big their bellies are. The majority of gamblers in the casinos are from various Chinese provinces including Yunnan, but also places like Sichuan, Zhe Jiang and Guanxi. Some gamblers even come from as far as Macau and Shanghai. The Chinese gamblers like to play baccarat in the big casinos, and some are seen playing *dar yu ji* in gaming centers.

Local people from Kokang and Burmese people also gamble in Laukkai. In addition, gaming centres are seemingly always full of gamblers on slot machines, *dar yu ji*, and playing cards. Teenagers can be seen among the gamblers playing slot machines and *dar yu ji*. In the Laukkai market, shopkeepers play cards and *mahjong* during the day, so much so that they even forget their customers. Mobile casinos can be found in front of the Chinese temples, markets and in the streets and are always surrounded by people, including kids. Thus, in Kokang, seemingly everyone is a gambler. “We want to win, so we gamble and play in the casinos. Nobody will go to a casino just for fun without expecting to win money.”

This is something that gamblers usually told me when I interviewed them in Laukkai. They like to go to the casinos and gamble in the hope of winning double or triple their stakes. But most of them end up with nothing left in their pockets and have to leave the casino in debt. Some have to sell their belongings including watches, mobile phones and motorcycles in pawn shops at the lowest prices.

Why gambling?

From my personal interviews with gamblers and personal observation of them, the reason many people gamble in the casinos or gaming centers is not mainly for money. Most of them are addicted to gambling. Kokang people are largely farmers, with a few traders and other business people as well. My observations suggest that many farmers in Kokang do not have a fixed schedule for their daily activities and have long stretches of free time which they spend at the casinos.

Some people do not even have regular employment and their livelihood mainly depends on gambling. Many Kokang people spend their time by playing cards, *mahjong*, slots, and going around the casinos of Laukkai. Some people, even if they have no money or have lost all their own money, stand and watch other people playing in the casinos. Gamblers who have lost all their own money sometimes get pocket money from their friends who are winning. Then in the hope of doubling that money, they start to gamble again until they've lost it all. They revolve through the win/lose cycle, and most of their time is spent in the casino, not working, just gambling.

One of my interviewees, Ma Ni, who likes to play *dar yu ji*, the electronic fishing game, told me that she is happy just to play this game. She doesn't care how many coins or how a high score she can obtain. She likes the music of the game in particular the sound emitted when the player scores a point. She spends at least 100 CNY daily to play *dar yu ji*. She is a Burman from central Myanmar and is married to a local Kokang Chinese. She can speak a little bit of Chinese and she operates a phone service for Burmese casino employees.

In Kokang, China Mobile is the only mobile phone service available. If someone wants to make a phone call to cities in Myanmar outside of Kokang, the call is charged at an overseas call rate. So it is a bit difficult for people from central Myanmar and other parts of the country working in Kokang to contact their families back home. After the region became a self-administered zone, the Myanmar central government's Ministry of Communications, Posts and Telegraphs opened an office in Laukkai. The ministry set up landlines connected to the Myanmar national telecom network.

However, to date there are only a few lines available as they are quite costly to set up compared those from China Mobile. Only government offices and a few people in Laukkai use Myanmar landlines. Anyone who has a Burmese landline can offer calling service for workers from the rest of Myanmar. For those who provide this service, business is good in Kokang.

Ma Ni set up her Myanmar phone line service with a table and stool in front of a gaming center close to the Fu Li Lai casino. The influx of Burmese people in the Kokang region has meant that many such Myanmar phone call service providers have been established. They can be found in the parts of Laukkai where migrants from outside of Kokang live and work. Ma Ni earns 400 to 600 CNY a day from her phone calling service and she spends around 100 CNY daily on gambling. She said she is now addicted to game and spends much of her time in the game centre.

Like Ma Ni, many Kokang people are addicted to gambling. Some people spend all day in the casino and gaming centres. Most Kokang gamblers are farmers without a fixed schedule, unlike people working in offices the farmers are not working normal business hours. Much of the field work is often taken care of by the women of the family, so men have free time to spend playing *mahjong* or other games. Many Kokang people living in Laukkai town appear to have a lot of free time to gamble. They earn a living by doing business or *zuo sheng yi*, mostly involving trading in tea, sugarcane, jade, teak, and also drugs. The word '*zuo sheng yi*' is a general term to describe someone doing business, and it can mean different kinds of trade activities. In Kokang, people understand *zuo sheng yi* as activities mostly associated with drugs and illegal trading. *Zuo sheng yi* does not require physical work or large amounts of time. Therefore, people in this business have plenty of free time to play *mahjong* and cards at home or in the casinos.

Some visitors from China come to Kokang purely to gamble. They are from Sichuan, Gui Zhou, Zhe Jiang and other provinces of China. They come into Kokang with a tourist visa at the border checkpoint. Most of these visitors from mainland China come to Kokang with friends or in a group of gamblers. They come and stay in the casino hotels and gamble. They gamble higher amounts than local Kokang Chinese. They will spend thousands of Chinese

Yuan for a single wager. They are very calm, even when they lose thousands of Yuan at a time, or even if they win, with no excitement showing on their face. They are professional gamblers, and they travel around the golden triangle region's various casinos.

