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Abbreviations

3BHA	Three Brotherhood Alliance
BRI	Belt and Road Initiative
BGF	Border Guard Force
Chn	Chinese translation
CPB	Communist Party of Burma
CIA	U.S. Central Intelligence Agency
DEA	U.S. Drug Enforcement Administration
GDP	Gross Domestic Product
IOM	International Organization for Migration (UN Migration)
KIA	Kachin Independent Army
KPSN	Karen Peace Support Network
meth	methamphetamine
MNDAA	Myanmar National Democratic Alliance Army
MTA	Mong Tai Army
NDAA	National Democratic Alliance Army
OHCHR	Office of the United Nations High Commissioner for Human Rights
POGO	Philippine Offshore Gaming Locators
PLA	People's Liberation Army (Burma)
SAZ	Self-administered Zone
SEZ	Special Economic Zone
SR	Special Region
SSA	Shan State Army
TNLA	Ta'ang National Liberation Army of Shan State
TNI	Transnational Institute
UAE	United Arab Emirates
UN	United Nations
UNODC	United Nations Office on Drugs and Crime
USIP	United States Institute of Peace
UWSA	United Wa State Army

Abstract

*Diese Dissertation befasst sich mit der Beziehungsdynamik zwischen dem myanmarischen Staat und den nördlichen ethnischen Aufstandsgruppen. Zwei "illegale" Ökonomien – nämlich der Drogenhandel und die Glücksspielindustrie – dienen als Hintergrund, um die Dynamik dieser Beziehungen zwischen Staat und Aufständischen zu analysieren. In Abwesenheit physischer Feldforschung ist die Arbeit als historische Ethnographie angelegt, wobei Archivarbeit und leitfadengestützte Interviews als Formen methodologischer Kreativität eingesetzt werden. Wissenschaftler*innen, die auf Myanmar-Studien spezialisiert sind – wie Xu, Lintner, Buchanan, Meehan und Ong – haben seit Langem eine historische Perspektive als grundlegende Methode in ihrer Forschung zu Myanmars "illegalem" Handel, ethnischer Politik und Bürgerkrieg angewandt. Über die Beziehungen zwischen Staat und nichtstaatlichen Akteuren hinaus zielt die Dissertation darauf ab, zu verstehen, wie der "illegale" Handel die lokalen Lebensgrundlagen beeinflusst hat, während sie diese kapitalistischen Netzwerke im weiteren regionalen politischen und ökonomischen Kontext durch eine geopolitische Perspektive positioniert. Zu diesem Zweck greift sie auf anthropologische Konzepte wie illegale Ströme, Grenzregionen, Autonomie und Aufstand als zentrale analytische Rahmen zurück.*

This thesis is about the relationship dynamic between the Myanmar state and the northern ethnic insurgent groups. The thesis uses two illicit economies, namely the drug trade and the gambling industry, as backdrops to analyze the state-insurgent relationship dynamic. In the absence of physical fieldwork, the thesis is developed as a historical ethnography with archival work and semi-structured interviews as forms of methodological creativity. Scholars specialized in Myanmar studies such as Xu, Lintner, Buchanan, Meehan, and Ong have long deployed a historical perspective as a foundational method in their research about Myanmar's illicit trade, ethnic politics, and civil conflict. More than state and non-state relations, the thesis aims to understand how illicit trade has affected local livelihoods while situating these capitalist networks within the broader regional political economy through a geopolitical lens. To those ends, it draws on anthropological concepts such as illicit flows, borderlands, autonomy, and insurgency as key analytical frameworks.

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1 Introduction

The night was dark, chilling, and a bit scary. I was walking slowly but wearily and occasionally glanced for any sign of danger. I was walking on the pavement of a large street, and to my right-hand side, an old steel fence guarded pedestrians against falling off into the filthy, dark sewage river of the town. But to my left-hand side, if I crossed the street, there stood a magnificent palace-like structure, brightly lit. The palace was like the star of the street which gave the dark night its source of illumination. The palace was so well-lit that I could feel the beams resting on my face with red being the main lighting color and yellow supplementing. The sight was mesmerizing - tall, wide, but somehow awe-inspiring - but I reminded myself not to linger as the night was still very dark and unknowing. The street was surprisingly quiet with only one or two pedestrians on the other side of the street, and occasionally, a motorbike would zip past the street like lightning. Suddenly, as I was walking, I could feel a motorbike riding up from behind. As I heard it get closer and closer, I realized that the motorbike was not riding on the street but on the very same pavement that I was walking on. I felt something was not right about this motorbike but I did not have the bravery to stop and look back. I could feel myself already walking quicker and quicker while internally calming myself that there was no danger. Suddenly, it happened. A hand reached from behind and covered my head with a black cloth while fingers gripped the back of my neck. I did not have time to react or yell but I could feel the fingers on my neck applying a light force and squeezing. The interaction lasted a few seconds and the person retrieved the hand and released me from the cloth. The motorbike sped ahead, disappearing in front of my eyesight. One of the two young riders managed to look back at me briefly and I knew he was the one who touched me. I was terrified and dashed across the street and into the glowing palace-like structure looking for safety. What I saw inside was stunning. The place was packed with people and bore a classic-conference vibe from centuries past. Warm lighting bathed the red-and-gold interior in a soft glow. The entire building was shaped like a massive hexagon, with six enormous staircases, each side of the hexagon forming one, rising to the upper floors. Every staircase was covered with bright red runners, steep and wide beyond anything I had seen before. I stood frozen in amazement, caught between fear and awe, and between unknowing and curiosity.

This was a strange dream I had on the night after I had an interview with one of my informants, Thet. In the interview, he told me about a magnificent castle existing in Pangsang, Wa State which serves as a residential palace for the top elites of the State and a place of stay for their relatives who come to Wa State for short visits. It was on the mountain behind this castle that Thet spotted the very first poppy field in his life. Stories about this mysterious palace dominated my flow of thought after the interview. I tried to search on the internet for any information regarding the castle's name and address but could not find anything. However, I was not surprised about that because Wa State in particular, and northern Myanmar in general, are often shrouded in secrecy. For example, in Mong La, Shan State there is a so-called Vegas Casino (Chn: *weijiasi duchang*) infamous among the regional Chinese-speaking gamblers but the casino can never be found on the

internet with an official website or address, but once the Chinese name of the casino is used as a keyword, several web pages in Chinese language start popping up. After I woke up from that strange dream, I was surprised by how vivid the details were and how real things felt to me. But it still took me the whole day to realize that I could be in Myanmar in that dream, and that awe-inspiring palace in the dream could be the castle that Thet told me about the day before, even though I had never been to Myanmar. And it did not take me long to realize that that palace could be a casino. By being a casino, everything started to make sense, from the red and gold decorative and lighting colors to the magnificent interior. But this was not the first time I found myself in Myanmar in a dream, even as the hope of one day visiting it in reality felt out of reach.

Figure 1: States and regions in Myanmar (The Australian National University n.d.).



Myanmar is a Southeast Asian country of around 50 million people and borders China to its northeast, Laos to its east, and Thailand to its southeast. The country consists of fifteen states and regions, namely Kachin State, Kayah State, Karen State¹, Chin State, Sagaing Region, Tanintharyi Region, Bago Region, Magway Region, Mandalay Region, Mon State, Rakhine State, Yangon Region, Shan State, Naypyidaw Union Territory, and Ayeyarwady Region (see Figure 1). Several of these states or regions are semi-autonomous, each hosting at least one active armed group that claims military, political, and economic control over its territory. These groups are commonly referred to by the media as ethnic armed organizations or ethnic insurgent groups. Anthropologically, this thesis is an attempt to understand what autonomy means to these armed groups, the Burmese state, and the people who live under the governance of these armed groups, militarily, politically, and economically. To that end, I selectively examine the drug economy and the gambling industry in Myanmar and situate these industries in a broader historical context of autonomy and insurgency to understand how social relations and power dynamics of various actors in the industries have transformed, including the local people's livelihoods. I chose these two particular industries simply out of personal familiarity with the subject matters, though I believe several other industries could be applied to understand the context of autonomy, sovereignty, and insurgency in Myanmar.

As I named all fifteen states and regions in Myanmar above, Wa State is missing from the list as well from Figure 1, though it could be among the most important, well-discussed in this thesis when it comes to illicit economies such as the drug trade and gambling. The reason for the omission is that Wa State is situated within Shan State which is also the largest state in Myanmar. By displaying Wa State not as a separate state but as integral to Shan State on the map, the Burmese government can undermine Wa State's autonomy and better capture its sense of unrecognized governance (Ong 2023, 9). Therefore, the "State" level of Wa State is not like that of Shan State, at least from the point of view of the Burmese state. In fact, in Shan State, there are other autonomous regions like Wa State that, even though enjoying a high autonomy level, are still being displayed as integral parts of Shan State, such as Kokang and Mong La. Autonomy in Myanmar has long been contentious, especially when tied to economic interests that thrive in borderland areas which are ripe with illicit networks.

This thesis places the main emphasis on the borderland areas of Myanmar adjacent to China which I noticed, often be referred to by all of my Chinese-speaking informants as *Mianbei*, or "northern Myanmar," like a universally agreed proper noun among the Chinese-speaking community in Myanmar. Moreover, when I was building a pool of potential informants for my thesis, I reached out to a former Chinese colleague to ask for help connecting with any Burmese contacts he might know. He mentioned one person from Myanmar, adding that "the person is from *Mianbei*." This proves that the term *Mianbei* is not only a proper noun used by the Chinese-speaking community in Myanmar but also by the Chinese. I had not known of this term until I started speaking with my informants. In fact, the term *Mianbei* is an abbreviation itself, with *mian* standing for *miandian* which means

¹ Also Kayin State, as per Figure 1.

“Myanmar,” and *bei* standing for *beibu* which means “the northern region.” Together, “the northern region of Myanmar” is shortened into the term *Mianbei* referring to “northern Myanmar.” I suggest understanding the territorial notion of *Mianbei* in a similar way we understand the Golden Triangle - a region that does not have definitive boundaries nor territories. The term *Mianbei* exists simply because it is called so by those who live there and their neighbors, people whose lives, cultures, and economic prospects are closely intertwined with it, to give the northern region its distinctiveness from the rest of Myanmar. However, similar to the Golden Triangle, *Mianbei* is not a neutral geographic category but one that is loaded with moral, political, and criminal connotations. That former Chinese colleague continued, “When one mentions *Mianbei*, one can only think of scam and drugs [...] Do you have TikTok? There are tons of news about it on TikTok. You can search on TikTok using ‘*Mianbei*’ as the keyword.” Even though my Chinese-speaking informants could not tell exactly what this *Mianbei* consists of, they have a rough mental map of where it lies. According to *Baidu*, the Wikipedia version of the Chinese, in the broad sense, *Mianbei* encompasses much of Myanmar’s northern ethnic borderlands of northern Shan State, or North Shan, and Kachin State.² However, narrowly defined, *Mianbei* consists of Kokang, the Wa territories, Mong La, as well as the border town of Muse, all situated within North Shan.

Ethnically, Myanmar is a highly ethnic-diverse country with eight dominant ethnic groups, namely Burman, Shan, Karen, Rakhine, Mon, Chin, Kachin, and Kayah. However, the thesis does not center on ethnic conflict but instead draws attention to the Chinese-speaking community in the country, and potentially, their social relations with other indigenous ethnic groups. This Chinese-speaking community is considered a dominant ethnic group in *Mianbei* where Chinese dialects are recognized as the local working language in some regions. This ethnic group came to Myanmar as Chinese Civil War refugees as early as the late 1940s and quickly dominated the political and economic arena in *Mianbei* ever since, with many notable political and business figures. This community and their descendants will be referred to throughout the thesis as ethnic Chinese, with “ethnic” meaning that they have acquired Burmese citizenship. For convenience reasons, all other indigenous ethnic groups will be referred to by the general term “Burman” if no ethnic significance is emphasized in the discussed context.

1.1 Theoretical framework

1.1.1 Shadow networks, illegal flows, borderlands

In 2013, the civil war in Myanmar was recognized by the Guinness World Records as “the longest-running internal conflict of modern times” that “continues to the present day”.³

² *Baidu*. n.d. “缅北华人居住区。” Accessed on July 16, 2025. https://baike.baidu.com/item/缅北华人聚居区/19850845#:~:text=缅北华人聚居区_百度百科&text=缅北华人聚居区是指缅甸北部的,克钦邦等组成%E3%80%82

³ Guinness World Records. n.d. “Longest civil war of modern times.” Accessed March 11, 2025. <https://www.guinnessworldrecords.com/world-records/114580-longest-civil-war-of-modern-times>

Civil wars were common in Indochina⁴ during the Cold War era, Vietnam, Laos, Cambodia, and even China, to name but a few, had all gone through a period of internal conflict between nationalist or royal forces and their, most often, communist rivals. However, both Vietnam and Laos achieved liberation and unification in 1975, Cambodia in 1998, Thailand in the early 1980s, and China in 1948. Although most Indochinese countries had experienced civil wars during the Cold War era, no civil war was like the one in Myanmar that has been enduring for over half a century and is still ongoing. While most countries got into the state-building process after unification from civil wars, Myanmar was still preoccupied with small-scale insurgencies by anti-junta factions across the country, missing the golden time that could have been used for social and economic development. It is this sustained, integral warzone environment, like that of Myanmar, that Nordstrom argues is a favorable condition for shadow networks to flourish. In warzone areas, local people are willing to move whatever resources they can find out of the country to the world's market in exchange for the most basic, everyday essentials, or sometimes, even weapons (Nordstrom 2000, 36-7). These resources can be in a variety of forms such as precious stones and metals, drugs, human labor, sex workers, et cetera. These activities usually take place outside of the formal and legal channels and facilitate the formation of *shadow networks*. Despite taking place via non-state channels, shadow networks rehabilitate industries and livelihoods during some of the most difficult times for the country in turmoil. Moreover, shadow networks can also create *new currencies* in war zones (ibid., 44-5). Business goods, equipment, war-related supplies, stolen vehicles, luxury items, precious resources, et cetera could all become the new currencies as the local currency collapsed and the black market became the norm. For example, during World War II, when Japan invaded Burma, the British and Americans raised guerrilla forces whose fighters were mainly ethnic Kachin in the far north of the colony, to counter the Japanese (Lintner 2021, 165). These forces needed goods and services from the local villagers which the British had paid for in opium. Opium started circulating in Burmese war zones as a new currency. Moreover, the value of the new currencies is determined not only by the internal conditions in the war zones but also by the accessibility of the goods and their worth to the cross-border market (Nordstrom 2000, 45).

Similar to Nordstrom, van Schendel offers an interesting way of looking at shadow networks, which, in van Schendel's language, are defined as *illegal flows*. Illegal flows are the flows of commodities, persons, and ideas that are outlawed by one or more states but manage to cross territorial states' borders (van Schendel 2006, 39-40). Illegal flows are difficult to track using regular state-centered concepts because those involved in the flows tend to keep the information secret. van Schendel uses the image of fluidity to capture such flows: streams of migrants, a trickle of goods flooding a market, a supply of labor that has dried up, et cetera. Borders, sovereignty, and the rule of law are like a dam being thrown up against by advancing flows of water, which is an assault from the shadowy outer world of

⁴ Indochina refers to the mainland, continental area of Southeast Asia that consists of the following modern-day countries including Cambodia, Laos, Myanmar, Thailand, Vietnam, and the mainland portion of Malaysia. The term is used most often during the first half of the nineteenth century during the European expansion in Southeast Asia, implying Asia as a colonized continent.

more or less organized crime. The interaction between borders and illegal flows is contrasting on many levels (ibid., 40-41). The more outsiders know of the cross-border flow, the greater the risk for the network. Borders are static, spatially rooted, durable entities, making them an ideal base for illegal flows of highly mobile. Flows constantly improvise new routes as their activities move across borders, and flows always go out of their way to seek new markets and customers. While flows are constantly on the lookout for new targets, borders are passive and vulnerable against flows' ever-changing discourses, becoming an unavoidable staging post that has nothing to do with the customers or the point of destination of the illegal flows. For example, on the Thai-Myanmar border, the city-town Shwe Kokko, Karen State has been chosen as a base for a series of onsite and offsite casino businesses to serve the far-away Chinese-speaking gambling addicts. The power of illegal flows is contingent on the persuasive value of the arrow that carries along all the notions of invisibility, motion, reaction, stimulus, and target, like no other graphic code could (ibid.).

A borderland is a zone or region that is transnational and has a unique socio-cultural system that straddles the societies on either side of a national border (van Schendel 2006, 44). Thinking about the case of Wa State, despite being a legitimate territory of the Republic of the Union of Myanmar, Wa State is never really Burmese; and while using Chinese utilities and sharing the Chinese mindset and culture, Wa State is never truly Chinese. Illegal flows introduce new cultures to the borderland as actions by cross-border actors continuously reproduce, reconstruct, and undermine territorial borders, transforming the dynamic of social relations in that area that always take on new shapes (van Schendel 2006, 46-8). Cross-border actors and illegal flows are connected to a wider organization that networks around borderlands, like how the gambling industry has expanded beyond the borderlands of many Southeast Asian countries. In these areas, the state fails as a gatekeeper because it cannot eliminate unauthorized flows across the borders as soon as flows meet borders (ibid., 48). As an inevitable result, casinos and heroin refineries along the Thai-Burmese border have mushroomed (ibid., 55). As the state seeks to restrict the spatiality of the borderland relations, it comes to realize that it is either incapable of stopping these flows or can privately facilitate them and knowingly benefit from them (ibid., 49, 60-61). This dynamic can be advanced to a whole new level when the state is actively engaged in the illicit trade that is banned in the country of destination. State and non-state actors are left with a rational choice to make as to whether they should form alliances with each other to serve the interests of unauthorized flows.

1.1.2 Extractivism and the emotional toll

Extractivism is a development project in which gains from large-scale resource extraction are privatized to a few privileged hands while costs of environmental degradation, dispossession, and violence are socialized among the community (Meehan and Dan 2024, 923). Such political and economic marginalization is especially ripe in conflict-affected borderlands in which battlefields are being turned into capital marketplaces (ibid., 926). These projects of resource extraction tend to generate very few linkages to the local economy while their vast wealth is channeled somewhere else, leaving behind irreversible

environmental and social destruction to the local livelihoods. In the case of drug production and trafficking, drugs are entrenched in Myanmar's Golden Triangle political economy, leaving the most ordinary people living with destruction, violence, and insecurity as various actors in the region fight for their share in the extractive economy (ibid., 922). Extractive development is discursively produced and is the informal system of brokerage between private capital, state authorities, and powerful non-state armed authorities to open up resource frontiers (ibid., 926-7). Extractivism is not unique to the drug trade alone but Myanmar is full of a variety of resources other than drugs to extract:

“There are too many of those industries. As long as it can bring them money and power, for example, in my region there is the booming of the gemstone industry, right, so as long as they can grab in their hand the right to manage that related to that industry, they can set the price, let's say, fifteen percent of the profit, it means they can earn a lot of benefit out of that.”⁵

Illicit economies are embedded in the DNA of extractive development, trapping Myanmar as if it is in a resource curse (Meehan 2011, 378; Meehan and Dan 2024, 927-9). Sites of extraction become the epicenter of drug use and violence, forcing the most ordinary people to move out in search of work or safety. The situation in Myanmar also makes us rethink our moral universe and the emotional toll that a war-devastated economy could bring to its people. For example, a criminal buying an illegal weapon to commit a crime is different from a man who trades an AK-47 in exchange for a chicken to feed his family (Nordstrom 2000, 40). The same can be said for a gem miner who uses drugs to cope with the harsh conditions of the mines, or a young graduate who has a university degree but cannot find a job in the conflict zone where unemployment can reach up to and over fifty percent and has to move abroad to take on an online gambling job, or a farmer in one of the country's most remote and mountainous village, who except from growing opium, cannot make enough of a living. War zones are defined by contradictions: immense suffering and impoverishment of the people who are fleeing versus immense profits of the businesspeople who manipulate war economies (ibid., 44).

1.1.3 State and insurgency

The relationship between the state and insurgent groups is manifested in the negative correlation between state capacity and illicit economies (Meehan 2011, 377). The more pervasive illicit economies, the weaker the state's power. Insurgent groups have conducted a cost-benefit analysis and have realized that income generated from lootable resources outweighs the cost of war (ibid., 378). Also, income is not an end but a means to procure further arms to continue fighting. Therefore, from the perspective of insurgent groups acting on rational choice logic, a civil war environment is still more profitable than peace. With insurgent groups becoming more and more powerful, the state lacks a centralized monopoly of violence and finds itself resorting to buying loyalty from oppositions through offers of economic opportunities and political concessions to insurgents (ibid., 379). This

⁵ According to one informant living in Mogoke, Mandalay Region where the gemstone industry is on the rise. This also demonstrates that, due to geographical reasons, different regions in Myanmar have distinct resources for extractive development, creating an arena for various political and economic actors to engage in violent conflict over the right to manage those resources.

state-insurgent relationship dynamic that is based on political opportunism is typical in the case of Myanmar.

The complex, interdependent relationship between the state and insurgent groups must be understood in the broader framework of Nordstrom's shadow networks. Flows of goods that follow the international channels of production and distribution may intersect with state control but are not always bound by it (Nordstrom 2000, 42). The state can choose to sanction an illegal activity but can also ignore it in exchange for bribes and political support. This phenomenon is especially widespread in states that are ridden with economic and political instabilities or where the state itself is struggling to maintain power. While the state struggles to exercise its grip, transnational entrepreneurs can become the *breadwinners* for states that are rich in minerals and resources. The relationship between state and non-state actors is always indeterminate in these gray areas. Shadow networks have us rethink our theory of state and sovereignty. We are inclined to think of state territory as "a self-enclosed geographical unit," "a general mode of sociospatial organization," or "a natural starting point" (van Schendel 2006, 38-9). However, power mediated by the territorial state has come to an end in recent decades with the rise of borderland trade and globalization. These concepts of "territorialism" and "embedded statism" are no longer true when networks meet borders (ibid., 39). Shadow networks are not solely confined to criminal, illicit, and illegal activities but might also involve legal, quasi-legal, and gray market flows (Nordstrom 2000, 42). We know shadow networks have grown powerful when they start brokering political power and economic possibilities and forming new cultures. Political power and extra-state activities are not necessarily separate spheres of the legal/state and illegal/non-state. According to Nordstrom, shadow networks usually share the following characteristics: they are linked to local developments and political power (ibid., 43). In this thesis, we will see that the drug economy and the gambling industry in Myanmar were enabled by a *compromised* state system that turned a blind eye to insurgent groups' cross-border trade networks in exchange for their political loyalty to the Burmese state (Meehan 2011, 379). In fact, it is a generic model everywhere that with the backing of one or more prominent figures in state government, a shadow network can thrive with minimal state interruptions (Nordstrom 2000, 43-4). Shadow transnational networks become powerful when they can shape international affairs to a degree that formal states can by maintaining diplomacy with other groups of their kind that operate in different regional locations, as if they possess state attributes, governing structures, and law-like apparatuses (ibid., 46). This is especially true when we think of transnational diplomacy between a series of national mafias operating in different parts of a region or even worldwide (ibid., 51).

1.2 Methodologies and limitations

The methodology that I use predominantly in the discussion of both the drug economy and the gambling industry is historical ethnography. According to Rotem, historical ethnography means traversing history to reconstruct culture and recover meaningful worlds with the adoption of an ethnographic perspective, or in other words, deploying an ethnographic perspective with a historical orientation that comes forth as a historically situated mode of understanding the context (Rotem 2024). I will act like an ethnographer

looking backward at a specific piece of historical plot and try to make sense of the ties it has with the present. The historical scope covered in this thesis starts with the period of World War II in Indochina in the 1940s and stretches to the time of the Body Guard Force (BGF) initiative in 2009 launched by the Myanmar military government (the junta). However, the thesis will also briefly touch upon the historical events of the Annexation of Upper Burma, which dates back to the second half of the nineteenth century, to clarify some of their implications in the present context. Although I will try to follow a chronological order in the historical ethnography, emphasis will be placed on the three following turning points in the contemporary history of Myanmar: the Independence from British rule in 1948 which marks the beginning of ethnic armed conflicts, the 1989 Mutiny in Pangsang, Wa Hills, and the 2009 Body Guard Force (BGF) initiative. The reason why I believe historical ethnography is a suitable methodology is because the dynamics of insurgency, autonomy, and illicit economies, such as the drug trade and the gambling industry, are deeply rooted in the country's colonial and postcolonial histories. As Rotem argues, if one wants to study the current relief operations and the logic of development aid such as the humanitarian campaigns of assisting Syrian refugees, one needs to carry out conventional aid ethnography that is informed by historical background, or if one wants to study to the current ethics of post-Soviet transformations, one needs to study the history of the present (Rotem 2024). However, even though sometimes in historical ethnography, the present is completely omitted, for example, in the study of kinship and marriage of a tribal society in the colonial period, this is not how this thesis is intended. I aim to “put one foot in the past and the other in the present” to reconstruct history and track the processes that link the past with the present (ibid.).

At the time I am writing this thesis, the U.S. Department of State - Bureau of Consular Affairs has marked Myanmar with the highest alert level of Do Not Travel, and I believe this travel advisory level has been assigned to Myanmar for so long at least since I first checked it in 2022.⁶ Due to the current conflict in many parts of the country, as well as the difficulty in finding a hosting entity in Myanmar that would be willing to take me on, I do not conduct fieldwork in Myanmar. However, as Rotem states, archival work is essential and insightful for any historical ethnography, and a researcher's active position in the archival “field” helps make a historically informed ethnographic analysis (Rotem 2024). Therefore, I will treat the archive as my ethnographic field site, and use a coupling method of ethnography and archives, or archival ethnography, to create a representation of power/knowledge dynamic with intentional content. Being theory-driven is integral to the process of working with archives; therefore, throughout this thesis, I aim to interact extensively with scholarly works by some of the most well-known authors in Myanmar studies such as John Buchanan, Patrick Meehan, Bertil Lintner, and Andrew Ong. Moreover, historical ethnography is known for its rich plurality of archival materials, which help construct insightful memory narratives. The archive that I develop will consist of news articles from local and regional news outlets that have exclusive coverage of Myanmar, state records, and quoted speeches by notable

⁶ U.S. Department of State - Bureau of Consular Affairs. n.d. “Burma (Myanmar) Travel Advisory.” Accessed on June 2, 2025.
<https://travel.state.gov/content/travel/en/traveladvisories/traveladvisories/burma-travel-advisory.html>

political figures. In addition to that, I will utilize periodic reports from the United Nations Office on Drugs and Crime (UNODC) and Transnational Institute (TNI) - a think tank that writes extensively about a variety of topics regarding Myanmar - to draw upon statistics of case-specifics and related testimonies, which will also form a part of my archive.

Between 2022 and 2023, I had a chance to work in an online gambling company in Pasay, Philippines. I worked in the Payroll Unit, Department of Human Resources for ten months. During this period, I met colleagues from all walks of life and a variety of Southeast Asian nations, such as China, Vietnam, Myanmar, Malaysia, Indonesia, and Thailand, and notably, some of the very first Burmese I had ever met in my life. One of the most important common things among these people was that they must all speak Mandarin Chinese as the working language and be computer-literate. The online gambling industry (offsite) is different from physical gambling (onsite) that relies on casino facilities, and to distinguish between the two, I refer to the online gambling industry as *bocai* throughout this thesis, a term used internally by those involved, though the thesis will discuss both onsite and offsite models. The *bocai* industry in the Philippines was different from the one in Myanmar in that in the Philippines, the companies usually have cost centers, revenue centers, and investment centers while in Myanmar, most companies only have revenue centers.⁷ Dubbed by the media such as BBC News as “scam centers,” “human trafficking organizations,” “slavery,” et cetera, this very industry has mushroomed in Southeast Asia in the last decade.⁸ In many ways, I am an insider to the *bocai* industry as I have worked in and seen firsthand the organizational structures and performance metrics these companies impose. At the same time, I am also at risk of overfamiliarity and the danger of imposing my own assumptions onto the reading of events. Nevertheless, I remain aware of my positionality and aim not to reproduce uncritical internal justifications while foregrounding instead the voices of my informants who have direct, lived experience in Myanmar's gambling industry. My insider status rather allowed me deeper access to informal networks in the absence of physical fieldwork in Myanmar. This helped me establish contacts with three of my former colleagues who were ethnic-Chinese Burmese and agreed to be my informants in this project.

With these informants, I carried out semi-structured online interviews that each lasted from one hour to two and a half hours, with a variety of questions and discussions ranging from the drug economy, the gambling industry, other illicit economies, the ethnic Chinese community, insurgency, and the peace process in Myanmar. Due to the secretive nature of the industries concerned, I have never attempted to know my informants' real names, nor did we manage to know each other's names while working together a few years ago, as we always called each other by a nickname that was assigned to us when we started working. However, not knowing my informants' names made my project more at ease. Moreover, two of the informants requested to have the camera off for the whole duration of the interviews which I respected, and the interviews were carried out in Chinese. Not being able to see the

⁷ Shared by one informant.

⁸ BBC News. 2022. “Cambodia scams: Lured and trapped into slavery in South East Asia.” Accessed on June 3, 2025. <https://www.bbc.com/news/world-asia-62792875>

informants' faces and having to conduct the interviews in Chinese did not in any significant way affect my progress, as I could still feel the nuances when they spoke, and in my opinion, Chinese should be the natural language to use if one talks about *bocai*. The interview with the other informant, whose name has been pseudonymized as Thet throughout this thesis, was in English. Thet was the only informant whom I had more than one interview with, and each was dedicated to clearly defined topics. The reason why I chose Thet as a key informant is that Thet is an ethnic-Chinese Shan who also spent some time living in Pangsang, Wa State. Moreover, he worked in a *bocai* company in Shwe Kokko for more than a year, as well as in several different locations in Southeast Asia in the same industry. These elements made Thet a highly relevant informant for the project. Aside from these three informants, I managed to find one Burman Burmese informant and another Thai informant who lives in Chiang Mai, a border province of Thailand that is directly adjacent to Shan State. With these two informants, the interviews were carried out in person, and I carried forward the practice of not asking the informants' names. Except for Thet, whose name has been pseudonymized for convenient referencing throughout the thesis, other informants will be anonymized, and if their testimonies are quoted in the writing, they will be referenced as "according to one informant" in the footnote.

All informants have been informed that their participation is completely voluntary and that they are free to withdraw their participation anytime even after the project has started. I was straightforward about my role as a student-researcher and the scope of my thesis and let them know that during the interview, they were free to skip any question or topic that made them uncomfortable. Their personal information such as name, age, and address will not be asked, except for ethnicity and the town or city where they live. However, if known beforehand, names will be pseudonymized or anonymized, addresses will be concealed, only the name of the town or city where the informants live will be used, and ages will be reported in a general age range of twenty-five to thirty-five. All audio recordings, as agreed, will be used solely for transcription purposes and not be shared with anyone else other than me. The audio recordings will be deleted within one month after the thesis is graded.

One of the biggest limitations of this project is that I was not able to "be there" in Myanmar to interact with the locals in preparation for such multi-faceted topics of Myanmar. And even though I managed to find Burmese nationals for semi-structured interviews and listened to their stories, the experience will never be the same. Also, I am aware that I had a very limited pool of informants as it is difficult to locate someone who is an insider in some of Myanmar's most secretive and illegal industries such as the drug trade and the gambling industry. Despite I was able to find a few informants through my network who work in the online gambling industry, the informants' locations were scattered across different states and regions in the country, which made generalization difficult, and even more so when the conditions of peace and conflict, government control, geography, demography, social and cultural systems, availability of goods and services, and economic opportunities varied widely from one state to another. Therefore, my methodology is a hybrid of historical ethnography, archival ethnography, semi-structured interviews, and insider experience. It is shaped by the challenges of conducting ethnography remotely and under partial access to recognize its own limitations. However, it is also a method that embraces these limitations

as opportunities to think about violence, secrecy, visibility, and embodiment in non-traditional field sites.

1.3 Research questions and outline

This thesis seeks to answer three main research questions. The first research question addresses state-armed group relations; the second research question brings in ethnographic depth on local livelihoods, while the third research question zooms out to the regional political economy, especially the relationship with China.

How do illicit economies, particularly the drug economy and the gambling industry, contribute to the formation and maintenance of autonomous governance in ethnic insurgent regions in Myanmar, and how do they simultaneously reinforce state power?

How do illicit economies shape the everyday lives and survival strategies of local communities in Myanmar's borderlands?

How are Myanmar's illicit economies situated within the broader regional political economy?

The thesis will focus on two illicit economies which are the drug economy and the gambling industry, put in historical contexts to understand their implications in modern times, especially on the themes of illicit networks around the borderlands, ethnic insurgency, autonomy and governance, and the Myanmar civil war. For that reason, the thesis will be divided into two parts, each discussing one economy.

2 The drug economy

In this part, I will discuss each unique actor in the drug trade in Myanmar, including major ethnic armed groups, particularly the United Wa State Army (UWSA), major colonial powers, the state, and the mountainous communities whose livelihoods are directly impacted by these power dynamics.

2.1 The *mountainmen* of *Mianbei*

“The mountains” in this chapter refer to the hilly, mountainous areas of *Mianbei* which cover modern-day Wa State, Kachin State, and the northern part of Shan State, or North Shan. The case of Wa State is always interesting because despite Wa State's effort to elevate its “State” level equivalent to that of Shan State and address its authority as “Wa State Government,” the Myanmar government continues to view Wa State as a self-governed district of Shan State and refers to Wa State's authority as “Wa State Administration” (Ong 2023, 9). However, this does not make Wa State less respected politically and militarily. While most states in Myanmar are still in unrest and political turmoil, the current conflict has excluded Wa State (Ong 2023, ix). Wa State's ruling armed group, the United Wa State Army (UWSA), is leading the Wa to become the most powerful of all Myanmar's ethnic armed groups - politically, economically, and militarily (Lintner 2021). The

Wa speak Chinese dialects as their official languages, use the Chinese Yuan instead of the Myanmar Kyat, and are connected to telecommunication and electricity grids supplied by China. According to an informant who had attended his earlier schooling in Shan State, his class always had a few Wa peers, and although he would not say the Wa were shunned or discriminated by more dominant ethnic groups in class, he did recall “The Wa’s Burmese language skill is very bad. They cannot speak fluently. They speak very bad Burmese. I think they can do basic conversations such as going to bed and having meals, but if you expect them to speak fluent Burmese, they cannot.” According to Thet, an ethnic-Chinese Shan who was sent by his parents to live in Pangsang, the de facto capital of Wa State, “the Wa are feared, the UWSA is mighty, because they are the *mountainmen*,” and “do not mess with the Wa.” And while other informants have not traveled nor lived in Wa State to say the Wa are “feared” with both admiration and distance like Thet, most agreed that Wa State is plagued with a bad reputation, often described as “quite a lawless place”. However, the bad reputation is not assigned to Wa State in particular but to *Mianbei* in general. For example, when I asked one informant if Kokang is a gambling hub in the country, he would admit that “my knowledge of the city is very limited and I am not sure where it exists on the map, so if it exists on the north then I would say yes, but it is on the south, I would not say so,” or when I asked if I needed to buy some wildlife products and where in Myanmar I could locate a wildlife trade hub, he “would still say the north or the northeast, just because they are able to do everything, they would then.”

Figure 2: Wa State’s claimed territories within Shan State, with Pangsang being the de facto capital of Wa State (The Irrawaddy 2024).



The moment I heard Thet mention *mountainmen*, that word has always been reflected in my mind. *Mountainmen* is a very unique word to ascribe to the Wa and the northerners. It refers to a group of people who live and abide in the mountainous areas, and through thick and thin, they learned the most useful tactics in surviving in the mountains that earned them unbeatable advantages against any outsiders who dare to invade their territories. Because of the high and imposing mountains on which the Wa live, the Wa view themselves as the people who live at the top of the world where the autonomous Wa society is the center and at which only the Wa themselves have remained (Fiskesjö 2000, 49-50). “The Wa *mountainmen* are neither Chinese nor Burmese”, “they fought for their land, they gained their independence and power, and starting from then, they became the president and vice president of the place.”⁹ Wa State consists of two distinct territories which are often referred to as Wa State (North Wa) and South Wa, both tucked within Shan State (see Figure 2). The context of Wa State discussed in this thesis refers to the northern territory (North Wa) rather than both as South Wa reserves a highly distinct set of conditions. Wa State borders China in Yunnan while South Wa borders Thailand in Chiang Rai. Both territories make up a total of 27,000 square kilometers which is roughly the size of Belgium (Ong 2023, 4-5). Wa State’s authority, the UWSA, is among Southeast Asia’s most poorly understood armed groups and is self-financed through its own channels of capital accumulation while the ordinary Wa eke out livelihoods in the inhospitable mountains. The de facto capital Pangsang of Wa State is located in the northern territory and is where “the Wa military troops and their bases are, and their in-charge people also live there.”¹⁰

“I only noticed that South Wa is more ethnicity-complex as there are more people. The locals are more friendly [in South Wa] while North Wa’s are very hard. I only noticed this difference. [North Wa and South Wa] are two different spaces. They are not connected. It is not that they have one whole government but they have many ranks in the [governance]. So, lower-ranked people will rule the lower parts while higher-ranked people will rule them. As long as they do not make any revolution and as long as they pay their taxes, no one gives a [expletive] about you. You need to pay a fix amount every year. It is a proportion of the income from the lower parts being paid to the upper parts, as long as they do it greatly. They do a lot of meetings. Sometimes they will call the South to come to the North to do a lot of meetings over there.”¹¹

The UWSA is the largest, best-equipped non-state actor in the Asian-Pacific region (Lintner 2021, 2-3). With over 20,000 troops and sophisticated weaponry supplied by China, the UWSA retained control of the Communist Party of Burma’s former base (CPB) in *Mianbei* and developed as a self-administered buffer state between Myanmar and China. Myers dubs Wa State as a *narco state*, or a Wa nationalist agency that is supported by narcotics trafficking (Myers 2023, 497). The UWSA is more than an ethnic political movement, a Chinese proxy, but a symbol of asserted autonomy and successful resistance against the Burmese government. But how did the Chinese get involved in the Wa nationalist agenda in the first place?

