Sex, Drugs and the IMF: Some Implications of “Structural Readjustment” for the Trade in Heroin, Girls and Women in the Upper Mekong Region

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Abstract

A highly informed and detailed analysis of the intimate relationship between structural adjustment programs and the thriving drug and sex trade in the Upper Mekong Region of Thailand, providing additional perspective on illicit trafficking and trade in the larger Southeast Asian context. Attention is drawn to the harsh and disproportional impact of IMF economic policies upon women and girls, also acknowledging the great importance of a wider understanding of international traffic in persons, in terms of migration problems and labour exploitation, rather than solely in relation to sex.

Précis

Une analyse très fouillée de la relation intime qui s’établit entre les programmes d’ajustement structureux et le florissant commerce de la drogue et des facteurs sexuelles dans la région du Haut Mékong en Thaïlande; ce commerce ayant comme principale caractéristique de fournir un aperçu complémentaire sur toutes les for-
by ethnic diversity, cultural pluralism and linguistic complexity. In Yunnan alone, there are a population of 40 million people, there are 13 million minority people belonging to 26 ethnic groups. The lowland Lao are barely a majority in the Lao PDR. These minorities cross-cut political boundaries. For example, the Akha, a traditionally highland people, speaking a Tibeto-Burman language, are found in China, Burma, the Lao PDR, and Thailand. An Akha from Luang Namtha in Laos will communicate more easily and have more in common with another Akha from Chiangrai, Thailand than with a Lao two hours walk down the mountain.

There are a vast number of distinct languages from different language families. Many of these are unwritten languages with no indigenous scripts. While some have transcriptions developed by Western missionaries, these are frequently based on the Roman alphabet and not widely used. The Chinese have also developed transcriptions, but these are also not widespread. While there is considerable multilingualism even (or especially) among the non-literate people of the region, minority women are notably less likely to command either the national language or other minority languages. This means that they are less likely to be adapted to non-traditional employment, and less likely to have access to accurate information about the wider world. Therefore, highland women are particularly vulnerable to trafficked or non-trafficked sex work and to the related threat of HIV/AIDS.

The Upper Mekong region contains zones of high HIV infection and transmission, and areas vulnerable to explosive expansion of HIV/AIDS. At present, HIV/AIDS is a major threat to the economic and social viability of the region. In particular, it is a threat to the physical and cultural survival of the highland minorities. In Thailand, the HIV/AIDS epidemic first matured in the North. Of the cumulative AIDS cases, the largest proportion (36%) are in the provinces of the upper North, compared to 9.5 percent for Bangkok. In China, the Ministry of Health reports that the first HIV/AIDS cases appeared in Yunnan in 1985 and that as of 1997, only Yunnan province has reported more than 1000 cases, mostly among minorities. In the Lao PDR, data are limited. It is clear, however, that the increase in tourism, the expansion of road networks connecting China, Vietnam and Thailand through Laos, poverty and proximity to high HIV/AIDS areas pose clear risks for an epidemic that the country is ill-equipped to combat. Just as the HIV/AIDS epidemic in Thailand moved from being an "IV Drug Use Epidemic" to being a "Sexual Epidemic," China is starting to experience a transition in primary mode of transmission from IV drug use to heterosexual intercourse. Political and social policies in Burma are working to guarantee an HIV/AIDS epidemic nearly without parallel in Southeast Asia.

Women as Commodities: Traffic and Trade

To understand the structural underpinnings and implications of the flow of women into the Thai sex industry, it may be useful to distinguish conceptually between "traffic" and "trade." While there is no universally accepted definition of trafficking, the Global Alliance against Trafficking in Women (GAATW) has developed a pragmatic and effective one:

Traffic in women: All acts involved in the recruitment and/or transportation of women within and across national borders for work or services by means of violence or threat of violence, abuse of authority or dominant position, debt bondage, deception or other forms of coercion.

Under this definition, "trafficking" involves discrete and overt acts against women, which could, in theory, be identified and sanctioned. "Trade," on the other hand, is merely descriptive of the exchange involved in the entry into sex work, and makes no judgement about the cause or process of that entry. All trafficking is trade, but not all trade is trafficking. Economic, political, and social policies may promote or hinder either or both.

