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**THE LEGALIZATION OF GAMBLING IN THAILAND:  
A REVISITED DISCOURSE IN LIGHT OF RECENT  
DEVELOPMENTS**

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“‘You’ve been insensible,’” he remarked. ‘You’ve not only renounced life, your own interests and those of society, your duty as a man and a citizen, your friends (and you did have them, all the same) – you’ve not only renounced every aim whatever in life, except winning at roulette – you have even renounced your memories. I remember you at a passionate and intense period in your life; but I am sure you have forgotten all the best influences of that time; your dreams, your most urgent present desires...’”

“‘Stop, Mr. Astley, please, please don’t remind me,’ I cried, stung and almost angry; ‘let me tell you I’ve forgotten nothing at all; I’ve only driven it all out of my head, even my memories, for the time being, until I have radically altered my circumstances... then, you will see, I shall rise from the dead!’”

- from *The Gambler* by Fyodor Dostoevsky

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## **Abstract**

This research article addresses the discourse of the legalization of gambling in Thailand. Methodologically this article is a qualitative case study. It delves into the socio-economic and political issues behind the dispute of legalizing gambling. A brief comparison between Thailand and other countries' handling of the problem of legalized gambling will be discussed. The institutional background and economic structure of the Thai gambling industry are perspectives from which this paper will mostly focus on. The research purpose of this article is to 1) incorporate classic pro-and-contra arguments of legalization in light of recent events of Thai society, 2) elucidate the general discourse of gambling psychology, culture, and society, and 3) project the possible social costs if governments choose either legalization or banning of gambling. A case study examination and evaluation of the factors behind the pro and contra legalization concepts and impressions in Thailand is the crux of this research paper.

## **Foreword**

I wish to thank all the professors of Lund University's Center of East and Southeast Asian Studies. This is the first year of the Center re-opening after a brief hiatus, and hopefully Lund's Center of Asian Studies will flourish into a major institution for Asian Studies in Europe. To Dr. Stefan Eklöf of Lund University, Dr. Nualnoi Treerat of Chulalongkorn University, coordinators Dr. Sukum and Punamee of Thammasat: Thank you so much for your wonderful tutelage, guidance, and advice. It has been an honor and privilege to work with such dedicated and knowledgeable experts and scholars, and it has also been a thrilling opportunity for me to learn about life in Sweden and Thailand.

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## **1.1 Introduction**

## **1.2 Research Purpose**

The goal and purpose of this paper is to focus on a well-debated issue of legalization of gambling in Thailand but to also view this issue in an ontological perspective. This case study evaluates the subtleties of the gambling industry in Thailand and speculates the possible outcomes of legalization as lucidly as possible. The purpose of this paper is to contribute by discussing new themes, recent developments, and revisiting the discourse with a contemporary perspective. All debate is good and beneficial insofar as ideas are exchanged and reconsidered. All configuration of perspectives and pantheon of ideas lead to the possibility of better, more informed judgments and solutions.

The legalization of gambling is not only a relevant question to Thailand but it is also a question that every country has to eventually confront. What are the pros and cons of legalization of gambling? What is the social cost of legalized gambling? What is the best way to regulate gambling without sacrifice the social order and preventing chaos from ensuing? Fortunately, experiments with legalized gambling have been conducted in various other countries for decades; Thailand only needs to closely learn from them and to see how their examples and lessons may be applied to Thailand.

This research article's goal is to provide a framework where future inquirers of this subject matter can contemplate the pros, cons, nuances, and complexities of this problem. It is meant to give a case study of Thailand as an example of what sort of problems and issues arise as a result of ill/legal gambling. It is also meant to address some preconceived notions with an in-depth look via empirical data and experts' insights. The crux of this research project is also to investigate whether the legalization of gambling in Thailand may or may not be a worthy experiment and risk that can benefit Thai society as a whole.

## **1.3 Research Relevance**

The question of legalization of gambling in Thailand has been a heated topic in academic and social circles for many years. Firstly, Thailand is a Buddhist country and gambling contradicts the Buddhist image and morale. Gambling violates the Eightfold Path and validates the notion that desire is the root of all suffering. Article 73 of the Thai constitution states that "the State shall patronise and protect Buddhism as well as encourage the application of religious principles."<sup>1</sup> Second of all, a liberal perspective towards legalization harbors the premise that legitimizing gambling would deter

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<sup>1</sup> "Bookies and Pimps." *The Economist*. December 4<sup>th</sup>, 2003

unregulated, underground gambling. It would at least put gambling under control and social watch. Depending on the polls, the Thais are almost equally ambivalent on the legalization of gambling debate with less than a 5% margin.<sup>2</sup>

Legalization of gambling is a multifaceted subject. On the one hand, casinos have a history of attracting crime syndicates' involvement. It can bring chaos, danger, and insecurity. Casinos do not offer much of a profit for tax revenues. The argument that the government would absorb significant tax revenue from casino legalization has proven to be a very weak and uninformed one. Statistics show that many countries which have legalized casinos to have received tax revenues that were disappointing in comparison to the hype in what was expected and predicted before legalization. Statistical evidence on the tax revenues of casinos is eye-opening merely because one would presume that casinos are the most disproportionately profitable of all for taxation in the gambling industries. Studies have been shown that most profits from casinos are from slot machines whose clients are not the glamorous Monte Carlo types but regular folk.<sup>3</sup> Not only are casinos far less profitable for taxation than the average layman would expect, but they are also significantly less dynamic than the illegal underground gambling which encompasses many forms and morphs into others when convenient or when discovered.

Though Thai law is modern and well-revised, it is not widely reinforced. Thai law has yet to reach a plateau of enforcement and practice. Because of legal problems in Thailand, legalization of gambling can bring major questions of bribery, extortion, and unethical practices to light. Illegal gambling has been extremely profitable for a group of people who should not be enjoying such profits: the police. Therefore, legalizing gambling can at least relegate revenue to society as a whole, not just benefiting corrupt policemen, politicians, and bureaucrats, but as I will later elaborate, legalizing gambling does not necessarily mean lucrative profitability.<sup>4</sup>

Gambling is widely rampant and often spiraling out of control in Thai society. On August 27<sup>th</sup>, 2004 Poonsak Thipwal's apartment was raided and the police found betting orders on the electoral results.<sup>5</sup> Betting seems to extend to anything conceivable to the mind, and such unruliness and social disorder as a result calls for control. Gambling has been a social disease for Thai society as well as other societies since time immemorial, but with today's increasingly sinister financial systems of credit, virtual transactions, and sophisticated loopholes for money-laundering gambling's negative social effects are becoming more exacerbated. Lottery and betting needs the most regulation as many forms of betting and lottery are underground where anything goes which allows Murphy's law ("Anything that can go wrong will go wrong") to go haywire. A recent Chulalongkorn study has shown that approximately 500,000 Thai

<sup>2</sup> Phongpaichit, Pasuk, Sungsidh Piriyaarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>3</sup> Phongpaichit, Pasuk, Sungsidh Piriyaarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>4</sup> P 217. Phongpaichit, Pasuk, Sungsidh Piriyaarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998. *Guns, Girls, Gambling, and Ganja*.

<sup>5</sup> "Gambling Arrest," *Bangkok Post*, August 27<sup>th</sup>, 2004.

children are betting on football matches. Football betting, which also operates on a credit system, is creating social addiction and debt.<sup>6</sup>

Since betting can encompass anything, it is advisable to draft general regulations on betting. For every law that exists there is a contra-move where citizens can find ingenious ways to circumvent it. No law is more intelligent than human survival and instinct that whose sole purpose is to fulfill one's desires and guttural needs. But laws must exist to create social boundaries, order, and the definitions of what is acceptable, intolerable, right, and wrong. Legalization of gambling can also create unpredictable social repercussions and open a vacuum of unknown variables where problems of corruption and unethical practices, which are meant to be avoided, may precisely reappear in loopholes and unexpected sources. Conversely, outlawing gambling, especially underground lottery, baccarat, and hilo which are widely played and protected by officials, has proven to be dangerously ineffective.<sup>7</sup> Serious regulation of gambling or at least some aspects of it may be the best course of action – it gives at least a chance for government to focus on damage control and architect parameters in places where anarchy can easily ensue if restrained.