⁹ According to Thet.

¹⁰ *ibid.*

¹¹ *ibid.*

Figure 3: A poppy field in southern Shan State, Myanmar (Dhaka Tribune 2024).



It started with the Chinese Civil War that took place between 1927 and 1949 in mainland China. Two opposition forces in the war consisted of the Kuomintang, led by Chiang Kai-shek, and the Chinese Communist Party, led by Mao Zedong. The Kuomintang lost the fight and fled to the island of Taiwan while the Chinese Communist Party took over the government in China and established what we know today as communist China.¹² The Wa Hills were occupied by the Chinese Kuomintang forces who had retreated across the Chinese border into Burma following their defeat by Mao Zedong's communists in China (Lintner 2021, 4). In the Wa Hills and other mountainous areas of Shan State, the Kuomintang established its base in an attempt to re-invade China from Yunnan. Other parts of the Wa Hills where the Kuomintang were not present were controlled by local warlords. In those remote, elevated mountains, the only viable cash crop was the poppy, providing the basis for an economy based on the sales of opium. Poppy is a flowering plant belonged to the Papaveraceae family. It seeps out resin, a raw material that is collected by the poppy farmers and is used in the production of opium and heroin, the manufacturing of methamphetamine, or meth, and other narcotic, synthetic drugs (see Figure 3). The Kuomintang's presence in the Wa Hills was the reason for China to lend all-out support for the CPB forces that countered the Kuomintang's expansion in the mountainous areas (Lintner 2021, 5-6). The UWSA was born from the ashes of the old CPB. Nowadays, they

¹² The Chinese Civil War (1927-1949) ended with the Chinese Communist Party's victory, establishing a communist model for China. In the meantime, following Chiang Kai-shek's loss, he led his remaining Kuomintang forces to flee to Taiwan. Taiwan had ever since become the main base of the Kuomintang forces in exile who had a different political vision for the Chinese people. Nowadays, generations of Taiwanese people live peacefully on the island. Because of these post-war complications, China has tried to claim sovereignty over Taiwan while Taiwan is struggling to maintain its autonomy from China as an independent, sovereign state.

and their ex-CPB allies build casinos, hotels, et cetera across Wa State to service Chinese tourists coming from China.

Before World War II, Burma was under British rule. Burmese states and regions were assigned various unofficial titles such as “designated” or “self-administered,” et cetera, indicating fragmented governance across the country (Lintner 2021, 11-13). After World War II and for the preparation of independence, the British summoned representatives of all states and regions in Burma, including Wa State, to consult their opinions regarding how they wished the country and their respective areas to be administratively structured after independence. The British proposed the following models: a centralized, unified administration across all states; a federation of all equal states; autonomy for each of the areas; or independent nations separated from Burma. Shan State, Kachin State, Chin State, and Kayah State all wished to retain autonomy for their respective areas within a proposed federal structure while Karen State, loyal to the British, wished for direct, centralized control under British governance. When it came to South Wa’s representatives’ turn to express their opinion, they wished to “abide by the decision of the Federated Shan State Council” (ibid., 12). This comment irritated North Wa’s representatives who were also present in the meeting: “The Wa are Wa, the Shan are Shan, we would not like to go into the Federated Shan States” (ibid.). This meeting demonstrates that Burma lacked a collective national identity and has always been fragmented as a country. Today’s events continue to demonstrate Myanmar being increasingly militarized and politically divided: the 2021 Myanmar coup, the subsequent imprisonment of lawfully elected members of the Parliament and Aung San Suu Kyi, the military’s atrocities against the Rohingya in western Myanmar, and Aung San Suu Kyi’s National League for Democracy (NLD) party forming a parallel government named National Unity Government (NUG) in exile that brought on-broad ethnic representatives, to name but a few (Ong 2023, ix). In my interactions with informants who come from different states and regions of Myanmar, their accounts varied significantly. For example, informants who come from Yangon and Mandalay Regions described more normative, stable lives and better ethnic integration compared to the experiences shared by informants from *Mianbei*:

“So as you said in Vietnam, you are well integrated across the entire country. But in our case, we are not. It is only within the big cities like Yangon and Mandalay that we are integrated because it reminds me of the joke I heard when I was traveling to some of the rural areas in Shan State, even for the Burmese people in Shan or Karen States, if someone is from Yangon or Mandalay, they say ‘they are coming from Myanmar,’ you know, as if Myanmar is another country. They will say, ‘oh, I will leave my town to go to Myanmar.’ So it seems that the [better ethnic] integration I mentioned is only limited to these two big cities, or we call it the region which consists of Yangon, Mandalay and as well as a couple of others within the central and maybe south and southwest.”¹³

The comment by North Wa’s representatives in the meeting also demonstrates that North Wa had a different character. Even after independence, the Wa did not think of themselves as the citizens of Burma, nor did they ever have any concept of a nation at all

¹³ According to one informant from Yangon.

(Lintner 2021, 13). The Wa were illiterate and there was no organized education system. Despite being the de facto capital of Wa State, “Pangsang is just more than a village and there are no international things happening there, nothing is international.”¹⁴ The indigenous Wa are the Mon-Khmer speakers and are related to the Palaung people, who are native to northern Shan State, and the Lawa, who live in the hills of northern Thailand (Lintner 2019, 4). However, through historical twists and turns, nowadays, it was the ethnic Chinese who rose into the UWSA’s leadership positions, some were from Kokang, an autonomous district located in the northernmost of Shan State, neighboring Wa State and Yunnan where the majority of the population is Yunnan-descendants, or in other words, ethnic-Chinese Burmese.

The indigenous Palaung Wa were originally faithful to the animistic belief, only recently, some started to convert to Buddhism, a state religion in Myanmar (Lintner 2021, 14). The Palaung believed that they were the descendants of frogs. According to Formoso, their primordial ancestors were believed to be a couple of frogs called Ya Htawm and Ya Htai (Formoso 2013, 128). The frog couple asked their children to always have a skull in the village during every harvest season to ensure peace, abundance, and happiness. As a result, there were traces of head-hunting in the Wa’s material culture. However, the last fresh heads cut by the Palaung date back to the early 1940s (ibid., 123-4). After that, the Palaung no longer hunted fresh heads but used heads from the soldiers killed during wars in the 1940s or from executed criminals. Until the 1960s, rising pressure from the Shan, Burman, and Chinese settlers had put a strict ban on the practice and the head-hunting culture of the Palaung started to disappear. It was originally thought that there was a causal relation between head-hunting and crop fecundity as head-hunting usually started from February to May or June preceding the wet season and rice planting (ibid., 126-7). The head was cut in a blitz raid and thereafter, the hunters returned directly whereupon the great festivities in the village were in celebration with drums beaten frantically, jars of nice beer opened, and children and women dancing. The head was put in a basket and was offered ritually with rice and alcohol to the guardian spirit of the house of the man who had the head cut. The head was then passed on with ceremony from one household to another so that the power of protection and crop fertility could benefit the whole community. In return, each household would sacrifice a pig to the victim’s spirit. After the ceremonies were all complete, the women in the village would sprinkle the head with rice one last time and have it covered. The head would then be set on a bamboo pole like a trophy in front of the village’s drum hall. Every year, the installation of a new head caused heads hunted from the years earlier to be withdrawn and taken to a driveway called *the Forests of Spirit* in the village. This driveway had been filled with multiple carved poles topped with heads hunted over several generations.

There were myths regarding why the Palaung Wa deployed human sacrifices (Formoso 2013, 129). Some said it was because back then, many disasters destroyed humans, animals, and crops, and animal sacrifices alone were insufficient to ensure crop fertility. Therefore, the Palaung decided to restore the socio-cosmic order through human

¹⁴ According to Thet.

sacrifices. Others said it was because the Chinese heroes who originally introduced rice cultivation to the Wa had posited head-hunting as a prerequisite for good harvests. The Wa belief system was a jumble of Buddhism, totemism, and simple fantasy (Lintner 2021, 15-16). If the Wa could be classified into clusters, there would be the Tame Wa and Wild Wa (ibid.). The Tame Wa are Wa who lived close to the Shan and to Chinese civilization and have adopted some of their respective customs including Buddhism, while the Wild Wa are animists with some adopted elements of Buddhism. Even though early Wa chieftains did pay tribute to the Shan *saohpas*¹⁵, they deflected the Shan dominance (Lintner 2021, 20-1). They set themselves up in Shan style's princes and also competed with the Shan. Unique as the Wa, they viewed themselves as the center of the universe, a universe of a persistent, autonomous Wa that was politically and economically independent, as the *mountainmen* who stood invincibly at the top of the imposing mountains (Fiskesjö 2000, 49-50).

During the European colonialism in Indochina, the British and French were two major colonial powers. However, the northern region of Burma was still left unclaimed and posed a buffer area between the British-controlled territories and those of the French (Lintner 2021, 22-4). To close that geographic void, the British became the first outside power to claim that area of northern Burma, alongside the Wa Hills. This important event is marked in history as the 1885 Annexation of Upper Burma. People may wonder why the Chinese administration did not claim Upper Burma before the British. The reason was that the Chinese were so afraid of entering the Wa Hills amid myths of being beheaded by the *mountainmen* in the remote, mountainous areas. This sentiment proves that from very early on, the indigenous Wa were feared by their neighbors owing to their constructed mystery, arrogance, and fearlessness (ibid., 15). The annexation of Upper Burma was a doomed event because, since 1853, Yangon had become the most cosmopolitan city in Asia welcoming a wide range of merchants from all over the world (ibid., 25-6). Burma's popularity was owing to its strategic location at the crossroads of South and Southeast Asia. However, Indochina was not a peaceful continent back then. As the Japanese expanded their grip in Indochina, both China and Britain were awakened to the importance of the Yunnan gateway. The infamous, all-weather highway Burma Road was built for that purpose, stretching from southwest China to Burma to supply the Chinese troops that were resisting the Japanese advance during the World War (ibid., 28). In 1942 when the Japanese invaded Burma, the Burma Road was cut off. The Japanese invasion also coincided with the Chinese Civil War in which the Chinese communists and the nationalist Chinese Kuomintang were fighting for governance in China. The United States and Britain quickly became the Kuomintang's important allies in the war because both shared the same ideological goal of suppressing communism. Since the Burma Road had been rendered unusable, the United States and Britain looked for an alternative route to send supplies to the Kuomintang forces. Thus, the isolation of Burma was destroyed by various historical events happening in Indochina (ibid., 30).

Roads started being built into the northern Wa Hills in 1941 (Lintner 2021, 32-3). However, a large tract of the Wa Hills remained inaccessible, roughly because the area had

¹⁵ Hereditary prince or chief, meaning "Lord of the Sky."

been notoriously dangerous to venture into amid rife head-hunting rumors. In 1941, the British and the Chinese agreed on where the border should be around Upper Burma. In 1942, Burma completely fell under Japanese control as the British lost Burma. The Japanese transferred Kayah State, Wa State, and Shan State to a Burmese puppet regime for governance, except for two townships Kengtung and Mong Pan of Shan State, which were transferred to Thailand, a Japanese ally whose support was essential in securing the borders of the occupied territories. On the other hand, the British allied with Chiang Kai-shek¹⁶ and the Kuomintang to counter the Japanese forces. However, the Kuomintang were not well-trained nor well-equipped for the task and were soon badly defeated, both in their fights against the Chinese communists at home and against the Japanese in Indochina. Thailand was subsequently given further territories by the Japanese, including northern Malaya¹⁷ and western Laos, creating a pan-Asian union referred to as the Greater East Asia Co-Prosperity Sphere. Even though the Wa Hills were under Japanese control, there was no serious warfare happening as the Japanese were afraid to enter those mountainous areas too (ibid., 34-5). Even in 1948 when Burma became an independent federal republic from British rule, the country still had no real jurisdiction over the Wa Hills. There, the local ruler of Kokang¹⁸ Yang Wenpin and his son Jimmy Yang Kyein Sein affiliated with the Kuomintang under Chiang Kai-shek to resist Japanese dominance. Jimmy Yang was later a prominent businessman and politician in Shan State during the 1960s and 1970s, leading a rebel army to oppose military rule.

But why was there the Kuomintang presence in the Wa Hills? The Kuomintang led by Chiang Kai-shek were heavily defeated by Mao Zedong's communists in the Chinese Civil War and hence, fled to the island of Taiwan where they subsequently established a new regime under the name the Republic of China (ROC).¹⁹ However, a part of the Kuomintang troops was unable to join the main forces that were heading to Taiwan with Chiang Kai-shek, they retreated instead to the eastern Shan State (Lintner 2021, 36-7). These left-over Kuomintang soldiers became the first outside power to ever enter the northern Wa Hills. There, they started building air bases near the Thai border to receive supplies back and forth between Taiwan and Burma to continue their fight against the Chinese communists. It was during this period that the U.S. Central Intelligence Agency (CIA) started to support the Kuomintang's operations. The U.S. intention was understandable: they wanted to suppress the spread of communism in Indochina, turning independence-hungry countries into proxies of their Cold War wars. Together with the United States, the left-over Kuomintang active in the northern mountainous areas of Burma established what it called the Yunnan Province Anti-Communist National Salvation Army whose aim was to reconquer the Chinese mainland from northern Burma and Yunnan. Again, whether it was the fight between

¹⁶ The Kuomintang leader. See p.15, also see note 12.

¹⁷ Malaya refers to Peninsular Malaysia during its time as a British colony. Today, this territory constitutes the western part of Malaysia.

¹⁸ A self-administered zone belonged to Shan State where the majority of the population is ethnic Chinese. See p.17.

¹⁹ Do not confuse the Republic of China (ROC), or also Taiwan, with the People's Republic of China, or China.

capitalism and communism, or between the Allies and the Japanese fascists, Burma had been deployed as an essential springboard for those regional warring players.

In 1953, following intensified conflicts in Burma's mountainous areas, the Burmese government raised the issue with the United Nations (UN) and demanded that the Kuomintang disarm and leave the country's territories (Lintner 2021, 38-9). As a result, in 1954, a U.S.-Thai-Taiwan evacuation operation was formed to evacuate around 2,000 Kuomintang soldiers to Taiwan. However, the rumor has it that not all troops sent to Taiwan were genuine Kuomintang. Right now, there are around 300 Lahu people ethnic to Burma living in Taiwan who were supposedly transferred to the island during such an evacuation under the identity of Kuomintang. In the meantime, the presence of Chinese-like people was still prominent in northern Burma even after the evacuation. The Yunnan Province Anti-Communist National Salvation Army may have disbanded but thousands of Chinese nationalists remained in Shan State and other nearby settlements on the border with Thailand. It may be too naive to think that Chiang Kai-shek's forces would easily leave a strategic location like the Wa Hills and give up their fight against the Chinese communists. In my conversation with Thet, an ethnic-Chinese Shan, he confirmed that most of the ethnic Chinese in Shan and Wa States have Kuomintang background:

"My grandpa was Kuomintang [...] He still had the uniform. He showed me when I was young and he told me the stories about his military life and how they ran to here in Myanmar [...] Many people ran to Myanmar. My grandpa and grandma did not know any single word of Burmese. They were just war refugees. Previously, the Burmese were very kind and innocent, but not now. The chief of the place or the village gave the Chinese families a place to live. They gave them the paperwork. They gave them the land. They granted them the Burmese ID. Back then, it was actually very good. Maybe forty or fifty years ago. Now, [the Burmese] are very stupid."

From Thet's tone, I can feel the deterioration in the relationship between the Burman and their ethnic-Chinese counterparts. The ethnic Chinese mainly populate Lashio, Taunggyi, and Kokang of Shan State, and Myitkyina of Kachin State, neighboring China. Lately, there are more Chinese settlements in Mandalay and Yangon Regions though these settlements tend to be more peaceful and normative. Many ethnic Chinese are ex-Kuomintang descendants, like Thet, or Chinese Civil War refugees. They not only discovered the potential of Burma's northern states for border trade but also stripped the Wa Hills of mysteries and awe. They opened shops, restaurants, hotels, et cetera and recruited the local, creating jobs in the towns where they prospered. Some ethnic Chinese even rose to political positions due to their roles in the networks of cross-border businesses with neighboring countries such as China and Thailand. Overall, the relationship between the Burman and the ethnic Chinese has gone through a wide range of dynamics ever since the Kuomintang's arrival and we will look into those dynamics in the later sections.

After the evacuation of the Kuomintang from Burma, the People's Liberation Army (PLA)²⁰ entered from the Wa Hills to hunt down the Kuomintang *remnants* and prevent them

²⁰ Do not confuse with the People's Liberation Army of the Chinese Communist Party (People's Republic of China).

from crossing the border with China (Lintner 2021, 40-1). However, the PLA's agendas were not limited to the Kuomintang. The PLA was an armed wing of the CPB which started waging an insurgency in northern Burma in 1948 following the evacuation of the Kuomintang and allegedly received support from China. The new communist authority started to spread literacy in the Wa Hills by introducing a new writing system and romanizing the Wa language. Politically, the CPB's goal was to consolidate Chinese rule over the area and crush what they believed to be the Kuomintang's bandit *remnants*. And the Chinese consolidation did not stop there. The CPB started to introduce a new oppressive system on the Wa tribesmen by destroying their head-hunting materials and other social institutions that sustained the Wa independent society.

While the Wa Hills were busy dealing with the CPB, Shan State was in a different situation. According to the Burmese Constitution Chapter X, the Shan *saohpas* reserved the right to secede from the proposed Union of Burma after ten years since the independence from British rule should they be dissatisfied with the new federation (Lintner 2021, 35). 1958 marks this ten-year period which saw the *saohpas* with an ambivalent attitude. While some *saohpas* supported an autonomous model, others wanted to remain within the Union.²¹ In 1958, Shan State eventually expressed its discontent and took its constitutional right to secede from the Union. Shan State's decision to withdraw from the federation angered the Burmese government which was already working to suppress the nationalist movement in Shan State (ibid., 42). Groups of young people moved to the jungles to form armed guerrilla units to fight against the Burmese Army. Tangyan of Shan State marks the beginning of a long civil war between the Union and the Shan and Wa rebel armies, including the CPB. The situation in Kachin State, another China-bordering state, was slightly different. There were rumors that the Kachin territories would be handed over to China as the Burmese and Chinese governments were demarcating their common border in 1960 (ibid., 43-4). As a result, the Kachin Independent Army (KIA) was formed to serve local rebellion activities. On the Thai border, the rebel armies of Karen State, Kayah State, and Mon State have been active for years. Burma was in political turmoil until 1962 when Ne Win rose to power in the government and imposed a straightforward military dictatorship in the Burmese government that was intolerant towards any ethnic insurgencies, demolishing the little autonomy that Burma's states had enjoyed under the 1947 Constitution since the independence from British rule.

Conflicts and insurgencies have been going on in Myanmar for over half a century. If there was any population of our modern time that is so adapted to life in war zones, I would say it is the Myanmar people. By that, I do not mean that the Myanmar people are terrified by what they have to experience or are asking for aid and assistance; instead, they display the calmest attitude amid the ongoing conflicts as if violence has always been an integral part of their everyday life, no surprise, no terror: "Oh, airstrikes? Airstrikes are happening here everywhere. You can hear the airstrikes. You can see the airstrikes over the sky or the

²¹ The Union of Burma was Myanmar's official name between 1948 and 1962 after the British independence, run as a one-party federation preceded by the British Burma.

mountains around us, around the town.”²² The Myanmar people are so calm and well-adapted that their civil war has been taken for granted and forgotten by the international community. At present, many of the world’s leading news outlets appear to have either lost interest in covering Myanmar or decided that there is not enough audience to make Myanmar’s coverage worthwhile. Figure 4 shows the number of news articles written for the keyword “Myanmar” covered by BBC News’ English-language mainstream site [bbc.com](https://www.bbc.com) during three recent outbreaks in Myanmar (see Figure 4). The 2021 Myanmar coup was the biggest theme out of the three but at its peak in the month of February, only a total of seventy-eight news articles were published by BBC News and under the general keyword of “Myanmar.” In the meantime, in the last twenty-four hours by the time I was writing this sentence, there were at least two news articles covered by BBC News for the Ukraine-Russian War under the specific keyword “War in Ukraine” that BBC News assigned exclusively for the theme, if not using the keyword “Ukraine” alone. Although BBC News is not without editorial biases, I use BBC News as Figure 4’s data source for the study of media framing and how much attention Myanmar gets compared to other crises worldwide, rather than determining the truth of the events themselves. The latest news about Myanmar is experiencing declining coverage, particularly within the international community. Oftentimes, regular news can only be found on a few regional news websites such as Mizzima News and The Irrawaddy which were founded by Burmese exiles.

When jobs become precarious, the people are left with no choice but to turn to whatever resources they can forge from the country in exchange for subsistence (Nordstrom 2000, 36-7). In the mountainous areas of *Mianbei*, for example, opium has been a major cash crop that is grown and sold to the Chinese and other contacts far and wide in the region, sustaining the country’s drug trade (Lintner 2021, 19). In the meantime, entrepreneurial actors in the country and along the borders are taking advantage of the lawless conditions of warzone areas to grow all forms of exploitation syndicates, ranging from casino business, silver mining, drug smuggling, et cetera. Myanmar’s vicious circle has no signs of an end.

Figure 4: The number of news articles written for the keyword “Myanmar” covered by BBC News’ English-language mainstream site [bbc.com](https://www.bbc.com) during three recent outbreaks in Myanmar.

²² In October 2023, the military coalition Three Brotherhood Alliance (3BHA), consisting of the Arakan Army of Rakhine State, the Myanmar National Democratic Alliance Army of Kokang (MNDAA), and the Ta’ang National Liberation Army of Shan State (TNLA), launched an offensive in various towns across Shan State. The offensive, Operation 1027, was aimed at recapturing the territories that were under the junta’s control, and northern Shan State was the starting point. The offensive was welcomed with counterattacks by the military junta of which airstrikes proved to be most deadly against the rebel alliance. I woke up one morning to the news of the offensive and that multiple towns in North Shan, including Lashio, were under heavy airstrikes. I called Thet on the phone to ask if Lashio, where he stayed, was affected by airstrikes. As news regarding urgent evacuations and disruptions of services in North Shan was delivered, I already imagined he would say something about the evacuations and how terrible the situation was, but to my surprise, he talked about the flying airstrikes over the sky in the calmest tone I have ever heard from someone who lived in warzones.

Myanmar coup d'état (started February 2021)	
Feb	78
Mar	43
Apr	18
May	10
Jun	9
Jul	3

* For the keyword "Myanmar." Some articles may not relate to the outbreaks concerned.

Operation 1027 (started October 2023)	
Oct	1
Nov	4
Dec	2

Cyclone Mocha (started May 2023)	
May	11
Jun	5
Jul	1

2.2 The United Wa State Army (UWSA)

You may have noticed that I have been using the term “Wa Hills” to refer to Wa State’s territories. The reason for this is that before the Kuomintang arrived in Burma, Wa State had not yet been formed, but rather remained one of the many mountain ranges of the Shan Hills. We cannot talk about Myanmar’s drug economy without knowing the UWSA, a major player in the business. The UWSA is rooted in the CPB which collapsed due to an internal mutiny in 1989 (Lintner 2021, 2-3). Right now, the UWSA is the most powerful and well-equipped armed group in Myanmar with sophisticated weaponry supplied from China, its closest ally, and funded by its own revenue from the drug trade and trafficking in the Golden Triangle.

The Kuomintang presence in Burma was the main driver that pushed China to lend all-out support for the CPB in Burma (Lintner 2021, 5). The CPB was an underground party founded by Burmese communists active in Burma since 1939 whose original objectives were to fight against any colonial forces including the British and the fascist Japanese.²³ With the end of World War II and the Kuomintang's arrival in northern Burma, China quickly took notice of the CPB, later offering it full support. A closer look at the CPB’s choice of names - “the Communist Party of Burma” and its armed wing, “the People’s Liberation Army” - reveals clear inspiration from the Chinese Communist Party and its military arm, the People’s Liberation Army (China). Being built from the collapse of the CPB structure, the modern-day UWSA retained this same inspiration for China. I remember the first time I met Thet, I mistook him for a Chinese national, mainly because his accent and aura were so

²³ Wikipedia. n.d. “Communist Party of Burma.” Accessed on March 13, 2025.
https://en.wikipedia.org/wiki/Communist_Party_of_Burma

Chinese-native. Later, when I learned that he grew up in a Chinese-speaking family and “was sent to live in a town (Pangsang) where everyone speaks Chinese,” I started to get convinced:

“Wa State has China and China has Wa State [...] Let me tell you something. Wa State uses Chinese stuff so buildings and streets there are Chinese-like. They are not Burmese-like. The streets are well-maintained and well-built. The techniques they used were Chinese methods, even though it was not the Chinese who built them [...] even though they are in Burma.”²⁴

“The majority of people in Wa State are ethnic Chinese. They have their own language and the territory they live in, and if I know correctly, they use the Chinese Renminbi [...] They are an ethnic minority of Myanmar and one of Myanmar’s Special Regions (SR), which means the Burmese government will not govern them but they still belong to Myanmar, and I think they are quite close to China [...] Let’s think of it like China and Taiwan, China does not govern Taiwan. It is similar to that [that Myanmar does not govern Wa State].”²⁵

The arrival of the CPB in the 1960s served to incorporate ideological struggle against the Burmese state into the Wa (Ong 2023, 16). Under the CPB’s lead, the Wa *mountainmen* not only fought against external colonialists, the Kuomintang, but more importantly, the very Burmese government that was trying to take over the mountainous territories by force. In the Wa’s conception, Burma was not a collective whole they felt belonged to, and even less so if their territorial integrity was threatened (Lintner 2021, 13). In the early 1960s, most soldiers from the CPB were volunteers exclusively from China; since the 1970s, the CPB started recruiting Burmans (Lintner 2019, 6-7). With China’s support and supplies, the CPB quickly became the most formidable rebel army in Burma. The mutiny that ended the CPB era was, however, due to the predominant Burman leadership within the party which irritated the mostly ethnic lower-ranking people, as explained by Lintner and Kyu (ibid.; Kyu 2018, 18). According to Ong, it could also be that the people “had grown tired of the enlistment of Wa soldiers into the CPB’s revolutionary struggle against the Myanmar state, which brought thousands of battle deaths for little in return (Ong 2023, 3).” In March 1989, the CPB unit in Kokang led by the Wa tribesmen launched a revolt against the CPB’s main base in Pangsang where they had ruled for nearly two decades (Lintner 2019, 6-7). The revolt drove the CPB’s leaders into exile in China via the border river Nam Hka. Following the successful mutiny, on April 16, the Kokang ethnic Chinese led the Wa troops to enter Pangsang, declaring that they had broken away from the CPB. The mutineers also broadcast their very first denouncement of the CPB’s “narrow racist policies” and that “the CPB is no more” (ibid., 7). This 1989 Mutiny marks a pivotal moment in Wa State’s history, laying the foundation for the formation of the modern-day UWSA.

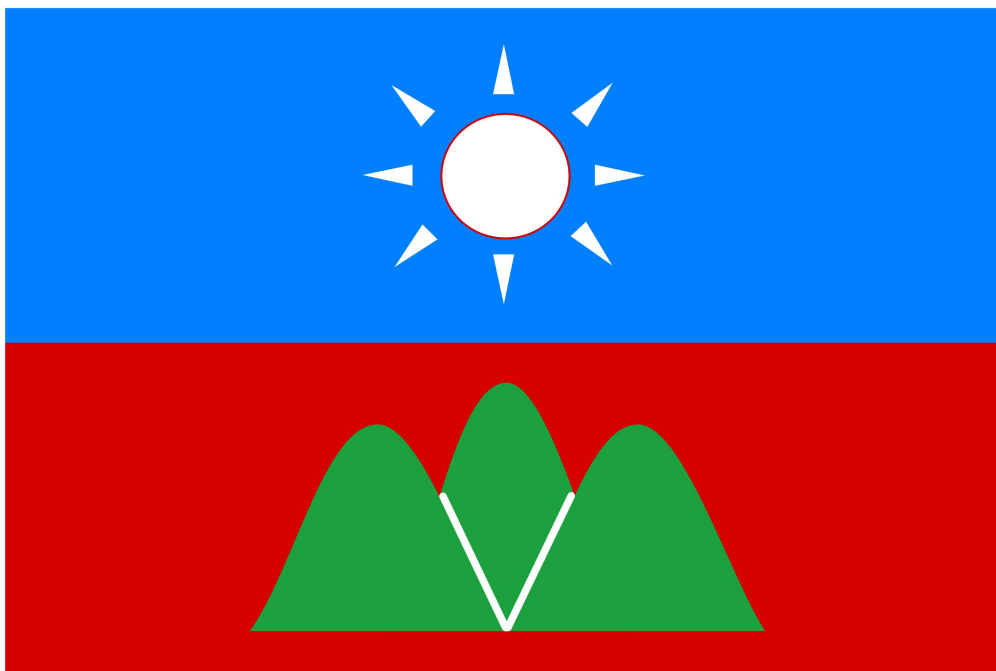
Owing to such a disturbed past of fights after fights, the Wa had proven to the whole of Burma that they deserved the mountains and that they were qualified *mountainmen*. Whether it was the Burmese Army or the CPB’s Burman leadership, the Wa hated them all (Lintner 2021, 7). When I first asked Thet why the Wa are feared, I had expected Thet to talk

²⁴ According to Thet.

²⁵ According to one ethnic-Chinese informant who lives in Mandalay but grew up in Shan State. Renminbi is the Chinese Yuan.

about the sophisticated weaponry the Wa enjoyed, its good relation with China, or the lucrative revenue from its Golden Triangle drug trade, but to my surprise, Thet did not mention any of these. Instead, he talked about the *human* nature of the Wa, “they are the *mountainmen*.” I believe he was trying to remind me not to be fooled by the superficial and forget that the Wa are just the Wa, and they do not need to be ruled by anyone else in their very own mountains. As I was talking, Thet suddenly stopped me for a moment and asked if I had ever seen Wa State’s flag. I had indeed seen Wa State’s flag before but I could not remember the details all of a sudden, so I quickly looked up the flag again and was immediately amazed (see Figure 5). The moment I looked at the flag, I suddenly understood something. Thet went ahead to explain:

Figure 5: Wa State’s flag (“Wa State” Wikipedia).



“Why do they have that flag with the mountains and the sun, right? [It is because] they had to fight for that place, through thick and thin. The [Wa] military comrades are all *xiongdī*. They have many photos in the castle,²⁶ of many people standing on the top of the mountains with the flag. All their victory photos have mountains. Because they are very good at living in the mountains, they want the Wa [territories]. When the Burmese came to take over the land, the Burmese did not know anything about the mountain areas. The Wa’s tactics were very different, so they won the place. They deserve the place. They are very proud of themselves for being

²⁶ “The castle” that Thet mentioned is an elite castle in Pangsang that the UWSA built for their leaders’ residence. That castle is so grand and magnificent that it has enough rooms for the leaders’ guests’ visits during festivities. As relatives of someone who works in the UWSA, Thet and his family always stay in the castle whenever they come to Wa State for a short stay. Unfortunately, I was not able to find the name or pinpoint the location of that castle on the internet. I assume that was due to the secretive nature of the UWSA’s activities combined with the limited coverage of satellite imagery and aerial photography services in the area. This is also the castle I believe I saw in a dream, as described in the Introduction.

the *moutainmen*. It is like hunters are good at hunting and animal traps. So are the Wa [good at defending the mountains]. [The Wa's] compassions are very dark. They have to work and understand a lot. They have a hard life, their skin is hardened, and so are their heart. They are savages."

Again, Thet talked about the *human* element of the Wa. *Xiongdi* is a Chinese word that means "brotherhood," but even biological brothers rarely use the term to refer to their relationship in normal situations. It is because *xiongdi* is more emphasized in the sense that the brotherhood is sworn rather than biologically necessary, and that the relationship has been *tested* against faithfulness through all the bad weather the brothers have gone through together, and they remained devoted partners in their common goals. *Xiongdi* is a unique word to describe the strong-headed companionship between the Wa brothers and sisters. The Wa, whether Chinese, Panthay, Lahu, or Palaung were all connected as *xiongdi* in their fights for territorial autonomy and economic and political independence. Starting from this chapter onwards, the term "the Wa" conveys a different meaning. "The Wa" from this moment on refers to a collective whole consisting of both the ethnic-Chinese Wa and the indigenous Wa, as long as they are Wa. If in the previous chapter, I tried to distinguish between the indigenous head-hunting Wa and the refuge-seeking Kuomintang, or the Wild Wa and the Tame Wa (Lintner 2021, 16), there is no need to do so anymore. The Wa's toppling of the CPB and their subsequent establishment of a new ruling party, the UWSA, represents the birth of a unified, independent Wa society for the collective Wa people free from external interference. In other words, the birth of the UWSA marks the beginning of Wa State where the Wa are the ruler of their own fate.

1989 was also a significant year for the rest of Burma as the military government changed the country's name from Burma to Myanmar. Following the mutiny, China acknowledged the Wa people's will and helped persuade the exiled CPB leaders to retire and give up the mountainous areas (Lintner 2019, 6-7). The reason why China was willing to let go of the Wa Hills was attributed to the shift in China's foreign policies in the 1980s. After China and the Burmese government signed a border-trade agreement, China became interested in trade and commerce with its regional neighbors, rather than fighting proxy wars and exporting communist revolutions. If the old CPB had not been toppled, it would have been a liability to China that hindered the normalization of relations between China and Myanmar, which did more harm than good to China's economic interests. The CPB dissolved into four armed groups scattered over *Mianbei*, and they are still active today. Specifically, first and foremost is the UWSA made up of the Wa and some former components of the old CPB,²⁷ secondly the Myanmar National Democratic Alliance Army (MNDAA) in Kokang, thirdly the National Democratic Army (NDA) in Mong La (East Shan), and lastly the New Democratic Army in eastern Kachin State along the Chinese border.

The CPB's collapse in Pangsang was an inspiring event for the rest of Myanmar (Lintner 2019, 8). Millions of Burmese in virtually every town and city took to the streets to demand an end to twenty-six years of military misrule by the government. Urban dissidents

²⁷ This faction was originally the Burma National United Army. Later, in November 1989, it merged with the non-communist Wa National Council to eventually form the UWSA.

linked up with the Karen, Mon, and other local ethnic rebel groups to oppose the government's military rule but unlike the Wa, the armed groups lacked weaponry to make their revolutions significant enough to challenge the Myanmar junta. The Wa mutineers still had vast stockpiles which they had received from China during earlier warfare, and this means that if the Wa did ally with any other insurgent group, the Burmese Army could be in trouble. Afraid that the Wa may join forces with other ethnic insurgent groups, the military government in Yangon reacted quickly by reaching out to the mutineers in Pangsang and gave them a seductive offer: they could retain control over their respective areas and engage in any kind of business they wished in exchange for not fighting the government's forces or supplying other armed groups with weapons. The Wa agreed to this offer. Thanks to this ceasefire agreement between the UWSA and the Myanmar government, the mountainous territories were secured and officially granted an autonomous status as "Shan State Special Region No. 2"²⁸ or Wa State as we know it today. While Wa State was assigned as Shan State Special Region No. 2, Kokang was assigned as Shan State Special Region No. 1 in another separate ceasefire agreement in the same year, revealing that in the Myanmar government's "point of view," Wa State's status is equal to that of Kokang, which is another autonomous district of Shan State. However, the ceasefire agreement did bring the Wa *mountainmen* years of political and economic non-interference, which was enough to enable them to build a drug empire that outmatched anything Myanmar had ever seen (Lintner 2019, 10). Indeed, the *mountainmen* of Myanmar had fought through many battles, big and small, thick and thin, to arrive at this outcome, and it has never been easy. If in the past, the Wa were feared because of their head-hunting practice (Lintner 2021, 15), now they are being looked up to with awe because of their independence and autonomy.

In February 2021, the world woke up to a coup d'état in Myanmar in which the military junta overturned the democratic leadership under Aung San Suu Kyi and restored its control of the government after ten years of dissolution since 2011. Ever since the coup, the country had been in turmoil again, except in Wa State. Even though several ethnic armed groups were fighting against the military junta, there has never been an effective blow to the regime as each armed group operated independently from each other. In October 2023, a military coalition called Three Brotherhood Alliance (3BHA) was formed between the Arakan Army of Rakhine State (AA), the Myanmar National Democratic Alliance Army of Kokang (MNDAA), and the Ta'ang National Liberation Army of Shan State (TNLA) to plan for more collaborative offensives against the regime. The 3BHA launched some of its very first offensives in North Shan which they called Operation 1027. According to the latest news from Channel News Asia (CNA), Operation 1027 in North Shan was quite successful for the coalition, except Lashio, which remained under the government's control.²⁹ As conflicts intensified in Lashio, the UWSA decided to deploy troops to Lashio to safeguard its properties and business venues in the town. This is an interesting move as the UWSA "has

²⁸ Wikipedia. n.d. "Wa State." Accessed on March 17, 2025. https://en.wikipedia.org/wiki/Wa_State

²⁹ Channel News Asia (CNA). n.d. "Myanmar's powerful Wa army enters warring town of Lashio in rare move to keep peace." Accessed on March 18, 2025. <https://www.channelnewsasia.com/watch/myanmars-powerful-wa-army-enters-warring-town-lashio-rare-move-keep-peace-4511726>

stayed clear of any conflicts since the coup in 2021.”³⁰ Indeed, the UWSA has always remained neutral and never fired a single shot into Myanmar’s current conflict despite owning the heaviest machinery of them all. Even when the UWSA troops entered Lashio, it confirmed that consent from the involved warring parties had been obtained and that its main purpose was solely for peace-keeping. This event reported by CNA demonstrates that the UWSA’s position has always been well understood as neutral, as long as its autonomy continues to be honored. The twenty-first century of the UWSA means business and uses its sophisticated weaponry as a form of deterrence.