By any measures—and it must be recognized that those measures are woefully imprecise—the international trafficking in persons is continuing a process of expansion, specialization, and differentiation that has grown exponentially over the last decade. Increasingly sophisticated networks have developed which rival illicit drug trafficking organizations in global reach, profits, and efficiency. In any smuggling operation, the size of the product determines the methods of transport. Unlike drugs, which are easily concealed, human beings are a fragile cargo that calls attention to itself. Therefore, from the point of view of the smuggler, corruption is nearly always less costly than concealment. Most trafficked persons are moved across international boundaries in more or less plain view. This means that corruption is an essential, rather than merely facilitative, part of the process. It may also mean that given the world-wide trend toward lighter immigration criteria and the drive to cut labour costs in the global market, the corruptive influences of the traffic in persons will exceed even that of the trade in illicit drugs.

While sexual trafficking certainly constitutes an important and profitable sub-sector of the international trafficking in persons, it should be emphasized that most trafficking is for non-sexual forms of labour. Similarly, although the majority of those trafficked for sex are women and girls, the majority of trafficked women and girls are not trafficked for sex. Recently, more and more international attention, if little effective policy, has focused on the trafficking in women. While specialized international organizations, such as the International Migration Organization (IMO) and the International Labor Organization (ILO), see trafficking in the larger context of migration problems or labour exploitation, most of the attention has focused on sex. This is understandable. As headline-grabbers, girls sold into sexual slavery in brothels are—topically—sexier than girls (and boys) working as near-slaves on tapioca plantations.
In a similar vein, the sexual traffick-
ing of women and of children are often con-
fated as if they were the same phe-
nomenon, to be addressed with the same
remedies. While such approaches
may appear to provide useful rhetorical
weapons for public mobilization, they
often obscure more than they clarify. In
the end, this helps neither the women,
nor the children. For the international
community, the linkage of trafficking to
prostitution, sexual exploitation and
corruption is more comfortable in the
case of children because they are deemed
innocent. Children (generally, those
under eighteen) are defined by interna-
tional treaty and much national law to
be incapable of giving consent to engage
in commercial sex.”12 Hence, complex
disquieting (to most adults) ques-
tions of choice, agency, options and
volition are subsumed.13 In contrast,
while some women are coerced or de-
ceived into sexual labour, many adult
women choose sex work as a rational
(not necessarily desirable) strategy for
economic survival for themselves and
their families.

Sex work is more highly rewarded
than any occupation available to un-
educated (and—in present condi-
tions—even many educated) women.
Even before the present crash, sex work
was far better rewarded than alterna-
tive sectors. Fifteen years ago, earnings
for what was called the “special ser-
vice” sector in Thailand averaged 5,000
baht per month, while most female mi-
igrants in other occupations were earn-
ing less than 840 baht per month.14 In
1996, Kritiya and Phornsuk studied a
sample of thirty-three women sex work-
ers from Burma and China. The average
monthly income was 5,008 baht, of
which they were able to send home 1,283
baht. In contrast, other occupations
(domestics, etc.) earned 1,857 baht per
month and were able to remit 563 baht.15

The Current Crisis: Burst Bubbles
and Faded Hopes

The period since July 1997 has been a
time of major economic upheaval in
Southeast Asia. The Thai baht—which
was twenty to the dollar from 1961 until
the early eighties and twenty-five to the
dollar until June of this year—fell as low
as the mid-fifties to the dollar, before
recovering to around thirty-seven to the
dollar at present. Because of the large
outstanding dollar denominated loans,
it is unlikely that the present rate can be
maintained. The demand for U.S. dol-
ars to pay these loans will likely drive
the baht still lower in the future, despite
economic “reforms” imposed on Thai-
land by the IMF.

The fall in the currency, the collapse
(or government closure) of shaky finan-
cial institutions, high interest rates
and increased taxation imposed under
the IMF agreement, as well as the higher
cost of any imported goods have caused
massive layoffs in a country that has
only seen growth for more than a de-
 cade. The stories in newspapers have
featured those called “The Formerly
Rich” having garage sales for BMWs
and Mercedes-Benz (Thailand was for-
merly the eighth largest market in the
world for Mercedes-Benz), and the
former investment banker who has
started a sandwich street vending ven-
ture. However, while these stories sell
newspapers and attract CNN, the more
significant long-term dangers are the
precipitous rise in gasoline prices and,
more even telling, the increased cost of
rice. As with the start of many economic
crises, the distress of the rich in the cap-
tal is noticed, while the pain of the poor
in the countryside is ignored.

