

CHAPTER 3

Regulated Spatial Practice of Footloose Gem Traders

3.1 Introduction

This research chapter discusses an ethnographic account of the making of ‘*regulated spatial practice*’ as a process of border regulation imposed by gem traders in *Mae Sai*. It explores through the interplay of footloose gem traders, their knowledge and technical expertise on gem and the cross-border gem trade operation taking place in the border town. The research method employs ethnography and documentary research. A preliminary survey was conducted in July 2011 and intensive fieldwork from September 2011 to March 2012.

This chapter begins with the journeys of the *Chanthaburi* gem traders, who are coined as ‘footloose traders’ because they have been continuously on the move in search of a space of their own. After the depletion of the gem-fields in *Chanthaburi Province* in eastern Thailand, these footloose traders moved to the border town of *Mae Sai* to buy gemstones from Myanmar and to explore other trade opportunities. Some of them continued to extend their journey, moving across borders and continents to go as far as Madagascar in Africa. Along with their movements, border practices and heterogeneous networks emerged among traders, brokers and ethnic groups, enabling the gem trade to expand its scale and operate across different time-space. The gem trade was a major economy sector in *Mae Sai* from 1993 to 2003. During its heyday in 1995 and 1996, the gem trade alone could generate a lucrative profit of approximately 100 million *Baht*¹ (4 million USD) per day. With other gem trade related-businesses, the total revenue that this industry generated was much higher.

¹ Based on an exchange rate of 25Baht/\$1, which was the fixed exchange rate regime at that time, is used here for illustration. Since 2 July 1997, Thailand has adopted the managed-float exchange rate regime.

By constructing the concept of '*regulated spatial practice*', the footloose gem traders had the opportunity to construct their subjectivation. Thai is, they were able to make use of their gem knowledge and technical expertise in relation to gems, while taking advantage of ethnic-armed conflict situation in the *Mae Sai* border. At the same time, the Thai state adopted a more flexible approach in terms of its surveillance and management of the *Mae Sai* border area by means of rarefying the state rules and regulations at the borderland to reap trading benefits altogether, both the *Chanthaburi* gem traders and the state. State rules and regulations were able to be negotiated and manipulated for each party's benefits and power at the border. This had drawn a number of ethnic gem trade caravans that slipped over the borders from the Myanmar hinterland and into *Mae Sai*. Eventually, these ethnic gem traders were regulated and controlled in the border area.

This chapter also explores the re-making of the border space of *Mae Sai*, as a cross-border mode of growth which is part of the local-global growth process. It explored the emergence of this mode of growth in the context of new regionalism. The governments of the Upper-Mekong Sub-regions have cooperated in the name of regional development to open borders for trade, investment and tourism in relation to economic globalization. In response to this opportunity, both actors like the gem traders, those from *Chanthaburi* and Myanmar, have been able to not only make use of state rules and regulations of the borderland, but also transform the borderland for the working logic of capital.

The state, border, actors, goods were coordinated under the right time-space. That is, a set of practices of state's flexibility in terms of rules and regulations, the borderland, knowledge-borderers, portable goods and export markets, were re-articulated in line with a time-space relevant to the local-global economic situation (Perkmann and Sum, 2002). These border activities sometimes competed, and at other times, worked together, but in an ambiguous way without exact forms and regularities, because they were based on negotiations. As a result, the re-making of the *Mae Sai* border had a particular requirement and mapped out a distinct form of border.

This chapter is divided into six parts. It begins with a set of propositions in relation to border space. Then, it proceeds to the transformation of old border into new

geo-economic border under the name development. Over the years, both regional and local actors have been involved in constructing a new border space for *Mae Sai* and *Tachilek*. After providing a background, it discusses specifically the recent of movement of the *Chanthaburi* gem trade community and its cross-border gem trade network. It sheds light on the socio-economic life of the gem trade network at *Mae Sai Gem Market*, and the impact this network has had upon spatial re-configuration at the border. It also deals specifically with the border economy of the gem trade and the distinct facets of gem trade itself. The end of this chapter conceptualizes the border space of *Mae Sai* as a ‘*regulated spatial practice*’ produced out of specific spatio-social relations generated by multiple players in a game of negotiation, which has no-portable rules at the border.

3.2 Towards Border Space Propositions

The new geo-economic space of *Mae Sai* has been important to its spatial re-configuration since the 1990s, and some propositions have been developed regarding the spatial changes and practices that have taken place in *Mae Sai*. First and foremost, the fundamental aspect is that the border space of *Mae Sai* is situated among overlapping layers of states, people, NGOs and development agencies, all of who articulate within and beyond its area. In other words, the trajectories of *Mae Sai* were subject to ethnic-armed struggles until their decline in 1990s, state-led economic and infrastructure development beginning from the 1990s, and on-going movements of migrant people coming to the area. These developments have contributed to *Mae Sai*’s spatial and socio-economic dynamism over the years.

Subsequently, *Mae Sai* has always been shaped and re-shaped by a particular spatio-temporal and political-economic condition. This particular process has been conducive to the construction of a new geo-economic space in the local area over the past twenty years. This process has also shed light on the spatio-politico-economic multiplicities; the way in which the state, people and development agencies are contesting each other. Doing so demonstrates much about the territorial diversity as much as the spatial control over the borderland (Walker, 2009, Arnold, 2010).

Furthermore, the border space of *Mae Sai* has also been re-constructed out of, or re-produced from, the two contested states: Thailand and Myanmar. These states have

articulated a development discourse under the aegis of ADB-sponsored border development programs on the one hand; and have converged as part of a reciprocal economic collaboration on the borderlands on the other. As a result, *Mae Sai* has become an interactive, sub-national space whose socio-economic development has been directly co-constructed by its juxtaposition to the border town of *Tachilek*, albeit socio-economic differentials between the two borders. As such, this has brought about uneven socio-economic development.

Lastly, the border development of *Mae Sai* has never been a given in terms of the spatio-localizing reality, rather it has been a co-evolving area in which a number of borderers have actively engaged with their own strategies. These actors have aimed to dominate and exploit the border amidst an environment containing inter-state politics, economic development and natural resources. Each side seeks its own benefits and power. Thus, the borderland of *Mae Sai* become a contested border space in which different groups of borderers have competed with each other for benefits, privileges and power, and based on their perspectives, as well as a border used for maximizing benefits. The border has been transformed into a form of capital through the use of knowledge, technical expertise, strategies and tactics, those operated by a specific group of active borderers.

3.3 Contextualizing Contested and Controlled a New Geo-economic Space

Empirically speaking, the new border development of *Mae Sai* reveals itself through border development discourse and practice, in which *Mae Sai* has been part of a tripartite collaboration since the 1990s. There have been three major actors involved in this collaboration: the Asian Development Bank (ADB), the Chiang Rai Chamber of Commerce and the Thai government, all of whom have joined hands to push forwards the idea of *Chiang Rai* as 'Special Economic Zone' (SEZ). This project was the talk-of-the-town during the premiership of *Thaksin Shinawatra*. It earmarked *Mae Sai* as a center of light industrial production, as an export processing zone and a logistics hub for the northern-most Thailand. However, this idea collapsed with the military coup of 2006.

In regional context, the ADB inaugurated the ‘Greater Mekong Sub-region’ program (GMS), which subsequently ran a project known as the ‘Economic Quadrangle’ program in 1992. Its members are comprised of countries situated along the *Mekong River*, including Myanmar, Cambodia, Lao PDR, Thailand, Vietnam and *Yunnan Province* of southern China. The program’s activities can be grouped into three main areas (ADB, 2007). The first area is physical infrastructure development to promote overall economic growth and trade, investment and tourism flows; the second area covers policy and institutional initiatives aimed at maximizing the benefits and opportunities to be derived from physical infrastructure development; and the last area covers initiatives to address common social development and environmental sustainability concerns. In short, the ADB’s GMS includes the three concepts of connectivity, cooperation and community (Arnold, 2010). The government, private and public sectors have mobilized the ADB’s GMS projects, those focused on physical infrastructure improvement, to increase the level of competitiveness of the cross-border economy. The ‘North-South Economic Corridor’ (NSEC) project has been prominent in promoting *Mae Sai* as its gateway to the GMS. Most importantly, the GMS’s economic corridor has provided the opportunity for the Mekong’s riparian people to build closer socio-economic relations (Siriluk, 2004).