Wa State has remained outside of the conflict in Myanmar ever since the ceasefire agreement with the military government after the 1989 Mutiny (Ong 2023, ix-x). A coalition of any insurgent group with the UWSA would significantly give a winning boost in the fight against the Myanmar military regime, but unfortunately, the UWSA remains uninterested. It is not clear which side the UWSA backs or if it does back any side at all. All post-coup calls for the UWSA to join in an anti-junta military alliance fell on deaf ears. This neutral stance of the UWSA increasingly makes it a “spoiler” in the peace process (ibid.). However, there is one thing that remains unchanged: Wa State is far closer economically and politically to China than to Myanmar. Regarding the UWSA’s neutral stance, Ong offers some explanations that are not necessarily mutually exclusive. Some explanations can be as subjective as the Wa could just be some ethnonationalists who view the coup as a *Burmese problem*, or that the UWSA may not like Aung San Suu Kyi better than Min Aung Hlaing,³¹ or that the UWSA is just some money-making mafias whose only interest is its illicit businesses on the borders. However, one plausible and relatively objective explanation is that the UWSA functions as a proxy for China and has not yet received Beijing’s approval to intervene in Myanmar’s post-coup crisis. If this is the case, China may be withholding such permission until, for example, its westward Belt and Road Initiative (BRI), particularly the New Silk Road projects, faces more resistance from the Myanmar regime. Then, the UWSA would be used as “a key piece of the puzzle,” or “an effective bargaining chip” in China’s infrastructural ambitions westwards should it feel its economic interests in Myanmar are under threat (ibid., x, 18). In that case, China would even send arms to the UWSA if the Myanmar regime irritates it.

It is impressive to think that in thirty years since the ceasefire agreement between the UWSA and the junta, there has been no outbreak of fighting in Wa State (Ong 2023, xi-xiii). Wa State is a symbol of self-reliance and autonomy. The absence of fighting is not a demonstration of a lack of peace talks nor a deadlock of incompatible political commands but rather a deliberate process of maneuvers by Wa State’s leadership. Due to the lack of formal peace, ethnic insurgent organizations like the UWSA continue to operate their illicit economies, such as drug production, trafficking, and other forms of unsustainable resource exploitation, further fueling societal conflict in Myanmar. This reflects what Ong describes as a *stalemate*, in which nothing is guaranteed so there is always room for compromise (ibid.). For example, Wa State’s current disengagement from post-coup national politics is

³⁰ ibid.

³¹ Min Aung Hlaing is the head of Myanmar's current ruling military junta.

not something the Myanmar state can take for granted, nor is Wa's apparent disinterest in becoming a "state within a state" (ibid.). For the Wa leadership, no formal peace means stability, allowing room for political maneuvering and negotiated compromise with the formal state. Rather than being seen as unresolved conflicts, ceasefire autonomy makes us rethink the necessity of internationally recognized statehood and state-like governance. We are used to thinking that insurgencies are pathological to statehood but in the case of Myanmar, insurgencies share state-like attributes despite being marked as non-state, while the formal state itself displays weak state capacity and has to rely on political compromise, such as ceasefire agreements, to keep insurgencies at bay (ibid.; Meehan 2011). However, this is of no surprise as Meehan also reckons that Myanmar does not fit into any Western model of statehood in which the state is a single actor with clearly defined territories and wielding a monopoly of power and legitimacy (Meehan 2011, 384). Since pre-colonial times, traditional leaders in Burma had got used to a system of paying tributes through feudatory relations in exchange for autonomy. Even after Burma was claimed by the British, ethnic groups were still given the right to voice their political desires. It was only after Ne Win's military coup in 1962, aimed at forcibly unifying Burma, that many ethnic groups began to feel the denial of their political rights. Brutal counter-insurgencies and policies of self-isolation by Ne Win's administration served only to further incite rebellion. This coupled with the subsequent mismanagement of Ne Win's economic policy and the extreme inefficiency of the Burmese Way to Socialism, a series of thriving cross-border black markets started to become the financial backbone of many anti-state groups.

While Wa State's autonomy is an assertion of dignity and self-reliance on the surface, if we have a closer look at its essence, this autonomy is also an extreme reliance on the State's relations and connections to the wider political and economic flows of the region, which Ong defines as *relational autonomy* (Ong 2023, 9-12). Autonomy to the Wa has never been about freedom, noninterference, or keeping outsiders out but seeking relations with its neighbors with respect and dignity. So the Wa carefully maneuvers to avoid being dominated or itself dominating while still managing the political and economic flows around it:

"Any armed conflicts with the Burmese Army would put the UWSA's [investments elsewhere in Burma] in jeopardy [...] therefore, the UWSA is more interested in maintaining the status quo than joining forces with [other ethnic armed groups] and their allies in their fight against the Burmese Army (Lintner 2021, 205-206)."

The Wa abandoned the ideological struggle against the Burmese state and in 1989 rejected the CPB's leadership to establish a more harmonious Wa authority, the UWSA, which immediately brought a ceasefire between the Wa *mountainmen* and the government (Ong 2023, 13). Hence, the mutiny's date marks the emergence of Wa State's de facto statehood. According to Ong's account of the Thirtieth Anniversary Celebration in April 2019 in Pangsang, Chairman Bao Youxiang of the UWSA reaffirmed during the ceremony Wa State's stance of non-secession and commitment to the Union of Myanmar (ibid., 16-17). However, despite in the speech, the Chairman mentioned that the UWSA had in the past defended the sovereignty of the nation by coming to the aid of the Myanmar government

against other armed militias, the speech was laced with a sense of polished threat: “[...] with one hand we raise high the banner of peace and democracy, with the other, the banner of armed self-defense [...] (ibid.).” Aung San Suu Kyi and Min Aung Hlaing had both been invited to the Celebration but neither accepted, as accepting an invitation from “Wa State People’s Government” meant acknowledging its status (ibid., 18). However, as a gesture of cordial acknowledgment, the regime sent a minister and a vice-chair of the Government’s Peace Commission. This event was later sensationalized by the media as Wa State’s “show of force” or “flexing its muscles” (ibid., 19).

Aside from relational autonomy, Ong wants us to think of the insurgents’ *premiums*. Insurgent organizations have become valuable political allies for the government but also “strategic bargaining chips” in Myanmar’s geopolitics, used by its far and wide neighbors, notably China (Ong 2023, 20). The role insurgents play is important because they create stability but also threaten agendas. For a country that suffers from a severe economic collapse like Myanmar, the government can make use of insurgents as “conduits” or “breadwinners” in the billion-dollar jade trade, narcotics, and other extractive sectors which are superficially illegal but privately backed by the government as its underground money-generating mechanism (ibid., Nordstrom 2000, 42). On the other hand, the government can also use the very existence of insurgents to justify its continued militarization in the country (Ong 2023, 20-21). *Ceasefire capitalism* is defined as ceasefires in exchange for economic concessions (ibid.). Countless mining enclaves and casino towns in *Mianbei* are the result of what a thirty-year ceasefire has sustained. Thinking that way, insurgents are like tenants whose prospect of survival is tied to a *rent-seeking system* offered by the Myanmar state. Through the ceasefire, illicit economies on the unruly borderlands supply the Wa apparatus. Many Wa businessmen and politicians are allegedly key mafia-like players in the billion-dollar trade industry in Kachin State, using Chinese networks to monopolize cross-border flows.

2.3 Drugs

On January 24, 2005, the New York Division of the United States Drug Enforcement Administration (DEA) issued a news release under the title “Eight High-Ranking Leaders Of Southeast Asia’s Largest Narcotics Trafficking Organization Indicted By A Federal Grand Jury In Brooklyn, New York.”³² The indictment was against eight individuals: four Wa brothers Bao Youxiang, Bao Youyi, Bao Youliang, Bao Youhua; three Wa brothers Wei Xuegang, Wei Xuelong, Wei Xueying; and an unrelated Wa officer Bao Huachiang. As the names suggest, they are all ethnic-Chinese Wa, and the so-called “Southeast Asia’s Largest Narcotics Trafficking Organization” refers to the UWSA. According to the DEA, the UWSA was one of the world’s largest heroin-producing and trafficking organizations and a powerful criminal syndicate. The alleged were warlords active in eastern Myanmar in the infamous Golden Triangle. For example Wei Xuelong, was the UWSA’s Minister of Trade and Finance and a member of the UWSA’s Central Committee. The U.S. State Department

³² DEA. 2005. “News Release: Eight High-Ranking Leaders Of Southeast Asia’s Largest Narcotics Trafficking Organization Indicted By A Federal Grand Jury In Brooklyn, New York.” Accessed on March 19, 2025. <https://www.dea.gov/sites/default/files/pubs/states/newsrel/nyc012405.html>

offered US\$2 million for information leading to Wei Xuegang's arrest. If convicted, the defendants could face between ten years and life imprisonment. Their traceable assets in holding and affiliated companies in various industries such as jewelry, communications, agriculture, construction business, et cetera could also be confiscated, together with proceeds of narcotics trafficking.

The drug lords in UWSA-controlled territories are mostly ethnic-Chinese or Sino-Thai Burmese militias (Lintner 2021, 144-5). Wa State is filled with ethnic-Chinese syndicates operating heroin and methamphetamine (meth) labs. They are taxed by the UWSA for protection, enabling the drugs to be smuggled out across the borders. Other services include the cultivation of poppy, collection, and transportation. The receiving borders can be Thailand, Laos, Cambodia, China, India, Bangladesh, or as far as Sydney, Amsterdam, Hong Kong, and New York, depending on the brokers. Revenue from the drug economy has helped turn Pangsang into a modern city and enabled the provision of basic services for the villagers in the city. Remote villages now have electricity, piped water, iron roofs instead of thatch, et cetera. Moreover, there are around 409 schools in Wa State compared to only 20 in 1989 (ibid.). The number of hospitals has also quadrupled since the Mutiny, from 26 to around 100 (ibid.). Even paved roads in Wa State are better maintained than those of government-controlled territories such as Shan State: "The roads are better compared to those in Shan State. In Shan State, there are a lot of potholes. I even got my tyre busted out because the road was not even."³³ These new facilities were all unknown during the CPB-controlled era.

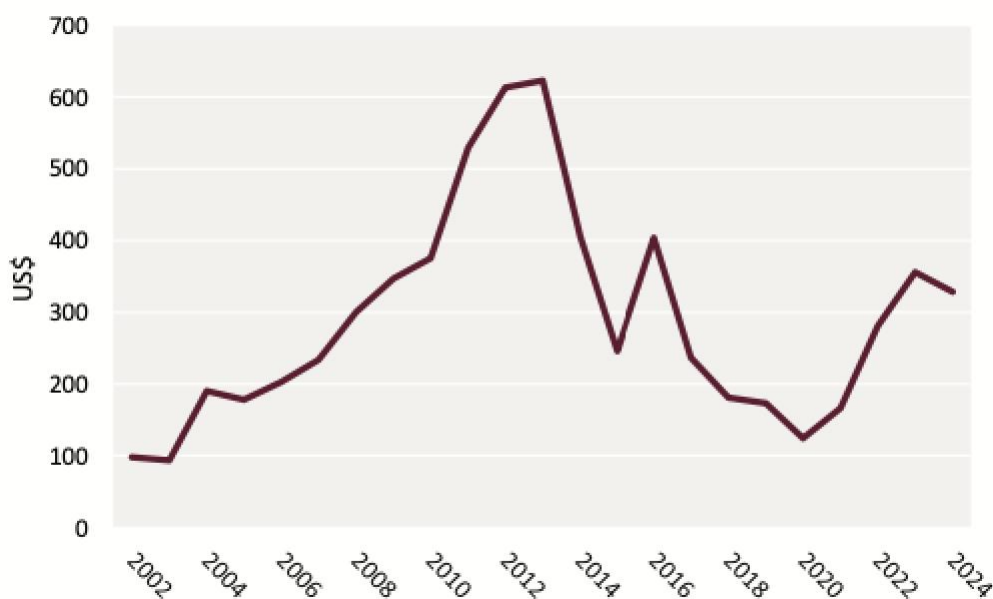
A one-dose pack of around twenty-five grams of heroin can cost approximately ten dollars in the United States or ten euros in Europe. However, out of that twenty-five grams he gets, only around twenty-five milligrams are of pure heroin while the rest is lactose (Lintner 2021, 147). In many cases, the purity of the drug determines the quality and the consumer price. For example, celebrities and upper-class users tend to prefer higher-quality or purer drugs, in contrast to the lower-grade, ten-dollar doses typically consumed by regular addicts. Higher purity means sellers are less likely to dilute the product or increase quantity at a lower price. It also suggests that a greater proportion of the dose consists of actual opium, with fewer adulterants or toxic additives and delivers a greater *high*. Heroin can be in the form of tablets or powder and is white.

In Myanmar, heroin is produced from raw opium, which is originally sold by farmers in the form of a seven-hundred-gram brick for around US\$330.00 (Lintner 2021, 146). The price of raw opium is even cheaper under the statistics released by the United Nations Office on Drugs and Crime (UNODC): in 2024, dried opium in Myanmar was traded at only US\$330.00 per kilo which was an 8% decrease from the previous year at US\$355.00 per kilo (UNODC 2024, vi; see Figure 6). In 2024, there was an estimated 5.9 tons of heroin consumed nationally in Myanmar valued between US\$63 and US\$256 million while between 52 and 140 tons of heroin potentially exported, valued between US\$468 million and US\$1.26 billion (ibid., vii). The gross value of the entire opiate economy in 2024 (national

³³ Said Thet.

consumption plus export) was valued between US\$589 million and US\$1.57 billion and accounted for about 0.9 to 2.4% of the national Gross Domestic Product (GDP) (ibid.). However, since the drug trade in Myanmar is an illicit economy controlled mainly by ethnic armed groups, the revenue is often private. The trade is neither recognized as part of the formal economy nor publicly supported by the government, unlike other formal industries such as the energy sector, garment, et cetera whose revenues are legalized and accounted for in the country's GDP. Hence, it is difficult to produce a reliable estimate. In fact, Myanmar is ranked fourth globally in terms of informal economy size, just after Afghanistan, Zimbabwe, and Nigeria. The size of the country's informal economy is estimated at fifty-three percent which means more than half of the country's economic activities occur outside the formal sectors.³⁴ In the last few years, the world's supply of opium has been dominated by Afghanistan and Myanmar with Afghanistan surpassing Myanmar in 2022 when supplying over eighty percent of the global production. However, since the poppy cultivation ban in Afghanistan after 2022, "Myanmar's opium production totals are now more than twice that of Afghanistan, making it the world's leading producer (UNODC 2024, vi)." Myanmar's Golden Triangle drug trade thrives in the shadow networks of cross-border trade, making it difficult to estimate the exact magnitude of the trade. However, the trade is thought to be a highly lucrative business as it has been one of the primary revenue sources through which several armed groups were established and financed.

Figure 6: Farmgate prices of dried opium per kilo in poppy-cultivating villages in Myanmar, in U.S. Dollar (UNODC 2024, vi).



³⁴ World Economics. n.d. "Economies by Informal Economy Size." Accessed on April 1, 2025. <https://www.worldeconomics.com/Rankings/Economies-By-Informal-Economy-Size.aspx>
World Economics. n.d. "Myanmar GDP: \$491 billion." Accessed on April 1, 2025. <https://www.worldeconomics.com/GDP/Myanmar.aspx>

When the brick of 700 grams of raw opium reached Thailand's border, it no longer cost US\$330.00 as originally sourced from Myanmar farmers but the mark-up price could vary from US\$4,750.00 to US\$5,000.00 (Lintner 2021, 146-7). When the brick moved further into Bangkok, it could cost between US\$6,250.00 and US\$7,500.00 (ibid.). If it were transported further to Taiwan and New York, the price could go up to US\$37,500.00 and US\$80,000.00 respectively (ibid.). The opium will then go through the refinery process to turn into adulterated heroin. As mentioned earlier, if a pack of heroin sold to an ordinary addict contained around twenty-five milligrams of pure heroin, then a brick of 700 grams of opium could produce around 28,000 packs, as the rest of the content was non-heroin-simulated substances.³⁵ However, if the refinery process were done in Myanmar instead, the whole process would cost only around US\$3,750.00 to US\$4,250.00. Heroin is being produced and sold so cheaply in Myanmar but once crosses the border, the price is exponentially marked up. I asked Thet if heroin was expensive in Myanmar and he said: "If it is expensive, how can the poor people use it, you know? It is basically the poor people who use it. I think drug use is more common among the poor." Thet's sentence sums up the situation in Myanmar in the simplest terms, and for a moment, it moved me emotionally. This suggests that, rather than using drugs for recreation, working-class people in Myanmar often turn to them out of necessity, driven by difficult circumstances and the widespread availability and low cost of drugs, making their use an almost inevitable choice. I also recalled another informant from Yangon said: "There are also a lot of harder drugs such as methamphetamine and so on, and for that one, a lot of people that I know from the much lower income group, have very much knowledge about how to obtain such drugs very easily at a very cheap price, and that is quite unfortunate." It is hard to know the percentage of drug use among the country's population though the number may be high and vary widely across states. For example, according to DW News, one in two adults in Taunggyi, Shan State is a drug user.³⁶ However, according to Thet, he could not tell for sure, but as a Shan, if he was asked to say a number, he reckoned the number would be one in every ten people he knew, also "in Lashio, you see [the syringes] everywhere in the bushes, not in vibrant areas but remote places where people rarely go. We have temples or ponds and those places have many bushes, they get *high* there, throw the syringes there, and go. I have seen the syringes."

The town of Hpakant in Kachin State is home to the world's finest jade. However, little is known that the jade mining industry in Myanmar is "stained, most of the time, by blood (Beech 2017, 3)." The media reporting about the mining industry there did not view Myanmar's jade as "came in with many hues like melting snow" as its customer countries would view it, instead, they talked about Myanmar's jade as "blood jade," or "the world's most dangerous industry," or "the biggest natural-resource heist in modern history" (ibid., 1, 3). The reason for that is that the jade miners needed to work under the sun and posed themselves on a steep slope of rubble to search for jade, bare-handedly or with some simple hand tools (ibid., 1-3). Mountains were reduced to rubble, posing a highly dangerous

³⁵ See p.31.

³⁶ DW News. 2015. "Opium Farmers in Myanmar | Journal Reporters." Accessed April 28, 2025. <https://youtu.be/QT1V6JVIMmA?si=M7IoP8ni7YmvJRI1>

working location and condition for the miners. More importantly, most of the miners were not professional miners but freelancers who just came in for a wage job and were often poorly equipped for the working environment. Sometimes, a miner was paralyzed by an accident. Sometimes, someone lost their life and the body was suddenly found days later as no one would know. If these freelance miners were ever well-equipped with anything, it was drugs. Drug addiction was common among the jade miners as if it were the only magic that could keep them feeling invincible on the threatening landslides, like soldiers about going to their battlefields. It is estimated that between seventy-five and ninety percent of jade miners were drug users (ibid., 11). The miners used shared syringes and when someone was diagnosed with HIV, he would keep on working at the mines. For someone who did not use drugs when he first started mining, he would eventually find himself needing to take drugs or getting transmitted with diseases. These mining operations were under the protection of the Kachin Independent Army (KIA), a local rebel armed group, and were said to have connections with ethnic Chinese and Chinese proxies, including Wei Xuegang who was a commander of the UWSA and wanted by the U.S. government, as mentioned earlier, for his narcotics trafficking indictment (ibid., 3).³⁷

Figure 7: *Ya ba* (Central Narcotics Bureau 2013).



Today, heroin is sometimes regarded as a thing of the past. According to Cachia and Lwin, heroin is considered the cheapest drug in the standard and only poorer users who are no longer able to afford meth or *ya ba* tablets would switch to using heroin. There is another new type of drug called *ya ba*, or “crazy medicine” in Thai language, which has become more popular than heroin because of its cheap price and convenience (Lintner 2021, 154-7).

³⁷ See p.30.

Ya ba is convenient because it is in the form of tablets and hence easy to conceal and does not come with a need for a syringe. In fact, in the past, especially during the World War era, the use of *ya ba* was less restrictive and one could easily obtain it over-the-counter for any pain-relief treatment. Owing to these conveniences, *ya ba* has been catering to the majority of the working-class people. When *ya ba* first made its debut as an over-the-counter pain-relief pill, the drug was favored by non-traditional users such as school students, construction site workers, long-distance bus drivers, et cetera, not party-goer drug users alone, transforming socioeconomic barriers and creating a new wave of drug addiction. Right now, the use of *ya ba* is considered illegal in most countries as it contains meth and can lead to severe physical and psychological dependence. *Ya ba* is made out of a combination of caffeine and meth in which meth is a highly addictive stimulant.³⁸ The tablets are often engraved with the letters WY and are in hot-pink color, making them very distinct in appearance (see Figure 7). Though *ya ba* can also be brightly colored in reddish, orange, or green and are flavored like grape, orange, or vanilla. In Myanmar, *ya ba* is usually referred to as “the pink,” or “WY pills:”

“What color is meth? You know the color?”

“I have not seen it in person but I know a lot of people call it *ice*.”

“*Ice*?”

“I believe they were referring to methamphetamine. Unlike in the TV show where it is blue, I think that it is mostly a cloudy white color. And then there are also WY pills and so on. It is like pills which you take and maybe hallucinate or so. I am not sure but there are many terms. I would say at least one is white. Maybe some are blue.”

“From what I know, the meth they sell in pills is usually in pink color.”

“Oh!!! I think you just jumped my memory as well because I may have remembered something like this, something being pink as well, being called pink. I have not seen it in person but I have heard mention of it.”

The most common way *ya ba* tablets are consumed is through inhalation (Cachia and Lwin 2019, 9). For example, the user would insert a straw into a plastic bottle that has been half-filled with water, soft drink, or milk, depending on the user’s preference. An end of the straw is geared towards the tablet that is placed on a small piece of aluminum foil and heated with a lighter from underneath the foil. The fumes are then inhaled via the bottle pipe. When the fumes are inhaled directly through the straw without using the bottle, the technique is called “chasing the dragon.” The UWSA is the world’s largest producer of meth which is the main component to make *ya ba*. In fact, the production of meth is thought to have been initiated by the Wei brothers³⁹ in the 1990s in UWSA-controlled areas, and has

³⁸ National Drug Intelligence Center, the U.S. Department of Justice. 2003. “Yaba Fast Facts.” Accessed on April 2, 2025. <https://www.justice.gov/archive/ndic/pubs5/5048/5048p.pdf>

³⁹ The three Wa brothers Xuegang, Wei Xuelong, and Wei Xueying who were indicted by the U.S. State Department for their involvement in heroin-producing and trafficking operations in the Golden Triangle. See p.30.

ever since been a more lucrative business than heroin and opium (Lintner 2021, 154). Meth used in *ya ba* production is smuggled across the borders to nearby countries such as Thailand, Laos, northern India, Bangladesh, et cetera. According to a report by TNI, since the advent of meth in Myanmar, heroin is considered the cheapest drug in the standard and only poorer families who are no longer able to afford meth or *ya ba* tablets would switch to use heroin (Cachia and Lwin 2019, 10). One tablet of *ya ba* contains around ten to twenty percent of meth while the rest of the content is made of harmful components such as caffeine and other adulterants (ibid., 3). Aside from *ya ba*, Myanmar is also well known for crystal meth, or *ice*. Unlike *ya ba*, *ice* is white or translucent in color and usually in a shiny, glass-like form like crystal. Since drug consumption is a social practice, it also inherently involves hierarchy. *Ice* is composed of as much as eighty percent of meth compared to *ya ba* so it delivers a more intense and energetic *high* and therefore, is favored by celebrities and other upper-class drug users (ibid.).

One may wonder why such a detrimental substance like *ya ba* or meth was unrestrictive in the first place or why it had to be the World War era. As we have discussed in the previous sections, Asia was caught in two big World Wars between the Fascist Japanese/Germans and the Allies, followed by a series of independence, proxy wars between the Communists/China/Soviet Union and the United States, meth was used by the United States and the Japanese on their soldiers to keep them up for longer and harder hours on the battlegrounds (Lintner 2021, 155-6). Moreover, during war times, as streets and tunnels needed to be rebuilt faster to serve troops' advancements, construction workers also needed to take drugs to keep themselves up for the hazardous task. As a result, meth became an over-the-counter treatment in countries such as Thailand which first welcomed the drug over from the border. Later after the wars, in the state-building phase of many countries that underwent economic developments such as Japan, Thailand, the United States, or even the Soviet Union, meth became a central part of human society that kept the social mechanisms moving forward. When it comes to meth, it was indeed the European imperialism in Asia that had kick-started the demand for a magical drug that could boost manpower's morale like a miracle. This is why we have existing terms like "Indochina," "Malaya," and "the Vietnam War" used to refer to specific geographical regions in a historical context, each tied to distinct colonial and military histories under the influence of powers such as the French, British, and Americans in the twentieth century. When humans went to war zones, they sought drugs, or when they needed to build societies faster, they developed new drugs that promised more efficiency than the previous type. Drugs helped humans materialize their dreams while we, humans, integrated drugs into our society. However, the connection between drugs and human society can be traced back as early as the nineteenth century (Lintner 2021, 160). We shall discuss the role of European colonialism in the development of the meth Golden Triangle in the later sections.

When the wars were over, a stockpile of meth, originally intended to content the Japanese troops, became available in large bulk in Tokyo and other cities (Lintner 2021, 156-7). In Thailand, *ya ba* was floating on the market like an infectious disease. In 1998, Wei Xuegang, together with other Thai drug lords had successfully established their largest *ya ba* dealing network with the UWSA's southern bases around Mong Yawn along the Thai

border as the headquarters. The drug trade's revenue was simply too lucrative for global capitalist actors to overlook. Even right now, global capitalist networks still do not want to give up the drug production and smuggling business. Instead, they adapted and built an infrastructure of humans and networks that has never been that sophisticated before, from sourcing, production, to transportation, despite governmental warrants.

It is clear that the warfare in Indochina had fueled drug use in societies as well as the development of Myanmar's opium production. This also leads me to wonder how much the current warfare in Myanmar is impacting or facilitating drug use in the country. For example, there have been reports reviewing drug use among workers in heavy industries in Myanmar such as mining and construction; however, there is hardly any research working on drug use among rebel soldiers as well as soldiers on the Myanmar junta's side. If warfare is among some of the most popular conditions that fuel increased demand for drugs in contenting enduring fighters, I believe both the rebels and the government would have an interest in feeding their soldiers with drugs, especially in the context that the civil war in Myanmar has been so long-lasting and enduring like an integral part of daily life. Whether the civil war proliferated drug use among the non-civilian population or drugs found their way into the front line, or both go hand-in-hand with one another, as long as Myanmar's civil war remains unresolved, the country will remain trapped in a vicious cycle, just as it has for much of the past half-century. Despite saying this, I am not implying that the Myanmar civil war is going to be an easily settled one. This is not a war between just two well-defined opposing sides, but a complex conflict involving multiple parties, each with its own distinct political and economic interests, and at times, even the warring parties themselves are uncertain whether they are allies or adversaries. Nevertheless, drugs are no enemies to any warring armies.

In February 2022, the world woke up to the news of the Russian invasion of Ukraine and the fighting has been at the center of global coverage ever since. In the Ukraine-Russia War, for example, drug use on the front line is widespread, and former drug users are being drafted into the army, according to a report by the Global Initiative against Transnational Organized Crime.⁴⁰ Drugs are useful for battleground soldiers as they usually find it difficult to take some rest after several sleepless nights. Others take drugs to stay alert as they cannot close their eyes knowing that the enemy is just a few meters away. Anyway, the Ukrainian front line is a profitable market for those involved in the drug trade, as troops are always willing to spend extra money to obtain the much-needed drugs to continue their battles. The locals who live close to warzone areas also seize the opportunity to grow marijuana, for example, to exploit the *wealthy* fighters. Criminal networks involved in the drug trade also find themselves moving their refinery labs closer to the front line for more business opportunities. Even high-ranking military officers are most likely to ignore any incident of drugs being smuggled into the front line, either because of bribes or because they think it is a taboo subject. Whenever there is demand, there will be supply.

⁴⁰ Global Initiative against Transnational Organized Crime. 2024. "Drugs on the front line: The war in Ukraine is fuelling drug use among soldiers, particularly of synthetic substances." Accessed on April 7, 2025. <https://globalinitiative.net/analysis/ukraine-synthetic-drugs-ocindex/>

For front-line hospitals in Ukraine that treat exclusively soldiers, drug use is understandable and a no-brainer.⁴¹ Soldiers in the hospital are prescribed drugs to forget the horror from the battlefields or sometimes, just to keep them alive after a limb of theirs has been ripped off by an enemy. Even the hospitals themselves are unwilling to reveal how they have obtained drugs for soldiers' prescriptions. There are many reports of wounded and disabled soldiers leaving the hospital but continuing to be burdened by drug addictions in their post-war lives. Also, the drugs on the Ukrainian front line are the cheapest and creatively tailor-made for Ukrainian needs. For example, there is a new drug floating on the Ukrainian front line called *bath salts*, or *salts*. The drug is mixed with other substances that intend to make users addicted more quickly. *Salts* can be smoked or injected and comes with severe physical and psychological damage for users. For instance, there have been reports of suicide or *salts* users jumping off buildings. Despite these concerns, the Ukrainian government is not willing to fully address drug use issues among its soldiers. As a result, drug cartels become richer and more powerful with each successive battle. Drug cartels not only move their labs closer to warzone areas but also to the western border of the country, planning for a more ambitious dream of making their way into the European Union territories. *Salts* is floating on the Ukrainian battlefields,⁴² like meth floating on Indochinese imperialist wars, or like *ya ba* floating on post-imperialist societies in Asia (Lintner 2021, 155-6). New drugs are being invented for new societal needs. Drugs and human societies have grown together like human and non-human interaction while shaping a wide range of relationships among the actors involved, such as the state, the capitalist drug cartels, the local communities, as well as the drug takers. I hope a part of this thesis may help inspire future research on drug use among soldiers in Myanmar conflict zones and how drugs have been integrated into Myanmar societies.

I asked Thet how easily one could obtain drugs in Myanmar and according to him, the drug dealers do not operate under a formal system but through informal acquaintances. For example, if one needs to buy drugs, he shall look among his network as someone he knows may have a contact or be a dealer. The simplest way is usually through a phone call and then both parties arrange a meet-up at a particular location to pick up the substance. While drugs are nothing secretive in Myanmar societies, the dealers still prefer staying low-key. Their locations are based on the outskirts of towns, usually in the mountainous areas, which makes it very difficult to track. Even when a customer is given instructions to get to the dealer's location, the route will prove to be very complicated. For that reason, people usually arrange it through a phone call:

"You just have to ask a friend. It is like one out of ten people are drug users so just look among the friends. For example, I used to use *dama*⁴³ before. It is not a drug and it was basically legal in Thailand before. I wanted to use that so I told one of my friends that I wanted to buy *dama* to smoke and he immediately knew where to buy it. It means if you want heroin or something like that, there are many dealers. They live not in the town but near the mountain areas of the town, places not easily spotted. Even as customers, if we need to buy some, they would tell us

⁴¹ *ibid.*

⁴² *ibid.*

⁴³ Chn: marijuana.

where, where, where, and where to get there, but the routes are complicated. So basically, their method of selling is very safe, we can get the stuff easier with just a phone call. Yes, it is very easy [to buy drugs] [...] Should I tell you how they use it? Because I went with a friend to buy it from one of the dealers and they were just smoking in a remote place. My friend owned a house. In the house, we closed all the windows and the other four guys were smoking. I did not smoke. I did not touch it, you know, because it was *yapian*,⁴⁴ it was not weed. It was the pink. The pink ones are the pure ones. [...] Or you meant heroin? Because heroin is the white one and they do it here at the arm. We have many syringes and we see them everywhere. So basically, if you want to buy, we can buy. There are a lot of drugs, and the price is not very high. As I told you, it is only a couple of dollars and it should be good for two to three days.”

I believe Thet was not referring to the chemical purity of the drug when he described *ya ba* as “pure”. “Pure” in his answer would rather refer to the fact that *ya ba* is a highly addictive substance upon the first try and that could explain why Thet was sensible enough to not try it out with his friends. Similar to Thet’s experience, another informant shared that although he has not purchased hard drugs before, he could assume that the way people obtain drugs would be similar to the way he previously obtained marijuana, which is via informal acquaintances, and “usually a friend brings it.” For example, “You go to a friend’s house, and then the friend has some weed⁴⁵ stashed in his draw, but I think weed is very common worldwide [...] in Myanmar usually a friend brings it, and when we ask him where he got it from [he would say] he knows someone who knows someone, so yeah that is how it is usually sourced [...] Marijuana and so on, I would say, are widespread [...] Harder drugs are much less common. And certain drugs like methamphetamine are locally produced within remote regions in Myanmar, they are much cheaper than they would be outside of the environment.”

Through exchanges with informants, I also learned that marijuana is the most common type of psychoactive drug in Myanmar, as most informants could recall at least one account with marijuana or knew someone who used marijuana, even among non-smokers, while harder drugs are less known. For example, while Thet referred to marijuana as *dama*, another ethnic Chinese also used the same term to describe marijuana from his experience: “I personally do not know much about drugs, but when I was young, I saw *dama*. In Shan State, people prefer to use that [...] I think it is a kind of weed-based drug [...] They use a traditional bamboo bong and inside the bong is water, and then they will put the weed into the hole and start smoking. While smoking, the smoke is coming out.” The reason I retain the term *dama* instead of “marijuana” is to highlight the persistence and distinctiveness of *dama* use in Shan State. Thet recalls how he has witnessed his dad prepare *dama* for use like a part of his childhood memories:

“They use it a lot. It is a drug. It is not cigarettes. I will tell you the process. My dad and his friends used to use it a lot. Basically, they took the *dama*, not the seed but the plant. They would make it into very small little strings, then they dried them under the sun. After having them dried for around two days, they became yellow. After that, they would cook them in a pot. The fire should not be too strong. When cooked, the plant would become yellow and crunchy.

⁴⁴ Chn: a term that refers to hard drugs in general.

⁴⁵ Marijuana.

Then they would make them very small, like little balls. Wait, wait! Before making them into the little balls, they would dye the thing with opium, like when one paints. They placed the plants there and dyed them with the opium using a brush. Not too much of opium because it was expensive. Then they would dry the plants again under the sun. After that, they made them into small balls and put them into a traditional smoking tool. Anyway, to make it easy, I will call it a pipe [bong]. They put it in the pipe [bong]. There, there is a top and they put it there. Then you light it up and inhale. And after six or seven rounds, everyone was sleeping [...] That was why I did not want to follow their footsteps, you know? They are drug users [...] They are narrow-minded and have never been out of the country.”

Staying low-key is a general preference for those involved in this business. Even the poppy cultivation is arranged in a low-key manner. In Shan State, for example, poppy fields are well-hidden among other normative crops so that the poppy is not easily spotted. The shared with me an occasion when he, by accident, spotted a poppy field on his own and it was the first time he had ever seen a poppy field. His impression was that “the poppy was very beautiful.” The next time he saw the poppy again, it was not a field but a few plants grown mainly for home consumption in his friend’s yard:

“Do you know what they [the authority] are doing that makes them so rich?”

“Did you just ask what they are doing? Basically drug smuggling! Let me tell you one thing that I saw. When I was, not very young, in Wa State, like three or four years ago, because there had been a long time that I was not there [in Wa State] so I went back with my grandma to the castle.⁴⁶ When I was young I was not allowed to go there alone. Now I gained some ages, I went over the mountain behind the castle. The castle was on the slope of the mountain and there was a big mountain behind them. I took some stops at the mountain’s rear and I went there alone for the whole day. It was like an expedition. Anyway, that was how I found the poppy field. I went deep inside the mountain. It is not showed on the map. There are no roads. I just climbed into the mountains and I found the field. It was very beautiful.”

“Why were you so surprised? Poppy fields should be everywhere, right?”

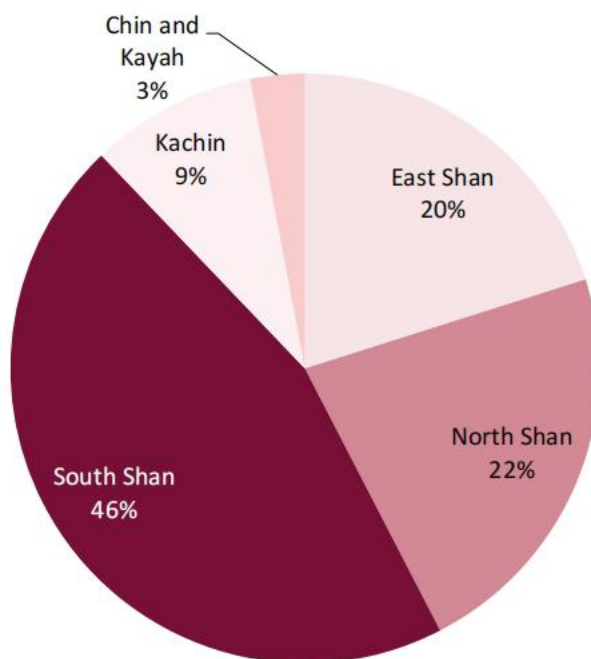
“No. They are not everywhere! For example, some houses, like one of my friends, had a couple of poppy plants, but they hid the plants among other plants. The poppy was hidden inside other plants so it was invisible. The poppy fields are like that too. They looked like a field of plants, but only when I went inside, was there a poppy field. I think [the poppy] needs direct sunlight. Surrounding it were thick trees, roots, and bushes. Only when you go inside then you can spot it.”