I hope to search for possible solutions to these obstacles and delineate the role of the state and its institutions. I have researched how the state and its institutions have played a role in the legalization of gambling so far and evaluate its successes and failures. An observation of the social impact of the state's intervention in gambling is a critical process. One can only wish that the passage of time and development is the best solution in "ironing out" these social ills. I will also see later whether these points of departure in my research will need to be re-defined or perhaps they may even be answered! That is the adventure of research.

## **1.4 Methodological Framework and Design of the Study**

The design of this case study suits the discourse of the legalization of gambling and is built upon the collection of expert opinions, news sources, and an assortment of relevant books. Secondary sources will provide ideas for a theoretical framework and give form to the structure of the thesis. Recurring issues and themes in various sources direct the flow of thought of where to proceed and which problems are to be addressed and investigated. The heart of the fieldwork in Bangkok at Thammasat and Chulalongkorn universities was emphasized on searching information from news archives and speaking to experts and scholars on these issues. The cross-examination as well as comparisons of information, and the search for different versions of events reported are also imperative research methods. This case study is to evaluate the socio-political, economic, and organizational structures of the Thai gambling industry and how legalization will cause any costs-benefits. The strategies behind this case study are "exploratory, descriptive, and explanatory,"<sup>8</sup> and the application of these different

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<sup>6</sup> "Academics: Gambling Ruining Next Generation," *Bangkok Post*, August 14<sup>th</sup>, 2004.

<sup>7</sup> P217. *Guns, Girls, Gambling and Ganja*.

<sup>8</sup> Yin, Robert K. *Case Study Research: Design and methods*, Third Edition. Thousand Oaks, California: Sage Publications, 2003.

strategies depends on the nature of the material discussed. The empirical inquiry of this case study attempts to define the blurred boundaries between phenomenon and context<sup>9</sup>, as differing variables may enter from many vantage points.

The methodological framework is a case study based on a textual and in-depth qualitative analysis derived from empirical sources. The analysis of the legalization of gambling, the for-and-against arguments, is theoretically and carefully evaluated. After this stage of developing arguments in regards to legalization has been defined, the next methodological phase is proceed to study the effects of some of the recently legalized gambling and to differentiate what has recently happened among the three major forms of Thai gambling: casinos, underground lottery, and football betting.

As characterized by Alvesson and Sköldberg, the hermeneutical approach used in this case study is to achieve an “understanding of the underlying meaning” and to incorporate a “meaning in of a part related to the whole.”<sup>10</sup> This article also attempts to reconstruct the discourse of legalized gambling in the context of Thai society. The research is conducted mainly on news archives of current events and theoretical sources on gambling psychology and cultures. The most enveloping method that is used under the conceptual framework of the research single case study, the legalization of gambling in Thailand is region-specific but full of nuances and relevant lessons for other countries to learn and share. A case study allows this research project to examine the institutional problems, current events, social repercussions, and attempts at solutions more closely. This is the section where I stress the relevance of my thesis and to weave the threads of my findings and interpretation into a cohesive conclusion.

## **2. Disposition**

This paper is divided into sections and subsections that pertain to the level of detail necessitated by various topics. The Introduction is to provide an overview of the gambling situation in Thailand. The subsections of the Introduction are “Research Purpose,” “Research Relevance,” and “Methodological Framework and Design of Study,” which are meant to provide an overview of the thesis’ intention and research process. In the Thesis section itself, the subsection of “A Pro and Contra Discourse on Legalization of Gambling” discusses the more abstract, academic arguments for-and-against gambling and elaborates on theoretical perspectives towards gambling cultures and psychology. The subsection of “Surveys of Public Opinion and Politicians’ Dialogue on Legalization” expands upon the general Thai perception and stance towards the issue of legalizing gambling. The subsection of “Analyzing the Volatile State of Underground Gambling” discusses non-casino gambling. The subsection of “Border Casinos: Can Monte Carlo Exist on Thai Soil in the Future?” is about the state of Thai-owned casinos in the borders of Thailand. The subsection of “Behind the

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<sup>9</sup> Yin, Robert K. *Case Study Research: Design and methods*, Third Edition. Thousand Oaks, California: Sage Publications, 2003.

<sup>10</sup> P52-53. Alvesson, M. and K. Sköldberg. *Reflexive Methodology: New Vistas for Qualitative Research*. London: Sage Publications, 2000.



Scenes: Thai Politicians and Casinos” illuminates the politics of casinos. The subsection of “The Dilemma of Police Enforcement and Crime Syndicates” expresses concerns of corruption. The subsection of “Lessons of the Global Trade of Gambling for Thailand to Learn” is a discussion of how other countries have handled legalized gambling and how these lessons may serve as lessons for Thailand. The Conclusion weaves all the conjectures, research discoveries, and discourses into an embryonic whole. Lastly, the Bibliography allows other scholars to cross-examine and search for other useful sources in regards to this topic.

### **3.1 Thesis**

### **3.2 A Pro and Contra Discourse on Legalization of Gambling**

Gambling as an institution is dialectical relationship between the state’s policy and global capitalism. Many perceive gambling as a *universal constant* irrespective of economic stages of pre-capitalism, recent global capitalism, and political atmosphere. Conventional assumptions towards the gambling phenomenon are epistemologically divided into two groups of thought and approach: Functionalism and Positivism. The Functionalist emphasizes the importance of social order. The Positivist perspective focuses on empirical consequences of state administration and public behavior.<sup>11</sup> Many of the gambling studies have been Positivist in tone, but have also decreed about the global capitalism of the gambling industry.

As pathological gambling will be discussed later, a definition of pathological gambling, as provided by the American Psychiatric Association, is as follows: “an addictive disorder of impulse control, continuous and periodic loss of control over gambling, a progression of gambling frequency and amounts wagered, preoccupation with gambling and obtaining funds to gamble, continuation of gambling despite adverse consequences.”<sup>12</sup> Pathological gambling in Thailand is relatively proportional to addictive gambling in other countries.

Gambling scholars such as Abt, Smith, and Christiansen view the gambling issue as through the methodological lens of conflict theory in the tradition of Marx and Weber. The questions of superstructures, power struggles, authority, nonmaterial *a priori* beliefs, and importance of historical processes underlie the contradictions of the gambling world. Weber’s view is that subjects have *a priori* nonmaterial assumptions about reality, and gambling is often considered a natural inclination of human beings – this presumption will later be discussed, as the prevalence of gambling is based upon

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<sup>11</sup> P9-11. McMillen, Jan. “Understanding Gambling” and “Globalization of Casinos.” *Gambling Cultures: Studies in History and Interpretation*. London: Routledge, 1996.

<sup>12</sup> P24. The International Gambling Research Team of Sweden. “Gambling and Problem Gambling in Sweden.” *Report No. 2 of the National Institute of Public Health, Series on Gambling*. May 25, 1999. [www.spelinstitutet.se/reports/objects/gambling\\_and\\_problem\\_gambling\\_in\\_sweden.pdf](http://www.spelinstitutet.se/reports/objects/gambling_and_problem_gambling_in_sweden.pdf)

accessibility to gambling venues. The current organizational structures of the gambling industries played by big businesses, syndicates, and political interests articulate the power and conflict struggles between the state and society. Conflict theory parallels the competitive nature of the gambling industry.<sup>13</sup> With the Thai government, police force, crime syndicates, and the gamblers themselves as major rivaling players with varying interests in the gambling industry, conflict theory is an interesting perspective to bring in.

The issue therein lies that the government consists of many split, dissenting voices of a myriad of interests. Politicians, MPs, police officers, crime boss-turned politicians, officials on gambling payrolls, etc. are all participants of the Thai government and bureaucracy. They are not the voice of the people but the voice of their own interests. How does one even begin to clear the air? Any measures the government takes will have to be appealing to these participants before any enforcement is possible. Society as a whole is split against legalizing gambling. The people with muscles and money, especially those who own gambling businesses or participate in gambling operations, think otherwise.