Another group of Chinese gamblers are from Yunnan province, adjacent to Kokang in China. These people who live in the China-Myanmar border areas, have had a close relationship for generations. The people from both sides travel freely between their villages, selling agricultural products and exchanging information. The majority of these borderlanders are farmers who grow tea or paddy in their upland fields. After the ceasefire went into force in Kokang, many job opportunities for Chinese people from China arose. The newcomers from China work as contractors, transporters and petty traders. Some have invested in the gambling industry. One Chinese from Sichuan province operates gaming centres in every quarter of Laukkai. He himself is also addicted to gambling. He recruited staff to look after his gaming centers while he goes around town to other gaming centers to gamble. According to his staff, he used to collect money from his own gaming centres to gamble in others casinos. He spends his time in the gaming centers and is always in need of money for gambling. Some Chinese also work as construction workers. Away from their families, they spend their after work hours playing cards, going to the massage parlors, and some go to KTV and clubs. Some have started to gamble in the casinos and have become addicted.

Mr. Zhao came to Kokang in the 1990s. He is a Chinese citizen from a village in Yunnan province. He owns a truck and came to Kokang to provide transport service for Kokang villagers, transporting their sugarcane and tea from the villages to Laukkai. Zhao said,

In my village, people only gamble on New Year and some special celebrations such as wedding and funerals. My grandpa hates gambling and our family members, my parents, my siblings and I, never gamble in our village. I was surprised to see many people in Kokang involved in gambling. I have been here for more than a decade and sometimes I go to the casino

and play baccarat to kill time, as there is nothing to do in Laukkai besides work. Many people said once you start to gamble, you will get addicted to it. But I'm not addicted. People who get addicted to gambling are '*tan xing*'—greedy. They ask for loans from friends and family to keep gambling even when they've lost it all. I will never gamble with loans from other people.

As Mr Zhao said, "*tan xing*"—greed—might be a reason for gambling addiction. He said he himself is not addicted to gambling, yet he goes to the casino almost every evening after work. Many gamblers said they started gambling in their free time as there is nothing else to do in Kokang. Gradually they become addicted to the games and it become part of their daily life. They spend all their time in the casinos and gambling becomes their main daily activity.

Gambling is going on not only in Laukkai but also in Kokang's villages. Most Kokang people from the villages around Laukkai are farmers. Both men and women work together in their fields during the cultivation season. Before harvesting, most of the weeding and field work is taken care of by women. Men gather in the village and play mahjong and cards. Some people who have a motorbike will travel to Laukkai to gamble in the casinos. When they've lost all their money, they take loans from the pawn shops by using their motorbike as collateral, or sell their motorbikes or valuables, watches, rings, and mobile phones, to get money for gambling.

Women from the villages near Laukkai sell their backyard garden vegetables in the Laukkai market. Many of them travel to Laukkai on foot as there is no public transportation to the nearby villages. They need to get up early, around 3 am, and walk to the Laukkai market together with their fellow villagers. Once their vegetables are sold, some of the village vendors do not go straight home. Some go to the casinos with the money from selling vegetables.

From my observations, gamblers rarely leave the casino after winning but tend to keep playing. I've seen a Chinese gambler lose one hundred thousand yuan in a single bet and it did not bother him. He threw down two hundred thousand and bet again. He was eventually up hundred thousand yuan within just two hours but he kept gambling until he lost it all, only then did he stop.

Wan – play and du – gamble

Chinese people like to use the term *wan*—literally “to play”—instead of *du* (gamble) to talk about their activity in the casinos. *Wan* (play) is a word used to describe doing something in leisure times, such as *wan pai* (playing cards), *wan qiu* (playing football), or *wan shua* (going out). *Wan* also shows the economic status of a person; rich people do not need to work or struggle for a living. They have more leisure time than the poor. They can go “play” around. The Chinese usage of the word *wan* is for “face,” or to convey status. In contrast, the word “*du*” has a connotation of a bad act or behavior in Chinese. There is a Chinese saying: *chi san xian du*, which literally means “only lazy people like gambling.” Generally, gambling is perceived as a bad habit or “useless” people who do not want to work hard. Thus, many prefer to use “*wan*” over “*du*” as the latter has many negative connotations. The local Kokang authorities do not allow local media, newspapers, and television to use the word *du* in their news or public information. Almost all the casino signboards are written as *yu le gong si* (entertainment company), *yu le chang suo* (place for having fun), or *san wu zhong xin* (business centre). The word *du chang*—casino—cannot be seen anywhere in Kokang although the town is full of casinos and gaming centers. It is very difficult to find even a single usage of the word *du* in the local media.

People's Perceptions of Gambling and Casino Employees

Non - casino employees

People travelling to Kokang from government-administered areas generally perceive gambling as a “bad job” and casino employees as “bad people.” Gambling is illegal in Myanmar so people involved in it are often perceived as criminals. In addition, in the Burmese Buddhist view, gambling is considered a sin. Many people in Myanmar think that people associated with gambling are engaged in something “unacceptable.” For outsiders who are not from Kokang and are unfamiliar with the gambling industry, seeing young people working in the casinos and gambling industry is

also unacceptable. They feel the working environment is not good for young people and especially not good for young women. In the casinos young employees will have to deal with all kinds of gamblers. Workers will be exposed to and could become addicted to things such as gambling, smoking, drinking, drugs and so on. Almost all the men interviewed in the course of this research said they would not want their sisters to work in a casino and they would not want a girlfriend who works in the casino. They think that casino is no place for decent people, and that “good” people would not work there.