It should be noted, however, that for
the hill peoples of Thailand, the “boom”
of the past decade has been something
of a bust. For the highland minorities,
the years of dramatic economic growth
in Thailand were years of shrinking
economic opportunities and increasing
social dislocation. Without citizenship
and without land tenure, the majority of
the tribal population of Thailand was
sinking, while much of the rest of the
country prospered.16

The crash has affected Laos and
Burma (Myanmar) as well as Thailand,
but for quite different reasons and with
quite different results. Half of Lao PDR
(Peoples Democratic Republic) reserves
are held in baht. Over the past year, the
Lao kip has fallen from around 1,700
to the dollar before the crash, to 1,700 to
the dollar in April, to 2,600 to the dollar in
August. At present, the rate stands at
about 4,600 kip to the dollar. In addi-
tion, Thai investment in Laos has come
to a virtual standstill. Yet, the Lao econ-
yomy does not appear to have fallen
as much as the Thai, at least partially,
some suggest, because it did not have far
to fall. Much of the countryside remains
partially isolated from many of the mar-
et forces, which have penetrated even
the most remote regions of Thailand.
Many of the consumer imports, particu-
larly in the North, come from China, and
have not increased in price commensu-
rate with the drop in value of the kip vis-
à-vis the dollar. However, civil servants,
the business sector, and the urban popu-
lation in general are certainly being
squeezed. In addition, many within the
government are becoming less en-
chanted with the free market and the
opening of Lao society in general. Many
of the older, more conservative Party
officials have always been suspicious
of the expansion of economic, social
and—most of all—political liberaliza-
tion. As long as the trajectory of the
economy was up, they were constrained
by the apparent success of new, more
open policies. The collapse of the
“Asian Miracle,” however, has given
new impetus to forces of repression that
were always present.

If economic insularity and authori-
tarian rule were truly protective, Burma
would be better off than any nation of
the Southeast Asian mainland. In fact,
what little national economic activity
exists in Burma has virtually ground to
a halt. One year ago last June, one
dollar equalled about 100 Burmese kya-
t. By the end of June 1997, a dollar
equalled around 200 kyaht. In the middle
of July, the price jumped from 200 to 340
in one day, and trading stopped. The
rate recovered to about 280, where it
remained until recently. (The present
rate is well over 300.)

The reasons for the collapse and par-
tial recovery of the kyaht are complex and
very different from that of the baht.
Burma maintains a dual monetary sys-
tem; printing both kyaht—the national
currency—and FEC (Foreign Exchange
Certificates), denominated in dollars.
This gave the regime an effective license to print U.S. dollars, as long as people believed the myth. FECS were not backed by anything. To some extent, however, Burma’s currency problems (if not her economy as a whole) have been helped by the collapse of much of the cross-border trade with Thailand. This has meant a lower demand for dollars to purchase trade goods.

Our most recent research along the China-Burma border shows a complete collapse of legitimate trade in the previously booming area of Ruili. What had formerly been a region of thriving trade goods. A lower demand for dollars to purchase trade goods.

Moreover, condom use is very low. The "low class" girls to supply this Chinese gambling centre. (Ruili is one of the few places in China where gambling is legal.) Some of the most important heroin factories in the world can be found just across the border in Burma. Not surprisingly, drugs are easily available in this region of China, despite harsh penalties and great concern on the part of the national government. This is particularly significant in that, like Thailand, the HIV/AIDS epidemic in China started as an I.V. drug epidemic and is now turning into a sexual epidemic. Unaccompanied men are now coming from all over China to gamble in Ruili, using the sexual services of cross-border recruits, and returning home. Moreover, condom use is very low.

In human terms, the inflation of the Burmese kyat has turned a bad economy into an impossible one. A low-level civil servant is paid 700 kyat per month; a 10 kg bag of rice costs 1,100 kyat. This situation guarantees corruption and places impossible burdens on families, making daughters more vulnerable to migration to Thailand and China for sex work. The cost of girls in Ruili gives some measure of the economic desperation across the border: 10 rmb for a "low class" girl up to 50 rmb for a "high class" one. This is equivalent to about $1.25 to $6.25, respectively.