Right now, poppy cultivation is centralized in the remote, elevated, mountainous areas of northeastern Myanmar, notably in Shan State and Kachin State. South Shan takes the lion’s share of the country’s total poppy cultivation at 46%, followed by North Shan, East Shan, and Kachin State at 22%, 20%, and 9% respectively, according to the UNODC’s statistics in 2024 (UNODC 2024, 4; see Figure 8). The context of “Shan State” in the UNODC’s periodic report *Myanmar Opium Survey 2024: Cultivation, Production, and Implications* published in 2024 may imply as well the poppy cultivation in Wa State, given

⁴⁶ See note 26 for “the castle.”

the fact that Wa State is legally recognized as a Special Region (SR) of Shan State and that the State's geography is highly suitable for growing poppy and there is no separate mention of Wa State in the report. If we take a closer look at these poppy-cultivating states, Shan State, Kachin State, and Kayah State, these are the east- and northeastern-most mountainous states of the country. These regions are either adjacent to or near Wa State and lie within a dense network of borderland trade and trafficking routes connecting Myanmar to China, Laos, and Thailand. Collectively, they form the core of Myanmar's territory within the Golden Triangle, one of the world's most infamous drug-producing zones. Moreover, these states also encompass several towns that are largely dominated by the Chinese-speaking population. However, I do not imply that the poppy cultivation is operated by the UWSA or other active armed groups in the concerned regions. Instead, poppy-cultivating households are often indigenous, non-hostile villagers self-employed in farming, and when there is a need for raw opium, independent merchants or agents of armed groups will come to these farmers for sourcing (TNI 2021; UNODC 2024). What the UWSA and other armed groups are rather specialized in is providing security to the superlabs along the borders and their subsequent stages of distribution and trafficking, as well as collecting "tax" from innocent farmers who grow poppy on their controlled territories (Lintner 2021, 142, 154; TNI 2021; Buchanan 2024; Chouvy and Meisssonier 2024). Nevertheless, I believe that the UWSA and other drug trafficking organizations also have their own *farms* somewhere around these mountainous areas.

Figure 8: Regional share of opium poppy cultivation areas in Myanmar in 2024 (UNODC 2024, 4).



2.4 Drug lords and political opportunism

“But do you know that people grow poppy a lot there [Shan State]?”⁴⁷

“Yes, I know.”

The people of Myanmar are aware that poppy is being grown extensively in some parts of the country, but it is not as if one can simply go to the open air and easily find a poppy field. The drug business in Myanmar is not centralized to one single boss as we understand as the UWSA. Instead, the UWSA is just one among many other players in the business, though right now, the scale of the UWSA’s operations may be considered among the most powerful and well-established in the Golden Triangle.⁴⁸ When one drug lord fell, other lords remained standing, unaffected, and continuing *business as usual* (Lintner 2021, 148). The actors are thought to be legitimate businessmen in other formal sectors such as construction, precious stones, et cetera. Others also include state officials. Naming or shaming people could result in legal and diplomatic consequences.

“Basically, [the authority]⁴⁹ makes its own distribution. They have their secret agents and groups. Even though everyone knows it, [the authority] will not do it under the sunlight but in the shadow. They will not let people know but the people do know it. They will not let the people see what they are doing. Basically, I do not think weapons [smuggling] is popular, I think the biggest thing is drug smuggling.”⁵⁰

Khun Sa, for example, was one of the most influential drug lords from Myanmar. He was an ethnic Chinese from North Shan and his business was thought to have significantly transformed the Golden Triangle drug trade during his “opium reign” between 1976 and 1996. He accumulated a massive fortune from the opium operations and for that reason alone, it is no exaggeration when the “Opium King” Khun Sa was once dubbed by an American ambassador to Thailand as “the worst enemy the world has.”⁵¹ However, Khun Sa was not called “Khun Sa” in his early years. His Chinese name was Zhang Qifu in the early 1950s when he received military training from the Kuomintang in China. After the Kuomintang’s defeat in the Chinese Civil War in 1949, he and several other Kuomintang comrades fled from Yunnan, China to the mountainous areas of northern Burma. As discussed in the previous chapter, like Khun Sa, several ethnic-Chinese Burmese living in Myanmar are ex-Kuomintang descendants, including Thet. In Burma, Khun Sa established a band of sixteen men independent from the Kuomintang, and his band quickly developed into a several-hundred-man group. During Khun Sa’s active years, he was seen as a

⁴⁷ Exchange with an informant.

⁴⁸ Davis, Anthony. Asia Times. 2020. “Why Asia is losing its war on drugs.” Accessed August 3, 2025. <https://asiatimes.com/2020/11/why-asia-is-losing-its-war-on-drugs/>

⁴⁹ The original word is “the government,” though I believe the informant was actually referring to “the local armed insurgent” because autonomous regions in the country are controlled by local insurgents that act as de facto authorities. Therefore, I use “the authority” to better capture the informant’s intended meaning.

⁵⁰ Said Thet.

⁵¹ Wikipedia. n.d. “Khun Sa.” Accessed on April 5, 2025. https://en.wikipedia.org/wiki/Khun_Sa

political opportunist who had *switched sides* between the government and other rebel armies as the situation suited him, though he was also a rebel army leader himself.

In 1963, Khun Sa relocated his army to nearby Lashio, Shan State to assist the Burmese government in suppressing other local Shan rebel groups.⁵² In exchange for his support, the government allowed him to use the territories to develop his own enterprise, widely known to be the opium trade. The revenue coming from the opium trade soon proved to be massive and enabled Khun Sa to supply his army with military equipment from Laos, Thailand, et cetera making his army soon better-equipped than the Burmese Army. In the late 1960s, Khun Sa was thought to be one of the most important and powerful militia leaders in Shan State. In 1969, the Shan rebel group Shan State Army (SSA) persuaded him to change sides and stop collaborating with the government. It was unclear if Khun Sa agreed to the SSA's offer but the negotiation was leaked to the Burmese government, resulting in the government believing that Khun Sa had committed treason and ordering Khun Sa's arrest. Subsequently, Khun Sa was captured by the Burmese Army for charges of treason irrelevant to drug trafficking as the drug business was something he had been permitted by the government to do. It was not until 1973 that Khun Sa managed to escape from the Burmese government's capture and went underground in Thailand. Khun Sa's successful escape marks a change in his political stand. In Thailand, he named his army the Shan United Army and adopted the name Khun Sa for himself. "Khun Sa" is a Shan name, meaning *prince prosperous*. Contemplating the meaning of this name, I wonder if Khun Sa wanted to wish for his continued drug trafficking business a blowing success when naming himself "prosperous." In Chinese culture, people tend to be superstitious when it comes to business success, hence naming or talking in "prosperous" words would bring their business or financial health a good blessing. For example, the number eight in Chinese culture is generally considered a lucky number when referring to financial health as the number (Chn: *bā*) is pronounced similarly to the word "prosper" (Chn: *fā*) in Chinese language. If Khun Sa did mean so, we can infer that since his escape from the Burmese government, he wanted to devote his main focus on growing a successful business rather than getting caught in the political conflict at home between the government and other insurgent rebel groups. This also coincided with the change in Khun Sa's political stand in which he declared that he would be fighting for autonomy against the Burmese government as an independent armed group rather than assisting the government in suppressing nationalist movements as he had done before and been let down. According to the DEA, Khun Sa's heroin was considered "the best in the business" as its purity could reach up to ninety percent.⁵³ In the 1980s, it was estimated that Khun Sa controlled around seventy percent of the opium production in Burma.⁵⁴ He owned a large-scale infrastructure of heroin refinery factories, supplying around a quarter of the world's supply.⁵⁵ Even his army was better-equipped than the Burmese state's army, making him also involved in the protection business, protecting heroin refineries of other owners in Bangkok, Hong Kong, and Taiwan.

⁵² *ibid.*

⁵³ The Economist. 2007. "Khun Sa." Accessed April 5, 2025.
<https://www.economist.com/obituary/2007/11/08/khun-sa>

⁵⁴ Wikipedia. n.d. "Khun Sa." Accessed on April 5, 2025. https://en.wikipedia.org/wiki/Khun_Sa

⁵⁵ *ibid.*

In 1981, the United States started demanding the arrest of Khun Sa and pressuring Thailand, the country that was hosting him. The Thai government offered 500,000 Baht as reward (equivalent to today US\$14,500) for a successful Khun Sa's assassination.⁵⁶ Perceiving danger after a failed assassination attempt, Khun Sa left Thailand and retreated to Burma. In Burma, Khun Sa merged his army, the Shan United Army, with another rebel group to form the Mong Tai Army (MTA). The MTA was said to have around 18,000 troops with a reserve of another 5,000 and was meant to protect Khun Sa and his drug trafficking business. Khun Sa's drug empire was so large that if the UN opium eradication program back then had been implemented, it could have cost around US\$210 million.⁵⁷ However, this point in time also marks the steady state of Khun Sa's business progress. As the world's governments were stepping up in efforts to suppress Khun Sa's influence, combined with the political pressure at home confronting the Burmese government, Khun Sa found himself caught in a stalemate. To untangle several difficulties Khun Sa was facing, he made an offer to the Western governments: he would sell his entire heroin crop to the Australian government in exchange for a payment of AUD\$50 million a year for eight years, a move that would immediately stop around half of the world's heroin supply. However, according to state records, Australia rejected his offer, stating that "the Australian government is simply not in the business of paying criminals to refrain from criminal activities."⁵⁸ The 1990s also saw the decline in Khun Sa's influence, mainly due to the emergence of other ethnic rebel organizations in the business such as the UWSA. Following the 1989 Mutiny in Pangsang, the UWSA rose to power in Wa State, coinciding with the decline of another drug lord - Khun Sa. As Lintner mentions in his book *The Wa of Myanmar and China's Quest for Global Dominance*, the fall of one lord does not mean the collapse of the Myanmar drug empire but the rise of a new lord (Lintner 2021, 148).

The rise of the UWSA also came with the rise of new trade routes running from Yunnan to India, Laos, and Cambodia, reducing Khun Sa's importance along the Thai border for drug trafficking purposes.⁵⁹ In the meantime, Khun Sa also faced internal pressure from the MTA as his opposition in the army refused to accept his continued leadership. In 1996, Khun Sa eventually surrendered to the Burmese government so he would not be extradited. Ever since Khun Sa's surrender and retirement, opium production in the Golden Triangle was thought to have declined. However, this decline in Southeast Asia's importance in the drug market could also be partially explained by the rise of Afghanistan as a new opium supplier. Again, Khun Sa and Myanmar had never been a monopoly in the drug trade. The drug trade has been an illegal business and hence, came with extremely high barriers to entry, so the business was limited to only a few drug lords or organizations and was dependent on *favorable geopolitical conditions*. Despite that, each

⁵⁶ *ibid.*

⁵⁷ *ibid.*

⁵⁸ Parliament of Australia. 1988. "Question Without Notice: Khun Sa: Heroin Supply." Accessed on April 6, 2025.

<https://web.archive.org/web/20210308082604/https://parlinfo.aph.gov.au/parlInfo/search/display/display.w3p;page=0;query=khun%20sa;rec=0;resCount=Default>

⁵⁹ See note 54.

supplier always had considerable influence on the market. They constantly kept an eye on rival parties and were ready to respond to any competitor's move or market changes.

There is another interesting aspect in Khun Sa's story: despite Khun Sa's drug trafficking and other related charges, he had never been prosecuted in Burma. After his surrender to the Burmese government and retirement, he moved to Yangon and enjoyed a peaceful life with his massive fortune and continued other legitimate business projects in mining and construction.⁶⁰ His children later became Myanmar's prominent businesspeople. In fact, Khun Sa was not the only drug lord who had an "above-law" happy ending that way. Luo Xing Han, or Law Sit Han, was another drug lord who enjoyed a similar treatment to Khun Sa. Luo was an ethnic Chinese from Kokang. Back then, the northern mountainous territories of Burma were caught in complex political conflicts between various local rebel groups, the CPB, and the Burmese government, each with distinct political interests in the territories. Instead of forming an alliance with the rebel groups or collaborating with the CPB to at least keep the Burmese government at bay, Luo, like Khun Sa, practiced political opportunism by working with the government to suppress the expansion of the CPB and other local rebel groups.⁶¹ What Luo or Khun Sa exchanged with the government was an opportunity to trade and do business which was unassumingly known as opium trafficking. Like Khun Sa, in the 1970s, Luo was already an important figure in Asia's white heroin drug trade. Because of such a coalition, Khun Sa and Luo had never been prosecuted for drug-trafficking charges by the Burmese government. Despite being on the wanted list of many other governments worldwide, Burma remained a safe shelter for tycoons like Khun Sa and Luo. If Luo had ever been prosecuted for anything by the Burmese government, it was for charges of treason when Luo was thought to have a brief association with the local rebel group SSA. However, despite having been given a death sentence later, he was still pardoned by the Burmese government afterward for his role in arranging a ceasefire agreement between the government and the Wa mutineers following the 1989 Mutiny in Pangsang, which brought peace and political assurance to both the government and the Wa's new leadership.⁶² Luo, being an opportunist who was able to stay on good terms with both the rebel groups and the government, earned himself a golden ticket to run whatever lucrative business he was capable of. Like Khun Sa, Luo quickly rose to become one of Khun Sa's economic rivals in the Golden Triangle drug trade.

Although there is no reliable metric to gauge the exact value of Myanmar's drug trade or its share of the national GDP, it is still evident that the profits are substantial - large enough to finance numerous powerful figures, networks, and even armies across the country. The drug trade is connected to the rise of many armed legions in the country that strive for both political influence and the protection of key figures in the networks.

Another interesting aspect of the stories of these tycoons is political opportunism. The reason why political opportunism was possible is because there was never a guarantee that

⁶⁰ See note 54.

⁶¹ Wikipedia. n.d. "Lo Hsing Han." Accessed on April 6, 2025.
https://en.wikipedia.org/wiki/Lo_Hsing_Han

⁶² See pp.24-27.

Khun Sa or Luo would forever give priority to the Burmese government over other armed groups. Knowing that nothing is a guarantee is part of the peace-building language in Myanmar, or what Ong refers to as a *stalemate* (Ong 2023, xii). Therefore, what the Burmese government could do was to offer prospective partners, such as Khun Sa and Luo, the most favorable terms - advantages that rival opposition groups, like the SSA, were unable or unwilling to provide. The same could be said for the ceasefire agreements with the Wa and the Kokang. In order to prevent various insurgent groups from forming coalitions and weakening state power, the junta always made compromises. However, this is not necessarily a sign of corruption-induced state incapacity but rather the state's deliberate tactics to get involved in the drug trade and turn it into an arena through which state power can be constructed and reproduced (Meehan 2011, 376-7). Drugs, hence, began to carry significant political weight in Myanmar's state-building process.

Such compromise is the act of *buying in* political opposition, turning politics into a marketplace, and manipulating the economy to create a system of *rent* to support the state's continued regime and functions which may otherwise command little authority (Meehan 2011, 379-80). This system of *rent* is manifested via a series of ceasefire agreements that the Burmese government has given out to insurgent groups, alongside promises of no execution for their drug trafficking and related charges (see Figure 9). Militias like those led by Khun Sa and Luo, if ever charged with any offense, were typically accused of state treason, often for switching allegiances or affiliating with rival rebel groups. The very nature of the drug trade is highly conflict-prone which makes it predisposed to the creation of ceasefire politics. Despite being a resource-rich country, Myanmar's resources are highly conflict-prone in nature, be it blood jade, drugs, or any other commodities (ibid., 378).

For example, Mogok, Mandalay is well known for its gemstones such as ruby, sapphire, and peridot. According to one informant from Mogok, "Most of my friends are also from Mogok, and those who are of my age and do not have a job, actually may even be a bit younger than me, they should already get into the gemstone business because in my region, the gemstone industry is booming [...] The mines are here directly in Mogok. There are places to mine and equipment. It depends, for example, if [the miners] have paid money to the government, the government will allow them to mine [...] Of course [the work] is tedious, they risk their lives to mine even, I feel so [...] They use explosive stuff. For example, if there is a big piece of earth, they will use explosives to make the piece blow up." Another informant, also from Mandalay, confirms the same phenomenon when it comes to lootable resources such as gemstones and jade: "In Myanmar, there are indeed towns where people come a lot at night to mine jade. They actually risk their lives to carry out this extractive work because the areas are in the mountains. If they are able to find the jade, they will make a fortune." Another informant from Yangon also shared what he heard on the grapevine: "It will be extremely difficult because for example, the miners can, after the mine, what I once heard is that below the mine, there are so many people waiting to come attack you and steal what you mined, so you will have to risk your life as well [...] there may be pirate groups whose purpose is to come attack these miners and steal or loot, you know." "Risk one's life" is the word that I kept hearing my informants repeating. While Yangon and Mandalay are a few regions that are under government control, Hpakant, Kachin State, and

its blood jade are not, and neither are other lootable resources in insurgent-controlled areas. As one informant mentioned: “Let’s say there is a mine, people will come there with their equipment to mine, but in order to be let in they need to pay an entrance fee, and then they are allowed to mine. Whatever they mine, it belongs to themselves.” While the conflict between the government and insurgent groups may appear on the surface to be about territorial control or struggles for autonomy, it is, in reality, a fight over who has the right to control and manage the bureaucratic structures surrounding a lootable industry. This control is important as it allows them to collect both official and unofficial taxes related to the industry, such as “the entrance fee” to the mines in this case. Wherever there are extractable resources, there will be conflicts. Myanmar is caught in a classic resource curse which is destined for a vicious cycle of conflict and the ever-weakening of state capacity (Meehan 2011, 378).

Over time, the state’s involvement in the drug trade has become a process of state formation in which state power is strengthened and legitimized via the interactions with ceasefire groups, creating peace and stability in the country, albeit one shaped by compromise rather than resolution (Meehan 2011, 380). This dynamic is echoed in a conversation with an informant:

“Do you think the civil war in Myanmar will end one day, and then everything will go back to normal? Do you think we can have that hope?”

“There will be a day like that, eventually. Because there will come to a time when they will all get in their hand what they want, be it money, or power, then they will stop conflicting.”

Figure 9: The list of main ceasefire armed groups in exchange for political and economic autonomy from the Myanmar junta (The Irrawaddy 2004).

Main Cease-fire Organisations (in order of agreement)					
No	Name of organisation	Abb:	Leader	Date	Region
1	Myanmar National Democracy Alliance Army (Kokang)	MNDAA	Phone Kyar Shin	21 Mar 1989	Special Region-1, Northern Shan State
2	United Wa State Army (Myanmar National Solidarity Party)	UWSA	Pao Yuchang & Kyauk Nyi Lai	9 May 1989	Special Region-2, Shan State
3	National Democratic Alliance Army (Shan/Akha Armed National Groups)	NDAA	Sai Lin & Lin Ming Xian	30 June 1989	Special Region-4, Eastern Shan State
4	Shan State Army (Shan State Progress Party)	SSA	Col. Loi Mao	2 Sept 1989	Special Region-3, Shan State
5	New Democratic Army (Kachin)	NDA-K	Sakhone Ting Ying	15 Dec 1989	Special Region-1, North-East Kachin State
6	Kachin Defence Army (KIO 4th Brigade)	KDA	Mahtu Naw	13 Jan 1991	Special Region-5, Northern Shan State
7	Pa-O National Organisation	PNO	Aung Kham Hti	11 April 1991	Special Region-6, Southern Shan State
8	Palaung State Liberation Army	PSLA	Aik Mone	21 April 1991	Special Region-7, Northern Shan State
9	Kayan National Guard (breakaway group from KNLP)	KNG	Gabriel Byan & Htay Ko	27 Feb 1992	Special Region-1, Kayah(Karenni) State
10	Kachin Independence Organization	KIO	Lamung Tu Jai	1 Oct 1993	Special Region-2, Kachin State
11	Karenni State Nationalities Peoples' Liberation Front	KNPLF	Sandar & Htun Kyaw	9 May 1994	Special Region-2, Kayah(Karenni) State
12	Kayan New Land Party	KNLP	Shwe Aye	26 July 1994	Special Region-3, Kayah(Karenni) State
13	Shan State Nationalities Peoples' Liberation Organization	SSNPLO	Ta Kalei	9 Oct 1994	Southern Shan State
14	New Mon State Party	NMSP	Nai Shwe Kyin	29 June 1995	Mon State

Another informant offered a more structural perspective:

“I think that what we are known for is the world's longest ongoing civil war, so not the longest civil war in history, you know, but currently in ‘modern time.’⁶³ It has been ongoing for seventy years and so on, although there have been longer civil wars in previous ages. And I believe most of it is due to time rather than the actual conflicts. So the number of conflicts may or may not be as long as seventy years worth, that could be, for example, in my guess, less than fifty small-scale wars within a year, or maybe less than even twenty or thirty. But because they could never reach a resolution, it is considered that the time just goes on and on. As long as you remain in this unnegotiable state, it is considered an ongoing war where any party could be hostile at any moment. So that is why, it is due to a lack of resolution and time. But the government, in the past, had had many ceasefire deals, but ceasefire is not an end to the war, ceasefire is just a ceasefire, and also the national peace process we had been in during the leadership of Aung San Suu Kyi. She was traveling to regions to negotiate on the terms of the peace deal, but it did not happen because ultimately she lost power and now they deal with the military. And only time will tell how the future will unfold, I suppose.”

Instead of seeing the drug trade as a cause of state collapse, it is actually embroiled in the state's formation process in Myanmar, as well as a complex dynamic and volatile relationship between state and non-state actors (Meehan 2011, 380-81). In the mountains of Myanmar, “the only money is opium” (ibid., 381). A statement by Duan Xiwen, a then Kuomintang general, captures the situation in the mountains: “We have to continue to fight the evil of communism and to fight you must have an army, and an army must have guns, and to buy guns you must have money. In these mountains, the only money is opium (ibid.).” The Kuomintang set a precedent for other armed groups in the Shan Hills by establishing one of the most effective trafficking networks from the mountains to the borders, making the state fearful of a potential alliance between these armies (ibid., 381-2; Buchanan 2024, 17). So in exchange for cessation of hostilities against the government, the state resorted to ceasefire negotiations starting with the Wa and the Kokang, creating a model that would be replicated throughout the 1990s with several other armed groups. When the state's capacity is at its weakest, the state's only rational choice is to offer legal impunity to groups that are involved in the drug trade to turn these groups into proxy-state actors so that the state can concentrate forces to deal with non-ceasefire groups (Meehan 2011, 389). On the other hand, groups such as the UWSA and MNDAA which were offered ceasefire agreements at the earliest gained a considerable advantage over later-ceasefire groups (ibid., 396). Right now, they possess large and well-equipped armies which enable them to exercise power like semi-state actors in their respective territories.

Despite creating temporary peace, ceasefires did not address the underlying issues regarding the status of ethnic minority regions in *Mianbei*, rendering a kind of post-civil-war-but-not-quite-peace environment for all actors involved (Meehan 2011, 387). The spill-out occurred when, in April 2009, the government ordered all ceasefire groups to convert into BGFs by the 2010 national election (ibid., 397). Being a BGF means an armed group would place its soldiers under the direct command of the Burmese Army. The soldiers would then

⁶³ Guinness World Records. n.d. “Longest civil war of modern times.” Accessed March 11, 2025. <https://www.guinnessworldrecords.com/world-records/114580-longest-civil-war-of-modern-times>

be trained in Burmese and receive government uniforms and salaries. No surprise, some of the largest and most well-equipped armed groups such as the MNDA, UWSA, and KIA rejected the government's request. Because of this, the government later used the MNDA's alleged involvement in the drug trade to justify its attack on the MNDA's controlled territories. The Democratic Karen Buddhist Army (DKBA), on the other hand, accepted, turning itself into a junta's proxy and benefiting from a wide range of casino projects in Shwe Kokko, Karen State with the government's unanimous support.

2.5 The Golden Triangle

Figure 10: The Golden Triangle (Payne, Britannica 2025).



We have mentioned the term “Golden Triangle” frequently in the previous sections. The Golden Triangle refers to the mountainous geographical area in Southeast Asia where the borders of Myanmar, Laos, and Thailand meet, forming a triangle-shaped highland (see Figure 10). The term was first coined in 1971 by the U.S. Assistant Secretary of State Marshall Green.⁶⁴ Nowadays, the term refers to Southeast Asia's most active hub for drug cartels, though beautiful natural scenery with historical significance can also be found there. The exact size of the Golden Triangle region is indeterminate, as the Triangle spans several countries and has no definite boundaries. Some also view Yunnan, China, and northern Vietnam as part of the Golden Triangle.⁶⁵ In this particular section, we will examine how the development of the Golden Triangle was facilitated by European imperialism in Asia, or in other words, what made the Golden Triangle what it is today.

⁶⁴ Payne, Laura. Britannica. 2025. “Golden Triangle.” Accessed on April 7, 2025. <https://www.britannica.com/place/Golden-Triangle-region-Southeast-Asia>

⁶⁵ *ibid.*

While the West is stepping up in its global narcotics suppression, it is ignorant of the causes of the global drug addiction pandemic (Lintner 2021, 159). In Asia, for example, Western traders enslaved millions in China during the colonial era and introduced opium into China. Their goal was simple: the brutal British aggressors wanted the Chinese to open their ports for opium. Opium was brought along with the British into Asia via the British East India Company. As millions of Chinese got addicted to opium, the Chinese authorities were trying to suppress the trade in their territories (ibid., 160-1). Unfortunately, the First Opium War ended with the Chinese defeat, leading to the signing of the Treaty of Nanjing in 1842 requiring China to open five of its ports to foreign trade, including opium as a commodity. Even Shanghai and Hong Kong fell under British control. Between 1856 and 1860, China launched the Second Opium War but again saw its defeat. Pangsang, Wa State, and Mong La, Shan State were among many Golden Triangle towns that were built on the income from the drug trade, and so were Hong Kong, Saigon (South Vietnam), India, Singapore, et cetera. However, the British were not the only Western powers that used the opium revenue to finance their undertakings in Indochina, there were also the French, Spanish, to name but a few, and that was why Indochina was further classified into French Indochina and Malaya to refer to distinct colonized territories under different colonial powers' control. In French Indochina alone, there were an estimated 3,500 licensed opium dens (ibid.). While the West may be blaming countries such as Afghanistan and Myanmar for being responsible for some of the world's largest portions of drug supply, it may fail to acknowledge that, like other global issues such as poverty, inequality, and climate change, the Golden Triangle drug trade was kick-started by the West's colonialism and capitalism agendas during the nineteenth and twentieth centuries (Lintner 2021, 155-61; Chouvy and Meissonnier 2024, 13, 171). The Western colonialists thought they could make opium one of their many commodities and raised a huge fortune with it, however, little was known that before humans were able to conquer opium, the detrimental substance had made us slaves. Right now, even though the wave of drug addiction has been much eradicated, humans continue being slaves to the lucrative profit generated by the drug trade and its capitalist model.

It was unclear when poppy cultivation was introduced into the Wa Hills but Lintner reckons it was most probably in the second half of the nineteenth century when the Chinese authorities attempted to reinforce the prohibition of opium to protect its citizens from widespread opium addiction (Lintner 2021, 162-3). The reinforcement expanded opium production further in the mountainous and other inaccessible areas of the Wa Hills. This assumption matches Chouvy and Meissonnier's account of the history of poppy cultivation in the Golden Triangle. According to Chouvy and Meissonnier, the commercial cultivation of opium poppy was thought to have first been imposed on imperial China by the British colonists in the nineteenth century (Chouvy and Meissonnier 2024, 13). The cultivation was expanded further to other Southeast Asian regions until 1856 when the Panthay Rebellion broke out in the province of Yunnan, China. The Panthay were a Muslim ethnic minority group occupying Yunnan during the Qing Dynasty. They were called *Hui*, meaning Muslim in Chinese language. The unrest in Yunnan had resulted in the forced migration of the Muslim Panthay out of Yunnan southwards to the fan-shaped highlands of Indochina. The Panthay settled in Tonkin, Laos, and Wa and Shan Hills of Burma. In Kokang, they also founded the city of Panglong in 1875. This emigration signals the emergence of the Golden Triangle. The

Panthay, together with the Lahu, Lisu, and Akha people became permanent ethnic groups of the Tibetan-Burmese linguistic family that inhabited the mountainous regions of Myanmar. This forced migration of the Panthay into Burma was significant because the highlands they populated were a thousand meters above ground which proved to be a favorable condition for cultivating poppy (ibid., 14). Moreover, there they met the Hmong who were the region's most skilled opium farmers. While the Hmong grew opium, the Panthay found outlets to sell off the Hmong's opium commodities, largely using the existing networks for the tea trade established since the fourteenth century. It was similar to a co-dependence model in which one side was responsible for farming while the other was responsible for distribution. These trade routes which had existed since the fourteenth century were deployed and maintained by the Panthay *mountainmen* and have now become an important hub for the transit of opium, heroin, and meth from Burma to extending destinations in Thailand. Both legal and black market trades, such as jade, also take transit via this hub due to the outlaw nature of the region and the difficulties in accessing and controlling the government. Mae Sai, Thailand also became an important transit point that is situated on the Burma Road⁶⁶ leading out of Shan State via Mandalay.

From the above historical context, the Golden Triangle has grown into a fan-shaped region of northern Indochina, encompassing the hilly, mountainous outskirts of Burma, Laos, and Thailand (Chouvy and Meissonnier 2024, 12-13). Now, the area is largely confined to Kachin and Shan States of northern Burma along the Chinese, Laotian, and Thai borders. The Golden Triangle is a signature of a multi-ethnic, interstate region that is meant to facilitate the illegal movements of goods and people. The term "Golden Triangle" describes the economic characteristic of the region of which "golden" refers to the opium trade which has developed on an enormous scale over the twentieth century (ibid., 15). China's drastic measures in eradicating its population's opium addiction problem had pushed other Southeast Asian regions to take over opium production in the backdrop of the Cold War, most notable were the mountainous areas of the Wa and Shan Hills which posed an elevated position favorable for the cultivation (ibid., 15-16). In recent history, the Golden Triangle has been entangled in a web of political interests and conflicts, all of which have played a role in shaping the region as it exists today. For example, while the French policies were to expand opium production in Indochina, the U.S. interest, acted upon by the Central Intelligence Agency (CIA), was to participate in the conflict between the Kuomintang and the PLA and support the Kuomintang in their fight against the communist expansion. With the Western military presence all over Indochina, cities like Saigon and Bangkok quickly became two Indochinese main centers of opium consumption. Opium was a way of life for military soldiers while simultaneously a lucrative source of income for imperialist powers to fuel their wars and regenerate wealth worldwide. The Cold War-timed Golden Triangle was caught in the operations of the CIA, the French opium expansion in Bangkok and Saigon, the communist threat, the Indochinese wars, and the Chinese diaspora of the Panthay from Yunnan. Here, Chouvy and Meissonnier offer an intriguing theory regarding the development of the opium trade in the Cold War context: mainland Southeast Asia is well

⁶⁶ The Burma Road was an all-weather highway built by the British to supply Chinese troops that were resisting the Japanese advance during World War II. See p.18.

known for its role in the Cold War for originating several anti-Japanese alliances during World War II, especially the one between the communists and the British in Malaya and Burma, therefore, the production and trafficking of opium, whether by CIA-backed Hmong groups or by Kuomintang forces who had taken refuge in northern Burma after losing the Chinese Civil War, became integral to the United States' broader anti-communist and anti-China strategy aimed at counterbalancing China's growing influence gained from the previous alliances in the region (ibid., 17).

In Shan State, opium-purchasing traders would come to poppy-cultivating areas to purchase opium directly from the farmers. These traders were usually independent merchants or agents working for the Kuomintang and other armed groups (Buchanan 2024, 5-6). Sometimes, non-state armed groups also sent their agents to collect taxes from farmers for growing opium in their controlled territories or make direct opium purchases. These agents and their armies would then take the opium to collection points at which cargoes started to transfer the shipment to the borderland areas adjacent to Thailand and Laos. On the border, the shipment would be transferred to agents of foreign drug syndicates or government officers for shipment abroad. After Khun Sa's arrest in 1969, the Kuomintang controlled around ninety percent of the opium trade from its base in northern Thailand (Chouvy and Meisssonier 2024, 16). While the CPB received Chinese support to eliminate remaining Kuomintang forces in Burma, the United States backed the Kuomintang's operations as part of its effort to curb communist expansion (ibid., 17). These opposing alliances formed a key part of the Cold War dynamics in Indochina. However, despite China's explicit stance against opium production, the CPB, a Chinese ally, did play a major role in the emergence of the Golden Triangle as it formed alliances with local drug traffickers from Kokang. For example, between 1968 and 1972, the CPB extended authority over the Wa Hills and Kokang, and in the early 1970s, the CPB started permitting merchants to enter their territories to purchase opium (Buchanan 2024, 11-13). Even the revenues collected by rival armed groups such as the SSA, the Kuomintang, and the Pa-O National Organization (PNO) through taxing poppy farmers were minimal compared to those raised by the CPB. The Kuomintang, on the other hand, were more extensively involved in trading given their close ties to independent traders and the ability to transport opium safely to the borders. The Kuomintang's formidable coercive capabilities were largely due to the sophisticated weaponry supplied by the U.S. government through the CIA. Competitions among rival groups were tight. Even drug lords like Luo acknowledged that while he led some of the largest opium caravans to Thailand in the 1960s and 1970s, only at most fifty percent of the transported opium belonged to him (ibid., 11).

During transportation, traders also faced threats of opium seizure by predatory armed groups along the route (Buchanan 2024, 16). It was known that the Kuomintang would not prey on their business partners while other groups were less restrictive. This made the Kuomintang the first choice of many merchants in terms of trading and transporting. For a seizure to yield profit, one must avoid harming the mule caravan because without the mule, transporting the seized opium to border-based buyers would be difficult. Therefore, even the act of intercepting and capturing required "soft touch" skills and proper execution. Many armed groups lacked the sophisticated weaponry of the Kuomintang to seize an

entire caravan intact. The Kuomintang were also the most effective tax collector on the border, like a de facto customs bureau (ibid., 17). This position was highly lucrative as the border was the very gateway to foreign export. It was reported that the Kuomintang charged approximately US\$4.50 per kilo of opium passing through the border (ibid.). If a merchant refused to pay, he could get robbed or attacked. Some merchants were even obligated to sell a part of their purchased opium to the Kuomintang as part of their transportation and arrangement service. The competition among rival drug-trafficking groups was so intense that when the Kuomintang once learned that Khun Sa had dispatched 300 mules carrying sixteen tons of opium on a two-hundred-mile trek, they intentionally sent a force to intercept him (ibid., 18). The Kuomintang maintained a quasi-monopoly on the border until the early 1980s when Khun Sa managed to consolidate control of the border, take over strategic chokepoints, and start replacing the Kuomintang's importance in the drug trafficking networks. Other armed groups were unable to achieve this because they either lacked the military capability or support from corrupt Thai officials. These groups oftentimes were forced to avoid the border areas and tax within Shan State instead.

Economic-turned-armed competitions, predatory seizures, arbitrary taxation, and corruption were all manifestations of violence that the drug trade brought with it. This period also witnessed several splits and mergers among non-state armed groups, all rooted in the uneven access to revenue, making the Shan Hills one of the world's most politically fragmented areas in the post-World War II context (Buchanan 2024, 21). Groups easily splintered when a unit broke away to form an alliance with a better-funded armed group. A similar can be said for the case of political opportunists like Khun Sa who was known to have switched sides between the SSA and the Burmese government during his early drug trafficking career before fleeing to Thailand. The drug trade in Burma was shaped by a distinctive political context. In India, for example, there was also opium cultivation but unlike in Burma, the trade was not driven by armed conflict (Buchanan 2024, 20).