Ms Yang from Mandalay, who came to Laukkai for her high school friend’s wedding, indicated how she views people involved in the gambling industry:

Some of my high school friends are working in the casinos of Laukkai. They get a good salary, around 5000 CNY per month. They said if I want to get a job in the casino, they could introduce me to their manager and I could easily get a supervisor job. But I will never, ever go to work in the casino, even if they pay me a high salary. The people gambling in the casino come from poor and uneducated families in China. Their manners are low and their way of speaking is rude. I will not go work with that kind of people.

However, the Kokang people have a different view from outsiders. They have seen gambling and casino employees every day. They are well aware of the lifestyle of the employees. It is not strange or surprising for them to see casino workers spending their after hours in clubs, pubs, KTVs, and being out at night. They accept that casino jobs are good paying work. They believe one can learn many things working in a casino. Employees can move to management positions from mere card dealers if they perform their jobs well. There are many chances for hard workers to get a higher position with good pay working in a casino.

Mr. Tang from Taunggyi, working in one of the Laukkai hair salons as a hair designer, explained what he observed working in Kokang:

The casino employees spend a lot of their salary on hair and makeup. I have been here for more than a year, and there is not a single day without a customer from the casino. The girls always come to our salon to wash and dry their hair before they go out to the bars and clubs at night. At first, I couldn't accept the girls' behavior, as it is a bit strange for me to see girls drinking and dancing at nightclubs. I even told my colleagues that if they were my sisters, I would not let them work in the casino. But after spending some time in Laukkai, now I understand the nature of their jobs. They have stress working in the casino, despite that it might seem an easy or simple job. And not all the girls working in the casinos, even if they go out to nightclubs and bars, are bad girls. My girlfriend also works in a casino now.

More and more people in Kokang choose casino work as a career, despite the fact that many people in Myanmar outside of Kokang still perceive it as a "bad" job and that only "bad" people work in the casinos.

One resident of Laukkai explained how his friend, moved from the Kokang casinos to the Philippines to work in casinos there.

One of our friends, Mr. Yang is now working in casino in the Philippines. He earns 10,000 CNY a month. He is from a village close to Lashio. He worked in the Fu Li Lai casino in Kokang where he met his current boss who is Vietnamese. With that Vietnamese boss connection, Yang got a job the casino in the Philippines. As Yang can speak Chinese, English and Burmese, he is assigned to work with Chinese gamblers only. He does not need to work in the casino like us. There are only Yang and one other man working in foreign casinos. Their bosses arrange 5 star hotels with swimming pools for them. They came back to visit us last year and said Filipino casinos are better than ours.

The casino employees are proud to tell the story of their friends in the Philippines. People in Kokang are proud to be *shang bang zu* and everyone accepts casino work. As a mother of one of the casino employees explained to me, many people in Kokang don't see working in the casinos as a problem. "We have no reason not to let our kids work in the casino. It is a modern trend in Kokang now, and that is beyond our control. Actually it is not a bad workplace."

The casino is one of the most preferred places for people in Kokang to work, where employees get good pay. Even though the rise of the gambling industry in Kokang has brought development to the area, more shops, restaurants, bars, clubs etc., young people still prefer to work in the casino as *shang bang zu*. Just like the employee's mother said, it is "a modern trend" and more and more people in the region accept it, despite how it is viewed by most people in Myanmar.

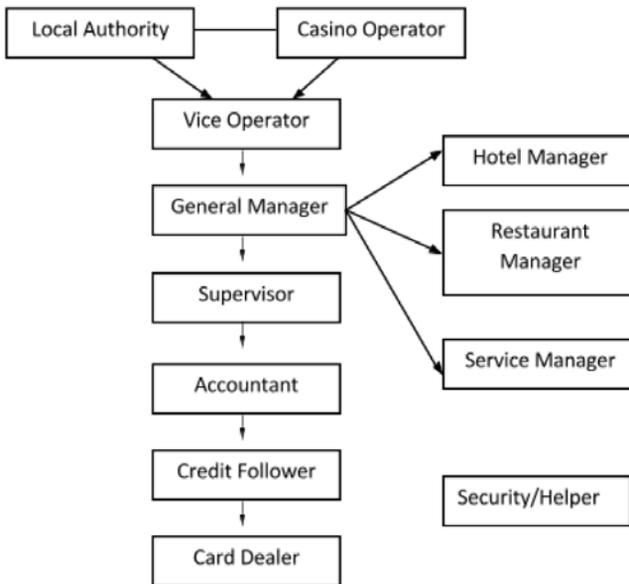
How to become a casino employee?