In addition, the collapse of much of the economic activity in Northern Thailand has severely restricted the alternative opportunities for migrant labour fleeing the conditions in Burma. A case in point are the Shan girls and women who came to Chiang Mai seeking work on the many construction projects that flourished in that city. Today, these projects have come to a standstill—there is no construction work in Chiang Mai, for migrants or anybody else. A large number of Shan girls now turned stranded, unable to find legitimate work, unable or unwilling to return home. These young women are particularly susceptible to recruitment into the sex industry, and their undocumented status makes them especially vulnerable to the worst types of exploitation.

The Sex Industry—Adaptation to Change

The long-term effects of the Asian economic crisis on the net consumption of sexual services are, as yet, unclear. At the top end of the market, a number of so-called "member clubs" have closed in Bangkok. These are expensive, more or less exclusive clubs, providing entertainment and indirect sexual services in "luxurious" surroundings. The women who work in them are chosen both for their beauty and for their ability to charm customers. They are extremely well paid, and few trafficked women ever work in these establishments. The member clubs, night clubs and bars that catered exclusively to Japanese have been particularly hard hit by the withdrawal by Japanese companies of their female f Efficient/entertainment. The women who work in them are chosen both for their beauty and for their ability to charm customers. They are extremely well paid, and few trafficked women ever work in these establishments. 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Given the importance of the sex industry to the underlying economic structure of that try to the cut down their consumption level, or trivial questions. Any policy version-adjustment to changing economic and social conditions.

Our research has found that the entry of girls into sex work involves a complex of interlocking networks—both formal and informal, commercial and non-commercial—criss-crossing borders throughout the Upper Mekong region. There is a flow of females moving north in one area; south in another. Tai Neu girls go into China, while Dai girls from the Sip Song Panna (Xishuangbanna) region of China travel down through Burma to Thailand. Some are actually kidnapped and/or sold; that is, “trafficked”, in the traditional sense of the term. Others are victims of deception—promised restaurant, household or factory jobs, only to be lured or forced into sex work. Most, however, make “voluntary” choices to start their journeys, though these choices are often predicated upon harsh economic conditions at home and scant knowledge of the outside world. Research indicates that most are not so much fleeing abject poverty and political oppression (as in Burma), but chasing a better, more exciting life. Much of the impetus can be described as the lure of “bright lights, big city.” Many of the girls believe that the streets of Thailand are “paved with gold;” that life is more exciting than in their villages; and that they will be part of a dominant population, instead of a minority as they are in China. Part of the “push factor” is the “to get rich is glorious” attitude that pervades China, in which rural people see themselves as shut out of the opportunities for material advancement. However they start out, in the course of their journey to Thailand, the women frequently come to depend on one or more of these networks.

We have located the Luk Moo (Piglet) Network, who are responsible for about 50 percent of the girls and women smuggled into Thailand from Shan States, China and Laos, to work in brothels. There are also other networks, such as the Kabuankarn Loy Fah (“Floating in the sky” Network) specializing in girls for restaurants and Karaoke bars. Much like illicit drug networks, each of these networks depends on financing and political protection to operate. Standard bribes must be paid to move girls across borders and through police checkpoints. Profit maximization dictates transporting girls through the fewest numbers of checkpoints. This is the great appeal of using the Mekong River.

The Piglet network has tried a variety of means to smuggle girls to supply to the brothels. Although the Mekong River transport has been halted, the Piglets have turned to overland trafficking routes through Tachilek (Burma) to Mae Sai (Thailand). From there, girls can be moved around the country, some are traded all the way to Malaysia. The Piglet financier never involves himself directly in trafficking. He assigns agents to work on his behalf, but if an agent is arrested by the police, the financier will intervene—using his political power to secure the agent’s release.

Over the past eighteen months, changes have taken place, which have resulted in a movement from so-called direct sex work (brothels) to indirect sex work. This has resulted in better working conditions for the women in the North, but created more of a public health problem because of less control. Thailand is the only country in the region to bring its HIV infection rate under control. In Burma, Laos, and China, HIV infection rates are climbing, but in Thailand new infections have fallen dramatically in the last five years. (Of course, the number of AIDS cases is still increasing at a horrifying rate due to past HIV infections.) Even in Thailand, however, new threats are emerging because of the economic crisis. One cornerstone of the Thai public health success has been the distribution of free condoms by the Ministry of Public Health. This program is now at risk because of budget cuts, and medical officials fear that it will not survive the year.