In local context, the Chiang Rai Chamber of Commerce has also played a vital role in promoting *Mae Sai* as the gateway of the GMS. Nonetheless, its original idea dates back to the Premier *Chatichai Choonhavan*’s Indochina initiative, ‘*Changing the Battlefield to Marketplace*’ in 1988. This initiative aimed to increase cross-border trade among neighboring countries. The Chiang Rai Chamber of Commerce’s members are mostly businessmen in *Chiang Rai*; some of them conduct cross-border trade at *Mae Sai* and *Tachilek*. Its members wanted to make use of the *Mae Khong River* in order to expand trade volumes between northern Thailand, Myanmar and southern China, and in particular between northern Thailand’s *Mae Sai* and southern China’s *Yunnan* through the *Mae Khong* route. China also wanted to expand trade relations with its southern neighbors. Moreover, it wanted to improve land route logistics from and to northern Thailand, Myanmar and Southern China.

Due to the fact that cross border trade between *Mae Sai* and *Yunnan* must pass through towns in *Shan State* in Myanmar, such as *Tachilek*, *Chiang Tung* and *Muang La* before reaching the southern Chinese border, *Chiang Rai* businessmen and merchants have to deal with a lot of regulations and check-point fees along the way. These check-point fees are imposed by local officials or low-ranking military officials in *Shan State*, but the fees never reach the Myanmar's government. On the borders between northern Myanmar and southern China is located *Muang La*. This *Shan State*'s border area is a *Wa*'s autonomous area, officially known as 'Wa Special Administrative Region 4' and it belongs to *Wa*'s *Kokang* group. They control the borders between Myanmar's northern *Shan State* and China's southern *Yunnan Province*. This would seem to be a 'state within state'; one *Wa*'s state controls the *Shan State*'s northern borderland, while another *Wa*'s State² controls the *Shan State*'s southern borderland. They also ask for 'border pass fees' to be paid, and all the money extorted from small-scale cross-border businesses is used to support the 'United Wa State Army' (UWSA).

The Chiang Rai Chamber of Commerce proposed 'One Stop Service' to reduce regulations and fees imposed across these borders. They wanted the Thai, Myanmar and Chinese governments to negotiate over ethnic issues along the borders of northern Thailand, northern *Shan State* and southern China. The Chiang Rai Chamber of Commerce, the majority of whose members are businessmen, could inculcate its business interests within the national agenda of the border area development of *Mae Sai*. Nonetheless, this specific cross-border issue is very difficult to resolve, due to the diverse ethnicities, powerful groups and business interests that exist in the area. All these entities are articulating across the border zones.

² *Wa State* is an unrecognized state in *Shan State* of Myanmar. It is divided into separate northern region and southern region. In northern *Shan State*, the *Kokang* and *Wa* ethnic groups control areas known as 'Kokang Special Region 1' and 'Wa Special Region 2' respectively. Certain part of *Wa State*'s southern region is controlled by *Mahaja*, a princely family. The latter group also operates businesses in *Tachilek*. Its biggest army is the 'United Wa State Army' (UWSA). The UWSA is allowed to do various kinds of businesses under the Burmese government's concessions to the UWSA in *Shan State* (Interview, February, 24, 2014).

All in all, the borders of the GMS represent complex areas because they include the overlapping spaces of ethnic groups, government powers and private business interests. The GMS's border economy is contested between the ADB's GMS's state-sponsored projects and the spatio-ethnic way of life; the former is from 'above' or from an economic policy point of view, and the latter from 'below' or from ethno-cultural landscape perspective, one which existed a long time before the birth of modern nation-state. State borders never really exist in terms of these borderers' mentalities, on the grounds of their cultural-economic practices. The GMS is actually a political border space, as a result of contestations over border control.

Specifically speaking, the border space of *Mae Sai* is multi-layered; that is, the economic development discourse combined with state-sponsored infrastructure improvement is an important part of the new border re-construction project to strengthen state border control. In retrospect, the border space of continental Southeast Asia has long been outside of state control; for example, there were ethnic- armed struggles along the borders of Myanmar and Thailand during the 1980s and 1990s (Arnold, 2010). Nonetheless, the state is considered vital in the economic development of the borderland because it can set the parameters of border economic development. Within the ADB's development project, it is made possible to demonstrate both material and economic re-territorialization within this vague area.

However, the ultimate goal of the ADB's GMS is to create border economic development among its member states. The spatial-economic interactions involved in these areas are extensive, and the implications of development of Thailand's *Mae Sai* and Myanmar's *Tachilek* areas are diverse. Although Thailand and Myanmar have different agenda, they also have a common interest in terms of development of the borderland.

The reality of border space overlaps between state's infrastructure-led growth strategy and state-led border control practice. Border area economic development has become a political project after all. As part of this process, the state has colluded with a regional development agency in order to play a developmental role to help re-define the geographical patterns of infrastructure development, investment plans and border regulation regimes, albeit uneven within different spatial contexts.

Infrastructure development has also introduced politics to the border space. (Ferguson, 1994). The border areas of both *Mae Sai* and *Tachilek*, once out of reach of state control, have now fallen under a new state border governance regime. The state has gained control over these vague areas by means of infrastructure development programs and cross-border trade projects.

In terms of the state capture of the vague area, Myanmar's case is more obvious than Thailand's. That is, *Shan State* in northeastern Myanmar has long had a history involving with ethnic-armed struggles against Myanmar's government, which effected *Mae Sai* and *Tachilek* border closure. To put a long history short, the *United Wa State Army* (UWSA) is now a powerful group that has come to replace the *Shan State Army* (SSA) led by *Khun Sa*, the heroine warlord. The SSA fought for almost thirty years with the Myanmar's government for *Shan* independence. Eventually, Myanmar's government made alliance with the UWSA to fight against the SSA, in exchange for UWSA being given self-governance and control over cross-border trade businesses in its zone of influence (Pitch, 2007). The Myanmar's government succeeded in diverting the UWSA from undertaking an ethnic insurgency to focus on economic interests. Moreover, the central government has given concessions to foreign investors, giving them access to natural resources in uncultivated zones. Subsequently, this has helped the government's endeavors to take control of the vague area by means of infrastructure development programs and trade facilitation schemes, under the name of ADB and implemented since the late 1990s.

In case of Thailand is different in comparison. While Myanmar has been concerned with border insurgencies, Thailand has been able to focus on the economic aspects of the border. The Thailand's government has had less to do over the years with ethnic insurgencies than with extracting natural resources from its neighbors. Not only is it attempting to catch up with the global economy, but is also squeezing business interests out of economic globalization. Nowadays, Thailand's hectic economic development from Bangkok's core to its border area is about controlling and exploiting natural resources of its neighboring countries (Pitch, 2007). One the one hand, the legal framework makes it possible for Thailand's government to integrate rural frontier; one the other hand, the ADB's infrastructure development programs have helped to

transform the upper-Mekong border space to become a part of the global economic connection. The border space of *Mae Sai* is expanding beyond its own territory, opening up to trade and investment while synchronizing with the global capitalist regime.

What can be read between the lines in the case of the border developments between Thailand and Myanmar, is that an individual yet co-operative state has been able to maintain control over the border area in a subtle way, and through the new spatial-regulatory regime (Arnold, 2010). During the post cold-war period, the state's major concerns were economic well-beings security. Nonetheless, cross-border trade activities can be characterized as informal. In other words, the border trade of *Mae Sai* and *Tachilek* is largely underground in which it is not subject to state's custom procedures. As such, the border economy is always porous due to the fact that the border space has long been neglected and outside of the control of the state. Arguably, the government's statistics on border trade are partially incorrect, and so create an incomplete border picture.

Subsequently, the new spatial-regulatory regime transforms these vague areas into economic borderlands. The state, in cooperation with the ADB, aims to 'formalize' or 'regularize' the border areas, and this has, among other things, assisted state efforts to regularize and channel the flow of economic transactions under the state monitoring regime. As a result, the state favors 'formalizing' private businesses to 'casualize' trading practices. The private business sector has become increasingly importance as a key mechanism used to enhance regional economic integration, through programs such as 'Economic Quadrangle'. Paradoxically, informal trade is still thriving and still looms large over the border area.

Conceptually speaking, the border space of *Mae Sai* and *Tachilek* has become increasingly multiple and has taken on diverse trajectories. This border space is becoming a site at which the new articulation of both formal-informal trade, and the new spatial-regulatory regime, are now emerging (Arnold, 2010). The border space is the sphere of multiplicity--the product of spatio-economic interactions, and these relations are real practices, and always on going--so can never be closed and will always be open-ended, always relating to the global, but always containing potential elements of chance and tension as well (Massey, 2005; Pitch, 2007; Arnold 2010).