Although there are many casinos and gambling dens in Laukkai, it is not easy for local people to find employment there. There is no systematic path to becoming an employee. The gambling dens and casinos never advertise their job vacancies through any channels such as radio, television, newspapers and so forth. Jobs in casinos go through social networks and connections. If a village girl or boy would like to work in the casino, they can be introduced to the casino manager through friends or family members who are working in the casinos. Through these introductions, they can become employees. Depending on their education level, they can start work in the casino as anything, from janitor to supervising manager.

Along with the development of the gambling industry in Kokang, there are now many casino employment training classes running in Laukkai. They train people who want to become casino employees. Some of the training schools are associated with and operated by the casino operators, and some are privately owned. The trainees pay around 400 CNY in fees per session (7 to 10 days) to train as a card dealer. With a certificate from these training classes, people can easily get a job as a card dealer in any casino in

Laukkai. Social networks and connections are also important. As there is no proper channel to recruit casino employees, most of the job placements are through social connection. Once people get to work in the casino, they can be promoted depending on their job performance and skills.

Figure 3 Structure of casino administration



4

IMPACT OF THE GAMBLING INDUSTRY ON LOCAL PEOPLE

Introduction

The gambling industry has developed in Kokang since the ban on poppy cultivation in 2003. In the past, Kokang livelihoods depended on poppy cultivation. People purchased their daily necessities with income derived from selling opium. Poppy was the only source of income for the local community, there were no alternative livelihoods except poppy cultivation. As soon as poppy was banned, the Kokang people faced many difficulties. Ex-poppy farmers faced severe food shortages. School children had to drop out as their parents could no longer afford the school fees. Health and social problems occurred along with the poppy ban as well. The local Kokang authorities tried to solve the food shortage and develop the region with assistance from neighboring China and limited assistance from the central government of Myanmar. The local authorities set up six development guidelines to develop the region and people's lives. They set up favorable investment policies that attracted outside investment in Kokang, especially from China. Since then, Chinese contract farming on rubber and tea plantations has spread widely across the Kokang region. But the income from agriculture taxes is not the main revenue source for local authorities. The majority of their revenue comes from the gambling industry. Within a short period the gambling industry of Kokang has developed as the number one generator of revenue for the local authorities. At the

same time, the gambling industry has brought multiple impacts to the lives of local people. In this chapter, the social, economic, and other related impacts of the gambling industry on the people of Kokang will be explored and discussed.

Socio-economic Impacts

The gambling industry of Kokang has changed the lives of many former poppy farmers. Many youth from rural villages now have the goal to work in a casino, something that was rare in the past. Before people spent most of their lives in the poppy fields, some never even had the chance to travel outside of their villages. The earnings from opium only provided subsistence level of support, enough for food. There was almost no extra money to spend on healthcare or education. This situation changed after the poppy ban and development of the gambling industry in the region. Now almost all of the villages in Kokang have young adults working in Laukkai. Some of these employees send their salaries back home to supplement the their families' health and education spending. Mr. Li, a Kokang villager explained to me while sitting in his bamboo hut, how the income from the gambling industry has helped his family.

I would have passed away long ago if my daughter was not *shang bang* in Laukkai. She rescued me from illness. I have three children and my wife passed away when the youngest kid was three years old. I grow paddy and corn in my upland field to raise my children. The eldest two got married and have their own families and kids to feed. In recent years, my health has been getting poor and I cannot work in my field as I did before. I do not know what is wrong with me. I easily get tired and cannot work for a long time. My youngest daughter was in fifth grade at school and she dropped out in order to support me and the family. She went to Laukkai with her friends who are also from our village. They are now working in a Laukkai casino. Now, I am living on the money that my daughter sends me monthly.

Like Mr. Li, many families in the villages of Kokang rely on casino employees' remittances. Almost all of the villagers have upland fields and backyard gardens. They do not have any extra income for social, education, and health care. But now, some of these families can spend remittances from casino employees on health care, or school fees. Ms Yang explained that her daughters income has meant that the family doesn't have to sell their livestock when someone in the family gets sick.

Because my daughter is working in the casino, I don't need to sell my pigs or chickens to get money when someone gets sick and needs to see a doctor. I can use the money from my daughter to visit the clinic. In the past, when family members got sick, I had to take loans from others or sell my livestock for the doctor's fees. Now, I can raise pigs and chickens for family consumption and festival celebrations.

Not all the casino employees can send their salary back home. Some even ask for money from their parents. These employees are usually from better off families in the village. Their families do not rely on their income. So, they spend their salaries buying clothes, hanging around with friends, or even gambling in the casino after their work hours.

For the street vendors, food stall operators, hotels, guest houses and restaurant owners, business depends on the casinos. In 2009, all these businesses were affected by the conflict between the MNDAA and the Myanmar military. Many people's livelihoods were ruined by the closure of the casinos. Due to political instability, all the shops around the casinos were closed. Hotels and guesthouse rooms were empty as gamblers went back home to China. Room rental rates went down and some became vacant when the casinos were closed down by local authorities. Even after the clashes in 2009, rooms only cost 100 yuan per month. As the situation gradually stabilized, casinos started operating, and many gamblers flowed back into Kokang once again. The rent for the same size room that was previously 100 yuan per month, increased to 800 yuan per month. Due to the demand, many people built extensions on their homes and rented them out for extra income.

