

Legalizing the Underground Lottery in Thailand: An Idea Time Whose Had Come?

Kasemsarn Chotchakornpant^{*}

เกษมสาร์ณ โชติชาครพันธุ์^{*}

For decades, “underground” gambling based on the last two or three digits of the government lottery enjoyed widespread popularity among the general Thai public. With an estimated 51 percent of the population over 15 years of age participating as active as players in 2001, underground gambling sites were widespread, operating the length and breadth of country in nearly every hamlet village, town, and city. It was an illegal business that generated in the shadow or “informal economy” a huge amount of cash flow – e.g., an economic value of nearly 16 times that of the official government-run lottery. It was against this background that underground gambling attracted the interest and policy deliberations of the Thai government in early 2003. Specifically, in July 2003, the then two-year-old government

^{*} This case study was written by Dr. Kasemsarn Chotchakornpant, Lecturer in the Graduate School of Public Administration at the National Institute of Development Administration (Thailand), and is based on archival research. NIDA cases are developed solely as the basis for class discussion, and are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective administrative or managerial practice. Copyright © 2008 National Institute of Development Administration and Dr. Kasemsarn.

To order copies or request permission to reproduce materials, call 02-727-3858 or go to <http://gspa.nida.ac.th>. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means – electronic, mechanical, photocopying, recording, or otherwise – without the permission of the National Institute of Development Administration.

of Prime Minister Thaksin Shinawatra introduced a proposal to legalize the business and bring it under government control. This, the Prime Minister argued at the time, would bring benefits all around.

First and foremost, he contended, the government would gain additional sources of tax revenues – revenues that could be put to good use to fund a variety of educational, social, health, etc. programs that would benefit the public in general. Further, by bringing this form of gambling “above ground,” with the government serving as host, a major blow would be struck at the criminal gangs and other unsavory figures who had long controlled and thrived on the business, using their ill-gotten profits to fund a host of other criminal enterprises. Finally, the argument went, bringing the underground lottery under government sponsorship and control, would enable the government to exert control over players in the lottery, eliminating under-age participants as well as preventing the involvement of an assortment of characters of questionable repute. Hence, from the perspective of the Thaksin government, legalization of the underground lottery was viewed, and promoted, as an all-around “win-win” situation. The sole “losers,” it was averred, would be the criminal elements of society who would be deprived of a major funding source for their empires of illicit enterprises.

These perspectives and arguments notwithstanding, not everyone had viewed the proposal to legalize the underground lottery with equal equanimity or enthusiasm. Indeed, from the moment that it was broached, the proposal engendered a firestorm of controversy, with proponents and opponents hurling charges and counter-charges back and forth. As the two camps battled strenuously in the media, in the Parliament, and in other venues in the arena of public opinion, it was no by means clear during the first half of 2003 that the proposal to transform underground gambling into a government-sponsored and controlled enterprise would ever find its way into law, as it ultimately did.

Gambling in Thailand: A Brief Historical Overview

Over the centuries, gambling had become an integral aspect of the Thai way of life, and indeed a central feature of Thai leisure culture. In ancient times, animals were most often the objects of gaming bets, e.g., bull fighting or cock fighting activities. However, by the Sukhothai era in the 13th century, the formats and methods associated with the use of animals were largely replaced with the arrival of new gambling method, such as Fan Tan or Lottery, introduced into the country by Chinese traders and migrants. This trend continued through to the Ayutthaya, Ratanakosin era. Among the gambling innovations introduced by the Chinese newcomers was a specific type of lottery system. The traditional Chinese lottery utilized a stack of 36 cards with a Chinese character or portrait of a renowned Chinese individual painted on each card. The host would then draw a card from the stack and placed it in the bamboo flask hanged in front of the gambling house for people to place a bet. The winner would be paid 30 times the betting amount.

The Emergence and Institutionalization of Competing Lotteries

Among the several types of gambling brought by the Chinese traders and migrants, the lottery proved especially popular with Thai people, with increasing numbers of Thais becoming participants as a sort of “lottery craze” gradually swept across the country. The traditional method of using Chinese characters or Chinese portraits was difficult for Thais and later was replaced by 36 Thai characters to better suit Thai gamblers. The change gained popularity and was the origin of the phrase *Huay Gor Kor*¹ To accommodate the increasing numbers of players, gambling sites began to sprout up, which in turn prompted government intervention. The sport had by then become too popular and widespread for the government to impose an outright ban on it. Thus, the government – perhaps accepting the adage, “if you can’t beat them, *join* them” – decided to do the next best thing, i.e., levy *taxes* on the gambling sites.² The tax was first collected in 1835 during the reign of King Rama III of the

Ratanakosin era. With this policy decision, the lottery became an officially sanctioned gambling sport for the first time in Thai history. At the time, the government earned a sizable amount of tax from this type of gambling. Indeed, it was the main source of the government revenues

Beginning in 1916, King Rama 6th decreed that all forms of gambling, including Huay Gor Kor, be banned. His action was predicated on the belief that gambling was leading people astray. For example, there were a growing number of incidents in which gamblers were discovered engaging in the sport during work hours, leading to concern that the entertainment value of gambling had, for some, superseded the moral imperatives of putting in a fair day's work in order to earn a living. Further, the King and his advisors felt that gambling was no different from any major chronic diseases such as tuberculosis which was hard to cure. Problems that arose as a result of compulsive gambling led to an inattention to work, extensive indebtedness and a major source of crime. Though the government outlawed all types of gambling, there were widespread illegal gambling activities, including Huay Gor Kor, taking place around the kingdom.