The new border space of *Mae Sai* and *Tachilek* has mixed origins. The space was once absent from central state power, but now being articulated as part of a new border control regime based on the presence of state power in the name of development. Moreover, the implementation of infrastructure and the facilitation of trade, commerce and investment have been induced by the state in cooperation with the private sector. Thus, the production of *Mae Sai* border is both eclectic and hybridizing. The outcome of spatio-economic development is sometimes overlapping, contradictory and inconsistent.

In spatial turn, *Mae Sai* is an on-going process of, and produced from, the absence of the strong state power in the border space in the past and the presence of the state power as well as the re-combination of the state and the regional development agency in the present. Therefore, multiple players at the local, national, regional levels are using their influences to generate benefits and increase their power over the border space. To put it differently, the process of absence, presence and re-combination of all these social factors of spatial reproduction is very pronounced at the *Mae Sai* border.

With the advent of the state, regional agencies and multiple players re-creating a mechanism for a new round of economic opportunity to develop, it inevitably ushers in both sub-national and trans-local actors colluding in the game of this new border regime. These actors are re-defining the *Mae Sai* border area in the sense that they are negotiating to exploiting new opportunities at the borderland at their own expenses and within the new geo-economic context of *Mae Sai*, albeit that the state has power and control over the borderland.

3.4 Case Study I: Space of Flow at *Mae Sai*

The fourth wave of movement of people who came to settle in *Mae Sai* was the community of *Chanthaburi* gem traders in 1990 (Pitch, 2007). After the gem-mines in *Bangkaja Sub-district, Chanthaburi Province*, and *Bo Rai District, Trat Province* of Thailand, which shared a border with *Chanthaburi Province* to the northwest, had been depleted, those gem traders migrated to *Mae Sai* in order to depend on the Myanmar's ethnic gem traders. These ethnic gem traders come from the Myanmar hinterland, crossing the border to sell gemstones at *Mae Sai*. There were about 2,000 gem traders from *Chanthaburi Province*. In the following year, they also brought their families.

Almost at the same time, coming together were a large pool of gem brokers from various gem-trading places throughout Thailand; they were from *Bangkaja District*, *Chanthaburi Province*, *Bo Rai District*, *Trat Province*, *Bo Ploy District*, *Kanchanaburi Province* and *Mae Sot District*, *Tak Province*. These provinces also had gem-mines that had been depleted. These people even outnumbered the *Chanthaburi* gem traders; nonetheless, the locals recognized them all as a community of *Chanthaburi* gem traders. By the year 1997, other *Chanthaburi* people who did business with these gem traders also migrated to *Mae Sai* such as food sellers, underground lottery brokers and petty traders. These groups of people followed one another to *Mae Sai*. These groups ultimately formed a gem trade network, which constituted a population of approximately 8,000 - 10,000, with some estimated even reaching 10,000 - 12,000 people. A large number of them moved to *Mae Sai*³ immediately causing the rapid decline of *Talad Ploy Thanon Srichan*, which was the original gem market at *Chanthaburi Province*, which seemed to be a ghost town.

On the one hand, the juxtaposition, in particular, of the *Chanthaburi* community created their own place; on the other hand, this generated cross-border gem trade between Thailand and Myanmar. The former raised the possibility of ‘space-making’ in *Mae Sai*, the latter created the possibility of ‘cross-border network’ of gem trade. These

³ *Piyaphorn Village*, at *Ban Muang Daeng* Sub-District of *Mae Sai*, became the biggest community of *Chanthaburi* gem traders. It is the very first place where the *Chanthaburi* gem traders come to live in *Mae Sai*. It is once a very small village, surrounded by vast rice paddy fields. As the *Chanthaburi* begin to move their family, this village grows larger because of the high demands of rent or purchase. Obviously, the rental prices are doubled or tripled. Eventually, the village becomes the little *Chanthaburi*’s community. After the decline of gem trade, the majority of them sells their houses and goes back *Chanthaburi Province*, but a few numbers of them remain at the village, but change jobs. Today, *Piyaphorn Village* is a very large community where there are a lot of Myanmar’s ethnic migrants live there. These ethnic migrants are mostly *Shan* or *Burmese* ethnics from *Shan State*. They live with the locals, who are *Thai Lue* or *Thai Yai* (previous generations of *Shan* ethnic who migrated to live at *Mae Sai*. It is now a very mixed ethnically-diverse community. *Piyaphorn Village Community* is a real estate project, developed by *Mr.Saraiyon Srisamut* and *Mrs.Amporn Srisamut*, who are now the third generation of the family. *Mr.Saraiyon* is *Mr.Boonyuen*’s nephew who come pioneer businesses at *Mae Sai* after World War I.

two interwoven issues are important because they are deemed to have been prime movers in the space-making activities of *Mae Sai*.

3.5 *Mae Sai Gem Market*

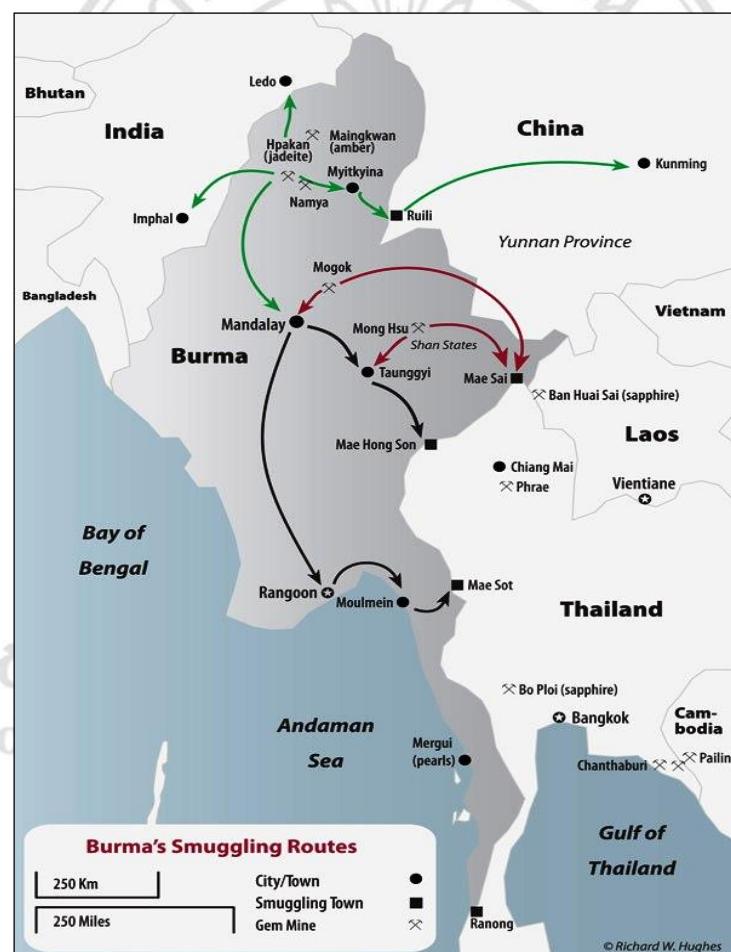
Opposite *Mae Sai Police Station* was the gem market, within walking distance from *Mai Sai Border Check-Point*. It was just a small alley, normally called a '*soi*' in Thai, and in front of the *soi* is a sign which says *soi 4*. This gem market on *soi 4* was very important to the social lives of both the *Chanthaburi* gem traders and Myanmar's ethnic gem traders and the space-making activities taking place in *Mae Sai* as well as the local economy over the period 1992 to 2003. In particular, local people experienced the peak period of gem trade in 1995 and 1996. As early as 7 o'clock in morning, until 6 o'clock in evening, *soi 4* was packed with a lot of people—mostly *Chanthaburi* gem traders, ethnic gem traders and gem brokers. It was so crowded that even a motorcycle could not find a way to get through. The locals were not so familiar with ten thousand of people busily buying and selling gems in a narrow space.

There were an estimate of 100 to 200 Myanmar's gem traders who came a long way from *Mong Hsu* of *Shan State*, Eastern Myanmar, and *Mogok* in *Mandalay*, Northern Myanmar, who crossed the borders to *Mae Sai* every day. *Mong Hsu* was relatively close to *Mae Sai*, roughly 250 kilometers away, while *Mogok* is three times as far. Mostly, they travelled by cars or vans via *Taunggyi*, *Chiang Tung* to *Tachilek* in Myanmar, before crossing the border to *Mae Sai*. They told that they were sometimes robbed on the way. It took them from several days to a month from Myanmar hinterland to *Mae Sai*. They were part of a caravan of ethnic gem traders coming across different spaces and people over times.