Some homeowners in Laukkai do not need to work or have a proper job to make a living. They mainly rely on income from renting out their rooms to gamblers and outsiders who come to Kokang for business, gambling and work.

Although the gambling industry has brought economic development to the region, it has also caused many social problems for the Kokang people. Murders, thefts and robberies associated with gambling are now frequent occurrences. Most of the cases of murder appear to have been triggered by disputes over gambling debts. Some school children had to drop out of school once their gambler parents could no longer afford school fees. They have been forced onto the streets to look for their livelihoods and some of these kids have also become gamblers. They go around the casinos and get tip money from gamblers. Sometimes they themselves get involved in gambling, especially the electronic fishing game. The local authorities imposed a rule forbidding those under 18 years of age from entering the casinos. Despite this rule many kids can still be seen in the casinos and gaming centers.

Impact of Gambling on Kokang Women

In Laukkai, many young women employed in the casinos begin when they are 15 or 16 years old and have had little contact with the outside world before coming to work in Laukkai. For many of them, Laukkai is the first place they've travelled outside of their home villages. For the first time they are away from their parents and there are no guardians or elders to teach them about health issues or other things. Some of the girls do not know how HIV is transmitted. Or the consequences of using drugs such as *ya ba* and ecstasy. Dr. Yang, who has a clinic in downtown Laukkai explained to me that many of her patients are young women with little knowledge of health issues.

I sometimes want to give up my profession as a doctor in this region. I am very sad to see girls my who are my daughter's age come to my clinic and ask me for an abortion. They are very naïve and do not have any health knowledge. Most of them come from poor

families. As an adolescent girl, they want to be pretty like others and become victims of bad guys. Yesterday, a girl, sixteen, came to my clinic. She looked very pale when I examined her and found that she was pregnant. She told me she slept with a Chinese gambler once who she did not know well. I asked why, and her answer shocked me. She said she wanted a mobile phone, which costs 300 yuan. For a 300 yuan phone! I have met many girls like her. Now I try my best to give some health awareness to these poor girls.

The Kokang authorities and local people have also noticed the casino's impact on the young girls of the region. As many of them are away from their families for the first time and are very young, there is no one to guide them or advise them. Girls with different personalities, from different villages and different backgrounds come to stay together in the same hostel. Some are very young and do not have the ability to differentiate between good and bad. Many of them end up being used by gamblers for sex or money. Some become prostitutes. Although the local authorities and local people know how the casino impacts young people, no policy or action has been taken. In March 2014, the local authorities took some action in the red-light area. The reason given was that the red-light area damages Laukkai's image. All the brothels and massage parlors in the red-light area were closed for some period. They soon started operating again, with a lower profile than before. Unlike before, the girls were no longer sitting in front of the shops or in the streets. Prostitution clearly has not disappeared from Kokang.

In Kokang, there are no rules or regulations put in place by the authorities to control or regulate prostitution. It is not legalized. Many brothels operate under the thin guise of massage parlors, beauty salons, and KTV (karaoke). The available services are publicly advertised with the young women's pictures on leaflets, sign boards and on visiting cards. Some massage parlors even promote the services of Burmese prostitutes to attract Chinese customers. There are many new Burmese-owned massage parlors in Laukkai and the girls working there are mostly from central Myanmar. Many don't speak Chinese. Among the Chinese and

Burmese sex workers, there are some local Kokang girls who also work as prostitutes. Most of them worked in the casinos before they became sex workers. They all are from villages around Laukkai. Some quit their jobs or were fired due to poor performance in the casino. Many of the men they have affairs with are gamblers and drug users who do not have proper jobs or income.

According to a Laukkai doctor, the prevalence of HIV/AIDS is quite low in Laukkai compared to other border areas in Myanmar. The Chinese government advocates safe sex and health awareness on Chinese television channels which are watched by many in people Kokang.

From the stance of the casino operators, their employees personal affairs are beyond their control and the casinos do not take any action against the their employees as long as they follow the casino rules and regulations during work hours. Many young employees like to spend their free time in the bars, clubs, and karaoke with friends and colleagues. Since drugs are comparatively easy to get in Kokang, many young people have become addicted to them.

One of the local authorities I interviewed told me that they are well of aware of the problems facing Kokang.

We are aware that the casinos bring lots of job opportunities to local people and contribute revenue for the region's development. At the same time, it brings a lot of social issues to our youth, especially drugs and crime. In order to solve this problem, we submitted a proposal to parliament to establish an industrial zone along the border area in 2011. The approval for the proposal is still pending. We believe that an industrial zone will attract foreign investors to the region which can create job opportunities for local youth.

This interview took place in November 2013. In January 2014, the national parliament in Naypyidaw approved the Kokang authorities proposal to establish an industrial zone (May Kha 2014). The Ling Cang county government, in China, organized a border trade fair at the newly established industrial zone area as well. The event attracted many investors from the Mekong region. Several

contracts and memorandums were signed at the time. All the participants at the border trade fair and Kokang local authorities believe that Laukkai and Kokang overall, will become an important border crossing once the industrial zone is established.