Some essential arguments for legalization are as follows:

- 1) Minimization of government corruption and bribery of police, officials, and politicians – a great opportunity to sanitize these departments.
- 2) Taxation of gambling revenue for the cause of investing in social infrastructure and welfare.
- 3) In the casino example, enthusiasts of legalized gambling argue that much of Thai money is being wasted away in overseas casinos all over the world and that this money should be patriotically spent at home.
- 4) Large-scale employment in the case of casino legalization.
- 5) Making gambling mainstream would take the edge off the thrill of underground gambling – to make it short, “people gamble anyway,” so take it to the surface and deal with it through regulation.
- 6) With more government intervention there will be fewer warzone situations among rivaling gambling tycoons.

Some basic arguments against legalization are as follows:

- 1) Increasing social and moral degeneration and demoralization. Greater chances for social disintegration.
- 2) Legalization does not fully combat illegal and underground gambling, where it is most dangerous and most democratically practiced among the population; illegal gambling attracts all of Thai society, leading to social disorder.
- 3) The issue of reforming the police force and bureaucracy must be well-addressed and restructured or the police force and bureaucracy will find ways to continue their previous corrupt activities. If reforming the

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<sup>13</sup> P422-25. Abt, Vicki, Christiansen, Eugene Martin, and James F. Smith. “Misconceptions Abound in the Debate over Legalized Gambling.” *Legalized Gambling: For and Against*. Peru, Illinois: Carus Publishing Company, 1998.

government fails, legalization fails and so does the regulation of monitoring gambling.

- 4) Unforeseen changes and unexpected surprises where it may create a vacuum of upheaval and changes that neither society nor the government is prepared to confront.

Thai scholar Pasuk Phongpaichi emphasizes that legalization is not only an issue of principle but also an issue of practicality. The framework in which one views foreign examples is as follows: 1) What are the socio-economic effects of legalization? 2) What kind of system of regulation towards gambling have other countries adopted? 3) How can Thailand learn from these examples? Experiences in other countries that have legalized gambling may serve as a compass for Thailand should the Thais decide to legalize it.

### **3.3 Surveys of Public Opinion and Politicians' Dialogue on Legalization**

Legalized gambling has been recently debated in the Ambassador City Hotel in Jomtien in July 2003. 200 out of invited 500 guests showed up.<sup>14</sup> The debaters concluded that legalized casinos would quell illegal, socially destructive gambling, if large entertainment complexes, à la Las Vegas, are established among the six major regions of Thailand in the Central, South, North, Southwest, East, and Northeastern Issarn. The Suan Dusit Poll, conducted under the wing of Professor Sukum Cheliwsap, has a pool of 8, 571 respondents. 52.23% were in favor and 33.8% against. 20.8% of these respondents believed that casinos should mainly be established in the tourist centers in southern Thailand such as Phuket, Songkhla, and Surat Thani. Only 9.02% supported casino establishments in Chonburi, Rayong in the east.<sup>15</sup> Again the idea that casinos would enhance tourist activity nearby the tourist centers would aid economically was imparted. Thais who travel overseas to gamble are considered to be exporting 400 billion Baht abroad annually. There are Thais who believe this money should be spent at home. The Chonburi MP Itthipol Khunpluem believes that only large entertainment complexes should be established to prevent social worries. Khunpluem's stance echoes the Thaksin administration. However, Pol. Lt. Col. Tawornsak Thepchatri of the National Police Bureau anticipates that only legalizing certain parts of the gambling industry or licensing specific venues would create disasters within the law enforcement. It would push even more illegal activity into the underground where police raids would be merely protocol but not effective enforcement. Thepchatri believes that such raids may not always be valid, and if proven invalid, these miscalculations would create legal havoc.<sup>16</sup>

<sup>14</sup> Tupchai, Suchada. "Casino on Ko Larn: What are the Odds?" [www.pattaymail.com](http://www.pattaymail.com), Vol. XI, No. 28, July 11, 2003.

<sup>15</sup> Tupchai, Suchada. "Casino on Ko Larn: What are the Odds?" [www.pattaymail.com](http://www.pattaymail.com), Vol. XI, No. 28, July 11, 2003.

<sup>16</sup> Tupchai, Suchada. "Casino on Ko Larn: What are the Odds?" [www.pattaymail.com](http://www.pattaymail.com), Vol. XI, No. 28, July 11, 2003.

The majority of politicians favor legalizing casinos. Online polls show many support legalized casinos in Pattaya, close to Bangkok. Members of Thai House of Representatives have voted to legalize casinos, among them 216 for, 23 against, and 1 abstention.<sup>17</sup> The pro-legalization arguments were typical and classic: greater tax revenues, less leakage of local money into foreign gambling havens, greater attraction for tourists, less work and fewer corruption opportunities for the police, reduction of illegal gambling activities, increase of employment, and a decrease of crime syndicates' involvement. In reality this is a rather uninformed conjecture as will be discussed later. The contra-arguments pose that the young will be demoralized, violence will increase, and a vacuum of social problems will erupt. A National Statistics Office poll of 5,800 respondents showed that 54% was against legalization, 30% for, and 16% neutral. MP Burin Hirunburana supported legalization on grounds that it will reduce criminal activity and underground gambling.<sup>18</sup> The committee of pro-legalization also suggested that a government should embark on a mass campaign on educating the population the difference between government-approved casinos as centers of entertainment and recreation and underground gambling centers as criminal. The pro-committee also introduced its own poll of 2,700 respondents claiming that the majority of Thais supported legalization! Democrat MP Withaya Kaewparadai and Democrat MP Suwaroj Palang suspected the validity of the committee's pro-legalization poll which seems quite aberrant in comparison to other polls! Chat Pattana MP Winai Sompong believes that the government should not promote gambling at all.<sup>19</sup>

The referendum on the legalization of casinos has been an intense controversy among politicians whose agendas widely vary in spirit and substance. The Campaign for Popular Democracy criticized the government's pro-legalization stance as it defies the Buddhist morale of Thailand and threatens the social order. Suriyasai Katasila, Secretary-General of Popular Democracy, said, "If the government is going to push for casinos, let's close the Culture Ministry and the Social Development and the Human Security Ministry."<sup>20</sup> Katasila postulates that interest groups and supporters of legalization will soak in profits of 100 billion Baht and that the government has already chosen a location and the management of casinos. Katasila believes that the term of "entertainment complex" does not make casinos an innocuous entity; he advocates complexes of learning and culture instead. Pipop Thongchai of Popular Democracy and Children Foundation agrees with Katasila by saying that legalization will not annihilate illegal gambling and that the government should freeze the assets of gambling operations instead. Pichit Chaimongkol, Secretary-General of the Student Federation of Thailand, argues that legalization will mislead young people into thinking gambling is condoned and acceptable in Thai society.

Chulalongkorn's Dr. Pasuk Phongpaichit's survey on the legalization issue consisted of urban, middle-class respondents. The results were almost equally split for and against, but the logic behind each stance varies dramatically. Those who are for legalization echoed these classic arguments: 1) Gambling cannot be fully eradicated, 2)

<sup>17</sup> "Thaksin's hobbyhorse: Thailand casino venues are coming." March 19, 2004. [www.thaipro.com](http://www.thaipro.com)

<sup>18</sup> "Thaksin's hobbyhorse: Thailand casino venues are coming." March 19, 2004. [www.thaipro.com](http://www.thaipro.com)

<sup>19</sup> "Thaksin's hobbyhorse: Thailand casino venues are coming." March 19, 2004. [www.thaipro.com](http://www.thaipro.com)

<sup>20</sup> "Gambling in Thailand: A Threat to Society?" September 12, 2003. Source The Nation/Asia News Network. [www.gambletribune.org](http://www.gambletribune.org)

Gambling is largely controlled by powerful players who influence results, 3) The revenue goes largely to the wealthy, but legalization will at least allow the government to tax and re-distribute the income for public works. These are the reasons of those who are against legalization: 1) Legalization implicitly condones gambling, 2) Legalization of gambling is against Buddhist principles, 3) The potential social cost of crime, debt, family disintegration, and moral decay is too high a sacrifice. In essence the pro group is pragmatic, while the contra group is moralistic.<sup>21</sup> The public is also highly concerned about police and politician corruption which may still perpetuate other forms of illegal gambling despite legalization. The public also perceives that those with money, power, and influence can find ways for their illegal businesses to escape from the law. At the moment the criminalization of gambling at least still curbs some illegal forms of gambling by virtue of making them less accessible and prohibitory.