The gem trade created heterogeneous networks that spanned across different time-space. Mine-workers depended on cross-border gem trade network; diverse ethnics, but mostly the *Shan* ethnics, were drawn into the gem smuggling route from Myanmar hinterland to *Mae Sai* gem market. Myanmar's ethnic gem traders depended on Thai brokers who helped them connect to the *Chanthaburi* gem traders working at *soi 4*. The *Chanthaburi* gem traders also linked with the owners of gem factories in *Chanthaburi*

Province and *Bangkok*; gem businessmen eventually sold the gems to customers, both domestically and internationally.

Once had been considered prohibited for export, gems had been smuggled across the borders by ethnic gem traders for at least half a century. Some ethnic traders hid gems under their clothes when crossing the borders from *Tachilek* to *Mae Sai*; others hid them in their shoes. Some even smuggled them by using a van by wrapping the gems very tight and putting them in the fuel tank, before cutting them at *Mae Sai*. At different check-points on the route from Myanmar to Thailand, they told authorities that they crossed the borders to buy items.



Map 3.1 Gem Trade Routes: From *Mogok* and *Mong Hsu* to *Mae Sai*
Source: Courtesy of Hughes, *Ruby and Sapphire*

Amidst the crowd, *soi 4* was flanked by the two long lines of tables or kiosks owned by the *Chanthaburi* gem traders. At a corner, a shop-house was surrounded by approximately twelve tables, starting from the yard in front of the house and running to the backyard. These tables or kiosks were their shops. Usually, they needed to pay rent of about 200 to 500 *Baht* (8-20 USD) per month to the shop-owners for occupying the space. They welcomed ethnic gems traders to sit back, relaxed and talked prices. Myanmar's ethnic gem traders often came in group to sell gemstones at the gem market. They could speak a little Thai, but were skillful at dealing with money. In addition, there were brokers who helped smooth business deals. A broker's job, like a middle-man, was to help the ethnic gem traders, who wanted to sell their gems, met with Thai gem traders who needed to buy gems. Although brokers invested nothing, they made money by securing sales commissions of about 1% to 2% of the gem deal from both sides. Most of the brokers did no other jobs because they were satisfied with the commissions gained almost every day. They could make money comparatively easily when compared to other jobs. This activity was, in this particular case, called '*Sinnāmjai*', in Thai. Interestingly, the Myanmar's ethnic gem traders, the *Chanthaburi* gem traders and the *Chanthaburi* gem brokers all communicated in the language of money. It helped smooth a language barrier.



Figure 3.1 Entrance to *Mae Sai* gem market at '*soi 4*', with gem kiosks on the right.

The gem trade has declined since 2003.

Source: Photo of the author taken in 2011

Gem transactions were conducted on a one-on-one basis, with both sides strictly focused on buying and selling gems. Individual ethnic gem traders would not deal with other Thai customers at the same time, who could be sitting at nearby kiosks. In other words, individual ethnic gem traders did not make deals across different tables. Moreover, while two people at a table were engaged in a transaction, nobody would interrupt them because it was deemed ill-mannered. This would make it difficult for both sides to focus on the negotiations and to handle the gems safely. This was the custom practiced by the gem traders.



Figure 3.2 The *Chanthaburi* gem trader and Myanmar's ethnic gem traders
Source: Photo of the author taken in 2011

Sometimes, ethnic-armed insurgencies would take place at the Myanmar's border area. For instance, there were five ethnic-armed conflicts in the *Mae Sai* and *Tachilek* areas between 1998 and 2003 which were subsequently led to the closure of either the Mae Sai or Tachilek Border Check-Point. This figure did not include other minor clashes. For example, a border closure at *Tachilek* from May 22 to October 15, 2002 lasted 6 months, a time when the Myanmar's government accused Thailand of supporting the *Shan State Army* (SSA) (Thansettakij, 15 August 2002). Nonetheless, small-scaled but savvy ethnic traders turned to smuggling at night in response to the political crisis. Myanmar's ethnic gem traders and Thai gem traders carried out their

transactions via the *Sai River*, which is narrow and shallow. At night between 20:00 to 24:00, there were chains of goods floating across the *Sai River* at *Sai Lom Joy Sub-district* and *Kok Sai Sub-district* in *Mae Sai*. They made nominal payments of about 200 to 400 *Baht* (8-16 USD) per head to local officials, otherwise they made a net payment of about 1,000-2,000 *Baht* (40-80 USD) made for both people to illegally cross the river and for goods smuggled across (Manager, 30 May 2001).

The *Chanthaburi* gem traders, including brokers and ethnic gem traders, also traded gems among themselves if they could find a good deal. The price of gem was often problematic as it fluctuated heavily. In general, two kinds of gem were considered precious; sapphires were second to rubies, rubies second to diamond. Nonetheless, Burmese rubies, a pigeon's blood rubies, were second to none. Gem prices ranged according to the size, color, clarity and cutting. There was no a universally accepted pricing standard. Such problematic pricing induced speculative prices, and was sometimes messy. The price of gem was highly subjective in the sense that it was speculated through the naked eyes. The project of gem pricing could be turned out either a success or fiasco, notwithstanding a trader's expertise. The traders simply said gems trading depended on luck somehow.

Most gems from Myanmar coming to *Mae Sai* were raw gemstones. In general, *Mogok* gemstones were more expensive than *Mong Hsu* gemstones. *Mogok* gemstones had a solid crystal-clear look, and such characteristics made them ready for cutting without thermal treatment being required. The prices of such gemstones began at approximately 30,000 to 50,000 *Baht* (12,000-20,000 USD) a *carat* or a little more (1ct.=0.2grams.). However, *Mong Hsu* gemstones were like commonplace rock and required heat treatment techniques. The prices of these gemstones ranged from 10,000 to 50,000 *Baht* (400-2,000 USD) per kilogram. The prices of the gems always went up as they passed from one to another and so forth by means of traders' speculation. As such, traders often said, in their money-based language, that they 'knocked' the price which meant they made a profit of at least double or triple. It was such a dazzling speculation.

Nothing ventured, nothing gained, but they wished their speculation would work out. Inside a *Mong Hsu* ruby possessed a little dark spot. The *Chanthaburi* gem traders

knew this as the ‘essence’ or in Thai ‘*hūa cheūa*’, which looked like a pencil lead inside and could be seen by the naked-eyes. The ‘*hūa cheūa*’ needed to be processed through heat treatment techniques. Each family of *Chanthaburi* gem traders, who also operated thermal treatment, had a secret formula passed from one generation to the next, was never disclosed to outsiders. The formula was made from acid substances. Nonetheless, a worker would know it when helping to prepare gem thermal treatment with his boss. Heated for a day at approaching 2,050-3,000 °C in a furnace, a *Mong Hsu* insipid gem would then radiate a crystal reddish color, having been ‘cooked’, or in Thai ‘*hung ploy*’. By now, the price of this fine Burmese gem had increased exponential, as highly as ten times or twenty times at the gem market. Traders were always mesmerized by the pricing scale, but all that glitters is not gold. Some traders ‘cooked’ the gemstones and they turned into gravel. Rather than traders could knock the price; they were knocked in front of the furnace due to miscalculation.

3.5.1 Expansion of the Gem Market

There was an attempt made to expand and modernize the gem market in the first place. Geographically, the gem market was just a small *soi* which looked like any other, except gem traders occupied most of the space. This *soi* had unexpected changes during the boom period of gem trade. Since it was packed with a lot of people, it automatically annexed the nearby *soi*. A sign showed the number of the *soi*, written as *soi 4*. Underneath this sign was also written ‘gem makret’ in parenthesis, but this new sign was placed further into the *soi*. To put it another way, the original *soi 4* was a locus of power in the sense that it both claimed and annexed nearby space, dragging –in the adjacent space, labeling and addressing it. As a result of the gem trade boom, the market space was not simply an expanded space used to accommodate the growing number of traders including tourists, but also represented power relations in terms of terrain. There were ‘old *soi 4*’, and now ‘newly-annexed *soi 4*’. The ‘newly-annexed *soi 4*’ was practically an expansion of gem market from the old *soi*.

When tourists entered the gem market from the entrance of *soi 4*, which was opposite to Mae Sai Police Station on *Phaholyothin Highway*, they walked into the old *soi*. Walking further in, they reached the inner space of the gem market. Here there was a junction in which the new sign was located, as mention-above, with ‘gem market’

written underneath. This was to make sure that they were entering the correct inner space. Once standing at the junction, one lane could be seen to be a dead-end, meaning they would walk the other way, approaching the newly-annexed *soi 4*. Walking up this *soi*, the exit could be found, not much further on from the entrance, but with some shop-houses in-between. As a result, the space of the gem market was an inverted ‘*u-shape*’ in which people could make a tour.