After the political reforms of 1932, including the establishment of the Constitutional Monarchy, the government created a new form of lottery -- one in which the government became the host and the players could not select the number they desired. While Huay Gor Kor utilized the Thai characters, a new form of lottery tickets typically involved issuing a fixed number of tickets with a pre-printed six single digits and identical price on each ticket. Players could no longer able to choose the unlimited numbers of identical ticket or the betting amount. The government lottery could be considered a compromise between allowing the citizen to participate in certain form of gambling and generated vast amount of revenue for the state while on the other hand restricted the gambling activities under the government control. Later, in 1939, a Government Lottery Office was established to manage the lottery and the revenues generated there from.

Even though the old-style lottery was banned after it was replaced by the government-hosted lottery, many players opted to remain with the now-illegal lottery. Now known as “*Huay-Tai-Din*,”³ the now illegal, or underground, lottery had switched from Thai alphabetical letters to numbers to be in line with the method used by the government lottery. The underground lottery used the last 2 single digits and the last 3 single digits derived from the first prize of the government lottery as the winning numbers. However, in all other material and method respects, it remained the same as it had been since its emergence some two centuries earlier.

Thai Gambling Culture: Popularity, Beliefs and Superstitions

That many Thai people were fond of gambling, and had been so for centuries, could be readily gleaned from an excerpt from the diary of M. De la Loubere, Special Ambassador of France, representing King Louis XIV before the court of King Narai the Great. Writing in 1687, he commented:

Siamese⁴ were keen on gambling, so much that they destroyed their lives by it. They lost freedom of themselves and their children. In this city, those who did not have enough money to give to the host had to sell their children to pay off their debts, if that was not sufficient, they, themselves, had to become slaves.

As suggested by the account of Ambassador De la Loubere, the longstanding popularity of gambling indicated that it was deeply ingrained in the Thai psyche and had become a part of the traditional and social life of the people. Like other elements of culture, it had developed its own rituals and ceremonies, and beliefs. This could be seen in the process by which players frequently searched for the “lucky” number prior to each lottery draw. Probing the interpretive meanings underlying their own dreams and those of others, salient events within their communities (e.g., deaths of significant others, births, new car registration numbers, etc.), as well as

soliciting propitious numbers from revered monks and sacred places – these were among the endeavors undertaken to surface the particular numbers to consider playing in each lottery. Often, arriving at the specific numbers to put in play entailed the further steps of consulting with other players, persons who might assist in any additional “decoding” of “signs” that may have emerged in the process by which the candidate numbers emerged.

With respect to the underground lottery, in some communities, players’ attempts to come up with the “lucky” number extended to a whole array of beliefs and superstitions concerning how winning numbers could be divined. One authority on the subject put it this way:

When underground lottery players saw something unusual, they would interpret them as numbers. They would assume that there were tree angels living in unusually large trees, if a leaf or something fell from the tree when they walked past, they would think that the angels were trying to give them lucky numbers. They would carefully look at those leafs for numbers. If they looked long enough, they might see an alphabet written on those leaves and use them to gamble.⁵

The Economic Dimensions of the Gambling Business in Thailand

Economic Value of All Forms of Gambling

Gambling was a huge business in Thailand with an extraordinary large amount of cash flow. In 1993-1995, the value of underground gambling business was at 3.7 – 7.6 percent of the Gross National Product (GNP)⁶. The value of gambling business in 2001 was higher than the average during the year 1993-1995 between 2.5-4.1 percent, compares to the GNP. The cash flow related to gambling increases

from THB 224 billions – THB 816 billions in 1993-1995 to THB 541 billion – THB 826 billions in 2001⁷ In 2001, there were 726,567 – 1,016,442 gambling sites in Thailand (Exhibit 3).

In addition to the burgeoning gambling *within* Thailand, a rapidly increasing number of large casinos had emerged just over the borders separating Thailand from neighboring countries. These gambling “palaces,” most of which were arose after 1998, were developed largely to meet the demand of Thai clients who, unable to gamble legally in Thailand, regularly crossed the border to gamble in the casinos. At that time, new casinos began to emerge next to the Thai border as the outcome of policy prohibiting the establishment of casino in Thailand. Potential investors therefore turned to the governments of the neighboring countries offering to build legal casinos catering the Thai clients. Additionally, the free economic and investment policies were also flourishing during that period. In 2002, there were 34 casinos along Thai borders, including 11 large casinos (see Exhibit 4), and 23 medium- and small-sized ones (see Exhibit 5). The annual cash flow of these border-adjacent casinos was estimated to be high as THB 71 – 84 billion (See Exhibit 3).

Economic Value of the Underground Lottery

Not to be over-shadowed by the economic vitality of the gambling business as a whole, the underground lottery, though long prohibited under law, continued to generate its own impressive statistics relative to economic value and public participation. As shown in Exhibit 1, there were 23.7 million persons – i.e., 38 percent of the total population⁸, or 51 percent of population over 15 years of age⁹ -- who were active players in “Huay Tai Din” as of 2001. Further, the value of underground lottery business increased rapidly from THB 325 billions in 1995 to THB 542 billions in 2001, a 67 percent increase. Even more revealing was the fact that the economic value generated by the underground lottery in 2001 was nearly 16 times greater than that produced by the official government lottery. Finally, as shown in Exhibit 2, over the

seven-year period, 1995-2001, arrests for participation in the underground lottery consistently hovered between 11 and 12 per cent of the total arrests for all forms of illegal gambling.