Illicit Investment: Growth and Survival through Sex and Drugs

In many parts of the world, illicit activities provide capital, both directly and indirectly, for legitimate investment. This becomes more significant in communities or countries lacking sufficient capital and credit mechanisms. It is most important, however, either in times of rapid economic expansion, where capital resources do not keep pace with perceived investment opportunities; or in times of severe contraction, when a credit crunch can cut off other sources of investment.

During the 1970s, the development of Northern Thailand was fuelled, not surprisingly, by the most important regional industry—opium production. Not only did most of Burma’s massive production of opium (much of it converted to morphine base or heroin) pass through Thailand to the rest of the world, but also Thailand provided a safe, relatively stable environment for both direct and indirect investment of the profits derived from the trade.

For example, in Chiang Mai, some sixteen new hotels were built between 1977 and 1981. This is not to say that each and every hotel was financed and built by a local “opium warlord,” handing over bags of cash in his shadowy incense-smoked lair. Rather, it is that the proceeds of the trade provided the necessary investment capital that was otherwise absent from the local economy. The banking systems—the modern, formal system as well as the traditional, informal ones—accumulated capital from the deposits of those involved directly or indirectly with the drug trade.15 To cite a case in point, General Li Wen Huan, the KMT General who arguably controlled more opium than anyone else in this century, was a valued customer of the Chiangmai branch of the Bangkok Bank of Commerce. Before a recent and scandalous collapse (not involving drug money),
the BBC was considered a quite respectable institution. Other “respectable” banks in Thailand—including some well-known international ones—have benefited from similar depositors.

At present, to the extent that one can speak of local investment in Burma, that investment derives from the opium trade and (more recently) the trade in amphetamines. Lo Hsing-han was a major opium trafficker who, in the early 1970s, joined a coalition of Shan revolutionary groups that offered to sell a third of the world’s illicit opiates to the United States or the UN for about $12 million. He was betrayed by his high-ranking contact within the Thai government of the time, who was afraid that Lo would reveal the details of a corrupt relationship that was vastly profitable to both sides. Arrested and returned to Burma to stand trial for a variety of political (but not narcotics) offenses, most observers believed that it was unlikely Lo would see the light of day again. Today, he reportedly owns transport lines, the Traders Hotel in Rangoon (Yangon), as well as having numerous other hotel and banking investments. The U.S. State Department reported that 15 percent of all foreign investment in Burma goes through a company owned by Lo’s relatives.19 The hotel business seems to have an appeal to many at the upper levels of the opium trade.20

The major consequence of the capture of Lo Hsing-han was to allow the now-well-known Khun Sa to capture control of much of the trade. The so-called “King of Opium” of the “Golden Triangle” combined revolutionary politics and business acumen to control and tax—but not own—a major portion of the opium production of Burma and to frustrate the flailing efforts of the U.S. government to capture him. Two decades of large rewards for his capture, support for his enemies and a Brooklyn indictment left Khun Sa quite unscathed, and demonstrated (yet again) the impotence of moral puffery as a substitute for effective socio-economic policy. Having negotiated a “surrender” to the Burmese army in January 1996, Khun Sa now lives in secluded luxury in Rangoon under the protection of the military. Despite fervid protests and calls for extradition by the United States, Khun Sa has a variety of investments including transportation, hotels, and banking. It has also been alleged by some familiar with narcotics in the region that he continues his old interests in the drug trade through intermediaries—although in a diminished capacity. Such allegations have been firmly denied by the government of Myanmar. However, Burmese denials carry little credibility with Western governments such as Great Britain, which has accused the Myanmar regime of profiting directly from the drug trade.21

Mandalay in Burma shows the heavy investment of Chinese from the traditional opium region of Kokang, and the gambling centre of Ruili across the border in China has also profited from Kokang Chinese investment. This investment has attracted minority women from Burma to provide sexual services to Chinese men visiting Ruili for gambling, and these women, in turn, repatriate money to their families in Burma.