Soi 4, which originally looked the same as other *soi*, was upgraded to a gem trade center. There was a construction of office buildings on an empty plot of land in the gem market. Now, there were permanent offices constructed for the Thai gem traders, and there were two rows of offices facing each other. Each office was just a small compartment equipped with an air-conditioner, an aluminum door and a glass window, overlooking the gem market.



Figure 3.3 The ‘newly annexed ‘*soi 4*’. The newly annexed *soi 4* with a *soi 4* signpost further inside which has ‘gem market’ written in parenthesis

Source: Photo of the author taken in 2011

Each office was roughly 10 to 12 square meters in size, and sold for approximately 500,000 *Baht* (20,000 USD) (Interview, July 6, 2011). The prices of these newly-constructed offices were reflected the historically high cost of land and buildings in downtown *Mae Sai*, including the gem market area. Also, at the new *soi 4* were the constructed two office buildings. A plot of garden could not resist the power of the geography of the original *soi 4*. It eventually turned this plot of fruit orchard into a site of gem trade center. The two sets of office buildings, which were constructed on different plots of land, looked almost the same. At the new *soi 4* were also two rows of offices facing each other, but with a pavilion constructed in the middle of the office area.

Superficially, it looked like a typical real estate development, just like everywhere else. Symbolically, the gem market was ostensibly internally-colonized by the new settlers, with the *Chanthaburi* gem trader community wielding its power, money and savvy at the gem market and in the area beyond. To put it simply, this local phenomenon had wider implications. The locus itself produced the power that furthered spatial inclusion; it was just like an exclusive place only for the *Chanthaburi* people and their gem trade network. In summary, the construction of a new gem market building was the result of the day-to-day economic use of, and social response to, the landscape, which also brought about the expansion and modification of the landscape itself.

Since the quietude of gem trade in 2003, these offices at both the old and the new *soi 4* became deserted, with only about 10 to 15 percent of offices still occupied by gem traders. A few of them were new comers from *Rayong Province* and *Trat Province* in the lower eastern part of Thailand. These people came to learn the gem business at *soi 4*. So, the *soi 4* had symbolically become ‘the gem school’ for beginners. Some offices were changed to hair salon, illegal football gambling shop and English tutorial school. However, quite a few offices were left vacant, while other still were rented to Myanmar’s workers or other ethnic petty traders as their shelters. They paid about 1,000 *Baht* (33 USD) a month in rent. These offices were home to the *Shan*, *Burmese-Muslims* and *Burmese-Chinese* petty traders, who had migrated from Myanmar hinterland to *Mae Sai*. Some of these ethnics were hired to work at the shop-houses in *Doi Wow Market* and *Sai Lom Joy Market* in downtown *Mae Sai*. Meanwhile, other ethnic petty traders

opened their own small businesses at these same markets. Today, the office buildings have changed a lot, and are utilized for a range of different purposes and functions, but the people living in the area still refer to these office buildings as the gem market.



Figure 3.4 Office in the annexed ‘soi 4’, on the site of an old fruit orchard

Source: Photo of the author taken in 2011

3.5.2 *Ploy Daeng Complex*

Mae Sai could have seemingly become a gem trading hub, as the gem trade expanded and there were an increasing number of gem traders, brokers and ethnic gem traders coming into the town. However, this caused the gem market to become too crowded. Most importantly, these people had money and it seemed that they would come to live permanently in the town. It helped form a large gem traders’ community.

There was a prominent businessman in the gem trade from *Chanthaburi Province* who decided to build *Ploy Daeng Complex* as a trading hub⁴. It was a 100,000,000 *Baht* (4,000,000 USD) project. The project included a three-storey commercial building situated on an area of land about 10 to 15 *Rai* (1.6-2.4 hectares) in size, and located outside the *Mae Sai* downtown. Although he was well-known and widely respected in

⁴ The locals said that the project was owned by *Thawatchai Anamphong*, a the *Democrat Party* MP (2011).

the gem trade circle, he made a miscalculation. This project received little attention; it was expensive and people were more familiar with the gem market downtown. Most importantly, the location was far from the *Mae Sai* downtown. The place where the project was situated was so desolate that there was no people and building nearby; it was surrounded by vast rice paddy fields. As the construction moved on, only a small number people purchased units. Myanmar's ethnic gem traders found it inconvenient and unsafe to go outside of the downtown, while carrying gems. For ethnic gem traders, time could not be wasted as time was money. However, the project of the gem construction had reached its saturation point at *soi 4*, with its prime location near the border. Furthermore, foreign customers were finding it more convenient to buy gems in *Bangkok*, or they could easily travel from *Bangkok* to *Chanthaburi Province*. *Ploy Daeng Complex* competed hard with the different and powerful time-spaces to be found at *soi 4*, and in *Bangkok* and *Chanthaburi Province*. The shorter the space, the better the time is. Furthermore, the gem market was embedded in, or evolved from, its spatio-social condition of the gem trading network. The market itself had been initially formed out of ethno-social cross-border relations developed over time. The project eventually collapsed⁵ (Interview, 10 March 2012).

Although it was difficult to identify precisely to what extent the gem trade acted as a catalyst for fluidity of the large sums of money in the town, the strong relationship between gem transactions and high-incomes could be hypothesized as having supported the economic boom in *Mae Sai*. The gem trade also brought about a new kind of job in the new time-space of the town; it created a large number of brokers and traders. Basically, brokers invested nothing but social network. Their job description was that of a match-maker. If they could match a buyer with a seller for a gem transaction, they would receive a commission about 1% to 2% of the sale from both sides. Some could

⁵ The first interviewee said the project was started in 1997 but he said it was collapsed due to Thailand's *Tom Yom Kung Crisis* the same year. The second interviewee said it was built in 2002, and the third one said it was built in 2006. The third interviewee said that she knew this because she wanted to share the complex's electric power transformer, in order to supply the electricity to her resort, that just had been built adjacent to the complex that year. But, she did not know why the project collapsed. She guessed that the bank withdrew its financing of the project.

turn themselves from brokers into traders, diversifying their businesses. For example, there was a broker who could save her commissions to buy a two-rowed shop-house worth about 4 to 5 million *Baht* (160,000-200,000 USD). She was the daughter of a farmer and later became a jewelry shop's owner. Her shop was close to Mae Sai Border Check-Point. Another broker bought a small shop-house in order to open a grocer shop for his wife at *Ban Pa Yang Village*, not far away from downtown *Mae Sai*. He then also became a gem trader. Last but not least, there was a *Chanthaburi* gem cutter who came to work at a gem lapidary factory at *Mae Sai*. He later on married a local *Tai Lue* woman and now has a shop near Mae Sai Border Check-Point, selling a variety of items such as synthetic gems, toys, clothes and souvenirs to tourists, just to name a few cases.

In this context, the process by which the economic boom was partially generated in *Mae Sai* owed as much to the money accumulated by those whose individual wealth formation had been gradually accumulated over times, based on speculation at first, and then moving on to actual gem sales transactions. The 1990s was a period of high incomes in the area, and the boom in the gem trade reinforced border consumption and economic growth because of the fluidity of money. The locals experienced high levels of spending, the opening of new pubs and restaurants, a construction boom and real-estate speculation on property within a high-value market, that were linked directly to personal wealth and incomes of people. Moreover, the growth of *Mae Sai* went beyond its border in that it produced certain interactive effects which further widened its sphere of growth from *Mae Sai* to *Tachilek* (Allen, Massey, & Cochrane, 1998).

3.5.3 Life like a Fiction: the Clash between the *Chanthaburi* Gem Traders

An article in the '*Thairath*' newspaper on August 22, 1999 stated: '*gem businessman kidnapped naked, miraculously survived: Northern mafia wildly 'kidnapped' gem businessman in the middle of the night while he was driving home, as mafia claimed themselves to be Narcotic Control Unit officer*'. The *Thairath* ran this story on 23 and 24 yet continued to report the case. On August 25, the '*Dailynews*' newspaper also stated: '*the gem businessman's attempted murder by northern gangsters*'. These two national newspapers conventionally reported on violent crime scene on their front pages.

The border town had long been beyond the control of state authorities, so the scenes described in the articles were fitting for *Mae Sai*. The gem trade boom turned the area violent, and this border town, as a zone of contact, became a scene of savagery also. Implicitly, the *Chanthaburi* gem traders clashed over business interests. The gem trade became a deadly business between the *Chanthaburi* groups. It was often said that the *Chanthaburi* people were kind and like a brotherhood, but this episode told a different story.