The 1980s saw a substantial change in China's foreign policies in which the country started to distance itself from other Asian communist parties and on the other hand, focused on the *economic* war in the region and worldwide by reinforcing relations with other Southeast Asian governments to boost trade (Chouvy and Meissonnier 2024, 18). This period signifies the waning of Cold War tensions in Asia in which world superpowers switched their warring battles from arms to *economic battles*. In an attempt to normalize China's relationship with the Myanmar government, China stopped aid to the CPB active in Myanmar. The new Chinese-Myanmar alliance brought imports of Burmese rice, wood, jade, and other manufactured goods into China, taking over the precedence of the CPB. Since the drop in aid from China, the CPB switched its funding strategy to drug trafficking and became an organization in the network itself. The birth of the UWSA in 1989 was a mature form of this drug-trafficking entity, following the CPB dissolution. Overall, the role of the Western colonialist powers, the Kuomintang, the CPB and its later dissolution, the Kokang Chinese, and various rebel armies such as the UWSA, Khun Sa and his MTA, were all rooted in the confrontations between proxies of the Communist and the Western camps. The emergence of the Golden Triangle was directly linked to the Cold War and its

ascendancy into the drug economy was facilitated by various players who engaged in those fights. Burma's strategic location at the crossroads of South and Southeast Asia positioned it as a critical site not only for military operations but also for regional trade, and the isolation of Burma was gradually dismantled by the competing interests and interventions of those multi-players active in the region (Lintner 2021, 25, 30).⁶⁷

According to Chouvy and Meissonnier, both internal and external geopolitical dynamics in Myanmar have fostered conditions favorable to the illegal drug economy (Chouvy and Meissonnier 2024, 19-21). The production of opium and meth is closely tied to border regions and the ongoing state of rebellion within the country (ibid.; Meehan 2011). After Khun Sa's surrender to the Burmese government in 1996, the UWSA coveted the MTA-held region as the territories proved to be an advantageous access to the border and direct control of drug export (Chouvy and Meissonnier 2024, 19-21). However, the UWSA was not the only armed group that dominated the drug trade after the fall of Khun Sa. The SSA was another competing party in the business that fought against both the Burmese government and other drug trafficking organizations. The SSA was reported to have attacked several Wa meth labs during the period in an attempt to bring their own meth labs closer to the Thai border. This was due to the ceasefire agreement between the UWSA and the government following the 1989 Mutiny in Pangsang which made the SSA believe that the military junta had given support to the UWSA and hence, pushed the SSA to step up in its effort to leverage its influence in the region. These events further demonstrate that the wars between various mountainous rebel groups and the Burmese government were not simply for territorial autonomy but for the privilege of trading drugs, and in the drugs world, when one drug lord fell, at least one or more other drug lords would rise to continue *business as usual* (ibid.; Lintner 2021, 148). If jade is the natural gem of Hpakant, Kachin State then the fight between the KIA and the Burmese government in Kachin State is largely driven by the battle for control over jade mines, whose lucrative revenues help finance their armed struggle (Beech 2017, 9). Even high-level KIA officers have acknowledged that the jade trade is the army's primary source of income (ibid.). In the Golden Triangle, in contrast, the natural *gem* is drugs. As Beech notes in her report about jade mining in Kachin State, "if there was no jade, there would be no war in Kachin State," "jade is Kachin's curse (Beech 2017, 15)." The same could be said of the drug trade in the Golden Triangle.

After Khun Sa's retirement and the UWSA's victory over the MTA, the UWSA claimed permanent control over much of the MTA's remaining networks along the Thai border and further expanded the Golden Triangle drug trade (Chouvy and Meissonnier 2024, 22). The region has undergone an unprecedented infrastructural transformation worth one billion Thai Baht (equivalent to 25 million euros) in only a few years (ibid.). These investments came from the drug trafficking revenue and enabled a wide range of renovations in urban roads, dams, schools, and hospitals, as well as the former Kuomintang airport. Particularly along the Thai border, a bus service was installed on a 150-kilometer-long road to either serve the border-crossing gamblers or customers of other illicit border-trade networks.

⁶⁷ See pp.18-20.

2.6 The helpless people

I want to dedicate this section to writing about the helplessness of ordinary people, particularly poppy farmers and civilian drug users, whose livelihoods have been affected by the drug trade, both positively and negatively. Since I was not able to make a field trip to Myanmar for data collection purposes, I will use statistics and testimonies from periodic reports published by the UNODC and TNI to support my claims.

2.6.1 Poppy farmers

Khun Sa once said: “My people grow opium and they are not doing it for fun. They do it because they need to buy rice to eat and clothes to wear.”⁶⁸ Illegal activities bandits play an important role in spreading global capitalism through the monetization and marketization of rural economies (Meehan 2011, 380). Without a series of illicit activities that sustain the likelihood of many living in the mountainous highlands, subsistence may be difficult. It all started in the mid-1950s, following the communist takeover in China, with a huge influx of hill-tribe refugees fleeing from Yunnan, China, to northern Burma (Lintner 2021, 166-8). In the new country, they had to make a living, coupled with the fact that various fights between the Burmese Army, the Kuomintang, as well as other forces, had made the transport of normal cash crops difficult, the poppy naturally became an alternative as opium-purchasing agents would come directly to poppy-cultivating villages for sourcing without the farmers needing to arrange transportation. Drugs have ever since become an important part of the local economy in remote areas with profits from opium and drug trafficking reinvested in other legal and illegal trade. “If the narcotics trade is forcibly stopped, the economy in the area will be wrecked (ibid.).”

According to a report by TNI in 2021, numerous communities in Shan State, Kachin State, and northern Sagaing Region depend on opium poppy cultivation to cover the cost of their essential needs (TNI 2021, 22-23). Poppy cultivation saw a significant increase since the 1990s following a series of ceasefire deals between the government and local armed groups which allowed a better integration of agriculture within the local economy. This coupled with the fact that other cash crops such as cherrut leaves fell in value and saw a decline in demand. So for families that did not want to migrate to Thailand or other parts of Myanmar for work, they had to switch to cultivating poppy as an alternative. Due to the harsh climatic conditions and remoteness of the mountains, cultivating rice proves to be more expensive and less cost-efficient as households also need to rent vehicles to transport the goods to where it is marketable, while with opium, merchants would come directly to poppy-cultivating villages for sourcing and opium can be stored for a very long time (ibid., 26-27). Moreover, opium is better valued and always market-ready, and cultivating opium poppy does not require sophisticated equipment while the crop itself also resists drought and frost. That is why following various ceasefires in the 1990s, there was an emergence of new business opportunities for growing poppy, especially in the borderland areas. However, “villagers grow poppy only for subsistence, [...] only Chinese and people with access to big

⁶⁸ Independent. 2007. “Khun Sa: Opium-trafficking 'Prince of Death.'” Accessed on June 10, 2025. <https://www.independent.co.uk/news/obituaries/khun-sa-398454.html>

capital are able to operate large-scale poppy cultivation for commercial purposes (ibid., 29).” Lives in armed conflict zones are manifested in contradictions with one group suffering from impoverishment and trying to grab a living with whatever means available, while the other enjoys immense profits manipulating war economies (Nordstrom 2000, 44). Throughout the historical ethnography of Burma, we have learned that drug lords such as Khun Sa and Luo, or drug trafficking organizations like the Kuomintang, the SSA, and the MTA, to name but a few, had financed their military capabilities via the revenue from the drug trade while little was said about the very people who grew the crop but found their lives jeopardized in the resource conflict of various capitalist interests. While the people are left to live with violence and insecurity, gains from large-scale extractivism are privatized to a few privileged hands (Meehan and Dan 2024, 923).

According to a 2024 report by the UNODC, food security is the most important reason households engage in poppy cultivation, followed by medical interventions, education for children, and debt repayment as the second, third, and fourth most common reasons, respectively (UNODC 2024, vii-viii). In terms of debt repayment and access to bank credit, even though in Myanmar poor farmers can obtain credit through governmental loan programs to help boost agricultural productivity, poppy-cultivating villages are often excluded, mostly due to regulatory obstacles, leaving farmers resorting to informal money lenders whose interest rate can vary between five and twenty percent (TNI 2021, 30-31). Sometimes, these lenders also insist that the farmers sell opium to them at a lower price (ibid., 39). Moreover, despite being market-ready, opium saw a decline in demand because of the advent of new synthetic drugs such as *ice* and *ya ba*, or meth which do not directly require opium for production. When only one buyer is coming for sourcing and when the farmers desperately need money, they would sell opium at any price the trader offers.

In fact, from as early as 1995 and more strictly from 2005, ethnic armed groups, from the policy perspective, began gearing towards zero-tolerance against poppy cultivation (TNI 2021, 46, 63-65). However, the discrepancy between “theory” and “practice” remains striking, as over a decade, there has been little improvement. According to TNI, “Until 2014, [the KIA] turned their eyes away from some of the opium cultivation in northern Shan State, and they levied a tax on it, [...] they probably also realized they could not provide alternative incomes to farmers (ibid., 65).” The Ta'ang National Liberation Army of Shan State (TNLA) also advocated for a similar stance, for example: “Drugs is the number one enemy of the TNLA, and [the junta] is the second enemy (ibid.).” However, these organizations ended up being “faith-based” rather than pragmatic, as the groups largely refrain from conducting forced opium eradication but informally tolerate it, as they also rely on taxation on opium cultivation since the farmers do not grow other crops (ibid.). For armed organizations that enforced an absolute opium ban, for example, the Pa-O National Organization (PNO), the livelihoods of the farmers were severely affected (ibid., 65-67). Following the PNO’s opium ban in 2005, farmers could no longer grow good produce as the germination rate dropped drastically. Young people in towns traveled to Thailand or nearby townships to work as laborers while there were also accounts that small children were sent to orphanages or monasteries in Yangon and Mandalay as parents faced severe financial burdens (ibid., 65).

Wa State was among a few mountainous states that opted for an absolute ban on opium cultivation in its territories like the PNO. However, again, the opium ban in 2005 was enacted without first ensuring sustainable alternative livelihoods (TNI 2021, 66-68). Even Chairman Bao of the UWSA admitted that the ban was reckless:

“It has been more than 120 years since the poppy cultivation became the main source of income for the local population of the Wa region. This greatly affected the productivity of the people and has been existing as a major hindrance to the development of the region. After the establishment of Wa Authority in 1989, the people decided to cooperate with the international community in order to eradicate drug source and reclaim the Wa region as a clean piece of land. How are the farmers going to survive after the poppy ban? This is the biggest question that every level of local authorities’ encounters (ibid., 66).”

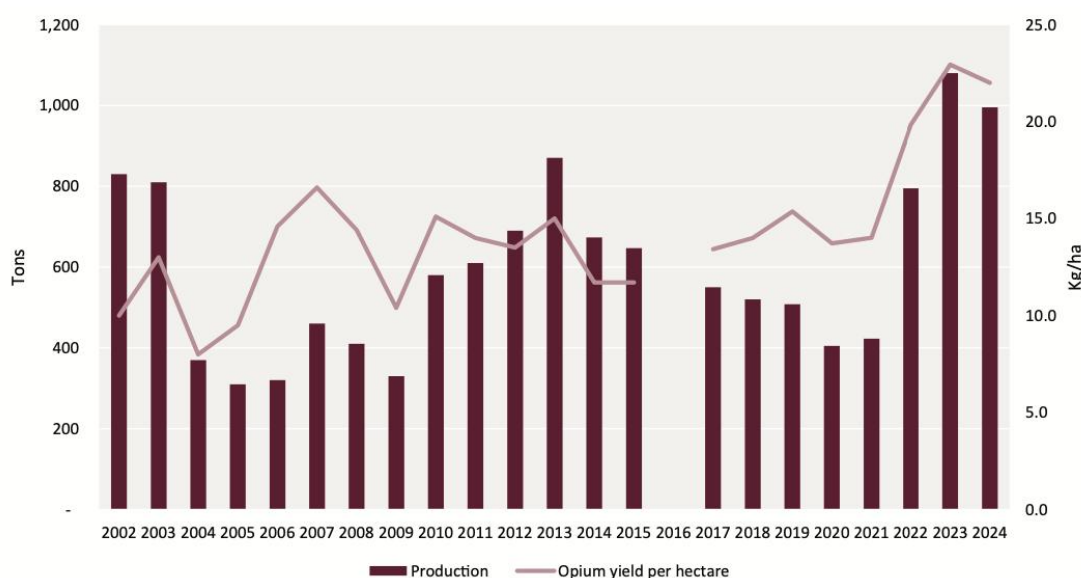
Vice Chairman Xiao of the UWSA also expressed the unpopularity of the ban: “If you ask anyone who agrees with the opium ban to raise a hand, I am sure that nobody will (TNI 2021, 67).” The UWSA and PNO cases are examples of wrong sequencing of policy interventions. After the enforced ban, farmers were reported to have cut down trees to sell as firewood or collect non-timber forest products while a few migrated to China. Those who collected roots from the forest to sell only earned as little as five Chinese Yuan (less than one U.S. dollar) for every two kilos sold (ibid., 68). According to one testimony collected by TNI, an informant said, “We manage with whatever we have. Our main curry is bamboo shoots, and we rarely see meat. These times are very difficult. Before the ban, we could get enough income by working in the poppy field (ibid.).”

Opium is not just farmers’ livelihoods but also their traditions. For example, opium is used by villagers in traditional medical use or offerings to spirits for blessing, or sometimes, just to tame wild animals (TNI 2021, 32-35). While opium farmers face a wide range of difficulties since the opium ban, ethnic armed groups and the government found a new economic and political arena through the advent of synthetic drugs, notably meth. As a synthetic stimulant, meth production is not directly reliant on opium as heroin is, although precursors such as ephedrine and pseudoephedrine are still extracted from traditional opiates (ibid., 49). So while armed groups were implementing a gradual opium ban as early as 1995, they had anticipated a transition from heroin to meth tablets to ensure their *business as usual* (ibid., 46). As van Schendel notes, illicit flows are constantly seeking new targets and markets (van Schendel 2006, 40-1). Meanwhile, as Meehan and Dan point out, extractivism creates few lasting benefits for local economies while leaving behind environmental and social destruction of local livelihoods (Meehan and Dan 2024, 926). Once capitalist actors adopt new business models, former opium farmers are no longer deemed necessary. The expansion of the meth industry is thought to have been facilitated by infrastructural development, combined with the fact that meth gives rise to a greater diversity of products (TNI 2021, 49). For instance, while *ya ba* is produced mainly for local consumption, *ice* is largely exported. Shan State, as a result, has become a major hub of meth production destined for both local and international consumption. On the government’s side, the primary concern has been security rather than drug control. This, coupled with a series of ceasefire agreements, effectively allowed armed groups to engage in the drug trade with tacit approval. However, since 2009, these alliances have shifted

depending on the government’s changing priorities, particularly after the BGF initiative which the government started to allow only junta-aligned armed groups to get involved in illicit activities, or in some cases, non-aligned but powerful forces whose military and political influence are too dominant to be confronted directly, notably the UWSA. The objective of these groups, oftentimes, unfortunately, is to maintain the status quo. We shall discuss the BGF initiative in the later chapter about the gambling industry.

Despite several opium bans in the mountainous highlands, whether absolute or tacit, opium cultivation in Myanmar has been on the rise. This pattern can be attributed to the sharp decline in opium cultivation between 2004 and 2009, but quickly followed by a resurgence from 2010 onward (see Figure 11). In 2024 last year, there was a slight decrease of 4% in cultivation to 45,200 hectares from 47,100 hectares in 2023 (UNODC 2024, iii). This was the first time there had been a decline in three consecutive years between 2020 and 2023. According to the UNODC, this modest decline could indicate the heroin market supplied by Myanmar is approaching a point of saturation. However, it could also be due to the intensification of conflicts as in October 2023, there was a breakout of Operation 1027 by the 3BHA in Shan State.⁶⁹ As Shan State (including Wa territories) accounts for eighty-eight percent of the country’s total poppy cultivation, conflicts resulting in loss of life and displacement could have prevented farmers from accessing the fields (*ibid.*). According to the UN Office for the Coordination of Humanitarian Affairs (OCHA), there were approximately three million people in displacement, mainly in Shan State and Kachin State (*ibid.*). However, despite opium production having slowed, Myanmar remains a leading source of global opium production (*ibid.*, vi).

Figure 11: Opium production and yields in Myanmar (UNODC 2024, vi).



⁶⁹ See p.27. Also see note 22.

According to the UNODC’s Myanmar Opium Survey 2024, poppy-cultivating villages are worse off in several infrastructural terms as compared to non-poppy villages (see Figure 12; UNODC 2024). Also, poppy-cultivating households and villages experience limited governmental control, higher opium use, greater debt liability, as well as higher land insecurity. If the lucrative drug trade in the Golden Triangle had truly benefited the local population, poppy-cultivating villages would have been better off than those that do not grow poppies. In reality, however, this is not the case as marginalized or poorly developed areas are more likely to resort to illicit economies like poppy cultivation. This supports Meehan and Dan’s argument about extractivism, where resource extraction, opium in this case, fails to bring meaningful benefits to local communities (Meehan and Dan 2024).

Figure 12: Comparison of infrastructure and socioeconomic indicators in poppy versus non-poppy villages in Myanmar (statistics derived from UNODC 2024).

Access to / Conditions	Poppy-cultivating villages	Non-poppy villages	Ref.
Competitive markets	43.0%	55.0%	p.41
Roads	87.0%	96.0%	p.40
Clinics	17.6%	21.5%	p.42
Piped water	45.2%	60.1%	p.43
Flush toilets	45.8%	66.4%	p.43
Open-air toilets	45.8%	27.7%	p.43
Public electricity grids	17.9%	31.2%	p.43
Candles as primary lighting source	15.6%	5.9%	p.43
Bank credit	51.0%	38.0%	p.40
Socioeconomic indicators:			
Opium use rates	13.5%	2.3%	p.x
Existing debt liability	40.0%	26.1%	p.viii
No formalized land certificate rate	80.0%	59.0%	p.vii
Feeling living under threat	30.0%	24.0%	p.44
Presence of government control	70.0%	82.0%	p.x

2.6.2 “Occupational” drug users

According to fieldwork done by TNI between November 2017 and February 2018 on drug users in Myanmar, the following issues suffered by civilian drug users were recognized: they learned of the negative consequences of drug use through personal experience and at the expense of their health as there was not enough government-backed education on drug use; and drug users oftentimes suffered from social stigma and discrimination (Cachia and Lwin 2019, 1-2). All respondents, rather than based on a captive population, were from an active network of peers of diverse profiles, ages, and socioeconomic backgrounds, and ranged from moderate/occasional drug users to dependent users (ibid., 5-6).

The research suggests that there has been a surge in the availability of meth, or *ya ba* tablets, and a decline in prices in recent years (Cachia and Lwin 2019, 8). For example, street-side vendors in the vicinity of schools were offering open sales of meth tablets to lure students into addiction (ibid., 6). The tablets have become cheaper and more accessible depending on one’s network. Specifically, at the time of the research, a tablet averaged between 2,000 and 2,500 Myanmar Kyat (US\$0.95 and US\$1.19) as compared to five years ago at 5,000 Kyat (US\$2.38) (ibid.). In the State capital, prices were higher due to stricter law enforcement on drug use.

The emergence of *ya ba* not only replaced heroin as the drug of choice but also contributed to a shift in drug consumption practices from injection to inhalation (Cachia and Lwin 2019, 9). Via the old method of injection, infectious diseases such as HIV and Hepatitis C could be transmitted through injecting equipment. However, inhalation itself is also not a safer practice if one recklessly utilizes cheap recycled materials of plastic bottles or foil paper from cigarette packs which are not suitable for meth use for the inhalation process (ibid., 10). Harmful fumes and chemicals can be released during the burning process and be inhaled directly. Moreover, people who run out of tablets or do not yet achieve the initial desired effect may recollect the residue of burned *ya ba* tablets for a second burning process and this is a highly unhealthy and harmful practice. Also, the type of drug that one uses depends on their background: “Poor people use meth tablets, rich people use ephedrine,⁷⁰ only beggars use heroin (ibid., 26).” The wealthy would stick to meth tablets while the poorer may switch to heroin if they can no longer afford tablets (ibid., 10). Sometimes, depending on the characteristics of the *high* that each drug delivers, users may mix two types of drugs. For example, some may mix meth tablets with heroin for the feeling of a relaxing rush while others mix them with *ice* for a slower and more pleasurable burning process but a stronger and longer-lasting *high*. However, the research report by TNI also reckons that the need for users to mix different types of drugs or to perform a second burning process may be due to the declining quality of *ya ba* in recent years, which does not withstand well during burning. The recent rise in police crackdowns on drug use may also prompt drug trafficking entities to make market adjustments and push for the emergence of new substances. The recent advent of *ice*, for example, could lead users to revert from inhalation to a more harmful practice, such as injection.

⁷⁰ A highly pure and potent form of meth, such as *ice*.

In the network of active peers of thirty-seven drug users participating in the research, all were of diverse backgrounds with a history of drug use ranging from two to twenty-five years (Cachia and Lwin 2019, 11-12). Almost all of them had taken breaks during their drug use history at least once for varying lengths. However, one notable thing that the research discovered is that these people hardly fit into the image of helpless, reckless drug addicts but engaged in different social activities and had good relationships with families. Some were even married and had kids to feed. This corresponds with another TNI's report in 2024 that claims drug use in Myanmar is more of an "occupational" use rather than recreational (TNI 2021, 46). This also reminds me of what Thet has said: "If [drugs are] expensive, how can the poor people use it, you know? It is basically the poor people who use it. I think drug use is more common among the poor people." Drug use is more "common among long-distance truck and taxi drivers, manual workers in the mining and other extractive industries, as well as in the fishery and construction sectors (TNI 2021, 46)." People who work in difficult, tiring manual work at night use drugs to help them stay awake to fulfill professional duties (Cachia and Lwin 2019, 12-14). Other workers include jade and gold miners, girls working in entertainment sectors such as karaoke, and workers on 24/7 construction sites who need to enhance work performance. Taking the miners as an example, these people face a compelling necessity to forage days and nights through mountains of rubble. At Hpakant jade mines, in the past, employers would provide three tablets of meth every night to their miners to boost productivity (ibid.). Now, tablets are no longer provided for free but the cost of the tablets will be deducted from the miners' wages. This also demonstrates that in Myanmar, sectors are poorly regulated. Workers are vulnerable to economic exploitation, resulting in the increased risk of using meth to cope with work pressure.

As the term "construction workers" is concerned, Thet shared with me that this is a very common freelance that one can seek to earn daily wages in Shan State:

"When I needed to build my house, I called my friend. My friend's mom was the head of a construction business. It was not a professional company and she was just doing like freelance. So when I was doing the construction of my house, she rallied the carpenters. We do not call them construction workers but carpenters. It is like woodwork but it consists of everything such as wood, cement, concrete, everything. We would call them and agree on the amount. They are carpenters, OK? Anyway, the head of the carpenters will rally a lot of people by asking 'Who wants to work?' Every day, we had to give out the wage to these daily-waged workers. So when [the woman in this video] referred to the 'construction workers,' maybe it was because her son was rallied by the head of the carpenters. He would come to our house to work for a day and he got some money. It is a very small amount of money, but enough to live on for the next days, or for four or five family members to eat fully for the next day. So I think what she meant by 'construction workers' is this. We have many construction workers like that. One day, some buildings are going on, and they will have an offer and go. Anyone can come. Anyone. Males. Females. The forty-or-fifty-year-old. No problem. If you can work and can carry the stones and the rocks, you come."

The fact that Thet kept insisting these workers were "carpenters" demonstrates the unprofessional nature of the work they were carrying out. However, this is also a common freelance that many in the war-devastated economy can seek, as supported by another

informant's perspective: "Because wages are very low and now there is a lot of inflation in our country, the currency is also weakening. So, things are getting expensive. So, most wages are not able to support a family and so on and they will need to work extra hours or pick up extra jobs [...] Construction sites pay hourly and I would say, low as well, but you can work a lot of hours, and I would say that is something people go to as well." In the earlier section about opium farmers, we learned that many young people, in the face of the opium ban and other economic hardships, decided to migrate to countries such as Thailand for work (TNI 2021, 65). I had a chance to talk with an informant from Chiang Mai, Thailand, a borderland area adjacent to Shan State. The informant shared that "construction work in Thailand happens all the time and new buildings are coming up every single day," "Myanmar is the most prominent nation that came in for work" on construction sites, to the point that "if we see construction workers, we would normally put Myanmar into our wording" whether "they are from Laos or from anywhere else." These Burmese construction workers in Thailand would work from early morning to very late at night and the local Thai would "always have a prejudiced view against these people, like they are lower class." "There are so many instances of illegal workers and illegal people coming into the country" because "corruption from Thai companies would try to hire illegal workers to save their cost of whatever." Drug consumption is also most likely associated with construction sites and these Burmese construction workers:

"It is more like every time we talk about drugs in Thailand, the first picture that comes with it is those people. So, you know, the construction workers. I feel like I have heard of more so, like, the drug prevention campaign. I do not know how it got into my head as well. Every place. The first thing you say about drugs is those people that I have in my mind [...] I felt like my schools always had anti-drug campaigns. Every time when we talked about drugs, it was always 'Beware of strangers beware of foreigners.' Wait, there is something about 'foreigners.' They used to use the word *tangdaw* which is to categorize foreigners. This is interesting because *tang chati* means different nations, also foreigners, but another modified version of that word is *tangdaw* which is used to describe specifically the people from Myanmar. They were always like 'Beware of foreigners, beware of *tangdaw*.' So I kind of have that embedded in my mind."⁷¹

In March 2025 by the time I was writing this thesis, there was a major earthquake in Myanmar that caused numerous structures in the epicenter of Mandalay to collapse, alongside over 3,000 deaths. However, the thing that shocks the world is that the effect of the earthquake was so powerful that a ten-story Bangkok skyscraper also collapsed. The Thai informant went on to share:

"Bangkok never had earthquakes. Never. This is the first time. And so the thing is that there are a lot of buildings under construction. I would say it is up to one hundred, there are so many buildings. But there is this one building that crashed down. It is not supposed to [crash], because if you have a permit to build a building, for example, a shopping mall, it would have to be earthquake-proof as well. The structure has to be working in Bangkok. For this one particular building, I believe they would do construction and they would not pass things. They did not pass the earthquake-proof thing. So the building crashed down. And I believe there were thirty, fifty, or a hundred people being Myanmar workers."

⁷¹ According to the Thai informant.

I fact-checked the number and there were indeed up to one hundred construction workers trapped inside the rubble, with “some,” if not many, “were believed to be Burmese [as] many Burmese migrants work in Thailand’s construction industry.”⁷² The collapsed building was relatively new “so the updated building [earthquake-proof] standards would have applied”.⁷³ While suggesting that there could have been initial corruption in the Thai construction company, it is still a grim irony that behind the collapse of a Thai building are Burmese deaths. It is particularly tragic that these Burmese migrant workers, driven by the dire socioeconomic hardships of their war-ravaged homeland, migrate to Thailand in search of a normal life. Despite their dedication and willingness to undertake the most arduous labor, many resort to drug use simply to cope with the immense pressures of their work which further compromises their health.

TNI’s research reveals that a person usually would start out using meth in low quantities (Cachia and Lwin 2019, 15-17). Then, there will be a progressive increase in both frequency and quantity. The next stage would be occasional breaks with periods of more intense consumption. When one’s drug use becomes stabilized, it will be at a manageable level for a person. Also, there are three different patterns of usage discovered by the research. The first pattern is that one may have a strong will but inability to control their meth use. The second pattern is that one simply stops using meth because he no longer perceives its actual effect, potentially because of fake or low-quality tablets. The third pattern is that one takes a break because of changes in life circumstances, for example, a jade miner stops working at the mine to visit his family. Most drug users have a regular but limited basis of drug use, such as a few times a week which suggests a firm control of their lives. They work and earn money decently, can provide for families, and are content with their social lives. This demonstrates that it is possible to use meth and yet remain socially and professionally functional, not necessarily an inevitable loss of control. In other words, drug use is just a social practice that is common among people working in harsh or physically demanding conditions.

Others also use meth to improve social skills and confidence (Cachia and Lwin 2019, 17-18). However, large doses could still result in long-term neuro-toxic effects and cognitive deficits such as insomnia, loss of appetite, anxiety, hallucinations, and paranoid thoughts. Besides, even though occasional drug use can boost motivation, regular use could result in loss of work motivation without prior meth use. These “occupational” drug users always learn the cost of meth use at the expense of their own health. Some not only use drugs to work harder and receive higher wages but also prolong the period without food to skip a meal’s expense. The research also reveals some coping strategies adopted by drug users to mitigate the perceived adverse effects of drug use (ibid., 21). For example, one may decide in advance the number of tablets he would take, and take breaks from meth from time to time to control his usage. Some may have a full meal before taking drugs, while

⁷² BBC News. 2025. “What caused the Myanmar earthquake - and why did it make a tower in Bangkok collapse?” Accessed on June 13, 2025. <https://www.bbc.com/news/articles/c8d4dn18nzgo>
BBC News. 2025. “At least 15 still alive under Bangkok skyscraper rubble, rescuers say.” Accessed on June 13, 2025. <https://www.bbc.com/news/articles/c4gpgylq0qno.amp>

⁷³ ibid.

others would brush their teeth after drug use to prevent tooth damage. These coping strategies demonstrate that different from the image of someone who loses control and capability to make rational choices, “occupational” drug users in Myanmar retain the ability to set boundaries on their drug use, at least to the extent that they are in relatively good health, work hard, and maintain family ties. Others also manage to stop their meth usage by using alternative psychoactive substances such as beer and marijuana to relieve withdrawal symptoms and alleviate discomfort (ibid., 23). However, alternative substances can also sometimes be heroin which proves to be more benign to health than just continuing to use meth. In this regard, unfortunately, the government is “more interested in arresting people rather than providing useful information on drugs (ibid., 24).” Since drug use is still an illegal practice in Myanmar, education on drugs is very limited and so oftentimes, drug users are left to themselves to learn about the adverse effects of drug use empirically (ibid., 24-6). As a result, there is a spread of misconceptions about drugs among users. For example, some drug users believe that putting the straw deeper into the mouth could minimize the direct contact between smoke and teeth and hence reduce tooth decay, or that meth could protect against transmission of HIV during sexual intercourse just as condoms do, which are untrue.

As mentioned earlier, “occupational” drug users are perceived with negative views and stigma not only in Thailand as migrant workers but also in their own homeland. Drug users are often dismissed from certain jobs which leads them to maintain relationships with other fellow drug users, sustaining a vicious circle of stigma and marginalization (Cachia and Lwin 2019, 27-9). In the meantime, if they are caught with one single meth tablet by the police, they would serve at least five years in prison or pay bribes for release. Drug traffickers, on the other hand, are rarely incarcerated. This demonstrates that drug use, while complementing the social and professional lives of many, also fuels the corruption of officials and state institutions simultaneously:

“If [the police] really have to arrest people, then they should take action against big dealers and traffickers, not against poor people. If you are arrested and sent to prison, you will have nothing left when you go out. You will not be able to find a job and make a living [...] I mean, [when you use drugs] really you do not hurt anyone (ibid., 28).”

“People around us think we [drug users] are just addicts and worthless people. They say things such as ‘Keep an eye on your property because there are addicts living in the neighbourhood.’ People look down on us, really they treat us worse than dogs (ibid., 27).”

3 The gambling industry

In this chapter about the gambling industry, I will continue deploying a historical lens to look at how the relationship dynamic between ethnic armed groups and the government has evolved since the peak of the narcotics trade. Particularly, we will discuss the BGF initiative and Operation 1027 in more detail, as well as their implications in shaping the relationship dynamics of various actors involved in illicit trade along the borders. We will also see more implications of illicit flows versus territorial borders. Last but not least, we will

get to know more about the UWSA's two closest militia brothers, the MNDAA and the National Democratic Alliance Army (NDAA), which are among the four factions that broke up from the old CPB model. We tend to think of the gambling industry as a separate event from the drug trade. However, the drug trade, casinos, and online gambling are deeply interconnected within the border economy (Xu 2024, 72). They coexist and mutually reinforce one another.

3.1 The transition from narcotics trade to gambling

In Xu's account of her field trip from Nanjing, China to Kokang, Shan State in 2018, she used a cross-border transport service by Big Bear, a local Kokang, and his wife (Xu 2024, 65). This transport service is the very same service used by several cross-border Chinese gamblers. The service provided by Big Bear and his wife was aimed at giving gamblers a seamless experience at Laukkai's casinos. Laukkai is the de facto capital of Kokang, and as Xu depicts, "this place comes alive at night (ibid.)." Like a broader pattern across *Mianbei*, Kokang thrives on informal economies (ibid., 66). Ethnic armed groups in *Mianbei* leveraged the administrative autonomy negotiated with the central government via ceasefire agreements in the 1990s to sustain their economies. These ceasefire arrangements do not guarantee peace but rather perpetuate a complex web of resource-extraction conflicts and political alliances. It is estimated that out of 135 ethnicities of the country, at least twenty have established armed entities, and they are usually based on the Chinese-Myanmar border, assuming dual roles of administrative governance and economic development in their respective controlled territories (ibid.). These ethnic armed groups rely heavily on cross-border trade as their main income and establish state-like relations between one another and with China through a complex web of cooperation and conflict. The recent event of Operation 1027 is a manifestation of this intricate web. In the meantime, the central government of Myanmar continues *buying in* ceasefire insurgents. In 2009, it launched a controversial BGF initiative to lure junta-aligned militias into becoming BGFs. Whether being a BGF or a non-aligned militia, these groups' survival strategies remain closely tied to illicit economies. Wa State, or Shan State Special Region No. 2, or SR2, remains the region that hosts the largest militia of all, the UWSA. However, Wa State is not alone in operating in the model of a State within a State; Kokang and Mong La also share a similar model, referred to as Shan State Special Regions No. 1 and No. 4, or SR1 and SR4, respectively. The MNDAA, another major militia active in *Mianbei*, has engaged in several conflicts with the central government, the most notable ones happening in 2009, 2015, and recently in 2023. Be it the UWSA or the MNDAA, both are infamous for their Cold War's historical role in facilitating cross-border trade with Yunnan, China, and being breakaway factions of the old CPB entity.

In 1960, the military government enacted the Ka Kwe Ye program that recruited independent insurgents in the north to help combat communist insurgents in Shan State (Xu 2024, 67-9). In exchange, the participating insurgents were permitted to trade drugs and procure weapons. Afraid that Khun Sa may establish the Republic of Shan State if the State continued to be dominated by the MTA's operations, the UWSA and the junta, sharing common economic and political interests, allied via the Ka Kwe Ye program to retake the

MTA-controlled territory. This seized territory around Mong Pawk, Shan State, became Wa State's southern territory (South Wa), or Shan State Special Region No. 3 (SR3). The Ka Kwe Ye program and multiple conflicts during the Cold War era created a favorable condition for ethnic armed groups active in the mountainous territories to explore revenue resources while simultaneously boosting their ability to sustain regional power dynamics, via the alliance program that the government itself had initiated. The drug trade not only provides armed groups with capital but also political leverage to negotiate power dynamics, within themselves and against the central government. This phenomenon is manifested in the UWSA's tactics of political maneuvering in which it, on the one hand, withdraws from direct conflicts against the military government while, on the other hand, forges and sustains its power alliances.

Since 2000, however, ethnic armed groups have increasingly focused on gaining legitimacy and repairing their damaged reputations as insurgent and drug trafficking organizations (Xu 2024, 69-70). This phenomenon is thought to have been facilitated by post-ceasefire transitions, coupled with the increasing influx of investments from Chinese entrepreneurs. The most notable move of this was when armed groups launched anti-drug campaigns in their territories and took a partial shift away from the narcotics trade. This move is also seen as armed groups' efforts to promote economic diversification rather than rely on the drug trade alone as their main source of income. As a result, several border-based Special Regions (SR) have transitioned into gambling hubs. Following the boom of the gambling industry, illegal cross-border movements have become prevalent. Even the local population has taken part in becoming local motorcyclists, charging a fee for the transport of illegal crossings of Chinese gamblers, such as Big Bear and his wife. At these border checkpoints, there is an increasing presence of Myanmar military personnel, charging "unofficial fees of passage (ibid.)." This indicates that not only local armed authorities may be deriving benefits from smuggling activities, but even the central government has given tacit approval to this. The emergence of gambling hubs on borderland SRs hence serves a dual role in boosting local economies and providing employment while acting as nodes for various illicit trade to thrive and giving armed groups a renewed opportunity to establish post-ceasefire legitimacy, "balancing legality and illicitness to trade off the uncertainties of the drug trade (ibid.)." From this chapter onwards, I will refer to ethnic armed groups more often as local (armed) authorities to reflect their changed status from insurgents to semi-state identities.

Aside from physical gambling casinos, a new phenomenon of the so-called online scam industry, or what I call *bocai*, is on the rise, rendering capitalist actors less reliant on physical economies (Xu 2024, 70-71). Scam operations are set up in several border-based towns in Southeast Asia and vary in size. Most are equipped with dorms, offices, shops, entertainment facilities, et cetera adjacent to licensed casinos. Some employees come to work in the *bocai* willingly, such as Thet and a few other informants participating in my thesis. However, others may be trafficked and obligated to work in a model that is similar to modern slavery (ibid.). In 2021, China increased securitization in the Chinese-Myanmar borderlands, which effectively limited the flows of Chinese gamblers and gambling-related workers/employees coming to Myanmar. However, the digital illicit economy continues to

thrive independently of physical border openness. For example, to recruit employees to work in *bocai*, companies have switched to arranging entries for foreign Southeast Asian employees through the less fortified Thai-Myanmar border. This demonstrates the digital illegal economy's adaptability and resilience to find alternative recruitment channels. As van Schendel states, borders are fixed and static while illegal flows are highly flexible and constantly exploring new routes and markets (van Schendel 2006, 40-41). Borders are inevitably selected for constant stimulation by new discourses from global capitalist actors. Aside from providing new capital for border-based ethnic armed groups in Myanmar, the digital illicit economy is also being used as a strategic alignment or separation by armed groups for potential military and territorial gains (Xu 2024, 72). For example, Operation 1027, launched by the MNDAA and two other allied armed groups, served as a political maneuver that, while framed as a crackdown on online scam networks, aligned with China's frustration over the junta's inaction, thereby helping secure Chinese support. By distancing itself from online scams via Operation 1027, the MNDAA strategically withdraws from such economies to influence external actors, such as China and other *neutral* armed groups in Shan State, to secure cooperation in the fight against the Myanmar junta. Through Operation 1027, armed groups such as the MNDAA effectively use illicit economies as both a conflict pretext against the military junta and as a diplomatic tool to leverage political and military support. This proves that groups previously engaged in illicit economies can decide to strategically withdraw from them when circumstances demand.