### **3.4 Analyzing the Volatile State of Underground Gambling**

Diverging from the discussion on casino politics and economic agendas, another vein of pervasive Thai gambling is illegal and underground, which entails most forms of betting (in particular football betting), illegal dens, cock-fighting, and underground lottery. Horse-racing, however, is the only legal form of gambling in Thailand, whereas the casinos are of course scattered on the borders in Laos, Cambodia, and Burma.<sup>22</sup> Underground gambling also commands the highest participation of Thai citizens and therefore it bears more immediate implications and consequences. Kelvin Tan, a consultant in Manila's Sinorex Holding company, estimates that illegal gambling amounts to \$13 billion annually in Asia, and Tan also insists that the \$13 billion may be doubled over the next decade if governments legitimize the gambling industries.<sup>23</sup> A 2001 Chulalongkorn university study has showed that Thais have lost 518.6 billion Baht (\$12.2 billion) to underground lotteries, football betting, casinos abroad, and other forms of illegal gambling. In December 2003 Thai Farmers Bank has estimated that Bangkokians alone have gambled away 8 billion Baht each month. Chulalongkorn academics also claim that 5% of gamblers' lost money goes to police and officials.<sup>24</sup> Foreign countries' revenue often comes from concession fees from casinos, but the actual long-term profits are far less than underground gambling. Half of the adult population plays the lottery which was legalized in 2003. There are also no regulations on who buys or sells the lotteries which leads to chaos. A percentage of the lotteries are taxed but the government uses it for an unknown purpose. Hence, the government still needs to work more industriously on regulating the lottery.

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<sup>21</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

<sup>22</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

<sup>23</sup> Yahya, Yasmine. "Asia poised for casino booms as governments look for safe bets." *www.manilatimes.com*, Monday, April 19<sup>th</sup>, 2004.

<sup>24</sup> Yahya, Yasmine. "Asia poised for casino booms as governments look for safe bets." *www.manilatimes.com*, Monday, April 19<sup>th</sup>, 2004.

A general estimate is that 70% of Thais gamble away 200 billion Baht annually to underground gambling.<sup>25</sup> Underground gambling is a lucrative industry with close-knit social and business networks. Already from 1994-95 figures from underground lottery revenue commanded 81-110 billion Baht or 2.5% of GNP in 1995; football gambling got 12-16 billion Baht in comparison to casinos' 45-163 billion Baht. Underground gambling is far more profitable than casinos.<sup>26</sup> Figures from ten years ago not only may have multiplied by now, and but these figures also do not take into account of other lesser forms of gambling such as cock-fighting, boxing betting, stock market betting, and others so imaginative that it is hard to measure with precision. The actual industry may actually take in 20-30% more revenue than academic research estimates, as these figures are speculative without official statistics.

*Huay Taidin* or underground lottery is as much an institution as any physically imposing casino, since it commands an estimate of 8% GDP annually. *Huay hun*, another lesser form of *huay taidin*, is betting of the last two digits of the stock market's close of trading, but *huay taidin* is still more powerful than *huay hun*. *Huay taidin* is woven into every thread of Thai social fabric which conducts business from a highly sophisticated financial structure. Each major host (*jao mue yai*) is approximately the main distributor of lottery tickets to each province. In turn, minor hosts (*jao mue*) distribute them to agents and subagents (*kuk*). *Huay taidin* is basically betting on the official Government Lottery's numbers, and while the Government Lotteries cost forty Baht, the *huay* only costs a few Baht. The cheaper prices and the higher prize money are attractive to the general population. The Government Lottery is often spent on public infrastructure, but the *huay taidin* revenues are often relegated back to the major host tycoons themselves. 70% of the *huay taidin* total stake money is redistributed as prize money to the gamblers, but the rest of the money goes to the *huay taidin* hosts, their business maintenance, and funds for bribing officials. *Huay taidin* hosts have known to use their influence and wealth to pre-determine elections results, and some hosts such as Sia L. have been MPs in the Parliament. *Huay taidin* hosts have become major players in the Thai political arena.

Like the existence of casinos, *huay taidin* is also heavily supported by the police who receive generous financial benefits from the lottery tycoons. *Huay taidin* gambling is the most widespread form of gambling in Thai society, but its positive attribute is that there are fewer gang confrontations and violence. As long as the lottery tycoons are making money and do not interfere with each other's interests and business venues, they are relatively peaceful.<sup>27</sup> However, the *huay taidin* hosts still employ henchmen to collect fees from the agents and to provide protection for their firms. The police sometimes conduct raids of *huay* venues but these raids are done out of protocol to please their superiors; often times the lesser agents are caught while the major hosts are immune. The police often notify the venues beforehand if there is to be a raid so that they will be prepared. The network of the police, government officials, and *huay* venues

<sup>25</sup> P49-57. Phongpaichit, Pasuk, Sungsidh Piriyaarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>26</sup> Phongpaichit, Pasuk, Sungsidh Piriyaarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>27</sup> Phongpaichit, Pasuk, Sungsidh Piriyaarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

is based on mutual benefits and protection. The smaller agents are the more vulnerable group, as the police often have no idea of who the smaller agents are and demand payments when the agents are encountered. The police forces have no pre-conceived knowledge of who exactly has paid protection money, except that the major hosts themselves might have already paid the more senior policemen. The medium-sized and small gambling dens are ambiguous and hard to profile. Their patrons come from all walks of society who participate in portable gambling dens. In that case it is tough to control the pool of gamblers. They range from housewives to teenagers to gambling pros. In the long-run, *huay taidin* empowers the hosts, politicians, and the police but disenfranchises the poor who lose rather than gain in protracted periods of gambling.

Football betting is a highly intriguing phenomenon especially in the light of today's global culture for the higher echelons of society. Whereas underground lottery belongs to the poor, football betting is often practiced by the middle-class.<sup>28</sup> The transaction of football betting is mostly cybernetic and based in telecommunications. It is done through the Internet, mobile phones, and other electronic means where the government and police virtually have a hard time monitoring. Mostly Internet-savvy and well-informed users of telecommunications dominate football betting. Gambling is virtual not physical. Unless Thailand attempts to have a sophisticated Internet censorship tactics and technology like the Chinese, controlling football betting is going to be tough. Each form of gambling has its own flavor and followers. The participants of football betting, unlike the participants of underground lottery and casinos, do not believe that legalization of gambling would aid society very much.

Tim Levene, managing director of online betting company BetFair Asia, surmises that out of 100 billion USD of annual Asian betting earnings 80% is illegal. Levene maintains that most betting companies seek licenses for their operations, but even without them, these businesses can function with just a few computers, servers, and a small staff. According to Tom Hall, president of Playtech's Asia Pacific division, a gaming consultancy, Cagayan Economic Zone in the Philippines is the only area in Asia where issuing online gaming licenses is legal but not yet practiced due to its newness.<sup>29</sup> Hall also postulates that just the underground betting of European Championships has raked in twice as much money as the revenue earned in World Cup 2002. Hall estimates that each European Football Championship match brings in 150 million USD to some of the major Asian bookies each weekend. Hall and Levene believe that the government should legalize online betting as it will miss out on tax revenue as well as increasingly lose control on this mushrooming industry to the point of no return. The developments of online betting technologies and secure encryption forms do not escape Thailand, and online gambling is an issue that the Thai government will have to confront.