Mr. Saran Thammakul, a 30 year-old gem businessman, lived in ‘*Piyaphorn Villlage*’ in *Mae Sai* where a local saga began. He was once a small-scale trader, now up-scaling to a star, with a capital of 10 million *Baht* (400,000 USD), ostensibly in the twinkling of an eye. On August 19, he was at a restaurant, having dinner and dealing a business with a *Japanese* businessman, who was his regular client. After he had finished the dinner, he gave the *Japanese* friend a lift to his hotel. As he was heading home, about to enter the village, a pick-up truck drove in front of his *Honda Accord*, forcing him to stop. Then, 3 or 4 people got out of the pick-up truck, approaching him and shouted at him: “*You, Saran, amphetamine dealer, you were now ‘seized!’*” “*We were from the Narcotic Control Unit*”. They then dragged him out of his car and transferred him to their pick-up truck. He was placed in the back of the wagon, flanked by two people. As the pick-up truck drove out of the village, these people snarled at him, asking about amphetamine. *Saran* said to them: “*There must be a misunderstanding, I myself had never been involved in drugs, you guys kidnapped the wrong man*”. He was suddenly punched in his face and stomach, and one of the men used a belt to strangle him. Another man yelled at him: “*You wanna die?*” After driving the pick-up truck for a while, they stopped and transferred him to another sedan. They then drove this car to *Kok Chang Sub-district* of *Mae Sai* and stopped by the *Sai River*. The men dragged him out of the car, took his clothes off, and strangled him with the belt. While he had been strangled so hard that he could not breathe, he heard a man say “*shoot him*”. At this point, he played dead, so they threw him into the river. They then shone a spotlight onto the water and shot at him. The gangster left *Kok Chiang Sub-district*, thinking they had finished their mission.

The next day at dawn, he emerged out of the river, naked and frightening the local people. He asked for help, offering them 20,000 *Baht* (800 USD). He called his wife to get him home. The story of what had happened to him spread around the gem market, frightening the trader community.

At ten o'clock, *Saran* got together with a hundred gem traders at *Mae Sai Police Station*. They had united as they shared the same space of fear. He reported to an officer that he had been the victim of attempted murder; taken out of his *Honda Accord* and had his *Rolax*, gold necklace and some cash stolen. He boasted about the way he had survived. He said that as he was thrown into the *Sai River*, he was barely conscious underneath the water, but had to hide and hold breath. As the thieves left the river bank, he floated along the current, hiding in *Tachilek* from dusk until dawn. After that, he swam back to *Kok Chang Sub-district*. However, someone at the gem market told a different climax. He said that as *Saran* saw a man taking a pistol out of his pocket, his legs were so shivering that he fainted and fell to the ground. The men hurled his unconscious naked body into the water. While he was drowning, he was awake. He clung to a clump of grass, helping to conceal his body there.

The border was the place where nothing was as it seemed. Like a man looks at a straw, which is placed at a slant in the water, he sees a bending straw in the water due to the bending of light beams moving from the water to the air. When the light beams contact his eyes, his eyes can only trace it back as a straight line of sight. Likewise, while a villain shone a spotlight into the water of *Sai River*, it created the refraction of light beams. The body appeared higher in the water and the water shallower than it really was. Moreover, the river was so turbid that anything in the water could not be seen clearly. As a result, the bullets missed their intended target. A few days before the kidnap, *Saran* had gone to the gem market as usual. His eyesight had caught a gemstone, which was being dealt by a group of gem traders. He could have ignored them, but not the gemstone. As a gem mastermind, he knew that he could make a handsome profit from it if it was processed through heat treatment. As a rising star known throughout the market space, he used his personal influence to make contact with the gemstone's owner. By doing this, he was expanding his personal space, but at the same time cutting across other people's private space. The gem market was public,

but the transaction was private. Therefore, in this instance, he had converted somebody's private space into his own public terms. The gemstone was no longer private, but anybody's. It was a thing that could be owned by anybody who had money like him. So, he purchased it for 3 million *Baht* (120,000 USD), hoping to speculate further.

3.6 Mae Sai Economy of Regulated Spatial Practice

The gem trade economy played a major part in the *Mai Sai* economy for a decade⁶. A gem lapidary business alone generated an income of about 100 million *Baht* (4 million USD) a year, but the money generated by the gems sector as a whole reached approximately 100 million *Baht* (4 million USD) a day (Krungthep Turakij, 12 March 2001). Before 1992, gems and jewelry used to be in the top-ten of export products in Thailand, and since 1992, the same sector has climbed into the top-five, with the net value of gem and jewelry exports⁷ increasing almost every year (Thailand Investment Journal, March 1998). For instance, the net value of gem and jewelry exports was 37 billion *Baht* (1,480,000,000 USD) in 1992, but it had risen to 57 billion *Baht* (2,280,000,000 USD) by 1997, though suffering small drops in value during certain years due to border conflicts and global demand. As a matter of fact, it could be inferred that the increase in Thailand's gem export to the world market had coincided with the re-location of the *Chanthaburi* gem trade community and the gem trade boom in *Mae Sai*, as well as the government's implementation of the 'Economic Quadrangle' program in 1992.

First and foremost, the gem trade was linked to 'time-consciousness'. At face value, it seemed that the authorities practiced a 'one-eye closed, one-eye open' in the sense that the gem trade involved both legal and illegal businesses. Due to smuggling

⁶ The *Mae Sai* economy has also been dependent on cross-border trade and tourism since 1990s.

⁷ Thailand exports gem and jewelry accounted for 80-90% of its overall gem and jewelry production, and gem and jewelry export come under the same category. Thailand mostly exports high-added value gems in forms of ring, necklace and bracelet. Finished gems, raw gems or cut gems throughout the world are available at *Thalad Poly Thanon Srichan, Chanthaburi Province*, which is now the biggest gem market in the world, with a trade sales volume of 100 million *Baht* (4 million USD) a day. It opens for customers every Friday, Saturday and Sunday.

activities, gemstones were never taxed by the authorities. Although the gem market at *soi 4* was located opposite the Mae Sai Police Station, the police were mostly concerned with drug suppression at the border area. In fact, the police never counted the gem trade as an illicit activity, albeit that Thai gem traders bought smuggled gemstones. The time of gem trade activities in the town was synchronized with the Mae Sai Border Check-Point's office hours; it opened at 06:00 am and closed at 06:00 pm. The Myanmar's ethnic gem traders needed to go back and forth through the border check-points of *Tachilek* and *Mae Sai* every day. In general, they were time-consciously synchronized with the operating hours of the border check-points.

On some occasions, political crises could toughen gem trade if they escalated to border closures. However, in practice, Myanmar's ethnic gem traders were controlled and contained within *soi 4* 'by default', transacting gem business and utilizing time effectively in this designated area. Loitering at some other places was not out of question, but would impact their limited and precious time. To put it another way, they crossed borders to *Mae Sai*, but *Mae Sai* could restrict their movement on the border due to the fact that they were vulnerable to the uncertainties created by ethnic-armed political situations.

The longer they stayed either in *Tachilek* or in *Mae Sai*, the tighter they were in terms of time and money. In addition to their expenses for a long journey, they needed to pay rents and living costs. Some preferred to stay in *Tachilek* because they could share a house with their relatives or friends. Nonetheless, they were only willing to pay a little for their accommodation. Others who dared to stay in *Mae Sai* inevitably paid money to a house-owner, so they could pass it onto the police, just in case. The ethnic gem traders decided to stay overnight in *Mae Sai* because they wanted to sell their gems as quickly as possible. The house-owners would introduce potential customers to them at night. Those who worked during the day could come to buy gems at their convenience at night. The house-owner also expected to receive some commission. Such a case, the house-owners were also acted as brokers.

Some ethnic gem traders found the time to make transactions longer and more complicated, other found it shorter and simpler. Brokers played an important role in terms of mediating time-consciousness. Generally speaking, ethnic gem traders wanted

to sell their gemstones and then returned home as quickly as possible, so they could come back again for business. Even though a small sachet of gems was convenient to carry at all times, it was not safe to carry such a package from place to place. Alternatively, they needed somebody whom they trusted to deposit gems with. As a result, some ethnic gem traders depended on brokers to both shorten their stay over the border, and at the same time, quicken sales.