As suggested by the robust magnitude of the economic value generated by the underground lottery, its popularity was widespread and increasing. Indeed, the Deputy Chair-man of the Social Investment Fund Provincial Committee in Tak, Ploenjai Lertlakanawong, was moved to point out that people in the area were spending more than 15 percent of their incomes on alcohol, cigarette, amphetamines, and gambling. In certain instances, it was reported that some families earning around THB 3,500 a month, were spending THB 1,000 on the underground lottery.¹⁰ Hence, there could be no gainsaying the fact that the underground was well-established and thriving – and apparently beyond easy eradication.

The Two-Three-Digit Lottery: The Proposed “Solution”

It was against this backdrop of an enormously lucrative arena of illegal economic activity that the government had succeeded in neither tapping as an additional source of tax revenue nor eliminating altogether, that the proposal had emerged to create the state-run two-three-digit lottery. In its design features, it was meant to make a serious dent in, perhaps even altogether obliterate, underground gambling activity, while also generating additional revenues for the government.

Basic Features of the Government’s 2-3-Digit Lottery

The new type of two and three digits of state-run lottery was similar in concept to the “lotto” found in a number of other countries. Perhaps its most important feature – one believed to be a major selling point of the underground lottery -- was that it offered simple but flexible betting methods that ostensibly increased punters’ chances of winning cash prizes. The government lottery number was already-printed

in 6 - figure version in a limited number, 36 million tickets worth 40 baht each.¹¹ The players could not choose the ticket number on their own. They had to choose among the tickets already published in advance and pay the ticket price at 40 bahts each. The underground lottery allowed the punters freely pick their own either two or three digits. Like the underground lottery, winning numbers for the new government-hosted 2-3-digit lottery were to be based on the last two or three digits of the lottery ticket winning first prize in the government's lottery.

As was the case in the underground lottery, the amount of money wagered in the government-hosted 2-3-digit lottery would determine the amount of the cash prize to be paid to the winner. Indeed, a conscious decision was taken by the designers to have the government 2-3-digit lottery pay winners the *same* amounts that they would receive in the underground lottery. Thus, the reward for matching the last two digits of the first-prize ticket was set at 65 times the amount bet, while matching three digits in the proper sequence would pay 500 times the amount bet. Matching the last three digits in any order paid 125 times. The minimum ticket price to place a bet was set at 10 baht, and was not exceed 100 baht for a set of numbers.

Basic Operational Features of the Government's 2-3-Digit Lottery

The government-hosted 2-3-Digit Lottery departed in one major way from the underground lottery: Its lack of a provision for the extension of credit to the players. A noted "charm" of the underground lottery came from its "bet-first-pay-later" tradition, which enhanced considerably player convenience in placing bets. With a couple of phone calls, the bet could be placed and the deal done. And where there was no phone, there were always messengers, employed by underground lottery operators, around to facilitate the transaction.

Under the government legalization plan, a national network of some 12,000 computerized lottery-ticket vending machines – about one *per* every 5,000 residents -- were to replace the underground lottery system. At these terminals, players would be able to purchase 2- and 3-digit tickets similar to those offered by underground lottery operators. The vending machines would record and print out the tickets, as well as and track them, *via* a connection to the communication networks of the Telephone Organization of Thailand. The tickets, bearing a secret code to prevent imitation, would show the set of numbers selected and the amount of the bet.

Planned Distribution of Government's 2-3-Digit Lottery Revenues

The plan for the distribution of revenues from the government's 2-3-Digit Lottery departed from the allocation of the proceeds from the existing government-run lottery. Prizes, and the state's share consumed 60 per cent and 28 per cent, respectively, of the government lottery, with a combined 3 per cent distributed to the Government Lottery Office (GLO) and charities. The remaining 9 per cent was for payment of the commissions to the GLO distributors and vendors.

Under the government legalization plan of the 2-3-Digit Lottery, 20 percent of the state's share was to be allocated for public welfare programs. Of this amount, 40 percent was slated to go for education, 30 per cent for public health, 10 percent for sport promotion, 10 percent for religious activities and 10 percent for charity.¹²

Thaksin Shinawatra: The Man Behind the "Solution"

Thaksin Shinawatra, the primary force behind the proposed "solution" to the problem of the illegal lottery, felt confident not only of the correctness of government's determination to legalize the 2-3-Digit Lottery, but also of his ability to corral sufficient support within the government and within society as a whole to win passage of the enabling legislation. Known for the "decisive, CEO" style of leadership,

he considered his strength, and that of his *Thai Rak Thai* political party, to be a willingness to devise and propose new and sometimes innovative solutions to thorny problems of longstanding. His rise to national prominence on the Thai political stage was a poignant case in point.

A major source of Prime Minister Thaksin's optimism was the dominant status of his party in the government. Prior to his assumption of the prime minister's post in early 2001, Thailand had experienced 13 coalition governments since the transition from the absolute monarchy to the establishment of the constitutional monarchy in 1932. Political parties within the earlier governments had never managed to gain more than one third of the seats in the lower house – thus necessitating the formation of coalition governments comprised of multiple political parties, often with only partially overlapping philosophies, platforms, and agendas. With no single, controlling party, these earlier coalition governments experienced difficulty both in administering the country and maintaining any semblance of political stability. Fragmentation and shifting coalitions of the factions formed by party members attempting to gain political leverage and power were hallmarks of the era,¹³ with no government having been able to survive for a full four-year term of office.