Since 2011, China's Yunnan provincial development committee has planned to develop several railway projects. The planned railways will connect Kunming and Chin Shwe Haw, which will shorten the distance of the current Kunming to Ruili route. In addition China will provide support to the Myanmar government to upgrade the road from Laukkai to Naypyitaw. It will only take one day for Chinese drivers to travel from Kunming to Nay Pyi Taw once the road is upgraded. Moreover, a planned railway set to be constructed by China from Lashio to Kyaukphyu could also help enable the transportation of Chinese people into Myanmar. So, Laukkai will likely become an important trade and entry point for China in the future.

Underground Economy

The Kokang region had been known for its opium production for centuries. Many people believe that the wealth and prosperity of some Kokang people is due to opium production and trade. In the past, the region was under the control of local authorities and there was relatively loose control over the border. Many people smuggled drugs, jade and teak through the porous border between Kokang and Ling Can, in China's Yunnan province. However, the local authorities took strict control over the opium trade, since they banned poppy in the region. Still, many people in Kokang are involved in the drug trade and has been said that that many people have invested drug money in the gambling industry. It is widely believed that casinos and gaming centers have become places for drug traders to launder their money.

Since drugs are widely available in the region, drug addiction is a big problem for local people. The elderly Kokang people used to smoke opium in the days before it was banned. Nowadays, different kinds of drugs are available in the region, such as ya ba , ice and ecstasy. I have not met any casino employees who use drugs, but I

was told that many girls working in the casino take drugs to stay awake. These girls like to go out at night after their working hours. They spend their whole nights at bars and clubs and can't wake up for work the next morning. It is said that, many young casino employees develop substance abuse issues.

It is relatively easy to get drugs in Kokang, although the authorities have taken some measures to control their availability. Some informants have claimed that casino operators provide *ya ba* to gamblers in VIP gambling halls at a relatively cheap price, sometimes even for free. In the past it was rare to hear of local police or authorities arresting drug users or smugglers. In recent years however, the Myanmar police have confiscated large amount of drugs in Northern Shan State and arrested Kokang people alleged to be involved in the drug trade.

Many crimes such as shootings and murders that take place in Kokang, are said to be related to the drug trade. Local people and authorities take the drug issue more seriously than gambling. Local authorities have posted warnings in public places that "drug use is strictly prohibited." These warning signs are common especially in and around the gambling area.

Solid and reliable data about Kokang's casinos could not be found as the managers, supervisors and employees did not provide these figures. The daily turnover at some of the casinos is said to be as high as as ten million yuan a day.

The size and number of employees working at some of Kokang's casinos suggests that they are very profitable enterprises. At the Fu Li Lai casino, for example, there are more than three thousand employees. Each worker receives at least two thousand Chinese Yuan per month. Thus, six million yuan per month is needed just to cover staff salaries. The operators also need to spend money on food, transportation and hotel management. The casino owners and operators are also said to be involved in other businesses across Myanmar, including the jade trade, export/import and the construction industry. Some are also said to own sugarcane, rubber and tea plantations in the Kokang region.

There is a widespread perception that Kokang's gambling industry has been used to launder profits from the black market economy including the drug trade. Some of the casinos owners are known to have run into legal trouble in China. An informant who used to work in one of the Laukkai casinos explained how the staff at one casino didn't get paid for months when the owner suddenly disappeared.

I had the experience of not receiving my salary when I worked for a Chinese-owned casino in 2000. The casino was quite big and many local Kokang and Chinese girls worked there. We did not receive our salary for more than three months, and nobody told us what was happening. The casino was running as normal and our food and accommodation was provided as usual, everything except salary. After three months, we were told that the casino owner was arrested in China due to his involvement in the drug trade. He owed many people debts and the casino had to be closed. We were depressed as we did not get our three months of salary. Luckily, Peng Jia Sheng, the former Kokang leader, was good to us. He paid us all our back pay and then the casino was closed. All the employees had to look for new jobs.

5

CONCLUSION AND DISCUSSION

Introduction

This study has explored and shed some light on the nature of the gambling industry in the Kokang Self-Administered Zone. Although gambling is officially illegal in Myanmar, casinos flourish in Kokang in various forms, ranging from roadside mobile casinos to casinos in large hotel complexes.

The local authorities have no strict controls or policy over gambling activities in the region. The gambling industry has become one of the main development drivers of Kokang, from which local authorities gain revenue for the area's development. Since the rise of the gambling industry, the infrastructure of the region has improved. In the past, there was only one all-seasons access road across Laukkai town until the ceasefire agreement was signed between the Kokang militia leaders and the Myanmar military. Within two decades, the previously war-torn and poor Kokang region transformed into a more modern area with Laukkai turning into a busy border town. The livelihood of ex-poppy farmers has also improved. Their livelihoods now rely on opium-alternative cash crop production, such as sugarcane, rubber and tea. Some Kokang Chinese have become involved in the underground economy as a livelihood adaptation after the ban on poppy cultivation in the region went into effect. This chapter will conclude this study with a discussion of the major findings, based on my research questions::

- Is the gambling industry in Kokang contributing to the development of the region?
- What are the Myanmar, Chinese, and Kokang Self-Administered Zone's development and administration policies toward gambling activities in the region?
- What are the social and economic impact of gambling on casino workers and locals?
- What is the social meaning of gambling in the Kokang region?