Secondly, the turn-over rate of time in *soi 4* was fast and dynamic. With the advent of ADB's 'Economic Quadrangle' program in 1992⁸, the gem trade had been enhanced, especially on the Thailand's side. The Economic Quadrangle was aimed primarily at facilitating trans-regional economic connectedness and formalizing cross-border trade through modern infrastructure development. The Myanmar's government pledged to finish improving its roads by 2001 (Krungthep Turakij, 27 February 2001). But, the project was much more delayed than actually planned. After the project to

⁸ As soon as the project started in 1992, it almost collapsed in the following years. The ADB's encouragement of private business partaking in infrastructure development in the areas became messy, technically. First and foremost, The ADB got stuck in its own bureaucracy due to a lot of red-tape involving procedures. Ironically, it was not an exemplar of liberalization and de-regulation after all, but rather involved many rounds of unproductive meetings. For example, the ADB set up a joint-venture business, providing a soft-loan of 100 million USD to a private construction company, but the ADB could not decide the ratio of its share in the business. Moreover, it could not finish the feasibility study in time. As a result, in the case of Laos, the '*Ruam Pattana Economic Quadrangle Company*' could not begin improving the road surface, covering 250 km, from *Huayxay*, and on to *Luang Namtha* and *Borten*, connecting the northwestern Laos and southern China borders. In the case of Myanmar, the junta government could not settle the problem of enlisted sub-contractors due to intense competition. For example, the '*Son of Thoēng Village Head Partnership*' did not compromise with '*Suk Eūa Anan Partnership*' concerning concessions in relation to the road's length. (Manager, January 12, 1998). Subsequently, it was impossible to start the improvement of road surface from *Chiang Tung* to *Tachilek*, of 160 km. Moreover, ethnic-armed struggle along the Thailand-Myanmar borders further delayed the construction. Nonetheless, the Myanmar's government pledged to finish the improvement of road surface by 2001 (Krungthep Turakij, February 27, 2001). Finally, the road networks connecting *Tachilek* in eastern Myanmar to southern China were finished in 2004. The road connecting northwestern Laos to also southern China was finished in 2008. The ADB hoped to finish the projects by the end of 1998.

improve the *R3B* route connecting *Mae Sai* in northern Thailand, *Tachilek* in eastern Myanmar and *Xishuangbanna* in southern China was finally finished in 2004, the ethnic gem traders could travel by vans and cars more conveniently. Back to half a decade ago, it took them nearly a month by travelling on a long and winding road. The operation of *Tachilek* airport also made it possible for both the Thai and Myanmar's gem traders to travel faster from and to *Tachilek* and *Mandalay*, approximately two hours. Nonetheless, the gem trade in *Mae Sai* began to decline since 2004.

Most importantly, the upgrading of road surface of *Highway 1*, a 950 kilometer four-lane highway from *Mae Sai* to *Bangkok*, helped both quicken the gem trade and tighten local time. The *Mae Sai* border space was interlaced with time, which had been made possible by improved infrastructure to facilitate economic activities since 1992. The improvement in infrastructure helped facilitate the movement of the gem business. As the turnover rate of gem trade was made higher and faster, it also subsumed an important dimension of the local to global economic connection. As a result, the global market's sphere of influence penetrated the border space of *Mae Sai*.

This recalled the initial construction of *Highway 1* in the early 1950s by the *US Navy Seabees*, a combat engineering unit. The project connected *Doi Mae Salong* via *Mae Sai* and to *Bangkok*. At the time, the project facilitated the transportation of heroin from the local area to meet the demand of the global market (Chandola, 1976), and accelerated the drug's flow. Hence, time-space was shortened, altering the qualities and relations of time-space. (Harvey, 2006).

The local time of the *soi 4* gem market was tied to global space embedded in economic globalization, and consummating the global trade in gem and jewelry. This time-space was mutually constitutive to *Mae Sai*. The local gem trade in *Mae Sai* was closely linked to gems becoming a top-five ranked national export in Thailand, and the flow connecting the local to the global market were highly dynamic. As Thailand increased its gem and jewelry exports to meet world demand every year in exchange for hard currency, the turnover rate of time of both the ethnic gem traders and *Chanthaburi* gem traders was made faster. The flow of gem trade connecting the local to the global market was highly dynamic because *soi 4*'s 'local time' had been made to catch up with 'global time' through the global export market. To put it another way, as the turnover

rate of gem trade was higher and faster as the local became linked to global gem trade activity, it also subsumed an important dimension of the local to global economic connection. Moreover, Myanmar hinterland was pulled towards and then integrated into a larger economic space via gem trade export market. Myanmar hinterlands were drawn into the commercial orbit of *Mae Sai*, *Chanthaburi* and *Bangkok*, thus becoming plugged in to global connection.

Not only was the locality linked to global space, but also the global time of gem trade interrelations was constitutive to the relative time of *Mae Sai*. A particular space was constitutive to particular rhythmic time, mediated by economic activities of gem traders.

The border was also turned into a fixed space through which capital works (Harvey, 2006). The gem trade came to represent a form of capital accumulation, using the border as fixed base for low cost cross-border trade and production before it reached high-value export and satisfied global consumption at the end. This also implied that the so-called 'footloose' capital that came and went, was ready to mix and match with the favorable conditions for further accumulation in a fixed area to work with the logic of capital elsewhere.

Thirdly, *Mae Sai*'s space-making was a productive space only for a group of privileged *Chanthaburi* gem traders. *Soi 4* was seemingly a space which represented the *Chanthaburi* people, whereas nearby areas represented local people, most of who were *Tai Lue* (*Thai Lue*). There was once a friction between a female *Tai Lue* shop owner whose shop-house was adjacent to the entrance of *soi 4*, and a male *Chanthaburi* gem trader who sold gems next door, although the case did not escalate into a serious confrontation. The *Tai Lue* women who sold jades, jewelry and clothes raised the issue of unfair income-tax payment, saying she was burdened with having to pay tax every year because she owned a shop-house, unlike the *Chanthaburi* people who did not pay tax. During the heyday of gem trade, brokers made large sums of money, about 30,000-50,000 *Baht* (1,200-2,000 USD) a month, and traders about 250,000-500,000 *Baht* (10,000-20,000 USD) a month (Interview, 10 March 2012). The authorities turned a blind-eye to them.

In practice, the general petty traders did not pay tax because they mostly conducted small-scale trade. Besides, the traders and brokers usually moved from one place to another by the nature of the petty trade. For example, the traders moved to and from *Mae Sai*, *Chanthaburi*, *Bangkok* within Thailand and then abroad. The brokers also moved around *Mae Sai*, albeit within narrower circuit. This meant that authorities could not follow them to collect tax. For the *Chanthaburi* gem traders, they owned small kiosks or even small tables along *soi 4*, so their business could possibly have been categorized as petty trade or small-scale trade. In reality, the gem trade was not small-in-scale at all due to the high incomes earned. Later on, after 2002, some of the traders began to return to *Chanthaburi Province* due to the border-closures as a result of border insurgencies⁹, besides the gem trade showed sign of ebbing. Some of them also began to go to Africa as a new source of gemstones. The *Chanthaburi* shop owner whose shop was next to the *Tai Lue* woman's sometimes closed his kiosk for 3 to 4 months while he went to Madagascar.

She further complained that some gem traders dumped garbage into drainpipes every day. She expressed herself as a good citizen, but some others seemed to lack responsibility. Certain areas of *Mae Sai* were subject to short term flooding during the rainy season due to clogged drainage system. Paradoxically, traders with well-established businesses and civil responsibilities were likely to be less privileged than those who were considered the footloose. Concerning trade, the Thai authorities considered only the 'form', but not the 'content' of what was being sold. To a larger extent, trading dynamics weakened social rapport, but instead strengthened social injustice between the privileged trading group and the common people.

Last but not least, the border space of *Mae Sai* was a space of practice at which the traders' cross-border network and the state's no-portable rules converged. The state maintained low-costs of industrial production by relying on, and at the expense of, the

⁹ The border of the *Tachilek* border from May 22, 2002 to October 15, 2002 deepened the crisis. There were approximately 40 gem shop-houses, 30 of which had to close during the border closure period. Some gem businessmen began to divert their businesses to other jobs, e.g. clothes, souvenirs or groceries, while others also began moving back to *Chanthaburi Province* (Thansettakij, August 15, 2002).

traders' cross-border network. The ethnic gem traders invoked a confluence of linguistic, cultural and kinship backgrounds among a widely dispersed space; likewise, the *Chanthaburi* gem traders were linked by a cultural trait and economic thread; they themselves acted as a node of contact, and this provided them with ethnic network which expanded across different time-space. Nonetheless, this network was very sensitive to the state due to socio-cultural divisions and power-relations differentials. That is, the traders were able to cultivate a strong link generating from their trading network, once had well-established long time ago (Walker, 1999), paradoxically they had a weak link with the state itself. The state only acted in terms of its own sakes, thus trying to maximize its power and benefits, while the gem traders needed to absorb their own risks. While the state allowed the free-flows of a particularizing trade network, there were no portable rules, but they acted in a rather free-form, depending on a specific context and the hands-on practice at that specific moment. As the state was an organized hypocrisy, transforming itself to a network of states, as reflected in the 'Economic Quadrangle' project--aiming to formalize and regularize the cross-border flows as a part of globalization, thus putting the border spaces under power to monitor--the symbiosis between the state and the network was also changed.