Narcotics trade, casinos, and online gambling are not isolated shadow networks (Xu 2024, 72-73). When the drug trade was cracked down, casinos and *bocai* rose to fill in the economic void like *sequential shadows* that co-exist to reinforce one another in times of uncertainty (ibid.). Despite armed groups' efforts in the opium ban and drug eradication campaigns, new drugs such as meth have been invented to take over the role left by heroin and opium. Recently, there has been a discovery of the first trace of *fentanyl* in Myanmar, a drug that is trafficked the most in North America and through which Mexico is the largest transit hub (ibid.). In regard to gambling, digital avenues have been established to counterbalance governmental crackdowns on physical casinos. Illicit economies have proven their resilience and ability to explore new growth opportunities, especially in response to regulatory pressure. Last but not least is their adaptability in strategically modifying narratives to align with changing opportunities. The transition from drug trafficking to drug eradication is one of many examples of these political maneuvering tactics. Also, in Operation 1027, the 3BHA's selected target of *bocai* networks is among many manifestations of this dynamic. Whether traditional or digital, illicit economies are the way of life in Myanmar's northern borderlands. Moreover, as armed groups are increasingly interested in restoring legitimacy as semi-state entities, illicit economies are no longer being used solely for economic gain or territorial control but also as a political tool, one that groups engage with or withdraw from as their changing priorities dictate. Now we shall discuss in more detail Operation 1027 to clarify this shifting dynamic.

On October 27, 2023, the 3BHA, consisting of the MNDAA, the TNLA, and the Arakan Army (AA), launched a series of offensives against the government's military posts in several key towns in North Shan, especially along the Chinese-Myanmar border. This operation is

called Operation 1027, named after the date the operation commenced. The goals of Operation 1027, as initially announced by the 3BHA, were to combat widespread online fraud and gambling compounds set up along the border, defend territorial autonomy, and eradicate junta rule (ISP OnPoint 2023, 2). *Mianbei* has long been a political and military arena for state and non-state actors to vie for complete or partial power. By aligning Operation 1027's goal with that of China in addressing online gambling, and when China's interest in Myanmar is at its peak in terms of the Belt and Road Initiative (BRI), Operation 1027 capitalized on a critical moment. It gives non-state insurgent actors a chance to make a cost-benefit analysis and decide if they should join forces with the 3BHA to wipe out governmental control. China had deep strategic interests in Myanmar, specifically through the Kyauk Phyu deep-water seaport project in the Kyauk Phyu Special Economic Zone (SEZ), as part of its BRI (ibid., 4). China's concern was at its peak when Thein Sein's administration grew increasingly aligned with Western governments.⁷⁴ In discontent, China may use insurgent conflicts in Rakhine State and northern Shan State as a diplomatic tool on the negotiation table with the Myanmar government to guarantee security to its infrastructural projects in Myanmar. Given close historical, cultural, and economic ties with various border-based insurgents such as the UWSA and the MNDAA, China may send political and military support to non-junta-aligned insurgents and use this as an effective "bargaining chip" with the Myanmar government (Ong 2023, 18).

The 3BHA in which the MNDAA plays a key player aligns with China's concerns over online fraud and gambling (ISP OnPoint 2023, 5). These shadowy operations are designed to serve Chinese nationals, as their activities would be illegal under Chinese jurisdiction. This demonstrates that while an illicit economy is outlawed in the country of destination, nearby countries become a staging post for the outlawed industry to grow and cater to customers from the very country where it is outlawed (van Schendel 2006, 60-61). The relationship between illicit flows and borders is like *target* and *post*, where borders are static and may have nothing to do with the customers of illicit flows, but somehow are chosen as an inevitable post (ibid., 40-41). Chinese officials have raised the issue of online gambling with the junta on various occasions, but received inaction from the junta (ISP OnPoint 2023, 5-6). Since Kokang was among many northern regions of *Mianbei* where casinos and *bocai* operations were ripe, China also raised its concern with Bai Xuoqiang, a junta-aligned figure who was appointed State President of Kokang in 2011, but Bai showed inattention, potentially as a move to challenge China's ability to impose pressure on Kokang. Similarly, the Wa's new leadership, the UWSA, since the collapse of the CPB, was also less open to China's perspectives. Through Operation 1027, China appears to be sending a clear set of signals, both directives and warnings, to the UWSA. Additionally, China may be leveraging the operation to replace Bai, a junta-aligned individual, with someone from the MNDAA who is more receptive to its interests, such as Peng.

Since the ceasefire in 1989 between the MNDAA and the junta, Kokang had been under the MNDAA's control. Peng Jiasheng, the MNDAA's commander-in-chief, ruled

⁷⁴ Thein Sein was President of Myanmar between 2011 and 2016. During his term, he was leading the country towards a shift to semi-civilian governance, which concerned China.

Kokang until 2009. 2009 saw a change in the military's approach to managing ceasefire armed groups, which fundamentally altered the 1990s' ceasefire system and opened up a new phase of ethnic politics (Buchanan 2016, 4). On April 27, 2009, the military government announced the BGF scheme, aimed at transforming ceasefire armed groups into pro-government militias known as People's Militia Forces. People's Militia Forces were required to downsize their armies and integrate them into the government's forces, assist the government's forces in collecting information about other armed groups and help them navigate the mountainous terrains. The BGF initiative had several far-reaching effects on the insurgent-junta relationship dynamics. A MNDAA faction under Peng refused the scheme, resulting in Peng being ousted by the junta for non-compliance (ISP OnPoint 2023, 11). Peng and his forces were forced to retreat to Mong La, or Shan State Special Region No. 4 (SR4), which, like Wa State and Kokang, had secured political and economic autonomy under the 1989 ceasefire agreement. Mong La was controlled by the National Democratic Alliance Army (NDAA), another breakaway faction from the old CPB party and led by Sai Lin, Peng's son-in-law. Since Peng's retreat, Kokang has been under a junta-aligned administration's control. This junta-aligned administration was under Bai Suoqiang, who, following the conversion of Kokang from a SR to the so-called Self-administered Zone (SAZ), was promoted by the junta as the Zone's new Chairman. Since the loss of Kokang to Bai, Peng's MNDAA launched several occasional attacks in Laukkai with the hope of retaking Kokang from the junta-aligned administration. Figure 13 summarizes the MNDAA-junta dynamics in Kokang since the 1898 ceasefire up to the latest development, which is the formation of the 3BHA and Operation 1027 in late 2023 (see Figure 13). Operation 1027 is so far considered the MNDAA's most effective offensive in a series of scattered offensives it has carried out since the loss of Kokang. The reason for the success is attributed to the successful alliance with several other armed groups, such as the 3BHA and a few others, and its capitalization of the critical moment of convergence of interest with China (ISP OnPoint 2023).

Operation 1027 not only serves the MNDAA's goal of reclaiming control over Kokang but also intertwines with China's security and economic interests in the region (ISP OnPoint 2023, 7). Therefore, China may give the "green light" to Operation 1027. However, it is important to know that Myanmar insurgents are not so passive or subject to acting on signals from China. Throughout history, they have consistently demonstrated their own agency and that they may reinvent their positions within the given situation to maximize their strategic options and achieve more favorable conditions. In other words, they are capable of producing results on their own terms. For example, during the Cold War era, we learned that insurgent groups form alliances or separations depending on their changing priorities, or what we call political opportunism. One of the latest moves of this observed phenomenon is when armed groups transitioned into the gambling industry and synthetic drug trade and advocated for the opium ban to restore their tarnished image as organized crime organizations (Xu 2024, 69-70).

Figure 13: Timeline of insurgent-state dynamics in Kokang from 1989 to 2023 (compiled from ISP OnPoint 2023, 10-11).



On the other hand, the success of Operation 1027 demonstrates the Myanmar military's weakness and loss of popular support in the northern regions (ISP OnPoint 2023, 8-9). It calls into question whether the Myanmar junta may face an internal implosion if the theater of war expands further beyond Shan State. The operation thus signals to other armed groups the capabilities of the junta's state power, allowing them to make their own assessment of whether they can risk entering into an all-out war against the junta. So far, the KIA and the People's Defense Force (PDF), the armed wing of the civilian party National Unity Government of Myanmar (NUG) supporting Aung San Suu Kyi, have joined forces with the 3BHA in Operation 1027 and begun attacks. Further armed groups may join forces as Operation 1027 continues to escalate. These prospective armed groups' decision-making is based on their own historical experience of territorial disputes with the government due to ethnic demographics. Other factors include emerging frictions between forces as external actors expand into war areas, as well as their historical distrust of one another and their internal limitations.

According to the 2008 Constitution, Chapter 2 about "State Structure," Article 56 (e), Kokang was officially converted from the status of a SR to a SAZ with Laukkai as the capital, following the defeat of Peng and his MNDAA's faction in Kokang (ISP OnPoint 2023, 12). Kokang consists of approximately 45,000 residents, with administrative functions divided between the administrative body and the military command. Governing Kokang was a junta-aligned BGF under Bai, who complied with the 2009 BGF initiative, something Peng rejected, and was appointed Chairman of Kokang, a status equal to State President. In fact, the MNDAA under Peng was not the only insurgent that rejected the BGF scheme; several armed groups have been unwilling to participate, especially the more dominant groups in the mountainous regions, such as the UWSA and the NDAA, which control the SR2 and SR4, respectively (Buchanan 2016, 5) (See Figure 14). However, despite failing to turn the MNDAA into a pro-government militia, the BGF scheme indeed weakened the MNDAA's capacity. In the meantime, newly formed BGFs such as the one under Bai serve as proxy forces for the junta to exercise its power in the mountainous areas of *Mianbei* which are not directly under governmental control. The presence of these proxy forces also applies extra pressure on other non-aligned mountainous insurgents. The 2009 BGF thus represents the military junta's effort in expanding its control and integrating ceasefire groups from the 1990s into the state's military and administrative structure.

Operation 1027 in northern Shan State, representing insurgents' rebellion and rejection of junta rule, successfully attacked several military posts in Kokang, Chinshwehaw, Muse, Lashio, Hsewi Townships, et cetera (ISP OnPoint 2023, 14). The People Liberation Army (PLA) and the Bamar People's Liberation Army (BPLA-Mandalay) have also joined the fight. Laukkai, Kutkai, Muse, Mongko, Lashio, Mongmit, as well as several military posts along the Chinese-Myanmar border, have been captured by the 3BHA. Other resistance forces in Kayah State also attacked military posts close to Pantein and Maese in support of Operation 1027. All in all, Operation 1027 is not solely the MNDAA's all-out attempt to retake Kokang since the change of leadership in 2009 following the BGF initiative. It is a manifestation of several internal and external actors' relationship dynamics intertwined, ranging from the shared interests with China in its infrastructural ambitions and elimination

of *bocai* in Myanmar, to the exposure of the state's military weaknesses and the territorial aspirations of unaffiliated insurgent groups in the northern regions.

Figure 14: Overview of autonomous, insurgent-controlled SRs in *Mianbei*.

Special Region	Location	Armed group	De facto capital town	Key political figures
SR1	Kokang	MNDAA	Laukkai	Peng, Bai
SR2	Wa State	UWSA	Pangsang	the Bao, the Wei
SR3	Wa State's southern territory	UWSA and UWSA-linked	Mong Pawk	
SR4	Mong La	NDAA	Mong La	Sai Lin (Peng's son-in-law)

3.2 Kokang - from SR1 to SAZ

In February 2015, Peng's loyal forces, which had been ousted in 2009, launched an offensive to retake Kokang (Kyu 2018, xiii). Heavy fighting led to the displacement of tens of thousands of Kokang residents (ibid.). This offensive is not a separate event of *the Kokang problem* but a part of the larger Myanmar civil war for ethnic insurgent autonomy. The upheaval in Kokang put the casino industry in the region in jeopardy. Since the 2000s opium ban, Kokang has been turned into a gambling hub in *Mianbei*, ever since the region was under Peng's control. The majority of Laukkai's population is ethnic Chinese, and the region itself functions outside of governmental control (ibid., 2). This is also evident via exchanges with my Burmese informants. For example, the informants said:

"Myanmar has many ethnic autonomous regions that the government does not govern. They have their own armies, their own languages, and their own territories."

"It is indeed that the central government does not have monopoly control over all the States [...] There exist autonomous states like Wa State and so on, which are officially recognized as autonomous by the government. But other states like Shan State and Karen State, on paper, I believe, would be under the government. However, in practice, government control is much weaker in these regions [...] [I have only been to Shan,] but not the north, I saw government buildings or so on, which means that it is under the government. However, it is also evident that the government is not very powerful there because everywhere people are carrying guns."

Kokang had enjoyed its autonomous status under Peng's leadership for twenty years since the collapse of the CPB, followed by the formation of the MNDAA faction and the

1989 ceasefire agreement with the Myanmar state (Kyu 2018, 3-4). The Peng's leadership ended in 2009 when the MNDAA refused to transform into a BGF. However, despite the change in leadership following 2009, the local economy still consists of the same business activities initiated by the previous leadership, dominated by gambling, goods smuggling, and massage parlors. Kokang's gambling industry attracts many young Kokang as well as youth from other parts of North Shan to work, who speak Chinese. Even though casinos and gambling dens are illegal under Myanmar law, casinos in the SAZ continue to operate *business as usual* thanks to Kokang's new leadership under Bai, agreeing with a conversion into a BGF. Nowadays, Kokang continues to be known among the regional Chinese gamblers as "the little Macau (ibid.)." In China, only Yunnan has casinos, and being a border town adjacent to Yunnan, Laukkai is thought to have been inspired by Yunnan (ibid., 6). In fact, such Chinese inspiration is not felt in Kokang alone but also in other SRs such as Mong La and Pangsang. Rippa and Saxer call the conversion of Mong La into a borderland gambling hub a "China-inspired vision of development (Rippa and Saxer 2016, 240)." Since the 1898 ceasefire, Laukkai was turned into a modern town with large hotels operating casinos and massage parlors inside (Kyu 2018, 6). It is not certain if this model in Myanmar's SRs has inspired other non-gambling regions outside *Mianbei*. According to one informant in Mandalay, a government-controlled region, "In recent years, big hotels in Mandalay started operating casinos inside [...] It becomes a trend. I think in 2020, no, 2021, or 2022? I meant recent years, it has suddenly become a craze to gamble. There is a big hotel in Mandalay, but I do not remember the name. I have a friend, and a friend of his always goes there to gamble, and sometimes he loses a lot of money [...] In Myanmar, I think in big hotels, casinos can be found [...] I can still get in [these casinos,] of course. Understand it this way, those casinos are opened underground inside the hotels. Those casinos are not legally registered."

In Kokang, casino operators provide pick-up service for Chinese gamblers at the border crossing points (Kyu 2018, 7). Free accommodation is also provided for gamblers of large amounts. Inside the casinos, young casino staff sit in front of computers and webcams connecting to remote gamblers from China, so gamblers no longer need to cross the border to gamble (ibid., 14). An average card dealer is expected to earn approximately 4,000 Chinese Yuan monthly. These dealers' positions are oftentimes secured by university graduates (ibid., 15).

Poppy cultivation was the main livelihood for the Kokang population for many years until, in mid-1997, the MNDAA started halting all cultivation (Kyu 2018, 18-20). Like other mountainous regions, the opium ban was enacted recklessly without sufficient planning for alternative livelihoods for the locals, while local authorities quickly switched to gambling as an alternative source of revenue. Most casino operators in Kokang are from China, a few from Hong Kong, Taiwan, and Macau, while protection and security are provided by the MNDAA (ibid., 22-3). Casino operators pay taxes to the local authority per gambling table. In Kokang, buildings have been turned into facilities catering to the gambling industry, such as casino buildings, massage parlors, spas, clubs, shops, restaurants, et cetera. Streets are quickly filled with the latest cars of the elites, which were rare in the past. Eighty percent of casino staff are Chinese nationals, with employees' accommodation provided within the

compound (ibid.). Chinese hires tend to have higher levels of education than the local Kokang and are generally more favored, while the Kokang and ex-poppy farmers work in manual positions such as security guards, cleaners, et cetera. Based on my personal experience working for a *bocai* company in the Philippines, and through a conversation with an informant, a clear pattern emerges also in *bocai*: local hires are typically assigned manual roles such as office and dormitory cleaning or meal delivery, while Chinese-speaking employees, often recruited from abroad, are placed in higher-paying, computer-based positions that require managerial or technical skills.

According to Kyu, problem gambling is also widespread in Kokang (Kyu 2018, 25-6). Dead bodies related to gambling are frequently found in the Dong Cheng Lake in town. These gamblers may have lost all of their money and did not dare to go back to China. Due to problem gambling, many hotels in Laukkai are equipped with iron bars guarding against windows and balconies to prevent guest-gamblers from committing suicide by jumping off. Even gambling companies are aware of problem gambling and gambling addiction. When I was working in the Philippines, the industry-wide golden rule was that employees were prohibited from gambling in casinos or any online mode. According to one informant who was on a probation period in a *bocai* company in Shwe Kokko, Karen State, “We were not allowed to enter the casinos there. The casinos serve only tourists. The regulation of the company was that employees were not allowed to enter casinos; otherwise, they would be fired. It is not permissible.”

According to Xu, the online gambling industry, or *bocai*, is a phenomenon existing alongside physical casinos in SRs, as part of ethnic armed groups’ efforts in diversifying their income sources when a specific shadow is cracked down on temporarily (Xu 2024, 70). The *bocai* industry is much more flexible than other physical economies as it is not subject to border constraints but able to move across borderlands and settle when the conditions fit. The business model has been simulated and mushroomed into several operation compounds scattered across various Southeast Asian countries (ibid., 71). Reports by the International Organization for Migration (IOM 2024) and the Office of the United Nations High Commissioner for Human Rights (OHCHR 2023) have identified at least seven Southeast Asian nations hosting such compounds, of which the Philippines, the country which I had worked in and made several contacts who became my informants in this thesis, is also included as one of the main hosting countries, and so is Myanmar (see Figure 15). While specific operational details may vary by hosting countries and locations, conversations with informants confirm that the general structure and functioning of these operations remain largely consistent. The online gambling industry is called internally by those involved as *bocai*, or *BC* as an abbreviation. *Bocai* in Chinese language means “gambling” (Chn: *bó cǎi*). However, if written out in text or on recruitment posts, the Chinese word *bó cǎi* is never used. Instead, the alternative used is *bō cài*, which is pronounced slightly similar but has a completely different meaning, meaning “veggie.” In fact, *bocai* is also a recognized term to refer to the online gambling industry, as explained by a report by the United States Institute of Peace (USIP) (Tower and Clapp 2020, 5). This signifies the secretive nature of the industry itself and the taboo around it, in which those involved would avoid referring to it directly as gambling. On several occasions during my conversations

with the informants who have been working in *bocai*, they unconsciously avoided the word *bocai* in their sentences. They consistently referred to the industry as “that industry” (Chn: 那个行业) in their answers rather than naming it or using *bocai*:

“[*Mianbei*] is unsafe, it is like in the Philippines, there are many Chinese people coming to the Philippines to do *that industry*, you know this too, so the place is impacted by their actions, spoiled with a bad reputation. It is the same principle; bad reputations are assigned to Myanmar and the northern regions. It is like that. But the local people are not, in fact, that bad [...] The bad aspects are all about *that industry*.”

Figure 15: List of main *bocai*-engaging countries.

	Host countries	Employee source countries	Key active regions	Estimated numbers of forced employees	Ref.
Cambodia	✓	✓	Phnom Penh, Kandal, Pursat, Koh Kong, Bavet, Preah Sihanouk, Oddar Meanchey, Svay Rieng, the Dara Sakor and Henge Thmorda SEZs.	>100,000	IOM 2024, 10; OHCHR 2023, 7;
Indonesia		✓			IOM 2024, 11
Laos	✓		The Golden Triangle Special Economic Zone (SEZ) in the northwest of the country.		IOM 2024, 12; OHCHR 2023, 7;
Myanmar	✓	✓	Shwe Kokko, KK Park, Kokang, Wa territories, Mong La.	>120,000	IOM 2024, 13; OHCHR 2023, 7;
Thailand	✓	✓			IOM 2024, 14
The Philippines	✓	✓	Over 30 licensed POGOs, with more operating illegally across the country.		IOM 2024, 15; OHCHR 2023, 7;
Vietnam		✓			IOM 2024, 16

There are several reasons behind this avoidance, both conscious and unconscious. To start with, gambling is illegal in both Chinese and Myanmar laws. Naming the industry or using the word *bocai* would increase the sense of illegality of the work they are doing. According to Kyu, in Kokang, casino operators also do not use the word *duchang* (Chn: meaning *casino*) to label their avenues or advertise in the media. Instead, they use *yule gongsi*, meaning “entertainment companies” (Kyu 2018, 55). The same can be said for the act of gambling; instead of using the verb *du*, meaning “to gamble,” casino operators, staff, and gamblers universally use *wan*, meaning “to play,” framing it more like a recreational activity (ibid.). According to one informant who is working in the *bocai* industry, “It is usually the ones who work in formal industries who would look down on those who work in the *bocai* industry.” This social prejudice contributes to the broader linguistic avoidance of naming the industry directly.

Between 2005 and 2009, China stepped up its “sweep drugs, gambling, and AIDS” campaigns along the border with Myanmar (Kyu 2018, 24-5). It cut access to electricity and mobile networks and limited the illegal crossing of people into Kokang. People outside

Yuanan were barred from obtaining border crossing permits. These regulatory pressures decreased all movements of people and activities in Kokang substantially. Laukkai quickly became a ghost town. Local livelihoods that depended on income from catering to cross-border Chinese gamblers, such as cleaner workers at casinos, taxi drivers, sellers of goods, shop owners, sex workers, et cetera were all affected by the downturn of the gambling industry. However, downturns like this happened, but oftentimes, they did not last long. As the backbone industry of Kokang, gambling rebounded quickly after it fell. In 2009, for example, when the political struggle of Kokang happened as the SR changed leadership from Peng into a BGF under Bai, many casinos closed and many people became jobless (ibid., 28-9). However, in 2012, shops sprang up again as casinos rebounded, as well as several karaoke halls with sex workers standing outside greeting potential customers. Almost all buildings in Kokang were somehow related to gambling. The transition from a SR to an SAZ was not just a superficial change of name but reflected a deeper political shift. The installation of a junta-friendly administration in Kokang helps explain the increased presence of Burmans in Kokang than it had ever been when the region was under Peng's leadership. It also reflects a deeper integration of Kokang into the formal governance structure of Myanmar.

Kokang is not the only *Mianbei* region where the gambling industry flourishes (Kyu 2018, 31-3). Other territories under the control of ethnic armed groups, such as Wa State, Mong La, KK Park, Shwe Kokko in Karen State, have also gained notoriety as hubs for gambling and online *bocai* operations. The central government does not have the authority to regulate economic activities in those areas and is believed to have been paid unofficial taxes (ibid.). As an important business, the rise and fall of casinos directly affects people's livelihoods. For example, a property owner in Kokang may lease an entire building to a businessman who, in turn, sublets individual floors to different casino operators. Surrounding these facilities, restaurants, shops, and hotels, often run by locals or relatives of Bai, emerged to cater to the needs of casino employees and gamblers. As mentioned earlier, Xu's field trip to Kokang in 2018 using the cross-border transport service by Big Bear and his wife illustrates how many local Kokang try to make a living out of illicit means, including smuggling and catering services to Chinese gambler-visitors (Xu 2024, 65). From an unidentified source on a Chinese travel forum, a tourist shared his experience of visiting Mong La, or SR4, using a similar border-crossing service provided by the local from the Myanmar side.⁷⁵ The traveller shared that it is usually these inevitable *transporters* who would be responsible for reminding tourists and their customers alike to erase any photos of casinos or armed personnel taken in Kokang from their phones before reaching the Myanmar-China checkpoints going back to China. Border troops would then conduct random inspections of travellers' devices to ensure that no sensitive, gambling-related images leave the area. This detail also reminds me of an industry-wide rule when I was still working in the *bocai* industry in the Philippines. Before entering the office, all employees were required to leave their phones at the security and undergo a screening procedure, similar to that at the airport, to detect any unauthorized device or weapon. When leaving the

⁷⁵ 龙源, 蝙蝠 73916654. 知乎。2024. “缅甸小勐拉龙源国际公司开户与农贸市场色情业|不夜城男人的天堂。” Accessed on July 3, 2025. <https://zhuanlan.zhihu.com/p/711974811>

office, employees would undergo the screening procedure one more time and then retrieve their phones. The traveller from the Chinese forum went on to share that “Mong La is a sinful city of half heaven and half hell. It has caused countless people to fall into misery but also allowed some hardworking locals to earn a living in an honest way, resulting in a stark polarization between ruin and resilience.”⁷⁶ In Kokang, casino jobs become the main choice for the young people (Kyu 2018, 39). Casino operators are soon to realize that it is cheaper to recruit the local Kokang than the Chinese nationals. Therefore, Chinese hires are now reserved for managerial or supervisory positions.

The rest of Myanmar outside *Mianbei* may not even know that there is such a region named Kokang existing (Kyu 2018, 43). If known, the Zone is often associated with a bad reputation as a conflict zone and a dangerous place to live or work. For example, when I asked one informant from Mandalay where I could find the casinos in Myanmar to gamble, he said, “There have to be many in Kokang (he laughs). Kokang is the center of *zhapian*.⁷⁷ I have a friend there, and you know what, his mindset has grown to be so interesting to the point that he is running a *zhapian* operation there. He makes a lot of money. I do not know who the target of his *zhapian* operation is. I think the target should be Chinese citizens because his boss is Chinese. He makes a lot of money, I tell you.” Interestingly, the Chinese from the other side of the border seem to know Kokang better. Kokang is known by the Chinese within the general concept of *Mianbei*. I recall a chat with a Chinese national who was my former colleague in *bocai*. The person said, “When one mentions *Mianbei*, one can only think of *zhapian* and drugs [...] I do not know much about *Mianbei*, I read about it on the news.” This is understandable because eventually, *Mianbei* is a term constructed by the Chinese and ethnic Chinese rather than the Burmans.

Since the Chinese-funded casino industry is also on the rise in other Southeast Asian countries, some even move to countries such as the Philippines to work in the casinos, which usually come with better pay and better facilities (Kyu 2018, 57). In those cases, casino employees’ remittance has become an important income for many ordinary families in Kokang. According to one testimony from Kyu’s account, “[Thanks to my daughter’s remittance,] I do not need to sell my pigs and chickens when someone gets sick (ibid., 63).” Laukkai has its fair share of smuggling, drug trafficking, human trafficking, and prostitution carried out by Chinese nationals in collaboration with local Kokang to generate capital and living income (ibid., 76). Kokang people cannot get rid of gambling, just like the Myanmar government cannot take any action against the industry despite being against the law.

3.3 Mong La (SR4) - the Sin City

The ceasefire agreements in 1989 and the 1990s opened up a new political map for Myanmar borderlands (Than 2016, 152-4). Previous warlords turned local authorities controlling SRs and started negotiating business adventures over a wide range of extractive development projects in construction, plantations, the casino industry, et cetera with

⁷⁶ ibid. (Chn: 小勐拉作为一个罪恶之城，一半天堂一边地狱。让无数人堕落，也让一部分勤劳诚恳的人正正当当的致富，两及分化严重。)

⁷⁷ Chn: scam operations, also referring to *bocai* operations.

Chinese businessmen from the other side of the border. As a general pattern across SRs, the relationship between ex-insurgents and the government remains fragile. In Mong La, or SR4, the ceasefire agreement between the government and the National Democratic Alliance Army (NDAA) under Sai Lin on June 30, 1989, officially recognized the NDAA's authority over SR4. Like a mandate system across *Mianbei*, winners after the collapse of the CPB became new leaders of the SRs, with the UWSA controlling Wa State (SR2), the MNDA for Kokang (SR1), and the NDAA for Mong La (SR4). The recognition of insurgents as quasi-heads of state is also a political arrangement by the government to turn insurgents into proxies. In SR4, the insurgent-turned autonomous administration was allowed to use state symbols, similarly to two other groups in the vicinity, Wa State and Kokang, creating a new politico-ethnic map in *Mianbei*. As Nordstrom states, we know insurgent actors have become uncontrollably powerful when they start displaying state attributes, governing structures, and law-like apparatuses (Nordstrom 2000, 46). However, as a little brother of two other groups, SR4 received more governmental interference (Than 2016, 154-5). The SR is indeed not happy about that and has been working on a more important task: reinforcing its autonomy while distinguishing itself from the Burmese-dominated government (ibid.).

To access SR4, an outsider would need to hire a transport service from the nearby town of Keng Tong and go through three checkpoints (Than 2016, 155-6). The first one is controlled by the government, the second one by joint forces between the government and the NDAA, and the third one by the NDAA's troops alone. Like other SRs, Mong La follows Chinese time and uses Chinese currency and is closer to China linguistically and culturally. It is thought that access to Mong La is easier for Chinese nationals from the other side of the border than for Burmese from different parts of the country, as the Chinese can cross the border illegally without having to pass through all the checkpoints. As Than reckons, SR4 is a test to recent anthropological theories on borderlands in which state territorialism fails to exert its territorial sovereignty (ibid.). Rather, van Schendel proposes illicit flows such as the cross-border flows of goods and people as better tools of analysis over fixed territorial boundaries (van Schendel 2006, 38-40). SR4 is a strong candidate in the use of illicit flows as analysis units to understand how state, non-state, and semi-state actors interact through and around these illicit networks to shape the region's political economy (Than 2016, 156). The emergence of various stakeholders in and around SR4, such as its residents, corrupt immigration officers, Chinese tourists, investors, and gamblers, et cetera partake in shaping cultural and regulatory practices around the borderland.

Although in Southeast Asia, there are many Special Economic Zones (SEZ) that rely on illicit cross-border economies with Chinese investors, the case of Myanmar is particular in that Myanmar's SRs directly negotiate contracts with Chinese actors through its armed insurgent authorities rather than acting upon approval or arrangement from the Myanmar government (Than 2016, 156-7). Let's take the case of the Laotian Boten Special Economic Zone, or Boten SEZ, as an example; the operations and development projects in the Zone are still under the Laotian government's control. However, in SR4 as well as other *Mianbei*'s SRs, Chinese investors are granted business opportunities by local armed authorities, business transactions are conducted in the Chinese Yuan, and even temporary resident

cards are issued by the armed authorities rather than the government. A Burman with no Chinese skills will most likely get lost in Mong La, while across the border, Chinese tourists are attracted to Mong La's casinos, drugs, exotic food of wildlife, as well as sex services. SR4 relies on its insurgent army to protect its autonomous status, a model borrowed from other SRs such as Laukkai and Pangsang.

After the ceasefire, the government attempted to implement development plans in Mong La, but the plans were not received well by Mong La's ceasefire authority (Than 2016, 158). Mong La's insurgent authority knew well that it was its army, rather than development plans, that was the guarantor of peace for the region. Therefore, the NDAA has never stopped its illicit activities but has kept on generating income to strengthen its army. The government's development plans aimed at helping the locals get out of poverty and backwardness were never a powerful tool to win the hearts and minds of the locals in Mong La. Mong La has a history of government distrust, a sentiment that deepened in recent years, particularly in 2015, upon witnessing the fall of its brother, Kokang, under the government's control and the forced installation of a junta-aligned administration under Bai. Whatever development plans the government is attempting, Mong La's *mountainmen* continue to view them as the government's effort to integrate the territory into the broader Myanmar system. The relationship between Mong La and the Myanmar state is not always smooth, but has never led to large-scale conflict as in Kokang (Rippa and Saxer 2016, 245-7). Despite the government's multiple efforts to transform the NDAA into a BGF, it has proven far more difficult to implement than in the case of Kokang. Compared to Wa State, Kokang, as well as the rest of Shan State, Mong La is considered relatively peaceful and safe, and more of a tourist destination. Mong La welcomes Chinese investors and positions itself as a hub for endangered wildlife trade as well as other smuggling activities, becoming an inspiration for other SEZs in the Golden Triangle. Moreover, the gambling industry in Mong La also offers well-paying jobs to the Chinese-speaking people in the region.

Mong La's insurgent leader is Sai Lin, an ethnic Chinese who, starting in 1968, served in the CPB's volunteer fighters (Rippa and Saxer 2016, 242-3). Since the breakup of the CPB, Lin established his own splinter faction, which is the NDAA. Since the ceasefire with the government in 1989, Lin has enjoyed autonomous governance over his territory in exchange for not attacking the government forces. Since then, Lin became an important player in the drug trade network and opened new trafficking routes to Cambodia and Laos. Under Lin's control, SR4 also quickly became an opium producing and heroin refining hub. In 1997, as a general pattern across *Mianbei*, Lin declared his territory opium-free. In the 1990s, casinos rapidly mushroomed in Mong La, allegedly built on drug money. However, Mong La remains an important transit route for heroin and meth to the Golden Triangle. The NDAA is close to other rebel armed groups that also split from the CPB - the UWSA and the MNDAA. The MNDAA is run by Peng, who controlled Kokang until 2009, Kokang was lost to a junta-aligned administration. In fact, Lin is married to Peng's daughter - a practice that warlords have done for centuries to strengthen ties. This explains why, in 2009, when Peng was defeated in Kokang, he retreated to Mong La to seek refuge from Lin, his son-in-law. Lin and other SRs' ethnic-Chinese leaders have created a multi-ethnic yet strictly non-

Burman power base in the mountainous regions, allowing Lin to rule SR4 for almost three decades.

If it were not for the ceasefire and the casino industry, Mong La could have been a forgotten frontier (Than 2016, 158-9). Casinos were opened in Mong La a few years after the ceasefire, rendering Mong La titles such as “Burma’s City of Lights” or “Gambling on the Lawlessness” (ibid.). Revenue from the gambling industry is reinvested in the army and the region’s own projects, which is vital in maintaining the region’s autonomous stance. Like other SRs, Mong La is a place where the demarcation between legal and illegal is blurred. The government has no jurisdiction in Mong La, even though gambling is illegal under Myanmar law. Casinos especially thrive in places where nearby states do not legalize gambling, and in this case, it is China (ibid., 160-161). Since China strictly outlaws gambling, borderlands like Mong La are *entrusted* to host and cater to the casino industry. In fact, Than reckons that the booming of illicit economies around borderland areas in *Mianbei* could have begun as early as 1985 when China halted funding to the CPB due to the shift in China’s foreign policies of normalizing the relation with the Burmese government and halting the export of communism (ibid.).⁷⁸ Short of financial support, the CPB started allowing ethnic groups in *Mianbei* to engage in the opium trade to generate income. As a result, “the genie has been out of the bottle,” paving the way for more illicit activities to boom and become a way of life in *Mianbei* (ibid.). It is unknown which SR first introduced the casino industry, but by the late 1990s, almost all SRs had casinos (ibid., 162-3). The casino economy is a symbol of modernity and progress, inspired by those in Macau. Other Southeast Asian border towns also started to copy the model in Mong La, such as the Boten SEZ in Laos. To date, the Chinese government still refuses to officially reopen the border gate with Mong La, making the phenomenon of illegal border crossings persist.

Drug eradication campaigns launched in the SRs in the 1990s, combined with international pressure, have contributed to the rise of casinos as an alternative development (Than 2016, 164-5). Sharing a similar view with Xu, Than believes leaders of the SRs did not want to rely on revenue from the drug trade alone as a main income but attempted to diversify their income sources by engaging in the gambling industry (ibid.; Xu 2024, 69-70). As long as SR4 and the government cannot trust each other, drug production and casinos continue to grow to strengthen insurgent armies and remain the landmarks of Mong La and other SRs, like conflict and illicit economies are always mutually reinforcing (Than 2016, 164-5). In these regions, economic viability and political survival are deeply intertwined, with casino capitalism playing a central role.

Aside from casinos, Mong La is also well known for its wildlife market. The most infamous commodity in the Mong La market is wildlife (Rippa and Saxer 2016, 240-41). Tiger paws, skins, pangolin scales, et cetera, both fake and authentic, are widespread in the town’s market, waiting to serve in traditional Chinese medicine production. Otters and turtles are kept in little cages, waiting to become meals in exotic restaurants catering to Chinese gamblers. In fact, Mong La’s wildlife trade may even grow to challenge China’s

⁷⁸ See pp.26, 54.

ongoing role as a global market for endangered species products (ibid.). Wildlife, gambling, drugs, and prostitution go hand-in-hand, becoming “the main ingredients” of the town’s economic success and popularity (ibid.). Buses run to Mong La at all hours throughout the day and night, bringing in steady streams of Chinese gamblers to Mong La’s casinos. Casino tables are always full while the atmosphere is filled with thick cigarette smoke. In another corner of Mong La’s main market, a series of brothels catches visitors’ attention. Many young female sex workers wave to prospective customers driving by in expensive cars. According to Rippa and Saxer’s account, brothels advertised “girls as young as fifteen” or “arriving from Chongqing,” and the standard rate was 300 Yuan per client (ibid.). Approximately 200 Yunnanese prostitutes are working in brothels in SR4, while the number of Myanmar prostitutes working outside brothels may be higher (Than 2016, 166).

Even though much of what happens in Mong La is illegal, illicit activities continue to operate according to a structured and well-established mechanism (Rippa and Saxer 2016, 241-2). This is the outcome that was made possible by decades of engagement with the Chinese from over the border. Illicit networks are like advancing flows of water that keep throwing up against borders, continually reproducing and reconstructing new cultures unique to the borderlands (van Schendel 2006, 40, 46). For that reason, Mong La is dubbed as “Myanmar’s sin city,” “the lawless region,” and a “China-inspired development based on resource exploitation” (Rippa and Saxer 2016, 241-2).