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<sup>28</sup> Phongpaichit, Pasuk, Sungsidh Piriyarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>29</sup> "Asia's underground bookies bat for legal Net Gambling." Agence France-Presse. June 30<sup>th</sup>, 2004. <http://www.inq7.net>

### **3.5 Border Casinos: Can Monte-Carlo Exist on Thai Soil in the Future?**

Historically, a significant sum of the Thai government's revenue was accumulated via gambling taxes. The approach towards gambling institutions was misleading and corrupt – the legalization of gambling was meant to be a money-making machine. After the Gambling Act in the 1930s the hope was that only those who can afford to play in upscale casinos can gamble. Unfortunately, the casinos admitted just about anyone of any social or economic standing, causing anarchy and chaos. The government even began to like gambling as it brought in juicy profits. Thailand's experience of legalized gambling was a disaster.<sup>30</sup> The solution was to swing to the other end of the pendulum which is to completely ban it in 1935. Pol. Lt. Col. Tawornsak Thepchatri of the National Police Bureau said this act has created even more illegal activity which has significantly increased in the past twenty years.<sup>31</sup> The legalization of casinos may be more easily applied to large Monte Carlo-styled establishments where the patrons are wealthy, high-profile, and powerful, but since the 1930s' regulation that the patrons must be economically well-off to prevent bankruptcy of poorer patrons has proven to be a failure. Poor patrons as well the wealthy ones ended up in the same establishments, and the poor have always and "poorer" forms of gambling such as cockfighting or lotteries. Politically, Prime Minister Thaksin is clearly pro-legalization of casinos, but legalization depends on the people's reaction. Already an estimated 500,000 Thais migrate to the casinos in the Laotian, Burmese, and Cambodian borders.<sup>32</sup>

The existence of casinos in Thailand echoes the most latent problem of all: police involvement. Without the police, their protection, and their patronage, casinos would not be able to operate at all. Ranging from large-scale casinos for the rich to the gambling den for the average person, casinos are significant in the problem of gambling for Thailand, but it is still as not serious as underground lottery. At the moment casinos are dotted along the Thai border, taking advantage of mostly economically and politically disenfranchised areas for casino development. Thailand has dealt with casinos by planting them along the borders of Cambodia, Burma/Myanmar, and Laos. 99% of the clientele of these border casinos are Thai as well as owned by Thais. Perhaps moving casinos back to the Southeast Asia also means moving back the patrons back to Southeast Asian, or more specifically near Thai, borders. Sociedade de Turismo e Diversoes de Macau has reported that Thai patrons, among Macau's most frequent and consistent patrons over the years, have decreased in Macau. Between 1996 and 2000 Thai patrons dropped 66% from 72,000 to 24,000.<sup>33</sup> It is difficult to say whether this decrease is due to opening of casinos along the Thai borders or whether it is due to the post-traumas of the Asian crisis.

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<sup>30</sup> Phongpaichit, Pasuk, Sungsidh Piriyarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>31</sup> Tupchai, Suchada. "Casino on Ko Larn: What are the Odds?" [www.pattayamail.com](http://www.pattayamail.com), Vol. XI, No. 28, July 11-17, 2003.

<sup>32</sup> Yahya, Yasmine. "Asia poised for casino booms as governments look for safe bets." [www.manilatimes.com](http://www.manilatimes.com), Monday, April 19<sup>th</sup>, 2004.

<sup>33</sup> "Casino proliferation in Asia sparks debate." Deutsche Presse Agentur. Tuesday, April 17, 2001. [www.asiacasinoguide.com](http://www.asiacasinoguide.com)



For example, Poipet on the Thai-Cambodian border may be a surreal experience for tourists. Marked by poverty it is a shanty town whose surrounding area is still embedded with landmines, courtesy of the Khmer Rouge legacy. Across the barrier, however, Poipet is juxtaposed by a completely different world of Thai-owned Las Vegas-styled casinos. Poipet currently has eight casinos and growing. It is a mere four-hour drive from Bangkok and the second largest gambling haven in Asia only after Macau. Western diplomats in Phnom Penh have estimated that the Poipet casinos' income is between 300-500 million Baht or \$7.5-12 million.<sup>34</sup> The different games played are blackjack, baccarat, roulette, and slot machines, but wealthy gamblers can play with abandon in their VIP rooms. Most of Poipet's clients are Asian – 90% are Thai and the rest are from Singapore, Japan, and South Korea. Most of these foreign clients are stopping in Poipet for fun on their way to Angkor Wat. Westerners rarely visit them. Casinos' names are a complete contrast to the non-casino world of Poipet: Star Vegas, Holiday Poipet Casino, Golden Crown Club, Tropicana Resort. On the Vietnamese border flamboyant names such as Le Macau Casino, Hotel, and Bavet have followed suit. The majority of casino investors are Thai but some are from Malaysia, China, Taiwan, and Indonesia.

Thai-Cambodian relations are already strained. Cambodian gambling regulation is undeveloped. In January 2004 Cambodian mobs ravaged the Thai Embassy and businesses in Phnom Penh as a protest to an insult by a Thai actress. The Thai government demanded compensation for damages of an estimated \$50 million, and since the Cambodian government could not foot the bill, the Poipet casino moguls Kok An and Pad Suphapa offered help in order to re-open the border to their casinos.<sup>35</sup> Western diplomats, NGOs, and anti-gambling officials in Phnom Penh claim that the military, the government, as well as businesses from both Cambodia and Thailand have ruthlessly concocted ways to get their plans realized especially in land acquisition. Land was seized by military officers, who “magically” possessed papers of land deeds, from locals. Destitute locals have protested in Phnom Penh but who can help them if the big guys are involved? Son Chhay of the Sam Rainsy Party believes that casino revenues rarely help the locals lift from poverty. The locals are as poor now with the casinos than they were before.

Thailand already has economic hegemony over Cambodia; Thailand already exports manufactured goods, mobile telecommunication services, airlines, and other businesses to Cambodia which is still struggling to survive, let alone develop. Thai businesspeople, frustrated by their own illegal policies on gambling at home, have sublimated their dreams of Las Vegas and Macau into the Cambodian border and it is not a poetic embellishment: One of Poipet's casinos is called Star Vegas. Poipet alone had four casinos but that was not enough: two more were being built into day into night even back in 2001. Koh Kong and Pailin follow. Not only are the Cambodians deeply affected, but the escort services at the borders have mainly employed Vietnamese women.<sup>36</sup> Hence, it can be said that the pro-legalization claim of increase in employment and standard of living created by casinos has yet to materialize.

<sup>34</sup> Lintner, Bertil. “Betting on the Border.” *Far Eastern Economic Review*, December 04, 2003.

<sup>35</sup> Lintner, Bertil. “Betting on the Border.” *Far Eastern Economic Review*, December 04, 2003.

<sup>36</sup> “Thailand buys Cambodia.” *The Economist*. January 18<sup>th</sup>, 2001.

Conversely, if legalization occurs in Thailand border casino towns like Poipet may return to obscurity.

### **3.6 Behind the Scenes: Thai Politicians and Casinos**

Casinos, though not yet fully legal on Thai soil, have mushroomed in the borders such as Burma's Victoria Point and Chiang Saen, Cambodia's Phratabong, Ko Kong, Poipet, as well as in Laos. Many political schemes have also been linked to the existence of these casinos. In Ko Kong's casino a Thai soldier was hit with a shrapnel when the Khmer Rouge came over to retrieve protection money.<sup>37</sup> High-profile political figures or their relatives have also been involved in the casino business: major border businessmen and Thai loggers have invested in Ko Kong. The son-in-law of a major politician has also been rumored to be involved in Victoria Point. The brother of Deputy Finance Minister Praphat Phothasuthon has been investing in Chiang Saen. During the governance of General Chavalit, the Interior Minister Snoh Thienthong supported the legalization of casinos and wanted to plant them in Phuket for tourism. Being enthusiastic about casinos' profitability, General Chavalit himself also asked academics to research the economic potential of casinos: academics such as Phongpaichit responded by saying that there must be a reform in the police system and that the Chavalit government should guard its image against moral attack. Chavalit's advisors retorted that academics should just focus on economic issues while the politicians will deal with the political issues and consequences themselves. Foreign as well as local investors are also anxious to legalize gambling. Phongpaichit postulates that the fate of legalization of gambling will be decided by powerful investors and politicians instead of the Thai people as a whole.<sup>38</sup>

The prohibition of gambling has prompted an array of disturbing events which have been used as pro arguments for legalization. Thaksin, an enthusiastic capitalist rather than a politician who pontificates moral ideals, supports the legalization of casinos, and critics have gone so far to say that it will not be surprising if he would propel the subsequent legalization of other forms of illegal gambling and even prostitution. Illegal gambling constitutes a staggering amount of the national GDP up to 320 billion Baht or \$8 billion annually.<sup>39</sup> The sex industry and gambling have been estimated to be 10% of the GDP. Kraisak Choonhavan, chair of the Thai Senate of Foreign Affairs, worries that Thai-owned casinos will become drug money-laundering centers which are owned by powerful businessmen whose money finances politicians' campaigns.<sup>40</sup>

<sup>37</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc

<sup>38</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc

<sup>39</sup> "Bookies and Pimps." *The Economist*. December 4<sup>th</sup>, 2003.