It is important to note that although the '*regulated spatial practice*' had once facilitated the trade and commercial flows at the borders, nobody should presume that the state's practices and border zonings were a permanent formation (Ong, 2006). In such a case study, the state maintained flexibility, while the footloose traders maintained adaptability.

The gem trade economy in *Mae Sai* had started to decline by 2003, and the situation got even worse after 2007 due to shifts and changes in regional forces, mainly from Myanmar and China. The Burmese junta cancelled the '*Burmese Way to Socialism*' in 1987, and later the 'State Peace, and Development Council' (SPDC) was introduced in 1997. In the name of development, the 'Economic Quadrangle' program made it possible for the Burmese government to recapture remote and under-cultivated areas. Although the Burmese government had long claimed gem-mines throughout the country, proclaiming them as national treasures since 1990, it took several years for the government to set up a gems joint-venture business (Chua, 2003). The Yangon and

Beijing governments eventually changed the rules of the gem trade, transforming an informal trade into a formal trade operating under state control. *Yangon* then directly squeezed business interests out of the formal trade.

At the turn of the twenty-first century, ‘*Burmese-born Chinese*’ could connect to the mainland Chinese through ‘*guanxi*’ or ‘personalized-network’ by utilizing the SPDC’s newly introduced investment laws. Business *guanxi* led to the opening-up of the *Mogok* and *Mong Hus* gem-mines to the global market in the form of Chinese capitalist concession of the gem-mines. Ever since, the Burmese government has formalized gem trade by holding gem auctions every three months in *Yangon*, with US Dollar used as the currency. Mostly, the Chinese auctioneers again have closed deals, as they are another network of the privileged, while the *Chanthaburi* traders have become relatively the underprivileged because of smaller capital and losing comparative advantages. The *Chanthaburi* traders need to have at least 10 million *Baht* (333,333 USD¹⁰) available to compete with the Chinese in an auction. The Chinese also pay the *Chanthaburi* workers who have technical expertise in the gem thermal treatment techniques. Some *Chanthaburi* workers now work for the Chinese in the gem business (Interview, 10 March 2012).

Affected by both China’s and Myanmar’s changing trade regulations, the majority of *Chanthaburi* traders decided to return to *Chanthaburi Province*. Now, *Talad Poly Thanon Srichan*, once a ghost town, has been revitalized, while in contrast *soi 4* is seemingly a ghost town. Relatively speaking, once the time-space of the gem trade in *Mae Sai* was disrupted by the time-space of Myanmar and China, it became re-connected with and returned back to *Chanthaburi Province* as the gem trade resumed there.

The number of people has reduced dramatically from 10,000 at its peak to an estimate of 200 people at *Mae Sai* now. Only 10 percent of these people still continue their walks of life in *Mae Sai*, and a number of these have changed their jobs as the gem

¹⁰ Based on an exchange rate of 30 Baht/\$1 as of 2012. Thailand adopted the managed-float exchange rate regime in 1997.

trade has declines. Some people said that those *Chanthaburi* people who have gone home were successful because they could ‘grow up’, ‘go-out’ and ‘go home’ to *Chanthaburi Province*. Others who could not go back home and still live in *Mae Sai* are not successful; they are comparatively confined. Some locals said that they could not go anywhere, but stay in the town and do other jobs instead (Interview, 10 March 2012).

The number of ethnic gem traders crossing the borders to sell gems at the gem market has also reduced substantially from 200 people a day at its peak to 10 people a day due to the formalization of the gem trade in *Yangon*. Normally, the same people cross the borders back and forth every day. However, there are still some smugglers who buy gemstones directly from mine-workers at the gem-mines and smuggle them across the borders to *Mae Sai*. These gemstones tend to be very small in size and of a low quality. Most of the good quality gems are sold at auctions.

Nonetheless, most of the *Chanthaburi* gem traders began a new round of gem hunting in Madagascar, some in Tanzania or even in Southern Sudan in Africa. These footloose gem traders from *Chanthaburi Province* grew up trading with ethnic gem traders and accumulated enough capital for a decade at *soi 4* before the majority of them left the *Mae Sai* border behind.

Nowadays, when people, and in particular tourists, visit *Mae Sai*, they are mostly looking for cheap items made in China such as CDs/DVDs, clothes or copycats. Only a few of them, once in a while, ask for authentic gems.

3.7 Conclusion

In the final analysis, *Mae Sai* has witnessed fast and profound change in the context of contemporary regional development and in connection with economic globalization. Thus, its changing spatio-social practice has created a new form of connection, flow and mobility in the Upper-Mekong Sub-region. Interconnectedness and cross-border flows in the borderland of *Mae Sai* have not taken place haphazardly, but conditionally and purposively, as regulated by both the state and active borderers (Walker, 1991). In this context, the border space of *Mae Sai* is a site of ‘regulated spatial practice’.

To begin with, state power and control does not mean prohibition by exercising custom rules and regulations over the normal trading practice of the border trade as usual. Instead, it could hold its normal trading practice of the border trade in abeyance. The state acts to rarefy rules and regulations over the borderland to allow a specific form of trading activity both emerging and functioning in peripheries. Practically, the state control means allowing a different form of economic activity to flourish, benefiting not only the gem traders themselves, but also the state. This form of economic activity also depends on both the state's socio-economic context at large and the matching of specific conditions (Arnold, 2010).

The state and a specific group of people, along with its trading network, collude to create a circuit of benefits and power, forging a new relationship within the global gem trade. To put it simply, the *Mae Sai* border becomes a practical merging ground in which the specific group of people, together with the knowledge and technical expertise, and their trading network, are maneuvered, while the state absolves itself of the rules and regulations in place from normal trading practices at the peripheries. As a result, the state's rules and regulations are partially faded away or partially made muted as the border opens up to allow certain economic activity to occur.

The border space of *Mae Sai* is conceptualized as '*regulated spatial practice*'¹¹, which also sheds light on the process of border re-configuration. This process evolves around a set of diverse segments whose spatio-social conditions are neither uniform, stable nor permanent (Foucault, 1970). Such conditions react to each other, and at the

¹¹ One must not confuse the '*regulated spatial practice*' with '*exception*', put forwards by Aiwah Ong (2008). Her idea on the '*exception*' is focused on the role of the state in a way that the state acts to withdraws its sovereignty from designated special economic zones (SEZs) to allow certain form of economic autonomy to take place. In other words, the state intentionally designs the SEZs to support the working logics of private capitals to increase productivity in accordance with state's rule and regulations. The '*exception*' is then involved with the state's special rules and regulations bestowed to special committee to exercise administrative power, and so maximizing capital profits in the SEZs. As such, the SEZs need state's endorsement and intervention.

same time, play out a new set of time-space dynamics according to a series of agreeable border negotiations for mutual benefits (Massey, 2005). This situation eventually comes into play as no-portable rules and concrete regulations, through spatio-social alliances are forged among different players based on negotiations at border in a right time-space.

Subsequently, the *Mae Sai* border has been transformed into '*spatial capital*' by a group of active borderers. That is, it is a condition which involves the particular group of people's knowledge and their technical expertise and their trading network as well as their ability to link or de-link with the state rules and regulations given the appropriate time-space opportunity. All these actions are grounded in the use of a specific border location to carry out cross-border trade. In other words, the border is a prime location, which has advantages over other areas in relation to certain border economic activities.

Mae Sai has becoming a space in which a set of particular practices have emerged in such a way that active borderers, cross-border ethnic network and state rules and regulations have been both re-articulating and re-matching their different resources at this specific border location on the basis of negotiation between the state and active borderers. Consequently, the border space of *Mae Sai* has been made more permeable for a particular group of people and for a particular flow of border goods. The active borderers use this '*spatial capital*' to maximize the benefits and power to be derived from the border location, and to facilitate cross-border trade and flows. This border, through the eyes of the active borderers, not only serves but leverages cross-border economic activity and production.

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