In 2005, the Chinese government sent troops to Mong La to shut down the casinos (Rippa and Saxer 2016, 244). As Xu states, illicit economies demonstrate their resilience and adaptability best in response to regulatory pressure (Xu 2024, 73). The move by China accidentally pushed Sai Lin to start investing in the *bocai* industry as a digital frontier (Rippa and Saxer 2016, 244). Also, casinos in Mong La started using satellite dishes to gain independence from the Chinese grid. Wider in *Mianbei*, China’s interest in Myanmar is based on decades of historical, social, and economic engagements through various state and non-state actors (ibid., 248-9). In the face of Western sanctions in the era, economic ties with China have become even more essential to the survival of the Myanmar state. With China’s renewed interest in economic and environmental sustainability, China has envisioned Mong La as a lawless capitalist frontier for Chinese investments in formal business adventures such as plantations, hotels, shops, et cetera. However, as fights have intensified in Kokang, China resorted to the MNDAA and the UWSA to protect its continued economic interests in Myanmar’s border regions. For example, after Peng was replaced by Bai in Kokang, the MNDAA under Peng in 2015 launched an offensive against the Myanmar army to retake Kokang. It is believed that the weaponry used by the MNDAA was supplied by the UWSA, which had been given permission from China to do so (ibid., 244-5). Even though China denied any involvement in the struggle of Kokang, the episode sent a clear message to the Myanmar state: interfere with Chinese economic interests and this can happen again. This proves that Myanmar’s border regions are caught in a well-structured network of contacts and convergent or/and divergent interests (ibid., 248).

3.4 *Bocai*

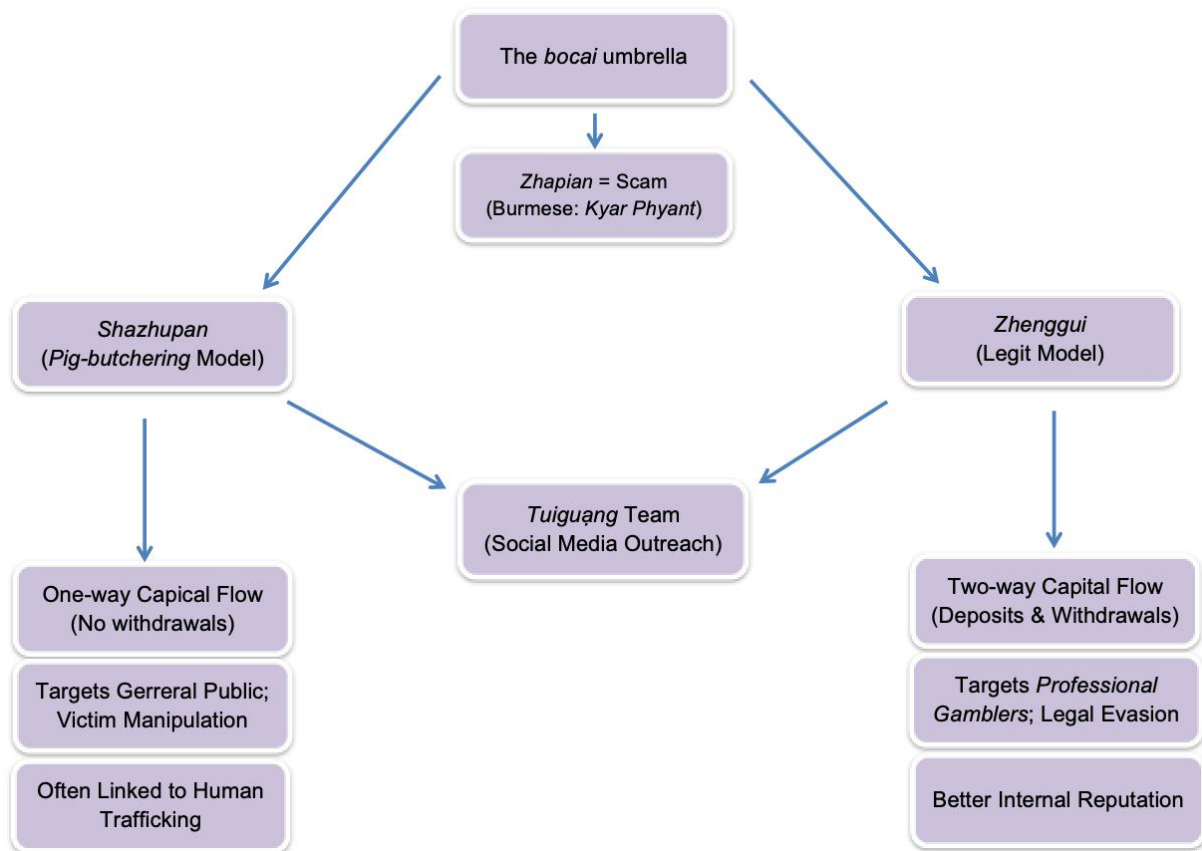
In Kyu's account of the cross-border Chinese gamblers in Kokang, Kyu refers to those gamblers as *professional gamblers* who gamble in big amounts and are capable of maintaining a calm, emotionless expression regardless of winning or losing a bet (Kyu 2018, 52-3). This is different from Kokang gamblers who bet in smaller amounts and would over-express if winning or losing. *Professional gamblers* are not bound to Kokang alone but routinely travel to various other gambling hubs scattered across the Golden Triangle to gamble (ibid.). Another rising mode of gambling is the digital platform, or *bocai*, which expanded substantially in a few selected Southeast Asian locations, especially during COVID-19, and has saved *professional gamblers* from the hassle of cross-border travel (OHCHR 2023, 9-10; Xu 2024, 70-72). Several media reports and academic works have called out *bocai* as a scam industry. For example, Xu refers to the industry as "online scams (Xu 2024)," the OHCHR report calls it out as "online scam operations (OHCHR 2023)" while the IOM report uses the term "online scamming centers (IOM 2024)," to name but a few.

"Scam" is also called *zhapian* (Chn: *scam*) internally by those involved in *bocai*, indicating that those involved are aware of the bad reputation and the scamming reality associated with the industry. Sometimes, the *bocai* industry can simply be generalized in the term *zhapian* as a reflection of what that industry is about, which is to scam and victimize people. In Burmese language, the *zhapian* industry is also known as *Kyar Phyant* (ISP OnPoint, 5), meaning "scam." The reason why *bocai* is labelled as "scam" is because it includes an operational model that is inherently deceptive (*zhapian* in nature). In the marketing team, or *tuiguang*,⁷⁹ of a *zhapian* company, the employees make "friends" with prospective clients on various social media platforms and trick these online victims into investing on online betting, gaming, or cryptocurrency investment platforms the company develops (UNODC 2023, 9). This type of scam is called *pig-butcher* (Chn: *shazhupan*) as the victims believe they are real friends and are easily deceived into investing a large sum of money which is then seized by the *zhapian* company (ibid.). *Zhapian* companies whose *tuiguang* commit purely pig-butcher practices are called *shazhupan*, meaning "the *pig-butcher* model," suggesting that the capital flow of the company is one-way, which means clients can deposit money into the platform, but the expectation of withdrawing the interest from the invested capital is false. In non-*shazhupan bocai* companies, the capital flow is not necessarily one-way, which means clients' withdrawal is still possible. Companies that do this model are often referred to as *zhenggui* companies by those involved in *bocai*, with *zhenggui* meaning "legit." This is the biggest difference between a

⁷⁹ *Tuiguang* refers to the marketing team of a *bocai* company. *Tuiguang* members will go to various social media platforms such as WeChat, Telegram, Facebook, et cetera to look for gambler-clients organically or use promoted ads to find prospective clients and introduce the company's betting and gaming platforms to them. Within the *tuiguang* team, there are several other sub-teams such as the telemarketer team (Chn: *dianxiao* and *dianwei*), the SEO specialist team (Chn: *SEO zhuan yuan*), and others. However, since all positions within the *tuiguang* team are commission-based, for convenience reasons, I will use *tuiguang* as an umbrella term, referring to any position that is commission-based and within the *tuiguang* team. Other positions that are different from *tuiguang* and are not subject to performance quotas are called *zhineng* (Chn: *functional*) in the *bocai* environment. However, also for convenience reasons, I will refer to these *zhineng* positions simply as non-*tuiguang* positions.

shazhupan company and a *zhenggui* company, as captured by the conversation below with one informant (also see Figure 16):

Figure 16: General operation models in the *bocai* industry.



“Previously we worked together in company X in the Philippines, and our company was quite *zhenggui* indeed, not a *zhapian* operation. Then, from that standard, are Shwe Kokko’s *bocai* companies also somehow *zhenggui* too, or *zhapian*?”

“I think it can be considered somewhat *zhenggui* too, but over there, there are very few positions like our prior ones in human resources and employees’ relations, but many more positions in customer service and finance. By ‘finance,’ I mean those positions in deposits and withdrawals that work directly with clients, not the ones in budgeting or accounting. And there are more positions in *tuiguang* too.”

“OK. So you meant the companies there [in Shwe Kokko] are somehow *zhenggui* and not *shazhupan* operations?”

“Yes, they are *zhenggui*, they still have to deposit money into clients’ accounts as usual.”

“OK. But despite that, I believe there must still be a few *shazhupan* companies, right, because Myanmar is kind of lawless in a way?”

“Of course, there are, for sure.”

The informant was indicating the existence of a dedicated withdrawals and deposits team, or *churukuan*, with *chu* meaning “out” and *ru* meaning “in,” referring to the two-way capital flows of client deposits and the withdrawal of winnings. In *shazhupan* companies, a specialized *churukuan* team may not exist due to the deceptive nature of their operations which focus purely on seizing clients’ deposits.

Another informant working in *tuiguang* in the Philippines shared his understanding about *shazhupan*:

“You know a “*zhu* (Chn: *pig*)?” [...] It is like the pig raising process [...] So *shazhupan* are companies that keep luring clients to play. Initially, they will let the client win a few games so the client gets addicted. The client will start thinking that now he can earn money from this game and as he plays more he could win more and continue. So when the client starts with a big amount, the *shazhupan* will “*sha* (Chn: *butcher*).”

“Then do *zhenggui* companies not follow this model?”

“*Zhenggui* companies have a better balance, and clients can win and lose. If clients win, they will pay out the win to the clients normally. That is why they are not called *shazhupan*. [...] It means if you win, they will pay out the win, if you lose, they will take your bet [...] [While] the *shazhupan* will wait until the end to “*sha* (Chn: *butcher*)” you and then completely disappear.”

However, another *bocai*-related informant expressed a different opinion: “I think all *bocai* companies [in Myanmar] are not *zhenggui* [...] They would still wire out wins to clients but they are not legally registered because all bosses are Chinese nationals.” According to this informant, whether a company is considered *zhenggui* depends strictly on whether it is properly registered. However, he also suggests that some unregistered companies still uphold the principle of two-way capital flow, indicating that *zhenggui* and *shazhupan* companies exist in parallel, even if the former lacks legal registration.

Thet, who used to work for a *shazhupan* company in Shwe Kokko, Karen State, also remarks: “I used to work [in Shwe Kokko] for sixteen months [...] It is more like a crypto scam [...] I was a team leader but I got a basic salary every month of 6,000 Yuan. They work on quotas, since I was not into scamming, I only got that much.”

The various opinions from different informants indicate that the *shazhupan* and *zhenggui* models coexist side by side within the industry. Even for insiders such as long-term *bocai* employees like my informants, identifying and securing a position with a *zhenggui* company is crucial to avoid the risk of being trafficked into a *shazhupan* operation. Sadly, in various reports by UN system organizations cited in my discussion,⁸⁰ there is no such distinction between the two models. *Shazhupan* and *zhenggui* companies are both generalized into one single term, “scam.” This generalization contributes to the biased judgement that all *bocai* operations are fraudulent while depicting losing gamblers as

⁸⁰ UNODC 2023; OHCHR 2023; and IOM 2024.

victims. In reality, a portion of gamblers are mindful players who willfully participate. While I was in the Philippines, I remember hearing from a Chinese colleague from *tuiguang* sharing: “You think those clients are stupid who just deposit money into our accounts as told? They are very rich people and if they choose a platform to bet, they get to choose a reliable one. They get to make sure our platform is reliable.” I remember during my stay in the Philippines, there was an occasion when the *bocai* company I was working for faced a scandal: a *professional gambler* accused our company of not paying out his win and started posting the evidence on various informal social media platforms. This scandal was so big that it escalated to the company’s top management for resolution. This demonstrates that *zhenggui* companies do care about their internal reputation among the *professional gamblers’* community, unlike *shazhupan* companies which focus on one-way capital flow operations.

Another reason why *bocai* is linked with “scam” is because the industry is ridden with human trafficking danger. Most *bocai* companies recruit young, educated, tech-savvy, Chinese-speaking job seekers via attractive job offers and lure them into an arranged travel to the host country for a work prospect (UNODC 2023, 8-14; OHCHR 2023, 13-14). According to Figure 15, Myanmar is a country of employees’ origin but also a host country. The treatment of new employees’ arrival also presents the stark difference between *shazhupan* and *zhenggui* companies. However, as a disclaimer, despite my effort in categorizing two general operation models under the *bocai* umbrella, I believe there are sub-categories under each model with minor variations. In *shazhupan* or worse categories, upon arrival, job seekers would be held hostage with phones confiscated and be forced to carry out *pig-butcher* work. Worse, if the employee performs poorly and is in distress and can no longer carry out scam work, the company will start contacting their family to negotiate a ransom for the loved one’s release, a case depicted in various UN system organizations’ reports.⁸¹ On *zhenggui* or close-to-*zhenggui* spectrum, upon arrival, each employee is assigned a debt, or *peifu*, which usually consists of the travel ticket fee, immigration customs fee, and other miscellaneous fees that the company has covered on the job seeker’s behalf to arrange their smooth arrival. This *peifu*, if an employee does not work for the company past an agreed-upon number of months, usually six to twelve months, depending on the company’s policy, but resigns, is deducted from the employee’s salary before resignation. Whether *shazhupan* or *zhenggui* companies, the industry-wide rule is that employees are deprived of their passports unless release or resignation, as also verified by cited reports.⁸² For *zhenggui* companies, the passport confiscation is solely meant to ensure employees would not flee the host country without the proper settlement of *peifu* and resignation. If a resigning employee refuses to pay the *peifu*, *zhenggui* companies would not detain or torture them as some *shazhupan* would. Instead, they simply store the passport forever. *Zhenggui* companies operate on larger economies of scale, so they are willing to write off a few petty *peifu* from occasional escapees. Unlike *shazhupan* where every victim counts, companies operating under this model are willing to devote more effort to the emotional and physical torture of their victimized employees.

⁸¹ *ibid.*

⁸² *ibid.*

However, despite *zhenggui* companies being somewhat perceived as “legit” internally, it does not mean the companies and their operations are practically legal. “Legit” or *zhenggui* are just internal *labels* to distinguish certain companies from the *shazhupan*. It means that the company’s business model is driven more by conventional capitalist logic of profit-making rather than victimization-based capital extraction. Also, working for a *zhenggui* company means employees are more likely to enjoy shorter working hours, be assigned a reasonable amount of *peifu*, and may convert from an initial tourist visa to a work visa if appropriate. According to one informant, “*Zhenggui* companies are companies that are registered. They can help you apply for a work visa if needed. They have adequate paperwork. When you work for a certain period, they will help you convert your visa to a work visa.” However, even though there are legally registered companies, there could still be a prospect that the visa may just be signed with a puppet company rather than the *zhenggui* company itself, because even in a country as gambling-friendly as the Philippines, the majority of *bocai* companies are not registered but operate underground (UNODC 2023, 19-21). The significance of having a work visa for an employee is just a means to legalize the employee’s stay in the host country to some extent. This explains why *bocai* prefers locations with weak state control or a gambling-friendly environment to operate, such as *Mianbei*’s SRs and other Southeast Asian borderlands. This demonstrates that shadow networks, like *bocai*, constantly straddle the spheres of legal and illegal (Nordstrom 2000, 42-4). In weak states, the state may choose to turn a blind eye to corruption in exchange for bribes. In Myanmar’s SRs, *bocai* actors become the *breadwinners* for local insurgent authorities. As Nordstrom states, the relationship between state and non-state actors is always indeterminate in these gray areas of shadow networks that are linked to local developments and political power (ibid.).

While the majority of *bocai* host countries listed in Figure 15 outlaw *bocai*, the Philippines remains a country that legalizes online casinos under its national body, the Philippine Amusement and Gaming Corporation (PAGCOR), and online gambling companies can register themselves as Philippine Offshore Gaming Locators (POGO) to operate legally (UNODC 2023, 19-21). However, despite that, so far, only over thirty POGOs operating in the Philippines are licensed, while the rest operate underground (ibid.). According to a statement in 2022 by the Chinese Embassy in Manila, “Crimes induced by and associated with POGOs not only harm China’s interests and China-Philippines relations, but also hurt the interests of the Philippines (Franceschini, Li, and Bo 2023, 577).” In China’s Criminal Law Article 303, any form of gambling is illegal (Tower and Clapp 2020, 14); therefore, Chinese investors started *bocai* in more gambling-friendly countries as a move of legal evasion. The resilience of *bocai* demonstrates that illegal flows are like watery fluidity, outlawed by one state but never giving up in inventing new routes (van Schendel 2006, 39-41). Regulatory crackdown is visible while illegal flows are not. Borders, not the Myanmar ones alone, are inevitably chosen by illicit actors as a base. Upon a base being discovered and cracked down by law enforcement, new bases are chosen as the next stations. Originally, Cambodia permitted gambling since the mid-1990s (Tower and Clapp 2020, 7-8). The hotspot for physical casinos and *bocai* in Cambodia is the beach city called Sihanoukville, which was converted into a casino city of twenty or more casino compounds in 2018. The reason why the Chinese chose Cambodia is because, in 2016, the Philippines,

a country that was known for its openness and generosity towards on- and off-site casino businesses, had started to revise its attitude and cracked down on some unlawful POGOs. In 2020, the Chinese government raided around 2,260 online betting platforms while shutting down around 1,960 illegal payment platforms targeting the Chinese market (UNODC 2023, 6-7). However, it is difficult to determine whether the crime is under China's jurisdiction as the companies are either licensed or operating underground in different countries.

My *bocai* company in the Philippines had *bocai* operations as well in Cambodia and the United Arab Emirates (UAE). Despite spanning multiple countries, the operational model remained largely consistent across locations. As a member of the payroll team within the Human Resources Department, I was responsible for calculating commissions for all *tuiguang* teams across this transnational network of *bocai* subsidiaries. These commission figures were then relayed to local correspondents in each country and disbursed along with the monthly salaries of the *tuiguang* staff. This reveals a shadow transnational network that can influence transnational affairs, such as accounting and budgeting, through a network of national subsidiaries operating in various parts of the world (Nordstrom 2000, 46, 51). Though my company did not have subsidiaries in Myanmar, I had the chance to meet a few Burmese colleagues who came to the Philippines to work in *bocai* and some became my informants in this thesis.

Shazhupan and *zhenggui* companies operate in parallel to one another, compete for the market and job applicants, and sometimes share certain connections. For example, if an employee does not perform well in terms of work performance and is unable to pay his *peifu* for release or resignation. These employees are encouraged to contact recruiters,⁸³ usually from *zhenggui* companies. These recruiters facilitate a practice known as *jiepei* (Chn: *debt transfer*), in which the new company assumes the employee's debt by paying the *peifu* to the original company. The original company shall then release the employee's passport, which will then be received by the new company. Via *jiepei*, the new company treats the employee like a new hire with existing *peifu* at the *jiepei* amount while the employee then enters a working relationship with the new company, effectively carrying forward both the employment and debt obligations but with the new company. The *jiepei* practice is especially ripe during sports events such as the European Cup and World Cup, when demand for sports betting rises and companies need more *tuiguang* hires to cater to the rising demand.

One important aspect about *jiepei* is that the practice of *jiepei* is only possible if the *jiepei*-ed employee is in a *tuiguang* position. *Tuiguang* is at the core of *bocai* companies' operations as the *tuiguang* directly works on earning clients for the company, which means revenue. While the basic salary of a *tuiguang* can be as low as that of a non-*tuiguang* position, the commission is unlimited. It means for a high-performing *tuiguang*, his gross salary can be uncapped. As a member of the payroll team, I recall that in some months, one or two *tuiguang* would earn an exceptionally high income with their basic salary plus

⁸³ Chn: *renshi*.

commissions sometimes exceeding the total combined salaries of the rest of the *tuiguang*. However, despite attractive commissions, *tuiguang* remains a difficult position that requires more than hard skills. The *tuiguang* face constant pressure to meet performance quotas and are often subject to extended working hours if targets are not achieved. As Thet recounted from his experience in Shwe Kokko working as a *tuiguang*: “I got basic salary every month of 6,000 Yuan. [The *tuiguang*] worked on quotas, since I was not into scamming, I only got that much.” Only *tuiguang* positions are subject to performance quotas, which usually are the minimum number of clients a *tuiguang* is required to earn for the company and the minimum amount all clients will have topped up per month. How well a *tuiguang* performs with respect to the set quota will directly determine the *tuiguang*’s gross pay for the month. Adding a touch of humor to the pressure faced by the *tuiguang*, Thet went on to say: “The work only occupied half of your day, half of twenty-four hours is twelve hours, but we normally took four days off with a half day each, [which means] two days off per month.” Despite the high pay for well-performing employees, many *bocai* employees still avoid *tuiguang* positions. One informant who experienced the probation period in a *tuiguang* position in Shwe Kokko shared: “I was there for work, but I only worked one or two days and quit, because I was required to work twelve hours, and all positions were *tuiguang*, which did not work out for me as a female so I did not attempt to try. Aside from *tuiguang*, there were no other positions, so I resigned.”

In regard to *jiepei*, back in the Philippines, I was responsible for approving *jiepei* applications for prospective employees. When an application was approved, a member from the logistics team⁸⁴ would come to me to pick up the *jiepei* amount in cash, which he would later hand over to the original company in exchange for the prospective employee’s passport. In one *jiepei* occasion, when A Xian,⁸⁵ a Malaysian colleague from the logistics team came to me for the cash amount, I asked him if I could join him on the *jiepei* scene out of curiosity. A Xian said, “You can, but I have to warn you, there is always danger, because the original company and the prospective applicant may just turn out to be a scam from a *shazhupan* that lures us out to kidnap us all at the location. In that case, I cannot protect you, I will only take care of my own escape, and I am sorry in advance for that.” For that reason, I had never been able to witness or participate in any *jiepei* scene during my term, despite, in the background, processing most of the *jiepei* applications, including applications from the company’s transnational network of subsidiaries in Cambodia and the UAE. On a few occasions, the *jiepei* also happened transnationally rather than locally, for example, when an applicant was in country A and upon *jiepei*, planned to work in a subsidiary of country B. Though transnational *jiepei* did happen, it was not always encouraged because, combining the existing *peifu* owed to the original company with added costs of international relocation, the *peifu* would be more or less doubled, extending the amount of time the employee would be required to commit at the company before the *peifu* could be canceled out, entailing greater risks for both the company and the employee

⁸⁴ Chn: *jieji*.

⁸⁵ This is a nickname. In *bocai*, all employees, especially Chinese nationals, are required to use nicknames instead of legal names, and are advised to never disclose your legal names to anyone.

if the employee did not fare well at work and could not honor the agreed period of commitment but resign.

Confiscation of passports and the practice of *jiepei* are symbols of the *bocai* industry. *Bocai* companies treat human employees as commodities for transfer and exchange and as tools for generating capital. The freedom of a human working in *bocai* is determined by the release of their passport. And while UN system organizations generalize this practice of *jiepei* under the broad framework of human trafficking,⁸⁶ I would argue this does not fully capture the complexity of the situation. Even Xu, despite calling out *bocai* as “scam,” still admits that “While some scam workers join *willingly*, many others are trafficked (Xu 2024, 71).” Or in another similar research by Franceschini, Li, and Bo, they also acknowledge: “Most of these individuals are aware of the illegal nature of the industry they operate in but often compartmentalize, holding on to the belief that their part of the work is clean and unrelated to the crimes that are committed around them (Franceschini, Li, and Bo 2023, 580).” This acknowledgment points to an important, often overlooked element - willingness - that complicates the dominant human trafficking narrative. In fact, while I was processing *jiepei* applications, there were a few cases in which the prospective employees were in distress as the original companies were *shazhupan* and inhumane in their handling. In those cases, a timely *jiepei* by a *zhenggui* company could save the distressed employees from further potential emotional and physical torture. Contrary to portrayals of all first-time *bocai* job seekers as victims of human trafficking by various UN system organizations’ reports,⁸⁷ some knowingly enter the *bocai* industry in pursuit of attractive salaries. This opens a critical space for future ethnographic inquiry that could shed light on the lived experiences of *bocai* employees, particularly those whose voices remain largely hidden under the dominant narrative of human trafficking. As Franceschini, Li, and Bo together note: “While we know many people have been duped or forced into scam centers, many others voluntarily enter the industry, enticed by promises of high incomes and a good life. This has led to morally charged debates on whether these individuals should be considered victims [...] While some have used the term ‘cyber slavery’ as a catch-all to describe this labor regime, we are hesitant to adopt it (Franceschini, Li, and Bo 2023, 598).” In this thesis, I propose a categorization of two dominant operation models of the *bocai* industry, namely *shazhupan* and *zhenggui*, as an alternative lens.

The case of Myanmar is particularly stark in the context of its ongoing civil war, which has pushed the Chinese-speaking youth of the country to the edge of unemployment if the *bocai* industry did not step in. According to one informant, “In my country, foreign investments have mostly withdrawn due to constant conflicts, so there are fewer and fewer job opportunities left for the young people. If they are unable to find a job, then they would go to work in the *bocai* industry, and the salaries are even higher.” In one phone call with Thet when he was back in Myanmar from the Philippines in 2022, he told me he was planning to leave the country soon to work in *bocai* somewhere else again because there was a forced enlistment in the area where he lived. Another male informant also shared his

⁸⁶ UNODC 2023; OHCHR 2023; and IOM 2024.

⁸⁷ *ibid.*

discontent with the recent forced enlistment in the country: “The reason why many Burmese go overseas is that after the coup, many do not feel they can continue staying in the country anymore, because of political instabilities, inflation, low salaries, disrupted activities, et cetera so everyone goes overseas. And recently, there has been a forced enlistment into the national army. Once this news came out, many started fleeing overseas [...] In Myanmar, we do not have to [serve in the army,] from small to bigger ages, even in high school or university. Because, in general, the Burmese attitude is very much against all things related to armies. For example, as an ethnic Chinese, if I were in university and you told me that I had to serve a year in the army, then I would accept that because I was still in university. However, now that I have finished my university many years ago and started working already, you suddenly tell me that I have to go serve in the military, how can I accept that? No one can accept that! [...] Those logics and systems are wrong! [...] Yes, [the government] does not have enough troops so it enacted this policy.” Therefore, *bocai* is not only a means of sustaining a living for the male youth but also a way of escaping the arbitrariness in the war-torn country.

Thet shared with me that before the 2021 coup broke out, he was halfway through his undergraduate program in civil engineering. Even though the major was not something he decided on his own, but rather his parents, it was still a nice pursuit academically and professionally for any students in Myanmar. Personally, Thet loves musicology. When I first knew him, aside from his mother tongue, Burmese, he was already able to speak fluent Korean, English, and Chinese, which is rare for someone coming from the town of Lashio, Shan State. However, as the coup broke out, his study was disrupted and he quit higher education ever since. The night before Thet left the Philippines, we walked along the shore near our employees’ dorms. As we sat down on a rock, Thet started sharing stories about his life in Myanmar. He said he had come to the Philippines like a coward escaping the reality back home, so he wanted to come back to face it. He said he did not know what he would do once he got back to Myanmar. Some of his friends were joining a guerrilla force in the jungle and they were calling on him, so maybe he would join them just for fun. When I told him that I was also planning to resign a few months after him, he asked what I would do next. I told him I planned to go back to Europe and continue my Master’s studies. He looked at me with a mix of admiration and quiet envy in his eyes. If Myanmar had not been caught in such a prolonged state of conflict, Thet might have had the chance to study abroad too, and his future could have looked very different. I also have another informant who pursued his undergraduate program overseas in China with Chinese studies as a major. However, upon graduation and return to Myanmar, he could not find a decent job due to political instabilities and inflation:

“If you ask me why I decided to work in *this industry*, to be honest, before I started, I was very against *this industry*. Also, even though in Myanmar there is *this industry* too, the salary is not as high. Also, it is in Myanmar, so the facilities are not as good. So when one makes a decision, one would choose the Philippines. Also, I have friends working in the Philippines, too. So, in terms of facilities, work conditions, and living environment, Myanmar is not as good as overseas. That was why I went to the Philippines to work. If Myanmar had not had the coup and the forced enlistment, I would not have gone overseas. I had never even thought I would go overseas to work, nor would I enter *this industry*. It was purely because of the political

situation. The political instabilities in Myanmar really changed the perceptions of many Burmese youth like me.”

Before I first knew Thet in 2022 in the Philippines, he had worked in the *bocai* industry in Shwe Kokko, Karen State for some time. So far, Thet has worked in multiple *bocai*-engaging countries such as Myanmar, the Philippines, Malaysia, and the UAE. So are two other informants. If the casino industry is a way of life for the Kokang (Kyu 2018, 74), then *bocai* is a way of life for these ethnic-Chinese Burmese youth who have been pushed to the brink of structural destruction at home, with no light at the end of the tunnel. These people remain some of the brightest youth from Myanmar I have ever met who are educated and talented.

3.5 *Machines* in the factory of capital

Everyone who has worked long-term in *bocai* lives a pragmatic life. The simplest example is when I tried to schedule my semi-structured interviews with three *bocai*-related informants, including Thet, they did not have any concept of scheduling. I initiated contacts with my informants via Telegram, a popular platform used by *bocai* companies for internal communication, and told them about my project and their rights as participants. They all seemed disinterested in the project, along with all the bureaucratic things I was saying about research ethics; nevertheless, all wanted to help me out. When I asked them in text when they were convenient for the interview, I expected them to give me a specific date and time. Instead, one said he was at work but he could call me tonight after work. The other said that when she was off work, it could be midnight at my local time, so she could call me the day after, a bit before she went to work, while Thet said we could do the interview almost immediately as he had just got off work. At the start of one interview, for example, I was interrupted right at the beginning as I tried to break the ice by introducing the project:

“Firstly, I would like to thank you for taking time to ... (I get interrupted).”

“Please do not waste time on these introductory and thanking sentences, tell me what you want to know.”

Rather than frustration, I felt immensely grateful for his participation in the interview, even though it was not something he enjoyed personally and in terms of his safety due to the illicit nature of his work. Moreover, this informant’s pragmatism struck a chord in my memories back in the Philippines, both my work and personal life were shaped by a similar sense of practicality. However, months of living in Europe have much altered me ever since. When I told Thet I would give him a pseudonym in my thesis, he even said, “I do not care, you can use my real name.” *Bocai* employees do not have abundant free time to do random interviews if they pop up, for example, my informants work approximately nine to twelve hours a day with only two to four days off a month. One informant shared she was working on a ten-hour shift. In reality, they may not even have time to enjoy themselves after work. The fact that they tried to squeeze in my interviews during their little available hours outside work proves their *trained* pragmatism, shaped by the realities of life as *bocai* employees.

At work, they care highly about performance, which means money, or salary, in return for them. For example, one popular slogan in recruitment campaigns used industry-wide by many *bocai* companies reads: “RECRUITMENT: We need people, you need money, so come and have a look. We are not here to ask about your dreams, because we know your dream is not to go to work.” There was a time when this slogan popped up almost everywhere on some dominant *bocai* recruitment platforms. This slogan summarizes the relationship dynamic between *bocai* companies and their employees in the simplest terms: we are all here to earn as much money as possible. *Bocai* companies not only view their employees as capital-generating machines but even the employees view themselves that way. They work diligently not necessarily to earn profit for the company but for themselves. Especially during e-sports betting seasons, the *tuiguang* were all working overtime and diligently, making their total working hours go up to fourteen hours a day. Even the recruitment team was taking overtime during sports seasons to recruit more *jiepei*-ed *tuiguang* positions to earn extra recruitment commission. Everyone’s goal was aligned, which was to earn that extra capital that they would otherwise miss out on if leaving work on time or outside of seasonal events. I remember in one World Cup football season, the company additionally introduced a few exclusive prizes for members of the *tuiguang* team who reached certain quotas. Some of the most notable prizes included the latest iPhone model and even a racing car. In the 2023 Chinese film *No More Bets* (Chn: *Guzhuyizhi*), directed by Shen Ao and produced by Ning Hao, there is a striking scene in which a *bocai* boss scatters stacks of banknotes across the floor, prompting employees to scramble frantically to collect them. *Bocai* employees resemble money-hungry fish in a boundless sea of cash, each desperate to snatch as much as they can before the opportunity disappears.

This challenges various UN system organizations’ reports that depict online gambling employees as modern “slavery (OHCHR 2023, 14, 23; IOM 2024, 2, 14).” Instead, *bocai* companies have effectively encouraged a high-pressure but competitive environment for money-hungry employees to reach their potential and materialize their dreams. Many *bocai* employees, after only a few years of working, are capable of accumulating a fortune to buy a small house or a piece of land. For example, this week, a *bocai*-retired Chinese colleague contacted me to ask about the possibility of opening a small restaurant in Vietnam, as he is planning to relocate to Vietnam to start a business. He is between twenty-five and thirty, and even though he did not say it explicitly, it can be assumed that the funds for this venture likely come from his savings after about two years working in *bocai*. For the Chinese-speaking Burmese *bocai* employees, the industry offers them not only a chance to earn a dream income that they never could have thought of, but also a safe shelter to live away from war zones and a devastated economy. Different from the images of trafficked or slave employees (OHCHR 2023; IOM 2024), high-performing *bocai* employees are actively looking for a better company and getting themselves to be *jiepei*-ed. If the practice of *jiepei* is to be understood through the lens of human trafficking, then a portion of *jiepei*-recruited employees appear to desire such “trafficking.” If *bocai* employees are to be seen as “slaves,” many of them nonetheless become highly efficient capital-generating machines, seemingly enjoying their potential. I propose understanding them as economic actors shaped by disciplined systems of digital labor, performance metrics, and regional inequalities. This view also resonates with another research by Franceschini, Li, and Bo on online gambling

operations in Southeast Asia: “These operations should be framed as part of compound capitalism, a new manifestation of predatory capital (Franceschini, Li, and Bo 2023, 575).”

If *bocai* companies mean efficiency, any low-performing employees will be swiftly eliminated through performance-based discourses. Some will soon find themselves unable to keep up with the quotas and ask to resign by paying their own *peifu* to have their passports returned and quit the *bocai* industry forever. Others find different companies to be *jiepei*-ed, and depending on one’s luck, they may get scammed by a *jiepei*-ing *shazhupan* company, trapping them in even worse conditions than before. As a payroll team member for a *bocai* company in the Philippines, I recall that the resignation rate within the first two months after on-boarding could be approximately twenty percent per approximately one hundred new hires every month. Resignation was due to a variety of reasons, such as high work pressure, employees’ inherent incapability to carry out computer-based work, detection of employees’ drug use or gambling act,⁸⁸ et cetera. While *bocai* is a highly self-correcting industry with those who cannot adapt being filtered out, good-performing employees also move between companies via the *jiepei* system to look for better opportunities. For example, a high-performing *tuiguang* may be promised a *tuiguang* team lead position by a new *jiepei*-ing company right upon on-boarding, as part of firms’ competitive strategies to poach top performers from one another. Due to the low retention rate, *bocai* companies are constantly recruiting and training new employees. In my conversation with a *tuiguang* informant who was trying to job-hop from company A to company B to seek better opportunities, he was expecting himself to be *jiepei*-ed by the new company at the *peifu* of 15,000 Philippine Peso (US\$263.00). However, upon on-boarding at company B, he was informed that the company could not *jiepei* him because his salary was not high enough to be eligible for the process. So he ended up paying his own *peifu* to the old company to get his passport returned. This loss of 15,000 Peso was later compensated one-third in private by the recruiter at the new company for the miscommunication:

“Hopping from company A to company B, I paid the *peifu* on my own [...] Initially, the recruiter told me I could get *jiepei*-ed, so I hopped to company B. But then later the recruiter told me I was not eligible to get *jiepei*-ed anymore because my negotiated salary was not high enough to be *jiepei*-ed. But that recruiter did compensate me 5,000 Peso (US\$88.00) for his error.”

“So that was why you did not get *jiepei*-ed when hopping? It meant the recruiter provided you with incorrect information?”

“Yes, he provided wrong information, but by then, I had already got on-boarded. He may have intentionally provided me with the wrong information to lure me into the new company. That was why he was generous enough to compensate me 5,000 Peso later, because when he successfully on-boarded me, he must have earned a commission of much more.”

“OK. I understand now. But then, even for *jiepei*, [companies] only want to *jiepei* high performers, right, those they offer a good salary?”

⁸⁸ *Bocai* companies strictly prohibit employees from drug use and participation in online gambling, as well as gambling in casinos. Violation may result in immediate dismissal.

“When one has experience, one can negotiate a good salary, because in *this industry*, high performers always have high salaries.”