This all changed when Pol. Lt. Col. Thaksin's *TRT* party, formed on 14 July 1998, won 248 of the 500 seats in the House of Representatives in the January 2001 general election – the highest number of seats ever garnered by a political party in Thailand. With several smaller parties throwing their support to the *TRT* to form a coalition government with control of 339 seats in the House, Thaksin easily won election as the 23rd Prime Minister of Thailand and assumed office on 26 February 2001.¹⁴ This dominance was strengthened later in 2001 and 2002, when two other small parties¹⁵ dissolved themselves and became part of the *TRT*.

With such a commanding control of the House, Thaksin's *TRT* government was beyond the reach of the opposition's call for a no-confidence debate on any of its legislative initiatives. It thus enjoyed the status of being the most stable political government in Thai political history, and proceeded to implement the various policies and programs promised during the 2001 election campaign, including One Tambon One Product Project, the War on Drugs and the War against Corruption.

The stage was thus set for the vigorous public and legislative debates that ensued immediately following the Prime Minister's announcement of the intention of the government to legalize the 2-3-Digit Lottery. Not known for his diffidence in the face of criticism, Thaksin approached the battle with equanimity, confident that legalization of the 2-3-Digit Lottery *would* succeed -- either by virtue of the logic of his government's arguments in favor of it, or, if need be, by virtue of his party's (and its allies') overwhelming dominance over the affairs of state.

To Legalize or Not: The Gauntlet Is Thrown, and The Citizenry Reacts

The government's announcement of its intention to move toward legalization of the 2-3-Digit Lottery brought forth commentary, supportive and critical, from many sectors of the society. Arguments and counter-arguments swirled in the public and political arena, as interested parties contended with each other to put forth the most definitive and persuasive arguments concerning the moral, ethical, economic, and political ramifications of what the Thaksin government proposed to do.

The *Thai Rak Thai* Party: It's Time to Legalize the Underground Lottery

Many members of the ruling *TRT* Party were supportive of the proposal to legalize the underground lottery, including Prime Minister Thaksin, who was also the *TRT* Party Leader. Indeed, in an interview with the media, Thaksin seemed to signal

support for the legalization of gambling in general, and the underground in particular.

He stated:

*At the moment, government is studying a shadow economic which including many aspects, we are considering which one should not remain underground, because they ruin the economy on the ground. For the underground lottery, the Ministry of Finance through Government Lottery Office is trying to legalize it so that the people will not get cheated and that there won't be mafias operating the business.*¹⁶

Another prominent TRT Party member and parliamentarian member, Mr Burin Hiranburana, of the House Standing Committee on Monetary, Finance, Banking and Finance Institutions, commented in support that

*Underground lottery is popular among public, an introduction of government lotto will wipe out the underground gambling. Similarly to England where they had underground lottery as well and it disappeared after government brought in the lotto. The gamblers are often came from low income background, so the House Standing Committee has a view that the underground gambling would mean that the country will lose a large sum of income. It is important to bring the underground lottery into the system by introducing government lotto and I am certain that the lotto will not have an impact on the government lottery as it will remain the same. The committee will also take in consideration the lottery quota provided to disables by offer them quotas for lotto as well.*¹⁷

The *Democratic* Party: It's Never Time to Add to Society's Social and Moral Problems

The Democrat Party, the Opposition Leader in the House of Representatives, had always been opposed to the legalization of the underground lottery and pointed out the likely social impacts of allowing people to gamble. Legalization, they contended, went against the government's duty to uphold ethical and moral standards, as opposed to aiding and abetting activities that, no matter how popular, had no redeeming social value. The comments of *Democratic* parliamentarian Mr Suwaroj Palang, a key Party member and a representative of Chumporn Province, epitomized the official position of the *Democratic* Party. He stated:

*This government seems to choose any easy way to solve the problem. When they can not solve gambling problem, they want to open a casino. When they can not solve the underground lottery, they want to introduce the two to three digits lotto and become a host themselves. I want to ask them how much they want to intoxicate people. This government does not care about morality and social problems. How much do they concern about problems among youths? How much of the social impact was taken into account when government came up with these new types of gambling and what about the importance of Buddhist teachings? The biggest concern is that this government only wants to earn more money and do whatever that brings them money and did not consider the negative impacts that may follow.*¹⁸

Underscoring Mr. Suwaroj's words, Democrat Leader Banyat Bantadtan added that "For Thai Rak Thai, everything is about money, economic figures or financial interest. For us, what matter most is the people and their wisdom. Thai Rak Thai sees people as customers or economic objects. We see them as our capital, social

forces and valuable resources".¹⁹ Further setting forth the *Democrat's* firm stance against legalization of the underground lottery. Mr. Jurin Laksanawisit, Deputy Leader of the party warned, on 5 July 2003, three days before the government announced the policy, that "*The popular policy that cause damage to society has to be stopped such as the government policy to manipulate people with two and three digits lottery.*"²⁰ Thus did the *Democrat* Party make abundantly clear their unyielding opposition to the *TRT* plan to legalize the 2-3-Digit Lottery.

The Mixed Opinions of Other Interested Parties: Yes; No; Yes, *If*; and, Yes, *But* . . .

Apart from the *TRT* and *Democrat* parties, other political groups – e.g., senators, the disabled who sold government lottery tickets, and an assortment of academicians – had points of view on the proposal that they injected into the debate. However, unlike the main two opposing parties, the *TRT* and *Democrats*, these other groups encompassed a diversity of views and thus did not speak with a unified voice.