Research Findings and Discussions

This study has shown that the gambling industry in Kokang has significantly contributed to the development of the region's infrastructure. In the past, many villages in Kokang were inaccessible and this made it very difficult for farmers to travel and transport their agricultural products out of their villages. After signing the ceasefire agreement with the Myanmar central government in 1989, the Kokang authorities started to focus on development. Casinos and gambling became one of the main activities to generate revenue for the area's development. Tall buildings, some as high as eight floors, were built to accommodate gamblers in Laukkai. Concrete access roads and bridges were built to accommodate travel and transport as well. Within two decades, the Kokang region had become a modern border trading area. Along with basic infrastructure, the gambling industry also spread widely across the region in the years that followed the ceasefire.

The livelihood of Kokang's former poppy farmers also eventually improved after the severe difficulties they faced following the opium ban going into effect. Now almost all families in the villages have one or two adult children working in the gambling industry. Their remittances support their families back in the villages. For some better-off families, they can use the remittances from their children to buy non-food necessities. Some families buy motorbikes for transportation, some purchase satellite dishes. The casino employees' remittances can solve short term problems and pay for things like visits to the clinic when family members get sick.

Most of the Kokang casino employees now come from farming families. In the past, if there was some urgent health, education, or other important need, families had to sell their pigs or chickens to pay for this. Thanks to casino employees remittances some of these household expenses are taken care of for many families. Thus lightening the load when it comes to health, education and other expenses.

The gambling industry has also improved the economy of the region while at the same time it has also caused a significant social impact. As gambling has become widespread in Kokang, it has become part of the daily lives of local people and some have become addicted to it. Some couples have divorced due to gambling debts and school children have had to drop out of school because their parents can no longer afford their school fees due to these debts. Gambling addictions have also meant that some parents were unable to care for their children and some children were forced to live on the streets. Many thefts, robberies, and murders are said to be associated with gambling and drugs. More and more Kokang people are involved in the gambling sector as it is often the only good paying job available for young people in the region.

Gambling has also caused other problems with some villagers who sell their agricultural products in Laukkai market, who spend all their earning from selling vegetables in the casino. Some of these farmers lose all their money and do not even have enough money left to go back to their village. Women with children also gamble in the casinos and their kids run around the gambling hall and eat whatever gamblers leave on the tables and trash bins. No one leaves the gambling hall with money in their pockets. Instead, they gamble all their money away and leave the hall once they've lost it all. People experience the win/lose cycle of gambling addiction which bring many problems for Kokang families.

Most of the gamblers in Kokang's casinos are from China, they come to Laukkai to gamble and often end up with debts and bankruptcy. Compared to the large number of Chinese gamblers, only a few Kokang locals are addicted to gambling to the level where it's forced them into bankruptcy. Many Kokang families have

profited from the gambling industry. Some families rely on petty trading, selling noodles or snacks in front of the casinos. Some local people rent out their houses and buildings to casino employees and gamblers for a monthly income. The local economy and the gambling industry are intertwined with each other. If gambling stops, the local economy and local people will suffer. The people of Kokang have faced the booms and busts associated with the region's gambling industry several times already since the casinos began operating. Many casino employees, including local people, believe that the gambling industry of Kokang will last for ever.

For local young people, casino employment has become their ideal job. There are few job opportunities for locals, except working in the traditional upland fields, sugarcane plantations and tea plantations. Many Kokang people are still have low levels of education and it is difficult for them to get a decent job in neighboring China. However, the rise of the gambling industry in Kokang has changed local perceptions towards education. In the past, only people from China were accepted to work in the casinos as their education level was higher. The previous Kokang regime, under Peng Jia Sheng, pressured operators to recruit more Kokang people to work in the casinos to create jobs for local young people. Now, the casino operators recruit Kokang youth who have at least a middle-school level of education (Myint Myint Kyu 2011). Kokang parents send their children to school for a proper education. The end result has been good for the people of Kokang, despite the fact that their primary purpose for schooling is so they can join the casinos. The younger generation now finish their middle school education and are literate. More and more people in Kokang accept the importance of education and begin to value it. Local authorities also try to invest more in the education sector and provide school buildings and teachers salaries to raise the level of education in the whole region.

The lives of poor former poppy farmers have improved since the difficult period when the poppy ban went into effect although they are not directly involved in the gambling industry. The rise and fall of gambling in the region also affects local people's lives. Kokang people have relied on Chinese products, from food to construction materials, for centuries. The gambling industry has

brought in much Chinese investment and has created many job opportunities for Kokang. There are significant risks associated with the local economy relying largely on the gambling industry. The Kokang economy dropped significantly in 2005 and 2009 due to the closure of the casinos. During those times, Chinese businessmen and gamblers returned to China and their businesses in Kokang shut down. Laukkai looked like a ghost town and locals lost their incomes.