Unlike *tuiguang* positions that are subject to quotas and commission-based incentives, non-*tuiguang* earn bonuses based on the perfectionism of their work. Taking my position as an example of a non-*tuiguang* responsible for computing employees’ commissions, my monthly bonus was directly tied to the accuracy of my computations and their timely delivery. To earn the maximum bonus, which could amount to forty percent of my basic pay, I had to maintain flawless records. I vividly recall one occasion when I made an error in my computation, resulting in a loss of approximately 15,000 Yuan (US\$2,100) for the company. The error was quickly discovered by the internal audit team.⁸⁹ Not only did it hurt my bonus for that month but the loss caused to the company was also divided proportionally to be deducted directly from the salaries of my line manager, my team lead, and me as a penalty. The internal audit team was also another non-*tuiguang* team. The bonuses of their members were tied to how many cases of employee error and non-compliance they detected each month among employees. These instances show that the work environment was highly compartmentalized with every member and team striving to meet their expected performance or waiting to be filtered out. My team lead was a Taiwanese; she used to share with me an occasion when she first started working in *bocai* and made a computational error that resulted in a loss of approximately 30,000 Yuan for the company (US\$4,200). The loss was divided into several equal installments and gradually deducted from her salary until the full amount was repaid. Since we were working for a *zhenggui* company, any loss could be easily amended via monetary compensation to the company. If it were a *shazhupan*, the poor employee may have even suffered physical punishment. Right now, the Taiwanese team lead has become the most *flawless computational machine* in the team, as she usually takes pride in herself: “My computations are flawless!” The *bocai* industry is the environment where the principle of stick and carrot is observed strictly, aimed at forging high labor discipline among employees. For example, within an agreed-upon two-to-three-month probation period, new employees are required to master their responsibilities at hand or achieve a certain quota for *tuiguang* positions. If the probation is concluded successfully or earlier with expectations met, promotion to official employee status and an immediate pay raise starting at twenty percent of their current pay are guaranteed. If *bocai* employees are machines, then the *bocai* environment is the very factory that forges and develops those machines towards perfectionism. The battery for these human machines is money, and as long as they keep receiving their ideal pay, they will never feel tired. In the dominant human trafficking and scam narratives, these tireless machines are also called “professional fraudsters (Franceschini, Li, and Bo 2023, 575).”

“The pay is performance-based, so you are free to decide if you want to earn big money. If you do not want to earn big, then you just earn the basic pay. In my second company, the basic pay was cut in half even [to encourage employees to work on their commissions.]”⁹⁰

“Why do you think many employees want to work in *this industry*?”

⁸⁹ Chn: *shenji*.

⁹⁰ Conversation with one informant.

“Because they can earn big money! [...] The basic principle is that the pay decides one’s will! That is it.”

This reminds me of Foucault’s concept of labor discipline and surveillance in *Discipline and Punish: The Birth of the Prison*:

“They were different from slavery because they were not based on a relation of appropriation of bodies [...] The historical moment of the disciplines was the moment when an art of the human body was born, which was directed not only at the growth of its skills, nor at the intensification of its subjection, but at the formation of a relation that in the mechanism itself makes it more obedient as it becomes more useful [...] What was then being formed was a policy of coercions that act upon the body, a calculated manipulation of its elements, its gestures, its behaviour. The human body was entering a machinery of power that explores it, breaks it down and rearranges it. A ‘political anatomy,’ which was also a ‘mechanics of power’ (Foucault 1995, 137-8).”

But how does that *machine intelligence* that boosts productivity get reproduced in the *bocai* environment? In Zuboff’s concept of *surveillance capitalism*, human experience is a free raw material that can be translated into behavioral data (Zuboff 2019, 8). This valuable data creates *proprietary behavioral surplus* that is fed into advanced manufacturing processes, which are the internal operations of the *bocai* company. *Bocai* employees are seemingly living lives as some disciplined machines capable of doing what they are supposed to do in their right environment while under invisible but existential surveillance. While *bocai* employees are not fully coerced, they are not entirely free. The rigorous rules in the *bocai* environment have altered their behaviors, ways of thinking, and ways of life. Let’s take the use of Telegram as an example. Telegram has been favored as a recruitment and internal communication platform for the industry in recent years, mainly because Telegram allows a two-way deletion of messages initiated by a single party. In case of scams or disputes, evidence can be deleted easily to make tracing difficult, making it highly suitable for the secretive nature of the industry. As an industry practice, I was trained to always delete sent sensitive files in Telegram chats upon the recipient colleagues’ confirmed receipt. However, even in cases of leak, all files had been encrypted as a general practice, which meant if I did manage to send a file to my personal e-mailbox, I would still not be able to open it later at home.

In terms of employees’ accommodation, one informant shared: “[In Shwe Kokko,] employees can only comply with the company’s arrangements, so the dorm was very small [...] After resignation, I got to know a friend who was also there in Shwe Kokko so we rented a place to stay temporarily, because after resignation, we were not allowed to live in the employees’ dorm anymore. All employees had to live in the dorm, so we did not have a place in Shwe Kokko to stay after resignation.” The relationship between *bocai* employers and employees is manifested in a *paternalistic facade* (Franceschini, Li, and Bo 2023, 596). For example, employers choose to provide accommodation to their employees to foster a sense of dependence among employees. While in some *zhenggui* companies, employees may not physically be restricted to their dorms, they are still advised not to travel far away in town or out of town during days-off. Even though employees can maintain a certain degree

of agency, discipline is still strictly observed if violated. Franceschini, Li, and Bo compare such an environment to “the landscape of colonial and apartheid South and southern Africa,” which does not constrain the employees’ movement but controls their provisions, to optimize the utilization of labor of those who otherwise have no viable alternatives, like a form of “labor capture (ibid.).”

However, employees are not the only ones who are put to the test of their capabilities every single day. *Bocai* companies constantly face the tests of market competition as well as regulatory pressure. Like the casinos in Kokang, *bocai* companies rise and fall. However, *bocai* has never disappeared; instead, companies move seats elsewhere or to a different country and continue *business as usual* (Tower and Clapp 2020, 7-8). Upon the fall of a company, *bocai* employees move to a different company, some even move to different countries, such as Thet and another informant. As *bocai* companies move seats, *bocai* employees follow, much like Kokang which can never get rid of the gambling industry.

3.6 Shwe Kokko, Karen State

Figure 17: Shwe Kokko, Karen State (BBC News, 2022).



In terms of *bocai*, there are several scam compounds in different parts of Myanmar’s borderlands, most notably being Shwe Kokko, KK Park, Kokang, Wa territories, and Mong La, as evidenced by a UN organization’s report (OHCHR 2023, 7). In this section, I select the case of Shwe Kokko for the discussion because of my informants’ better familiarity with the place compared to other areas. Shwe Kokko is a border town on the Myanmar-Thai border in Myawaddy, Karen State. It is known as a hub for online gambling, or *bocai*, while being touted as part of the Chinese BRI because of the Chinese presence in the place as

well as vast Chinese investments (Ong 2020, 1). Shwe Kokko is a strong candidate in the analysis of how *bocai* finds ways to utilize disaggregated borderland sovereignty for capitalist expansion and never stops seeking new spaces to expand and exploit. In this section, I will use testimonies from a 2020 report written about the projects inside Shwe Kokko by the Karen Peace Support Network (KPSN). The KPSN is a humanitarian network in Karen State that claims to represent the voices of the local Karen.

In early 2020, Shwe Kokko started to emerge as a Chinatown with Chinese nationals and ethnic-Chinese Burmese flocking to the town for *bocai* work, while other Chinese-speaking foreign employees arrived in the place via Thailand (Ong 2020, 2). According to one informant who used to travel from Mogoke, Mandalay to Shwe Kokko for a *bocai* work, “If you come there for work, you have to register yourself, similar to checking in at checkpoints, and you have to apply for a temporary residence permit, and then the Karen BGF, or also the local authority, would give you a small temporary residence card [...] as long as one wants to enter that region, one needs to get that card in order to stay there, even Burmese nationals do.” The Karen BGF is a local armed group that in 2010 agreed to transform into a BGF, a pattern also seen in Kokang in 2009 under the leadership of Bai (KPSN 2020, 12). Similar to Bai, Chit Chu was appointed Commander of the new Karen BGF upon conversion. By becoming a junta-aligned militia, the Karen BGF continues to enjoy the privileges of engaging in illicit activities as a junta-backed force (TNI 2021, 65). Luxury residential complexes, shopping centers, small shops, employees’ dorms, restaurants, et cetera were erected to serve gamblers and Chinese-speaking employees alike, let alone glitzy casinos (Ong 2020, 2). However, the place remains shrouded in rumor and secrecy to those outside the network. The place is dubbed “New City,” “high-tech international city,” and “Silicon Valley of Myanmar” because on the 120 square kilometers, some US\$15 million were expected to be invested in the construction of water park, golf courts, international festival celebrations, et cetera that could welcome up to one million visitors annually (ibid.). The plan was to construct five zones within the New City: technology zone, entertainment and tourism zone, culture zone, business and commerce zone, and ecological and agricultural zone. However, close to completion, it was soon clear that Shwe Kokko was meant to be a *bocai* hub.

According to Ong, Shwe Kokko represents complex transnational networks of Chinese investors who were forced out of Cambodia some time earlier for illegal gambling activities and moved their seats to Shwe Kokko, Myanmar, also evidenced by a USIP report (Ong 2020, 3; Tower and Clapp 2020, 7-8). There are four implications associated with the establishment of Shwe Kokko as a high-tech city. First of all, the megaproject destabilizes border areas, delays peace, and expands an unregulated armed economy (Ong 2020, 3). To prepare for the construction of the megacity, as early as 2017, land started being confiscated from the local Karen people (KPSN 2020, 16). The locals were not informed of the nature of the project, but were told that the project was meant to build workplaces and provide jobs for the population upon completion. Residents were each compensated 50,000 Thai Baht (US\$1,641) per acre confiscated (ibid.). By March 2018, the mass arrival of Chinese-speaking people started while several local houses had been destroyed for the construction of the high-tech international city, which was expected to be a “center of

technology industry” in Myanmar within a five-to-ten-year time (ibid.). The Chinese opened shops and restaurants and rented guesthouses to other Chinese tourists (ibid., 19). In Myanmar law, foreigners are not allowed to rent houses or stay in rented houses but in hotels, to boost the local economy. However, the law is disregarded by the Chinese as if Shwe Kokko were a lawless land (ibid.). The Chinese buy cars without licenses, cause accidents without prosecution, and even fight against each other in public spaces (ibid.). Restaurants in Shwe Kokko even offer menus of endangered wildlife (ibid., 34). In the meantime, operations inside Shwe Kokko employ as little as three percent of the local population, mainly for low-skilled positions, in contrast to what had been promised earlier by investors and the Karen BGF during the dispossession of land use from the residents (ibid., 33).

Secondly, the project is a direct violation of Myanmar sovereignty as the local armed group directly and jointly supervises the megaproject with Chinese foreign investors (Ong 2020, 4). The choice of Shwe Kokko being run by a BGF and not the government represents the vulnerability of the central government in exercising its sovereignty in borderland areas. This is similar to several cases of *Mianbei*’s SRs, such as Mong La, Kokang, and Wa State but different from cases elsewhere in other Southeast Asian borderlands, such as the Boten SEZ in Laos. In the Boten SEZ, the Laotian government directly controls internal projects and negotiates deals with foreign actors, while in Shwe Kokko, the Myanmar government lacks the monopoly of power and influence (Than 2016, 156). An SEZ is a specific geographic area within a country that is designed to facilitate foreign investments, alleviate constraints by lowering investors’ trading costs, and generate a relocation of capital and human resources to boost economic gains in the area while improving the country’s overall aggregate productivity (Khandelwal and Teachout 2016). SEZs have long been used by governments as an instrument to catalyze economic development and create a spillover effect that benefits the rest of the country. Shwe Kokko is also advertised by the Karen BGF as an SEZ; however, its status as an SEZ has never been officially recognized (KPSN 2020, 23). According to a statement by the Karen BGF, “The establishment of an SEZ in Shwe Kokko is officially approved by the government of the Karen State of Myanmar (ibid.).” The use of “the government of the Karen State” in the statement actually signifies that Shwe Kokko’s status as an SEZ has never been officially recognized by the central government of Myanmar, but the Karen BGF has unilaterally recognized it. Right now, there are only three officially recognized SEZs in Myanmar, which are the Thilawa, Dawei, and Kyaukphyu SEZs. The recognition of Shwe Kokko as an SEZ has several implications. Under Myanmar’s SEZ law, not only must there be a central body recognized by the government to implement projects within an SEZ, but the SEZ itself can only be signed into a lease contract with foreign investors for an initial period of up to fifty years with a possible extension of an additional twenty-five years (ibid., 23-24). However, while Shwe Kokko’s SEZ status is still uncertain, Shwe Kokko has already been signed into a lease contract with Chinese investors for a lease period of seventy years, exceeding the standard by twenty years, with the possibility of extension up to a total of ninety-nine years (ibid.). In terms of income tax, foreign investors in SEZs are exempted for up to eight years under the Myanmar SEZ law (ibid.). However, the Chinese investors in Shwe Kokko are exempt from income tax for up to

ten years (ibid.). One of my informants who was in Shwe Kokko back then for *bocai* work also confirmed the existence of such a lease:

“I heard that, in 2017, when the Chinese first came, Shwe Kokko had been signed under a lease contract that would last fifty years. So, [the Chinese investors] must have given the local authority, I mean the Karen BGF, a massive amount of money, or at least a share in the project.”

Like an age-old case of the resource curse, Shwe Kokko is a strong example of extractive development. According to Meehan and Dan, extractivism is a development project in which gains from large-scale resource extraction are privatized to a few privileged hands while costs of environmental degradation, dispossession, and violence are socialized among the local community (Meehan and Dan 2024, 923). The all-out support the Karen BGF gave to the megaproject inside Shwe Kokko raises a suspicion of a corrupt alliance between the local armed authority and Chinese capitalist actors to serve unauthorized developments such as *bocai* which is banned in both Myanmar and Chinese laws (KPSN 2020). In this case, again, a lawless border zone like Shwe Kokko has inevitably become a staging post of a transnational network of illicit business (van Schendel 2006, 40-41). Moreover, with the Chinese presence in Shwe Kokko, the town is advertised as part of the Chinese BRI, though how much is true about this is also unknown (KPSN 2020, 6). This demonstrates that investors and the Karen BGF attempted to use extravagant means such as portraying Shwe Kokko as an SEZ and as part of the BRI to gain publicity and privileges for the megaproject (Ong 2020, 6). The so-called high-tech international city quickly turned out to be a network of *bocai* operations and compounds that deploy blockchain technologies in transferring large funds outside the formal banking system, serving the interests of *professional gamblers* and foreign investors alike (KPSN 2020, 31). With Shwe Kokko meant to be a hub of criminality, wildlife trafficking, and money laundering, the megaproject serves no benefit to the local community but transnational gambling mafia networks and the ruling party. The lesson can be learned from other Chinese-backed casino towns in the Golden Triangle of Southeast Asia (ibid., 6).

As part of the 2020 KPSN report, the humanitarian body demands that the Chinese government review violations of Chinese law by Chinese actors in Shwe Kokko and publicly clarify whether or not the megaproject in Shwe Kokko is part of the BRI (KPSN 2020, 6). This leads us to the third implication associated with the megacity Shwe Kokko: it is difficult to hold investments outside Chinese jurisdiction and territories accountable (Ong 2020, 3). One exchange with an informant runs as follows:

“Where is Shwe Kokko located and what a place is it?”

“In that place, people gamble.”

“Gamble?”

“Yes, there there is *Yatai Cheng*, and then inside the city, there are casinos and everything, for example, employees’ dorms. It is the place where people come to gamble.”

“Do the ethnic Chinese travel there to work in the *bocai* industry if they could not find a job?”

“Yes, many do [...] I feel like over there, there are many people coming from Lashio and Mogok,⁹¹ while from Mandalay, there would be fewer. I think the young people from Mandalay may not be quite willing to go there.”

The way the informant said, “In that place, people gamble,” just summarizes what happens inside Shwe Kokko. The reason why the informant said young people from Mandalay may not be willing to pick Shwe Kokko as a destination for *bocai* work is because Shwe Kokko is ripe with *shazhupan* companies and worse facilities and hence the chance of landing a good *bocai* job may be smaller, combined with the fact that Mandalay is considered more economically well-off compared to the rest of the country, so the young ethnic Chinese from Mandalay may have a higher standard and prefer other safer Southeast Asian options such as the Philippines. The informant also mentioned “Yatai City (Chn: *Yatai Cheng*),” with “Yatai” referring to the body of Chinese investors of the megaproject, Yatai International Holding Group, or also Yatai IHG, and “Yatai City” referring to Shwe Kokko named after its Chinese investors’ body like a proper noun assigned to the place. The fact that only since 2017 with the Chinese presence, Shwe Kokko has not only been turned into a *bocai* and casino hub but also assigned a proper noun, *Yatai Cheng*, after its investors’ group, reflects not only the effectiveness of Chinese actors’ promotional efforts in framing the town as part of the BRI and as SEZ, but also the growing dominance of Chinese influence in the area as an emergent phenomenon.

Another interesting point about this Yatai IHG is that it is a Hong Kong-registered Bangkok-headquartered company with business subsidiaries spanning across China, the Philippines, Cambodia, Vietnam, Thailand, and Malaysia (KPSN 2020, 28). The Chairman of this corporation was She Zhijiang, an ethnic Chinese Cambodian originally from Hunan, China. However, She only obtained his Cambodian citizenship in 2017, by donating at least US\$250,000 to the Cambodian government, the same year the megaproject in Shwe Kokko got kick-started.⁹² She was a wealthy tycoon and had a record of spending over a decade living in the Philippines and Cambodia developing betting games and other entertainment centers all over Manila, Philippines (Tower and Clapp 2020, 9). His digital businesses targeted mainly Chinese citizens, something the Chinese government has always strictly forbidden. In fact, in 2014, while in China, She was convicted once by the Shandong court of running an illegal lottery business in the Philippines that targeted Chinese online users and netting an ill-gotten gain of US\$298 million.⁹³ While the megaproject in Shwe Kokko was gaining momentum in 2021, its development coincided with the 2021 coup d’état in Myanmar, which preoccupied the government with the escalating civil war rather than investigating the operations in Shwe Kokko. In 2022, eventually, She Zhijiang was arrested by Thai authorities who sought to extradite him to China for prosecution. However, She resisted extradition and insisted on remaining imprisoned in Thailand, claiming that if returned to China, he could be executed in closed doors by the Chinese government. The

⁹¹ Lashio and Mogok are both ethnic-Chinese-dominant towns. Lashio is in North Shan while Mogok is in Mandalay.

⁹² Wikipedia. n.d. “She Zhijiang.” Accessed on July 11, 2025.
https://en.wikipedia.org/wiki/She_Zhijiang

⁹³ *ibid.*

story of She with a second citizenship and his Yatai IHG empire which had a complex legal identity of being a Hong Kong-registered Bangkok-headquartered corporation leads us to the fourth implication associated with Shwe Kokko: Shwe Kokko is a stark illustration of complex networks of Chinese citizens and ethnic Chinese with different citizenships trying to carrying out dangerous activities while simultaneously mitigating legal repercussions (Ong 2020, 3).

Since the fall of She in 2022 following his arrest in Thailand, I wondered what happened to Shwe Kokko afterwards, and according to my exchange with an informant:

“Because I read news that states in 2022, the boss of Yatai, She Zhijiang was caught, so I just wonder if it was the end to Shwe Kokko and if people have stopped going there for work.”

“Yes, there are still many going.”

“It is like when one boss collapses, there are still plenty of other bosses who carry on as usual, right?”

“Yes, there are many other shareholders and it is not going to affect their business-as-usual in *that industry* [...] In October last year [2024], there was an announcement that ordered the Chinese to leave Shwe Kokko, because there are many Chinese over there. The Chinese were ordered to leave, because if not, they were going to take over the local Burman people’s benefits. ‘Chinese’ means Chinese nationals and ethnic Chinese Burmese nationals, or anyone who is Chinese-like and speaks Chinese.”

While disaggregated borderlands like Shwe Kokko are epidemic to national sovereignty, they are appealing to shadow capital as they create complicated levels of deniability (Ong 2020, 5). Moreover, the Shwe Kokko project could have created corrupt networks between the Karen BGF and the government with “right payments made at the informal level” for the government to turn a blind eye and accept semi-state and non-state actors as its *breadwinners* (ibid.; Nordstrom 2000, 42). Also, Shwe Kokko features a novel feature: using a narrative of technological futurism and extravagant means of implying tacit support from the Chinese and Myanmar governments to create a spectacle of luxury and legitimacy to draw gamblers, visitors, and workers alike to Shwe Kokko (Ong 2020, 5-6). Influxes of Chinese people, land dispossession from the local Karen, unregulated development, and labor exploitation have complicated the relationship dynamics between various actors involved, from the state, non-state, semi-state, and local community actors. As shadow networks are highly capable of channel-building and forming new jurisdictions, the wider context of regional capital flow across China and Southeast Asian borderlands is essential to make sense of Shwe Kokko.

According to Ong, the development of the gambling industry in Myanmar can be categorized into three generations of development stages (Ong 2020, 4-5). The first generation of the gambling industry is the physical casinos that are located directly on the Myanmar-Chinese border such as Mong La, Wa State, and Kokang. These casinos rely on China for telecommunication infrastructure and serve Chinese gamblers who arrive in short cross-border hops. These networks, however, are easily shut down by a simple cut-off of

internet services by China. The second wave is the high-volume online gambling services, or *bocai* in Cambodia and the Philippines, that developed as early as the 2010s. In 2019, a cooperation between the Cambodian and Chinese law enforcement has shut down a few of these networks, while in the Philippines, crackdown missions have been initiated as early as 2017. Shwe Kokko is the third generation of gambling development. As Chinese pressure has left little room for these shadow networks to hide, they seek better hiding places, relying no longer on national governments through private arrangements but turning to autonomous enclaves. Myanmar, as a decade-long war-torn country, is ripe with such enclaves. With vague jurisdiction ensured by insurgent armed groups, disaggregated sovereignty of borderlands, and investors of second citizenship, Myanmar's semi-state autonomous actors collaborate with shadow networks to serve the interest of unauthorized capital (ibid.; van Schendel 2006, 60-61).

3.7 Women as missing victims

While I do not portray *bocai* employees as passive victims, I argue that women and young girls are more vulnerable victim-actors who are often being left out or under-analyzed in the study of the gambling industry. In Kyu's account of the gambling industry in Kokang, young women in Kokang are employed in the casinos when they are as young as fifteen (Kyu 2018, 64). This is a very age when the young ladies still have little contact with the world and some do not even know how HIV is transmitted, via sexual intercourse, as well as the use of *ya ba*. According to Kyu's testimony, a doctor from Kokang recalled:

“[The girls] are naive and do not have any health knowledge [...] They want to be pretty like other girls and become victims of bad guys [...] Yesterday [a girl was pregnant,] she told me she slept with a Chinese gambler [...] She said she wanted a mobile phone that cost 300 Yuan. For a 300-Yuan phone! (Kyu 2018, 64-5)”

Casinos become the very environment that connects these young girls to gamblers, resulting in the girls being used by them for sex (Kyu 2018, 65-6). These girls mostly do not speak Chinese and come from central Myanmar to work in casinos. Due to linguistic barriers and poor work performance, they are easily fired from work and some subsequently become prostitutes. This is why most prostitutes in Kokang are ex-casino workers. Moreover, many girls working in casinos, such as card dealers, also face the necessity to take drugs to stay awake during long working hours (ibid., 68). Casinos are not only the place to gamble but in many VIP halls, *ya ba* is also sold at a relatively low price for gamblers if requested. This is the reason why local authorities always post posters such as “drug use is strictly prohibited” in the vicinity of casinos. Last but not least, the vicinity of casinos is also filled with KTV operations which are well-known for sex services (ibid., 44-5).

In terms of Mong La, while scholars prefer calling the town “sin city” or “the lawless region (Rippa and Saxer 2016, 241-2),” the Chinese have their own title for the town, which is “men's paradise (Chn: *nanren de tiantang*).”⁹⁴ A title like this does not come out of nowhere but indicates the availability of drugs, gambling dens, as well as sex services in

⁹⁴ See note 75.

town, ready to cater to Chinese gamblers. A report by TIME confirms a business phenomenon in Mong La's brothels of using teenagers in sex services. For example, a conversation with a random brothel owner in Mong La reveals: "We have got girls aged fifteen, they are asleep upstairs, do you want one?"⁹⁵ Another report by News.com.au also describes "hotel rooms full of leaflets advertising 'newly arrived virgins.'"⁹⁶

In Shwe Kokko, the KPSN reports cases of Karen women being lured into sex work serving Chinese gamblers and employees alike in Shwe Kokko (KPSN 2020, 17). According to a testimony from Karen News, "Chinese men are not too keen on Karen and Burman women, they prefer Chinese and Vietnamese women. We have heard about girls from mainland Myanmar being recruited into prostitution."⁹⁷ However, the case of Shwe Kokko introduces a new dimension to sex work, particularly the so-called "marriage of convenience," which uses the marriage with local Karen wives to serve foreign Chinese investors' bureaucratic convenience (KPSN 2020, 17). A little further to other Golden Triangle *bocai* towns, in Sihanoukville, Cambodia, women are often exploited to provide sex services to *zhapian* managers and employees as a form of reward for exceptional (male) performances (Franceschini, Li, Bo 2023, 589-90).

While I was in the Philippines working in *bocai*, I recall rare, occasional recruitment posts from within my company as well as other *bocai* companies for a type of vacancy called *life assistant* (Chn: *shenghuo zhuli*). Uniquely for this vacancy, applicants were required to have good body figures, an attractive appearance, and to attach their portrait and full-body pictures. Vacancies like this were rare but when they were out, salaries could be negotiated starting from 30,000 Yuan (US\$4,200). Not only would the applicant be promised an attractive salary, but the successful recruiter would also enjoy a top-tier commission per *life assistant* hired. From the grapevine information I heard back then, these *life assistants* were meant to "serve" the top bosses of companies. *Life assistant* vacancies became so notorious that when standard life assistant vacancies were out, responsible for tasks such as scheduling, answering calls, translation, et cetera recruiters had to add disclaimers to clarify that the position was a regular life assistant position of an administrative type, rather than "the other type" of *life assistant*.

It is deeply troubling to see local Burman women as well as foreign women alike being lured into sex work as Myanmar transitioned from the narcotics trade to the gambling business. It is even more troubling when such sex work is meant to serve the Chinese foreign capitalist elites like some local, cheap, exotic, entertaining commodities. Women are reduced to consumable bodies, supportive background activities necessary for the

⁹⁵ Finch, Steve. TIME. 2014. "Burma's 'Wild East' Is a Debauched Land of Drugs and Vice That Reforms Forgot." Accessed on July 8, 2025. <https://time.com/17651/burmas-wild-east-is-a-debauched-land-of-drugs-and-vice-that-reforms-forgot/>

⁹⁶ Reynolds, Emma. News.com.au. 2015. "The sordid border town where it's all about vice." Accessed on July 8, 2025. <https://www.news.com.au/travel/destinations/asia/the-sordid-border-town-where-its-all-about-vice/news-story/9c3ceda0ee5d86de9ed7fb0728536c46>

⁹⁷ Karen News. 2024. "Cyber Scam Casino Nexus Breeds Prostitution in Myawaddy." Accessed on July 13, 2025. <https://karennews.org/2024/06/cyber-scam-casino-nexus-breeds-prostitution-in-myawaddy/>

industry's functioning. Unlike *bocai* employees who can still exercise their free will at the start if they want to enter the *bocai* industry to work, women experience more normative but complex circumstances before being lured into sex work and start accepting their "fate." For example, Kyu shares that a portion of prostitutes in Kokang worked in casinos before becoming sex workers (Kyu 2018, 65-6). While I argue that these women are more passive victims than the *bocai* employees, the image of these women is still largely hidden in the study of Myanmar's gambling industry.

4 Conclusion

Although civil wars, insurgent activities, drug use and trafficking, poverty, and illegal gambling hubs exist globally, the case of Myanmar remains unique. In Myanmar, the relationship between civil war, insurgency, illicit economies, and impoverishment forms and represents a systematic political order rather than a breakdown of any element of it. To start with, the drug trade is not a side effect of conflict but a tool of nation-building (Meehan 2011, 379-80). The state has facilitated the drug trade by deliberately offering ceasefires and autonomy to insurgent groups as a form of political concession. In that way, ceasefires institutionalized the drug trade and became a mechanism of governance. Ceasefires in Myanmar are not meant to end war economies but stabilize them. This leads us to think of the governance logic in Myanmar in which political opportunism has replaced ideologies (Ong 2023, xii). Conflict in Myanmar is commodified and peace is transactional. In war-making logics, the best strategy to govern Myanmar is to maintain "partial peace," or a long-term stalemate which continues to benefit the elites (Meehan 2011, 379-80; Ong 2023, xii). It is neither the state nor insurgents that have the monopoly of violence (Meehan 2011, 379), but they together manage the disorder. Illicit economies give rise to semi-state insurgents and dual sovereignties (Than 2016, 152-5; Xu 2024, 66). The UWSA, for example, has an army that is better-equipped than the state army, constantly straddling the line between state and non-state actors (Meehan 2011, 396; Lintner 2021, 2-3). This "state within a state" is different from cases across the world because insurgent autonomy is normalized, negotiated, and economically interdependent with state structures rather than temporary or ideologically driven. Myanmar's illicit economies have long been central to the survival of the state, insurgent militias, and local livelihoods, and have been openly tolerated by the state (Than 2016; Rippa and Saxer 2016; Kyu 2018; Xu 2024). This is different from cases around the world, such as Latin America, where illicit flows rely on secret smuggling. This simultaneously answers the research question: *How do illicit economies, particularly the drug economy and the gambling industry, contribute to the formation and maintenance of autonomous governance in ethnic insurgent regions in Myanmar, and how do they simultaneously reinforce state power?*

The drug trade in Myanmar has a long history and is deeply intertwined with the formation of several Cold War militarized alliances (Chouvy and Meissonnier 2024, 17). As it developed, drugs became not only a survival economy for insurgent actors but also for civilians (Than 2016; Rippa and Saxer 2016; Kyu 2018; Xu 2024). In economic desperation, civilians engaged in illicit activities while others started using drugs to meet the labor

demand in other illicit businesses. Drug use in Myanmar, therefore, is “occupational” and socially embedded (TNI 2021, 46), different from cases across the world where drug use is mainly recreational. Drugs, as an illicit economy, have been integrated into the illicit circuits that reproduce illicit power and illicit labor. Illicit capital funds not only weapons but also roads, schools, and other infrastructures (Lintner 2021, 144-5; Chouvy and Meissonnier 2024, 22). Construction workers, gemstone miners, and workers in other extractive industries have been increasingly entangled in the social discourse surrounding drug use (Cachia and Lwin 2019, 12-14; TNI 2021, 46). While the traditional poppy farmers have faced the opium ban and been forced to find alternative livelihoods on their own, semi-state armed authorities have found their next business ventures in the gambling industry and other synthetic drug trade (TNI 2021, 46). Locals in the new gambling hubs started engaging in illicit labor such as smuggling and catering to cross-border gamblers as a new mode of livelihood (Than 2016; Rippa and Saxer 2016; Kyu 2018). Amid stagnation at home and ongoing military conflict, many bright Burmese youths from the ethnic Chinese community in *Mianbei* embarked on new journeys overseas; some ended up working in the *bocai* industry as a pragmatic strategy for survival. This answers the research question: *How do illicit economies shape the everyday lives and survival strategies of local communities in Myanmar’s borderlands?*

In the regional context, drug revenue enabled the development of illicit gambling hubs which are dominated by Chinese capital and are semi-legalized through state-militia arrangements. Myanmar’s illicit economies in the Golden Triangle, though globalized, are ungoverned, which means the business ventures, rather than state-led, are led by insurgent militias (Than 2016, 156-7). For example, Myanmar’s gambling industry is directly tied to Chinese capital and Chinese transnational networks of *bocai* operations. In the meantime, Myanmar’s drug trade is globalized in the Golden Triangle meth markets yet largely disconnected from the rule of law. These trades are part of the region’s borderland political economy that roots in Cold War logistics and are heavily dependent on Chinese economic corridors (Chouvy and Meissonnier 2024, 17). Therefore, wealth from drugs and gambling flows upwards to the elites and Chinese investors. Moreover, given China’s longstanding historical, cultural, and economic ties with insurgent militias in northern Myanmar, many of which are among the country’s most powerful, these relationships can be exploited by China to advance its infrastructural and economic interests (ISP OnPoint 2023, 4; Ong 2023, 18, 20). Insurgents and Myanmar’s security in the northern regions have been used by China as “bargaining chips” on the negotiation table with the Myanmar government, further weakening the Myanmar state’s capacity to exercise its sovereignty and power (ibid.). Myanmar’s illicit networks around the borderlands, while globalized to serve the international market to some extent, are more regionally anchored, especially shaped by Chinese-linked actors and influence (Rippa and Saxer 2016, 242, 248). This simultaneously situates Myanmar’s position in the wider regional political economy and answers the research question: *How are Myanmar’s illicit economies situated within the broader regional political economy?*

Figure 18: Comparison of Myanmar to global norms.

Feature	Myanmar	Typical Global Case
Illicit economies	Central to state's survival	Undermining state governance
Insurgent power	Long-term, powerful, semi-state	Grassroots
The state	Weak, lacking monopoly of power	Dominant
Ceasefires	Aim at political compromise	Aim at disarmament
Civil war logic	Delaying peace as negotiation strategy	Bringing peace
State-insurgent relations	Opportunistic	Adversarial
Drug use	Occupational, socially embedded	Recreational
Drug trade	Historically entrenched	Recent (late 20th century)
Poverty/illcit labor	Structural/survival	Class-based
Geopolitical context	Historically linked with China, regionally integrated	Recent, national-level focused

Figure 18 summarizes what makes Myanmar distinct from cases across the world (see Figure 18). This thesis is my attempt to create a historical ethnography of Myanmar's state-insurgent relationship dynamic development, using the drug economy and the gambling industry as backdrops. The ethnography stretches from the country's Cold War entanglements to the 1990s ceasefires, the transition from narcotics trade to gambling, the BGF scheme, and lately Operation 1027. Without looking back at history, it is impossible to understand how the relationship between the state and insurgent groups has evolved into its present dynamic. Myanmar's drug trade is so historically entrenched that its development cannot be understood without reference to the Cold War dynamics in which Burma was caught. Scholars like Meehan, Buchanan, Xu, Ong, and Lintner, while analyzing insurgency in Myanmar, also resorted to a historical lens as a foundational method. Due to travel constraints, the ethnography was supplemented with informed interviews and extensive archival research. However, I view constraints not as barriers but as analytical sites to challenge what is visible and what remains obscured on the surface. For example, through archival work and conversations with informants, I noticed patterns that could speak to broader dynamics within Myanmar societies in terms of secrecy, violence, visibility,

and embodiment (see Figure 19). Specifically, the thesis highlights the presence of women in the gambling industry and portrays them more as passive, overlooked victims compared to *bocai* employees. This is an observation that could challenge how much is truly visible in accounts of the gambling industry. In this way, fieldwork constraints prompt me to deploy alternative modes of engaging with analytical insights, turning ethnographic constraints into methodological creativity.

Figure 19: Observed patterns around secrecy, violence, visibility, and embodiment during fieldwork constraints.

Observations	Violence	Secrecy	Visibility	Embodiment
<i>Bocai</i> -related informants requested camera-off during interviews		√		
Organizations in Myanmar refused to host me as volunteer, citing safety reasons	√			
Women as missing victims in the gambling industry			√	
Informants' testimonies showed stark differences, suggesting ethnic and regional fragmentation across the country				√ (1)
Construction workers trying to make a living, facing exploitation at home and prejudice in Thai societies			√	
"Occupational" drug users			√	
Informants referred to marijuana as " <i>dama</i> "				√ (2)
Informants referred to <i>ya ba</i> as "the pink"				√ (3)

(1) Embodiment of the country's ethnic and regional fragmentation.
(2) (3) Embodiment of drug use as socially embedded, with non-drug users having embodied experience about drug labeling.

Photo: TNLA soldiers gather inside a captured Myanmar military base in Hsipaw, northern Shan State on October 15, 2024, during Operation 1027 (source: Frontier. 2025. "Fighting to the last: The TNLA digs in." Accessed on August 3, 2025. <https://www.frontiermyanmar.net/en/fighting-to-the-last-the-tnla-digs-in/>).



When I first saw this photo, I was touched. The soldiers' hands hold a cigarette, yet their faces remain calm, honest, and simple, with a light smile. Their everyday is a battlefield, yet they are not fighting for their own causes but someone else's. Their lives are small, paid out in soldiers' wages.

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AI-based permitted material	Use	Affected sections of the thesis	Note
Open AI ChatGPT	Suggestions for word choice, polishing sentences, and grammar	Throughout the thesis	The use was limited to a few sentences, where I was unable to find the correct word or grammar. Suggestions were not fully adopted but were slightly revised before use. The use was never applied to whole text sections.
	Creation of illustrations	Figure 16	Prompt: Can you help me create a mind map between two models "shazhupan" and "zhenggui" within the "bocai" industry using this information: "Scam" is also called <i>zhapian</i> [...] with <i>zhenggui</i> meaning "legit." (See p.83).
		Figure 18	Prompt: What makes the case of Myanmar, in terms of civil war, illicit trade (drug trade and gambling), powerful insurgent groups, and impoverished locals, different from other cases across the world? (Thesis uploaded as source information)
	Condensing the main findings of the thesis in terms of what makes the case of Myanmar different from other cases across the world	Conclusion	The summary generated by ChatGPT was used as a reference while writing the Conclusion.
	Translation of text passage	Abstract	The Abstract was translated from English to German by means of ChatGPT and was slightly revised afterwards.

Figures

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