Senators Voice:

In addition to the *TRT*, there were also many political groups that agreed with legalization of the underground lottery. For example, Mr. Wittaya Masena and Mr Somsit Siticharoen, Senators from Mahasarakam and Surin Province, respectively, commented in support of the policy. In their view, legalization of the underground lottery would not be tantamount to manipulating or encouraging people to buy more lottery tickets. Rather, they asserted, it was a form of direct intervention in the problem, in that legalization would take market share from the underground lottery and generate income for the government. That is, the online lottery would be competing with the underground lottery and bring the underground money into the system where it could be put to use to benefit the society. Therefore, they reasoned, the proposed online 2-3-Digit Lottery project was entirely appropriate, as it best reflected the reality the situation.²¹

Additionally, Maj. Gen. Intharat Yodbangtoey, Senator from Chiang Mai province and Vice Chairman of the Senate Standing Committee on Administration was also supportive of legalizing gambling. Expressing the view that Thailand was facing a problem from operation of many underground businesses such as lotteries, brothels, and casinos that encouraged corruption among politicians and government officials, he asserted that legalization of those businesses would generate income from taxes and get rid of the mafias at the same time. He went on to point out that many countries -- such as the USA, UK, Australia or even predominantly Muslim Malaysia -- had already legalized many of those businesses,²² with no apparent deleterious effect on their societies as a whole.

Opposing the supportive arguments of these non-TRT personages were still other political groups who strongly disagreed with legalizing the underground lottery. Representative of the criticisms leveled at the government by these groups was the following remark by Mr. Wallop Tangkananurak, Senator from Bangkok

*The person who came up with the policy must have thought that the legalization would undermine the existing illegal activities. The answer had not occurred and I disagreed with it. The research shows 80 percents of people who gamble on government lottery were poor and by legalizing it, I don't believe that the number of underground hosts will decrease but instead it will increase the number of major hosts.*²³

The Disabled:

Representatives from within the community of disabled persons -- many of whom earned their living from the sales of preprinted lottery tickets -- also weighed into the debate. Those who outright opposed the legalization plan were fearful that a government-hosted 2-3-Digit Lottery would greatly diminish their job security of ticket

vendors. Claiming that nearly half the 100,000 force of ticket vendors could well become unemployed and thus forced, due to their disabilities, to become street beggars,²⁴ a sizable number of disabled lottery vendors continuously advocated from the time it was initially proposed. In fact, in June 2002, a group of some 500 disabled protestors went so far as to stage a rally at the Ministry of Finance, demanding a rescission of the plan to introduce automatic lottery machines and the 2-3-Digit Lottery.

In further elaboration on the rationale underlying these demands, Mr. Jamnian Kraikruan, Chairman of the Council of Disable Lottery vendors and the central protest figure, alleged that the two and three digits lottery would manipulate the public, especially students. He averred that notwithstanding assurances that the Government Lottery Office would institute controls to forestall student involvement, the measures would inevitably fail because the attractiveness of the winners' prizes would motivate students to constantly devise ingenious ways to get around the controls.

At a subsequent seminar sponsored by the Government Lottery Office (GLO), attended by invited key stakeholders known to be strongly opposed to the plan – i.e., small vendors, the distributors, academics, media and disabled vendors -- it was found that most of the disabled vendors remained opposed to the two and three digits lottery and the automatic vending machines (online) as it would prevent them from selling printed lottery tickets.²⁵

Yet, some disabled vendors actually agreed with the legalization of the underground lottery, provided that the government provided job placement assistance for those vendors who found themselves displaced. For example, Mr. Amnuay Klin-you, President of the Council of Disable Lottery vendors, was of the view that the new vending system was "good," but that the GLO had to find a way out for disables as well. He also advanced the opinion the government should first conduct a pilot project of the proposed online system to ascertain its workability before making a final and firm decision.

Joining the minority group of representatives of the disabled in cautious support of the plan, Mr. Somchai Panekwong, Chairman of the Thailand Association of the Blind, commented that the Association agreed “in principle.” His proviso, however, was that the GLO had to guarantee disabled vendors that the introduction of the two and three digit lottery would not have a negative impact on them – e.g., a reduction in their vending quotas. Additionally, his support was predicated on the expectation that profits from the project would be used for the benefit of the underprivileged in the society.²⁶

The Academicians:

Views on the underground-lottery legalization question were comparably diverse within the academic community, with the main distinction being that arguments that emerged from this quarter were usually accompanied by considerable academic-type analysis and reasoning. Among the supporters of the legalization proposal, the main arguments tended to revolve around the type and magnitude of economic benefits.

For example, at a Chulalongkorn University seminar on “Underground Economic and Thailand’s Public Policies,” three Political Economy professors from the Faculty of Economics – Phasuk Pongpaichit, Sangsit Piriyaarangsarn and Nualnoi Trirat – presented research-based arguments that the various underground businesses created jobs and that the legalization of underground lottery would create around 4 millions jobs.²⁷ Joining the Chulalongkorn professors in this point of view, Mr. Warakorn Samkoses, Institute of Social and Economic Studies at Dhurakijpundit University, concurred “in principle” with the assertion that legalizing the underground lottery would bring money into the system. He added, however, that the focus of the legalization plan must be on assuring benefits to government, consumers and vendors.²⁸ Mr. Narong Petchprasert, Lecturer, Faculty of Economics at Chulalongkorn University,

agreed with legalizing the underground lottery, as it would stimulate cash flow in the economic system.²⁹ The choice of whether to play and to take the risk, he added, would be up to the individual.