<sup>40</sup> "Casino proliferation in Asia sparks debate." Deutsche Presse Agentur. Tuesday, April 17, 2001. www.asiacasinoguide.com

Chuwit Kamolvisit, a massage parlor kingpin whose businesses are actually brothels, was arrested. Kamolvisit immediately bemoaned that he already paid sufficient millions in bribes to officials who should have protected him from his arrest. Kamolvisit has also threatened to reveal the identities of the patrons of his businesses. Prominent members of Thai society especially politicians are frequent patrons of sex establishments and casinos. Politicians receive substantial benefits for support legalization, and in fact anyone who supports it is suspiciously perceived to be reaping in profits by the public. In fact Dr. Nualnoi Treerat of Chulalongkorn has reported that there are politicians who go abroad to gamble just to avoid being condemned at home. If Dr. Treerat's claim is true, then the members of Thaksin's party Thai Rak Tai ("Thais Love Thais") may well have good reasons to support legalization of gambling and prostitution. Thaksin's stance on crime may also indicate how he will deal with legalization of gambling. In June 2003 Thaksin launched a campaign to eradicate illegal businesses. It was a popular political maneuver. Thaksin was seen as a tough and effective leader. He is keen on legalizing casinos to promote tourism, increase government revenue, and drive away illegal mafia-run gambling operations.<sup>41</sup> One of the most crucial obstacles Thaksin has to overcome is the illicit support and backup of illegal businesses by his own associates and party members, while Thaksin conducts his own campaign against the "dark influences."<sup>42</sup>

### **3.7 The Dilemma of Police Enforcement and Crime Syndicates**

General public opinion perceives police and politician corruption as detrimental to regulating the gambling industry in Thailand. The public opinion towards corruption has become so cynical that Chuwit Kamolvisit has become a kitsch and wry character in Thailand. He has gained popular support because of his confessions and condemnation of the Thai police. Kamolvisit, the bona fide Pimp of pimps, claimed to have bribed 12 million Baht a month to the police and officials to protect his business interests over a period of eight years.<sup>43</sup> In April 2003 Kamolvisit was arrested and spent the month of May in jail. He claimed that his arrest occurred because he refused to pay higher fees to the police and officials. Furious over his arrest Kamolvisit decided to expose police corruption in style. He staged a play to perform his one-man show of a "Confessions of Sin: One Day I'll Commit Suicide" that highlighted his experiences with the police and his business empire, while he stood in front of eight masseuses. The show sold out. Kamolvisit is no saint: he has been accused of employing underage sex workers, bullying smaller businesses, and embellishing stories about how he was abducted by the police. Kamolvisit also boldly showed up at the residence of Thaksin, who is ironically a former police lieutenant colonel, with a list of 1,000 police officers and 10 generals he bribed. Whether Kamolvisit's claims are legitimate or not is an issue to be debated; if the public is drawn to the exhibitionist tell-all kingpin, then it can be assumed that the public perception is curious and amused by Kamolvisit's mythical story-telling. After

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<sup>41</sup> Crispin, Shawn W. "Mafia Mission: Thaksin's popular drive against social evils takes aim at organized crime." *Far Eastern Economic Review*, July 03, 2003.

<sup>42</sup> P81. Mutebi, Alex M. "Thailand in 2003: Riding High Again." *Asian Survey*, Vol. XLIV, No. 1 January/February 2004.

<sup>43</sup> Tasker, Rodney. "Confessions of Sin: Dubbed Thailand's 'king of commercial sex' Chuwit Kamolvisit has a new role: exposing police graft." *Far Eastern Economic Review*, August 28, 2003.

all, myths, legends, and rumors can often be exaggerated and embellished but may also have a dose based in reality.

Crime syndicates already have very good networks especially on the illegal underground gambling branches throughout Thailand. Not only do Thai crime syndicates have good local networks and controls, they also possess global networks with other foreign syndicates such as the Japanese *yakuza*, the Russian *Mafiya*, the Chinese *Triads*, etc., and these groups exert great pressure on the Thai economy and government.<sup>44</sup> Local and foreign syndicates have a very good hand at networking and monitoring their competitors.

Police corruption is rampant but it is also the most sensitive and complex issue in regards to legalizing gambling. Police officers of all levels are recipients of casino revenues in exchange for their protection and turning a blind eye. The police assists the perpetuation of casinos for no other reason than it is many more times profitable than their own salaries.<sup>45</sup> Every law, theoretically speaking, has been instituted to correct a social problem. As long as there are laws there is the possibility of breaking them. As long as there are complex regulations and possibilities of violating them, there is always a space for corrupt officials to extort profit out of law-breaking. Even if gambling is legalized there will be regulations and the implementation such regulations should be closely watched to see if official profiteers are taking advantage of them for extortion. Even if upright policemen exist, there is still a lot of pressure for the police to take bribes from gambling businesses; as receiving bribes is the norm, and defying it may damage the relations among the police forces themselves. Honest policemen may be retaliated by not receiving promotions or by being alienated by their colleagues.<sup>46</sup> Gambling syndicates have symbiotic business relationships with top policemen and generals.<sup>47</sup>

### **3.8 Lessons of the Global Trade of Gambling for Thailand to Learn**

Enthusiasts of legalization in Thailand believe that 1) Thai gamblers who play abroad will stay and keep the money in Thailand, 2) Government revenue will increase, and 3) Tourism will flourish even more. On closer look, this may not be the case. Since the gambling industry is a global business, international operators who provide Thailand with technology, management, and staff take a huge slice out of the revenue. For example, Victoria Point's Thai-owned casino is managed by Australian operators and staffed by Filipinos.<sup>48</sup> If legalized, Thai casinos have to be exceptional to attract

<sup>44</sup> Lintner, Bertil. *Blood Brothers: The Criminal Underworld of Asia*. New York: Palgrave Macmillan, 2002.

<sup>45</sup> Phongpaichit, Pasuk, Sungsidh Piriyarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>46</sup> P417. Lintner, Bertil. *Blood Brothers: The Criminal Underworld of Asia*. New York: Palgrave Macmillan, 2002.

<sup>47</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

<sup>48</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

international gamblers, since international gamblers have a wide range of famous casinos to travel to already. The supply of casinos already exceeds demand and many casinos throughout the world have suffered great losses when this fact has been overlooked. Gambling studies and research in Australia, the UK, Malaysia, the US, and Sweden have reported startling discoveries in economic and social costs as well as the increase of participation and popularization of gambling.

National savings may be deeply affected by legalization of gambling, as compulsive behavior towards gambling can be easily developed. The lower-income group is most susceptible towards compulsive gambling. In Melbourne, Australia, the household income has dropped from 10% to 3% after the opening of a casino.<sup>49</sup> Wealthy VIP gamblers are actually not casinos' most significant revenue; the poor and middle-class are. Casinos use this fact to promote inexpensive games such as slot machines to attract large masses of lower-income groups. Perks such as free transportation, drinks, and meals are a part of the marketing campaign that targets the masses.