As a border town with casinos, Laukkai has its fare share of smuggling, drug trafficking, human trafficking and prostitution. Almost all of these activities are carried out by Chinese nationals from the other side of the border and Kokang locals make some income from renting out their houses and rooms to outsiders and those working in the shops and restaurants as wage laborers. The majority of local Kokang people's livelihoods depend on sugarcane, rubber and tea plantations.

While prostitution takes place openly in Laukkai, some local young women involved in the trade have become victims of human trafficking. Other young women not involved in the trade have been trafficked as well, mostly to neighboring China. Some have been forced to marry Chinese men and some were sold to brothels.

Many people from outside of Kokang perceive casino employees as women who are at risk of human trafficking. While such cases involving casino employees being tricked by gamblers and trafficked into China are known to have occurred. The number of such cases is small. The casinos and gambling dens have strict rules and regulations to control their employees during working hours. The employees are trained to be professional casino workers.

The Kokang authorities are aware that the gambling industry has caused many negative impacts on local people. They do not have specific rules or regulations over the gambling industry; instead they allow many people to invest in the gambling sector. Everyone in Kokang knows that *ya ba* can easily be obtained in the casinos or throughout Laukkai, but local authorities often appear to turn a blind eye.

The Kokang region has been autonomous for centuries. This autonomy has continued on some level during Myanmar's post Than Shwe era, as the current constitution grants local Kokang authorities the right to self-administration. Since officially becoming a self-administration zone in 2011, Myanmar government officials were sent to work in Kokang to assist the local administration. The region's administration gradually changed from a top-down structure reminiscent of the BCP to become more like a government administration system found in other parts of the country, even though it is designated as a self-administered zone. The Myanmar government has set up many ministry offices in the region, including agriculture, health, education, land use and courts. While Kokang also has their own parallel organizations as well. Since becoming a self-administered zone, more and more Myanmar government officials are involved in local administration in Kokang. The Myanmar government has not taken any action against Kokang's gambling industry, despite it being officially illegal under Myanmar law.

Kokang's gambling industry has brought many positive and negative impacts to the local people and the region. It will remain the ideal place for Kokang youth to work unless more and better jobs become available in the region. The people of Kokang cannot stay away from the gambling industry, even though they know that it can cause many problems for the next generation.

Recent Changes in Laukkai

The new Kokang self-administration committee put in place many changes in Laukkai since it was established. With Kokang authorities ordering the closure of establishments in the red-light area because such places damage Laukkai's image. The closure of brothels and massage parlors was also ostensibly done to control the spread of HIV and other sexually transmitted diseases. In addition to this vendors were forbidden from selling on the street. Many of the older buildings across town were demolished and new high-rise construction is currently underway. Many condominiums and residential projects with multi storey buildings are planned for construction in the Dong Cheng quarter. The

project's marketing brochure mention that the newly established business and residential areas will bring a prosperous future for Kokang's people. The authorities hope to receive large investment in Kokang after the industrial zone along the China-Myanmar border at border post No. 125 is established. The changes will also impact real estate prices in Laukkai. All houses, rooms and hotel charges have increased in price and the cost of living in Laukkai has gone up as well. However the infrastructure of the town changes, the gambling industry will likely continue to flourish in Kokang until Myanmar central government authorities and Chinese authorities take action.

Both Chinese and Kokang authorities have predicted that the "125 industrial zone" will bring many job opportunities to the people of Kokang. Laukkai is predicted to become an important border point for Myanmar-China border trade as it is much closer to Kunming compared to the border crossing at Ruili/Muse, Myanmar's busiest cross border trade point. For China, access to Kyauk Phyu in western Myanmar, a newly developed China-backed deep sea port may be easier through Laukkai. Many new construction projects are underway in the Kokang industrial zone. Whether they will bring job opportunities and economic development to Kokang and Yunnan Province, as the authorities have predicted remains to be seen. Some people in Kokang are currently profiting from selling their land and working in the industrial zone development project. It is unclear at this point whether the Kokang region will become an important gateway for China to India and whether the lives of people in Kokang will improve under the newly established Kokang Self-Administered Zone administration.

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Myint Myint Kyu is a Kokang descendent, who is interested in the study of Kokang's social, culture, political and economic situation. She is a social worker and has been working in the China-Myanmar Border areas for many years. Her main interests include the study of Chinese influence in the region and the role that China plays in Myanmar's reform.

GAMBLING AS DEVELOPMENT:

A Case Study of Myanmar's Kokang Self-administered Zone

This study examines the casino industry that has come to dominate, Kokang, a border region of northern Myanmar, whose local population is a Chinese speaking minority officially recognized by the central government. The area which is now officially known as the Kokang Self-Administered Zone, is a corner of northern Shan State that was once known for its thriving opium production. Interviews with casino employees and local residents of Kokang were conducted for this study, which focuses on the development of the casino industry in the region since its emergence after 1989 and the industry's economic and social impact on the region.

The Understanding Myanmar's Development series is an exploration of the transformation taking place in Myanmar on multiple levels: social, economic, and political. In this series, RCSD hopes to realize the dual goals of both building up the body of knowledge on Myanmar and strengthening the research capacity of Burmese scholars in their study of development policy and practice. This volume is just one piece of the puzzle of development practice, as felt by the people and communities of Myanmar.



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