A non-economic perspective in support of legalization was added by the National Economic and Social Advisory Council during chairmanship of Former Prime Minister Anand Panyarachun. At a meeting convened to discuss the organizing of gambling in Thai society, it was found that most members agreed with legalizing the underground lottery because the public was familiar with it and did not view it as misconduct. It was seen as a pleasure activity. Legalization would protect players from mafia hosts, and police could focus on suppression of the hosts.³⁰

Not all academicians were in agreement with these points of view. Some held opposing points of view. Mr. Wisanu Wongsinsirikul, Lecturer, Faculty of Economics and a Secretary to Institute of Social and Economic Studies at Dhurakijpundit University, disagreed with legalization because, he postulated, it could lead to other types of gambling. Particularly, he continued, when gambling was *promoted*, it would cause many unpredictable damages.³¹ Joining the ranks of the dissenting academicians, Phra Maha Chow Tassaneeyo, Director of Office of Buddhism Promotion and Social Service at Mahachulalongkorn College, commented that the legalization of underground lottery was no different from legalizing casinos or brothels, and that it would encourage people to gamble.³²

The Voice of the Public: The People Weigh In on the Issue

Not altogether lost amidst the chorus of supporting and opposing parties, groups, and prominent individuals were the views of the general public. Two opinion surveys conducted by the Rajabhat Suan Dusit Institute sampled public opinion on the issue and turned up some interesting data. In the first Suan Dusit Poll, aimed at answering the question, "What do people think about legalizing the underground

lottery?,” the sample population consisted of 1,602 residents living in Bangkok and surrounding suburban areas. The result revealed that: nearly two-thirds of the respondents (64.5%) were of the opinion that suppression would not get rid of underground lottery; almost half (46.7%) believed that gambling and underground lottery had been with Thai society for such a long time that it would be difficult to eliminate; the majority (61.24%) agreed with legalizing the underground lottery for the reasons that it would bring income to the government, players would not have to smuggle, and it gave the poor chances to win big money (while only 18.53 percent of the public disagreed, for the reason that it led people to astray, was illegal and was obviated by the availability of the government lottery. (See Exhibit 7 for a complete display of the results.)

In the second Suan Dusit Poll on “The Introduction of three and two digits lottery in public’s opinion,” 1,554 people from all occupational backgrounds living in Bangkok and suburban areas, the results revealed that nearly half: were interested in buying the three and two digits lottery (46.35%); stated that the three and two digits lottery could not reduce the problems of underground lottery (48.31%); and, believed that the proposed government-hosted 2-3-Digit Lottery would make people become more addicted to gambling (46.67%). (See Exhibit 8 for a complete display of the results.)

Finally, in a survey of preferences among alternative lottery schemes that might be implemented under a GLO takeover of a legalized underground lottery, including the betting on three and two digits of state-run lottery winning numbers, Dr. Tassanee Laknapichonchat of the Faculty of Social Administration at Thammasat University, found that high respondent satisfaction scores for the two and three digits lottery.³³

The Decision: Having Heard the Views of Many, the Government Acts

Under the Thai legislation, underground lottery must be legalized by the cabinet resolution. The issue must be first submitted to the cabinet meeting for the final approval. On July 8th, 2003, in the midst of conflict and turmoil, during the cabinet meeting the Minister of Finance had raised this issue seeking the cabinet's approval to legalize the underground lottery. The entire cabinet had to consider and make a decision whether or not to legalize. As for this case, this was a tremendous risky challenge against the social movement. It was thus quite interesting to see how the Thai government under Prime Minister Thaksin Shinawatra and his cabinet would decide.

Exhibit 1 : Amount of Cash Flow and the Number of Underground Lottery Players in 1995 and 2001

Underground Lottery	1993-1995	2001	Increment
Value (Billion)	325	542	217 (67 percent)
Profit for hosts (Billion)	-	162	-
Sales that exceed government lottery (Billion)	-	507.440 (15.7 times)	-
Number of players	-	23.7 million people	-

Source: Sangsit Piriyarangsarn, Gambling Economic, Option according to policy
(Bangkok : Government Office of Lottery, 2003)

Exhibit 2: Number of Gambling Arrests in Thailand, 1995 - 2001

Year	Type	Number of arrest (per year)	Percentage
1995	Gambling in general	226,718	88.53
	Underground lottery	29,361	11.47
	Total	256,079	100
1996	Gambling in general	271,291	88.12
	Underground lottery	36,558	11.88
	Total	307,849	100
1997	Gambling in general	288,613	88.35
	Underground lottery	38,028	11.64
	Total	326,641	100
1998	Gambling in general	281,199	88.95
	Underground lottery	34,912	11.04
	Total	316,111	100
1999	Gambling in general	239,544	90.03
	Underground lottery	32,514	12.22
	Total	272,058	100
2000	Gambling in general	212,764	88.27
	Underground lottery	28,269	11.72
	Total	241,033	100
2001	Gambling in general	221,118	84.99
	Underground lottery	29,048	11.61
	Total	250,166	100

Source : Royal Thai Police, 2002

Exhibit 3: Number of Gambling Sites in Thailand and Associated Cash Flows in 2002

Area	Number of sites	Amount of cash flow (million baht/day/site)	Total cash flow(million baht / day)	Total cash flow (million baht / year)
Bangkok				
Large permanent gambling sites	10	20	200	93000
Medium / small permanent gambling sites	50	1-2	50 - 100	23,250 - 46,500
Temporary gambling sites	100	1	100	65100
Total	160	-	390 - 440	181,350-204,600
Regional				
Large permanent gambling sites	75	1	75	34875
Medium permanent gambling sites and temporary sites	786	0.5-1	393-786	182,745-365,490
Occasional sites at funerals	724,685-1,014,560	0.05-0.1	-	36,234-101,456
Total	726,407-1,014,560	-	-	288,729-536,696
Total (National)	726,567-1,016,442	-	-	541,447-825,728