Once legalization has occurred, governments tend to treat casinos as revenue fall-back. Governments also notice that slot-machines are the biggest money-makers and therefore support the increase of slot machines. As slot-machine players are from lower-income groups, the government is actually taxing those who are poorer. In Australia in 1999, New South Wales had 80,000 machines and Victoria had 27,500.<sup>50</sup> Countries which have developed sophisticated systems towards controlling the revenue from casinos are important examples for the Thai government. The large and powerful Gaming Control Board of Las Vegas strictly monitors the casinos' finances through investigation, auditing, and enforcement. In Australia the police and officials are stationed inside and outside the casinos 24 hours a day to monitor and audit every financial flow and activity. Not only will human resources have to be staffed for monitoring casino activity, but expensive precision technology on cameras, security, and computing systems will have to be spent. The thousands of slot machines themselves are heavily wired and that is a costly and time-consuming operation. Since the American and Australian bureaucracies are far less corrupt than Thai bureaucracy, this system of monitoring may not yet work in Thailand.

Crime syndicates generally want a hand in the gambling industry for money-laundering purposes. The Americans have developed a system to filter out gangsters out of the gambling industry by creating strict criteria on granting licenses, but the gangsters managed to overcome these obstacles through extortion and finding loopholes. In Australia crime syndicates that specialize in loan-sharking to gambling addicts have caused murders and forced prostitution. The American, British, and Australian governments have created restrictive laws on allowing politicians to become involved in gambling businesses. However, an Australian politician has still been known to have a large of share of a casino, while a gaming business that won a contract

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<sup>49</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

<sup>50</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

was accused of bribery.<sup>51</sup> The promotion of gambling may also lead to the increase of criminal activity, as crime syndicates may merge their criminal activities such as drug-dealing on casino grounds. Being anti-legalization, Thai Senator Kraissak Choonhavan's concern on increase of crime in casinos has been already realized in Australia: It has been reported that crime boss Duong Van La has pumped in 96 million USD of heroin money into Sydney's Star City Casino in 1996.<sup>52</sup> The Thai government already has enough trouble with properly and transparently dealing with VAT and airport taxation, and this implies that the Thai government is not ready to legalize gambling before creating an effective system on collecting revenue.<sup>53</sup> In order to launch a socially and economically healthy society with fewer repercussions and shocks, Thailand will need international experts on subcontracts, licenses, technology, and management if the legalization on casino occurs – of course, foreign human resources are far more expensive than local labor.

One of the few countries that have experimented long with legalized gambling and researched profoundly into the topic of legalized gambling is the US. Thailand may learn a wide variety of lessons from the Americans, especially in the area of social costs and benefits. In the long-run the social costs of legalization exceed the intake conventional taxation by a ratio between 3.91:1 and 6.3:1.<sup>54</sup> In the US the social cost of pathological and borderline gambling addicts is estimated between \$32.4 and \$53.8 billion in the 1990s. This loss is as serious as the loss during a recession period in 4 years. It is an altogether different study if one is to presuppose that the lack of legal casinos would incur fewer social costs. However, the National Gambling Impact Study Commission has discovered that the more casinos and gambling centers there are within a 50-mile area, the more pathological gamblers are likely to appear and even novices are more likely to become addicted. It is considered safer to have casinos located farther (more than 51-250 miles) from populous settlements to deter potential gambling addicts from easy access. With the Commission's discoveries in mind, Thailand should be very mindful of where to establish casinos with respect to demographical information. The government should refrain from opening casinos in 1) easily accessible regions and 2) where the income levels are low. Thai advocates of legalization generally assume that collecting revenue from legalized gambling is a painless process, but in fact it is a very painful and complicated process. To create a system that allows for smoother revenue collection is a move that the government has yet to do. Americans bet \$300 billion and \$30 billion is lost annually.<sup>55</sup> Where there is a casino, there is a chance for long-term economic loss.

American gambling expert Earl Grinols' cost-benefit analysis of casino's effect on regional, social, and economic aspects transcends the appearances and examines the

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<sup>51</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

<sup>52</sup> "Casino proliferation in Asia sparks debate." Deutsche Presse Agentur. Tuesday, April 17, 2001. [www.asiacasinoguide.com](http://www.asiacasinoguide.com)

<sup>53</sup> Phongpaichit, Pasuk. "Gambling with Thailand," *Utsahakam kan phanan*, February 1999. [pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc](http://pioneer.netserv.chula.ac.th/~ppasuk/gamblingwiththailand.doc)

<sup>54</sup> P175-200. Grinols, Earl L. *Gambling in America: Costs and Benefits*. New York: Cambridge University Press, 2004.

<sup>55</sup> Evans, Rod L. and Mark Hance, eds. "The Background to the Debate." *Legalized Gambling: For and Against*. Peru, Illinois: Carus Publishing Company, 1998.

less apparent cause-effect presuppositions of the gambling issue. The difference between a casino-free society and a laissez-faire, casino-rampant society is hard to measure. Short-term results are easier to quantify and evaluate, but when a long-term macroeconomic model is applied, a different picture presents itself.<sup>56</sup> Prohibition of gambling may conversely offer short-term solutions to gambling addiction but may not speak for the long-term future of the appearance of illegal gambling. In South Carolina in 2000 slot machines were banned, and at the time there were already 32 gambling-anonymous groups which dropped to 11 after the ban.<sup>57</sup> For example, the increase in the job market via casinos may look good in the short-term, but the presence of casinos and their socio-economic costs and benefits provides a different picture in the long-term. Supporters of legalization in Thailand have parroted the argument that casino complexes will lead to a general economic boost and provide much-needed employment especially in areas marked by poverty. In reality, these casinos are often foreign-staffed and also attract poor locals who will become even poorer through gambling in time. The diminishment of savings over a long period of time exceeds the gains in the beginning.

Grinols' macroeconomic model on studying the effects of legalized gambling is not a mere *theoretical justification* of costs and benefits but of how the costs and benefits relate to each individual's well-being and per capita. The classic assumption is that crime multiplies with the inauguration of casinos, but Grinols observes that crime is simply transported from other areas. In Thailand casinos will give local crime syndicates a great opportunity on laundering their illegal operations; criminal activity and businesses can also travel fluidly. Traditional gambling research have emphasized more on local developments, but as Grinols stresses, a more ontological perspective needs to be taken to calculate the total costs and benefits respective to a country. Grinols estimates that only if casinos are taxed 45-70% of their revenues, then the social costs and damages are covered. If taxed to that extent casinos' survival is jeopardized. Generally, Americans lose several hundred dollars a year to gambling, while pathological gamblers lose ten to twenty times more. Pathological gambling in America is about 40% the cost of national figures of drug addiction, and gambling largely falls below the severity of drug addiction's economic loss. Gambling addiction in Thailand is not as serious as it may sound; Thailand has relatively the same number of addicts proportional to other countries in terms of population.<sup>58</sup> However, pathological gamblers may increase if gambling centers are made legal and accessible. Hence, limiting access to gambling opportunities via geographical distance and diversifying entertainment choices is also a vital move that the Thai government must adopt if legalization is instituted.

Since the 1960s casinos have represented a close relationship of state and commercial interests and have sprawled throughout the world on a large, global scale.<sup>59</sup> Casinos have become globalized industries and have become tourist resorts with fairy-

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<sup>56</sup> P180. Grinols, Earl L. *Gambling in America: Costs and Benefits*. New York: Cambridge University Press, 2004.

<sup>57</sup> P187. Grinols, Earl L. *Gambling in America: Costs and Benefits*. New York: Cambridge University Press, 2004.

<sup>58</sup> Phongpaichit, Pasuk, Sungsidh Piriyarangsarn, and Nualnoi Treerat. *Guns, Girls, Gambling, and Ganja: Thailand's Illegal Economy and Public Policy*. Chiang Mai: Silkworm Books, 1998.