A study for the United Nations International Drug Control Program (UNDCP) concluded—no doubt with some embarrassment—that “the effects of the illicit drug industry on both the balance of trade and the balance of payments of the producer country… tend to be positive.”22 The study goes on to note that “under conditions of structural adjustment …”, “… foreign exchange from drug exports may have … beneficial effects on the economies concerned, mitigating some of the hardship associated with structural adjustment programmes.”23 Much the same can be said for the sex industry.

It is estimated that sex is a $22.5 to $27 billion business in Thailand, or between 10 and 14 percent of GDP.24 Just as sex and drugs can mitigate the hardships of structural adjustment, so structural adjustment can improve the comparative advantage of the sex and drug industries. It might be well to consider such unintended consequences when preaching development strategies to the rest of the world. ■

Notes

4. For the purposes of this paper, the Upper Mekong region includes Thailand, Burma (Myanmar), the Lao PDR, and Yunnan, China. It should be noted, however, that many of the cross-border issues discussed apply equally to Vietnam and Cambodia, as well. There is a steady flow of girls and women for sex work from Vietnam into Cambodia, from Cambodia into Thailand, from Vietnam into China, and from China into Vietnam. In one border town, Chinese men prefer Vietnamese girls, while Vietnamese men prefer Chinese girls.
6. Material on HIV/AIDS is derived from interviews with health officials and researchers in Thailand, Burma, and Laos, as well as UNAIDS.
9. See, for example, recent television reports that the U.S. Justice Department cracked a ring that had smuggled over 12,000 people into the United States, who were forced to work in conditions of virtual servitude.
10. For a recent example, the Economic and Social Commission for Asia and the Pacific (ESCAP) hosted a Regional Conference on Trafficking in Women. Similar conferences have been convened over the last eighteen months by the Mekong Regional Law Centre, the ILO, and organizations in the Philippines, not to mention several major conferences and workshops in South Asia and Europe.

For example, in discussing the estimated 20,000 to 30,000 “girls” from Burma working in Thai brothels, this report states that “the majority are between 12 and 25 years old.” (39, my emphasis)—a rather broad range when considering issues related to
Asylum: A Moral Dilemma

By w. Gunther Plaut


Every year the refugee landscape changes, but only in that more problems are added, fewer are solved, and all become constantly more urgent. Fuelled by the explosion of the world's population, the quest for asylum is one of the most pressing problems of our age.

12. The United Nations Convention on the Rights of the Child, signed by every country except Somalia and the United States, defines "child" in Article 1 as "every human being below the age of 18 years unless under law applicable to the child, majority is attained earlier."

This seems quite straightforward. However, as Lim emphasizes in her survey of child prostitution, "There are various complications when applying this age criterion at the national and local level." (171) For examples from Indonesia and Malaysia, see:


Montgomery presents an important, empirically-based actor-centred critique of standard international discourse on child prostitution. As she states, "...despite the passion that child prostitution arouses, the children themselves have been largely silent. Many people are speaking in their name but very few people have listened to them and know who they are or how they perceive what they do." (p. 150)


16. For the relationship of the decline of the upland economy to the entry of hilltribe women into the sex industry, see:


18. Both the overseas Chinese and the overseas Indian communities have maintained complex traditional banking systems for centuries, which have allowed the efficient transfer of funds and credit over long distances and across borders. These informal systems are virtually impervious to outsiders. However, it is known that the Chinese systems play an important role in drug trafficking and, it now appears, in the trade in women as well.


20. During one of my interviews with Khun Sa, before he was expelled from his headquarters at Hin Tek in the mountains of Changrai Province in Northern Thailand some years ago, one of his men invited me to come and see "the lake." I pointed out that nearest lake was in Payao, a considerable distance away. He laughed, and explained that they were making a lake for the resort hotel they were going to build. Khun Sa later said that he wanted to stock the lake with fish—he had read that foreigners liked to go fishing—and wondered what he should call the hotel. We joked about "The Kingpin Hilton."

21. British Foreign Secretary Robin Cook condemned Myanmar as "...one of the few governments in the world whose members are prepared to profit out of the drugs trade rather than seek to suppress the drugs trade." (The Nation, 3 September 1997).


23. Ibid., 26.


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