Source : Sangsit Piriyarangsarn, Gambling Economic, Option according to policy
(Bangkok : Government Office of Lottery, 2003)

Exhibit 4: Number of Large Casinos along Thailand's Borders in 2002

Neighboring Countries	Name of Casinos	Year established	Thai provinces on the borders	Ownership
Cambodia	1. Koh Kong International	1998	Trad Province	Cambodia
	2. Star Vegas Resort	2000	Aranyaprathet District Sakaeo Province	Thai
		1998	Aranyaprathet District Sakaeo Province	Thai
		1998	Aranyaprathet District Sakaeo Province	Cambodia
		2001	Surin Province	Cambodia
Burma	6.Andaman Club	1995	Ranong Province	Thai
	7.Golden Triangle	1999	Chiang Sean District Chiang Rai Province	Thai
	8.Regina Entertainment	1999	Mae Sai District Chiang Rai Province	Thai
Vietnam	9.Star Cruise	1999	Travel along Thailand and Vietnam sea ; Samui Island and Trad Province	Singapore
Laos	10.Dansavanh Casino	1998	Nong Khai Province	Malaysia and Laos
Malaysia	11.Genting Highlands Resort	1971	Southern Thailand	Malaysia

Source : Sangsit Piriyarangsarn, Gambling Economic, Option according to policy
(Bangkok : Government Office of Lottery, 2003)

Exhibit 5: Number of Medium and Small Size Casinos along Thailand's Borders
in 2002

Location	Name of casinos
Border of Chanthaburi Province	1.Caesar International 2.Baan Lam gambling site 3.Dragon Club gambling site 4.Subtari gambling site 5.Suan Som gambling site
Border of Aranyaprathet – Poi Pet	6.Tropicana 7. Princess Crown 8. Golden Crown 9. Holiday Poi Pet
Border of Surin Province	10.Royal Hill Hotel
Border of Chiang Rai Province	11. Hong Luek 12. Baan Pong Toon gambling site 13. Tha Loh 14. San Sai 15. River Club North Top Myanmar
Border of Chiang Mai Province	16. Gambling site across Viang Hang District 17. Gambling site across Fang District
Border of Tak Province	18. Myawadi Riverside Resort
Border of Ranong Province	19. Sai Ying gambling site 20. Koh Khoo gambling site
Border of Songkhla Province	21-23 Three (3) gambling sites along

Source : Sangsit Piriyaarangsarn, Gambling Economic, Option according to policy
(Bangkok : Government Office of Lottery, 2003)

Exhibit 6: Amount of Cash Flow within Gambling Sites in Thailand and along the Borders in 2002

Types of Gambling Sites	Cash flow (billion baht / year)
Gambling sites in Thailand	470.079 – 741.296
In Bangkok	181.350 – 204.600
In the region	252.495 – 435.240
Funeral gambling sites	36.234 – 101.456
Gambling sites along the borders and overseas	71.368 – 84.432
7 sites in Poi Pet	33.120 – 38.880
25 large and small gambling sites	13.248 – 15.552
High standard casino overseas	25– 30
Total	541.447 – 825.728

Source: Sangsit Piriyarangsarn, Gambling Economic, Option according to policy
(Bangkok : Government Office of Lottery, 2003)

Exhibit 7: Suan Dusit Opinion Poll on the Underground Lottery, June 1-2, 2003

Survey conducted among 1,602 residences of Bangkok and suburban areas, during 1-2 June 2003

Public's opinion on "Thai people" and "gambling; underground lottery"

		Had experience playing underground lottery	Never play Underground lottery	Overall
1 st Rank	They are a pair, had long been with Thais, difficult to stop	54.55%	38.84%	46.70%
2 nd Rank	It should be controlled	29.37%	44.63%	37.00%
3 rd Rank	It should be correct / unsuitable because it led people to astray	11.19%	14.88%	13.03%
Others	For example giving hope in time of despair short cut to become wealthy etc	4.89%	1.65%	3.27%

**Public's opinion on wiping out underground lottery using law enforcement
suppression approach**

		Had experience playing underground lottery	Never play Underground lottery	Overall
--	--	---	---	----------------

1 st Rank	Not successful	67.83%	61.16%	64.50%
----------------------	----------------	--------	--------	--------

Reason: Thai people enjoy gambling hoping for a short cut to become wealthy and with suppression, there will be underground operation anyway etc.

2 nd Rank	Not sure	19.58%	19.01%	19.29%
----------------------	----------	--------	--------	--------

Reason: The gambling sites own by mafia or government officials and gambling provide hopes for the poor

3 rd Rank	Possible success	12.59%	19.83%	16.21%
----------------------	------------------	--------	--------	--------

Reason: If the suppression and punishment is harsh enough. The government is introducing online lottery

Public's opinion on legalizing underground lottery

		Had experience playing underground lottery	Never play Underground lottery	Overall
1 st Rank	Agree	67.13%	55.37%	61.25%
	<u>Reason:</u> The profit will return to the government, players do not have to hind and lower income people can become the lucky winners			
2 nd Rank	Not Sure	13.99%	26.45%	20.22%
	<u>Reason:</u> The mafia may not agree due to their disadvantage			
3 rd Rank	Disagree	18.88%	18.18%	18.53%
	<u>Reason:</u> Gambling manipulates people, against the law and the government lottery and Saving Bank Lottery are already available			

Public's opinion on how to legalize the underground lottery

		Had experience playing underground lottery	Never play Underground lottery	Overall
1 st Rank	To allow for independent hosts with government control	48.15%	25.81%	36.98%
2 nd Rank	The hosts should register and pay tax	25.93%	41.94%	33.94%
3 rd Rank	Government owned such as online lottery	14.81%	19.35%	17.08%
4 th Rank	To have authorized vendors/hosts monitor by police	11.11%	12.90%	12.00%

Exhibit 8: Suan Dusit Opinion Poll on the Introduction of Three- and Two-Digit Lottery, June 30 – July 1, 2003

Survey conducts among 1,554 people from all occupational backgrounds living in Bangkok and suburban areas, during 30 June to 1 July 2003.