<sup>59</sup> P1. McMillen, Jan. "Understanding Gambling" and "Globalization of Casinos." *Gambling Cultures: Studies in history and interpretation*. London: Routledge, 1996.

tale, luxurious, larger-than-life themes such as the Taj Mahal of Atlantic City or Caesar's Palace in Las Vegas. Casinos are incarnated as a Disneyland for adults. Asian casinos have adopted Western management and investment techniques as well as operators from large hotel corporations such as the Ramada, Hyatt, Hilton, and Holiday chains. Malaysia, for example, has been run by international operators, but Muslim modesty and condemnation of gambling still runs deep; the Genting Berhad casino of Kuala Lumpur was built in the highlands to prevent offending the conservative folk. The gambling industry is not a strategy for sustainable economic development or an attractive ideological mechanism, and for these reasons many Asian countries have been relatively resistant to legalizing the gambling industries. The role of the state has to be strengthened in order to deal with the avalanche of global capitalist, transnational pressures, and general local attitudes in Asia have conflicted with the state's more liberal agendas.<sup>60</sup> The Thais have to be ready to deal with pressures of global trade from foreign investors, and the government has to accept that the casino industry cannot remain a solely Thai affair which is operated by Thai standards.

After the introduction of legalized gambling, the Swedes believe that educating the public on the social and economic consequences is a most important move. The Swedish government has also established treatment programs for pathological gamblers. The Swedish approach is minimization of damage control. Lotteries are the most-played form of gambling in Sweden. Bingo-Lotto, sports pools, and slot machines are most commonly played, but illegal card games, arcade machines, and other games at non-sponsored casinos and dens have become more prevalent.<sup>61</sup> Government administration and policy towards gambling is stressed, as legalization has opened up a vacuum of factors that are creating new problems. Government Commissions on gambling need to be empowered to oversee the monitoring of the gambling industry. Internet gambling with new secure encryption systems is attracting greater participation, and this needs greater regulation in the wake of transnational global markets. Since much of Thai society is already widely participating in underground gambling, the government needs to aggrandize its efforts to educate the public on gambling issues, as learned from the Swedish example.

The belief that legalization reduces criminal activities of gangsters has promptly become a myth, as there are always ways to transform illegal activities into legitimate ones. Nagacorp, Cambodia's only casino operator also known for its money-laundering, has attempted to register in the Singapore stock exchange but was rejected. Paul Dworin, publisher of Las Vegas' Global Gaming Business magazine, postulated that 85% of the legal gambling industry was divided among South Korea, Macau, Malaysia, and the Philippines.<sup>62</sup> If the remaining Asian governments, especially Thailand, legalize casinos, it will be interesting to see which country will dominate these figures. Criminal activities may not be controlled by legalization, as subduing crime syndicates is an

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<sup>60</sup> P270-282. McMillen, Jan. "Understanding Gambling" and "Globalization of Casinos." *Gambling Cultures: Studies in history and interpretation*. London: Routledge, 1996.

<sup>61</sup> The International Gambling Research Team of Sweden. "Gambling and Problem Gambling in Sweden." *Report No. 2 of the National Institute of Public Health, Series on Gambling*. May 25, 1999. [www.spelinstitutet.se/reports/objects/gambling\\_and\\_problem\\_gambling\\_in\\_sweden.pdf](http://www.spelinstitutet.se/reports/objects/gambling_and_problem_gambling_in_sweden.pdf)

<sup>62</sup> Yahya, Yasmine. "Asia poised for casino booms as governments look for safe bets." *www.manilatimes.com*, Monday, April 19<sup>th</sup>, 2004.



altogether new territory and topic. Nonetheless, for safety concerns legalization of casinos and movements of monetary flows should be more closely examined by the Thai government, if it wants to discourage crime syndicates' involvement.

#### **4. Conclusion**

The legalization question is certainly a Catch-22 and a quandary, as neither legalization nor prohibition can guarantee safety from gambling harm. It is important, however, to initiate the discourse and necessary dialogue that faces the challenges of legalized gambling. The risk may be worth taking as rampant gambling may always persist to burst to the surface, but this dragon can be tamed with patience and persistence regulation and revision. Instead of sweeping this problem under the carpet, it is important to deal with it head on – to deal with the problems, challenges, and discomforts it may bring early on, so that damage control is less than if the problem prolongs for another few decades (since 1930s). It is vital to experiment with changes, laws, and regulations and to keep revising them until social damage is minimal. Openness may very well be the actual weapon against gambling, because openness leads to a diagnosis of problems and solutions. Legalized gambling with extensive controls and regulations is most likely a worthy attempt for taming the dragon of gambling.

The problem with legalizing gambling is that the Thai administration never had a successful policy-making or enforcement. In fact its stance on gambling is confused and shows a lack of true understanding on its goals or bridging the gap between theory of law and practice in real society. It seems that there lacks a boldness in experimenting new ideas and ways of combating gambling. It appears as an *either* (ban it) *or* (legalize it) proposition which is a deceptive way to deal with an underground culture that is complex and full of shades of gray. There has to be a much more sophisticated outlook and observation of what a gambling culture truly is before the government can truly flex its muscles or the lack thereof. The media can also take charge in exposing the gamblers' lives and gambling culture. Perhaps there should be melodramas about families afflicted by gambling addictions. The media is a powerful, subliminal tool that can be used to increase social awareness and conscience towards the issue of gambling. Educational programs in schools, of course, need to allow discourse on gambling for the young's to become more aware and alert.

It can be said with near certainty that legalization of gambling or the lack thereof will sacrifice social harmony. Inaction will lead to undesirable consequences and the right course of action, depending on its successful implementation and foresight, has yet to be identified. Socio-economic effects, positive or negative, will certainly occur. Legalization of gambling is not only a moral and social issue but it is an issue that calls for pragmatic planning and visualization. The conversations in the political arenas of MPs and officials seem to be puerile, partisan, and opportunistic. The most disturbing aspect in the political arena is that there is more focus on the dialogue on casinos but not on underground gambling which is far more serious and prevalent in Thailand. Between

casino and underground gambling, underground gambling is the one that needs more regulation, research, and government attention.

Thai gambling addiction is not much better or worse in terms of international comparisons, but the issue at hand is that the gambling industry is mostly unregulated and a significant part of Thai GNP. Unlike other countries who have a more advanced and sophisticated handling on gambling such as the UK, the US, Australia, and Sweden, Thailand's policy seems to set a blind eye to the underground reality of gambling while socially condemning it on the surface. Extensive governmental collusion with the gambling industry is the heart of the gambling problem in Thailand. Pervasive official corruption and the reliance on informal economy set Thailand backwards in political and economic development and advancement. Moral condemnation on basic human nature and practices such as gambling can sometimes develop into inconsequential rhetoric; acknowledging the problem and finding a solution may be a better alternative instead. There are many politicians in the Thai government who are keen and excited on short-term gains from revenues and tourism, but they are not focused on long-term social well-being and the future implications of legalizing casinos or promoting gambling. Gambling is a real challenge to regulate since the varieties of gambling are as creative and prolific as the human mind can invent. Legislators will need plenty of painkillers for their potential headaches to keep up with the trendsetters of the gambling industry.

Furthermore, the police force must be reformed and sanitized, but the questions of how this will come to pass are based on the fact that the government officials readily collude with illegal businesses. Therefore, the annihilation of corruption is the key to regulating gambling in Thailand. Hopefully, corruption will decrease and become the aberration rather than the norm. The constellation of corruption, bribery, collusion, and exchange of favors needs to be less of an institution where officials and bureaucrats depend for survival. In any case, it is vital that the potential of profiteering of the police force from illegal gambling be eliminated for any effective regulation and enforcement to exist. Gambling laws and regulations must be persistently revised and enforced if there is any hope for the Thai gambling industry to be less costly and damaging to society. The Thai government needs to implement a sophisticated technological apparatus on monitoring financial activity in casinos as well as reform its Finance departments that are responsible on revenue collection and record-keeping. The legalization of casinos may make Thailand an even more attractive tourist magnet because of cheaper prices, but that does not imply that it is cheap to run casinos or that it is not damaging to the locals' economies and savings. Even without full-blown legalization, Thailand must create an effective system of enforcement and regulation of the gambling industry as it is in its current state, because the underground gambling industry is highly volatile, elusive, and attracting a high number of participants. Legalization is not necessarily the most central issue in the Thai gambling industry, as the traditional discourse dictates; A firmer grip on the current state of the gambling industry through thoughtful policy-making, regulation, enforcement, and the monitoring of the movement of financial flows, is the most important duty for the Thai government to endorse if it desires the least social and economic cost for the Thai people as a whole.

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