Are people interested in buying the three and two digits lottery?

Ranking		Government lottery player	Underground lottery players	Players of both	Non-player of Underground Lottery	Overall
1	Interested	38.46%	57.14%	76.74%	13.04%	46.35%
2	Slightly interested	46.15%	33.34%	18.61%	45.66%	35.94%
3	Not interested	15.39%	9.52%	4.65%	41.30%	17.71%

Can the three and two digit lottery help reducing the underground lottery?

Ranking		Government lottery player	Underground lottery players	Players of both	Non-player of Underground Lottery	Overall
1	No	18.18%	57.14%	58.54%	48.31%	45.54%
	<u>Reason:</u> there are a lot of people playing the underground lottery because of the convenience and many people want to take risk and hope to win the prize etc					
2	Not Sure	63.64%	9.52%	2.44%	38.21%	28.45%
	<u>Reason:</u> the player will opt for the best offer					
3	Yes	18.18%	33.34%	39.02%	13.48%	26.01%
	<u>Reason:</u> government will be more serious in suppression of underground lottery in order for people to turn to government owned lottery					

Will the introduction of the three and two digits lottery to reduce underground lottery encourage the public to gamble more?

Rank		Government lottery player	Underground lottery players	Players of both	Non-player of Underground Lottery	Overall
1	Yes	63.64%	42.86%	42.86%	46.67%	49.01%
	<u>Reason:</u> it provides the public with more options and gambling had long been with Thai society					
2	The same	18.18%	52.38%	45.24%	41.11%	39.23%
	<u>Reason:</u> people are hoping for a short cut to become wealthy, there are many people who want to take risk and gambling is part of life					
3	No	18.18%	4.76%	11.90%	12.22%	11.76%
	<u>Reason:</u> underground lottery or gambling is considered illegal and government will focus on suppression of those activities					

Endnotes

- ¹ The word “Huay” was borrowed from the Chinese by Thai with the same meaning as Lotto or Lottery.
- ² Sangsit Piriyaangsan, Gambling Economic, Option according to policy (Bangkok : Government Office of Lottery, 2003)
- ³ “Tai” is a Thai word for “under,” the other word “Din” is also a Thai word for “ground”
- ⁴ Siam is the name for Thailand in the old days
- ⁵ Sathirakoses (1888 – 1969) One of Thailand’s best known philosopher and academic who produced many valuable cultural researches and comments, and was recognized by United Nations Educational, Scientific and Cultural Organization (UNESCO) as the World Most Important People in 1998.
- ⁶ Prachachart Thurakij Weekly Newspaper, Illegal Gambling Economic : Significance of the Thai Economy, document enclosed in the research by Sangsit Piriyaangsan, Gambling Economic, Option according to policy, Political Economic Studies, Faculty of Economic, Chulalongkorn University, Dated January 30, 2003.
- ⁷ Ibid.
- ⁸ National Statistical Office, Population Statistic, Nationwide 2001. Available from service.nso.go.th Thailand had the number of population of 62,308,887 in 2001
- ⁹ Sangsit Piriyaangsan, Gambling Economic, Option according to policy (Bangkok : Government Office of Lottery, 2003).
- ¹⁰ Bangkok Post, June 25, 2001.
- ¹¹ Bangkok Post, September, 12, 2002.
- ¹² Ibid.
- ¹³ Pornsak Pongpeaw, Coalition Government (Bangkok : Political Science Association of Thailand, 2001)
- ¹⁴ There was a coalition government consisted of many political parties namely Thai Rak Thai, New Aspiration Party (Kwam Wang Mai) with 36 seats, Seritham Party with 14 seats, Chart Thai Party with 41 seats.
- ¹⁵ Seritham Party and New Aspiration Party dissolved and joined Thai Rak Thai Party in September 2001 and April 2002 consequently,
- ¹⁶ Daily News, daily newspaper, 20 July 2002
- ¹⁷ Siam Rath, daily newspaper, 15 June 2002
- ¹⁸ Neaw Na, daily newspaper, 25 June 2003
- ¹⁹ Bangkok Post, June 29, 2003.
- ²⁰ Baan Muang, daily newspaper, 5 July 2003
- ²¹ Khao Sod, daily newspaper, 27 August 2002

²² Ibid.

²³ Neaw Na, daily newspaper, 27 December 2001

²⁴ Neaw Na, daily newspaper, 11 June 2002

²⁵ Daily News, daily newspaper, 28 June 2002

²⁶ Ibid.

²⁷ Neaw Na, daily newspaper, 27 December 2002

²⁸ Kra-sae-hoon, daily newspaper, 17 July 2002

²⁹ Kra-sae-hoon, daily newspaper, 6 November 2002

³⁰ Daily News, daily newspaper, 27 June 2003

³¹ Neaw Na, daily newspaper, 17 July 2002

³² Neaw Na, daily newspaper, 6 November 2002

³³ Bangkok Post, September 15, 2002