

Spaces of Exception

Shifting Strategies of the Kokang Chinese Along the Myanmar/China Border

Myint Myint Kyu

Critical
Perspectives
on Regional
Integration

01

Myanmar
in Transition

Series Foreword

The monographs that comprise the Critical Perspectives on Regional Integration series have emerged from dissertations based on original primary field research, and written as a major part of the requirements for the Master of Social Science (Development Studies) program of the Regional Center for Social Science and Sustainable Development (RCSD), in the Faculty of Social Sciences, Chiang Mai University.

As Senior Editorial Adviser, I was engaged by the Center to conduct an overview of the dissertations—dating back to 2001 and now well over 100 pieces of work—and select which of them would best illustrate the quality of graduate student research. This was by no means an easy task, but it was decided to choose primarily those written in the past few years, given that empirical research in social science tends to date rapidly. Another consideration was that the monographs should give expression to the main theme of the series of Critical Perspectives on Regional Integration.

As the selection and editorial work proceeded it was then decided to organize the publications into sub-series focused on different parts of mainland Southeast Asia. The first several volumes focus on Myanmar, covering such subjects as livelihood strategies, changing ethnic identities, borders and boundary-crossing, and the commoditization of culture within the context of ethnic tourism. Following volumes are devoted to Thailand, Lao PDR, Vietnam, and Cambodia.

The series also illustrates the concern to bring together social science and natural science knowledge in order to further the understanding of sustainable development issues. Over some 20 years Chiang Mai University has developed considerable research expertise in such fields as resource management, environmental impact assessment, upland agricultural systems and indigenous knowledge, health, and ethnic and gender relations. Teaching and research in development issues also deploys social science concepts within the development field to address decision-making, policy and practice, and the responses and adaptations of local populations.

This current monograph series also focuses on the processes of social, cultural, economic, political and environmental change among populations and territories undergoing rapid transformations within the Greater Mekong Subregion (GMS) and the ASEAN Economic Community (AEC).

Victor T. King

Senior Editorial Adviser, Critical Perspectives on Regional Integration Series

Contents

	Series Foreword	v
	List of Figures	viii
	Abbreviations	ix
	Glossary	x
	Acknowledgements	xi
	Map of Region	xii
	Burma/Myanmar Note	xiii
Chapter 1:	Introduction	1
Chapter 2:	The People — Who are the Kokang Chinese?	19
Chapter 3:	The Place — Origin of Spaces of Exception in Kokang	49
Chapter 4:	Kokang Special Region (1), 1989–2009	71
Chapter 5:	Adaptive Strategies of the Kokang Chinese in the Special Region	93
Chapter 6:	Conclusion and Discussion	121
	Bibliography	130
	Index	137

List of Figures

Figure 1.1:	Downtown Laukkai, in front of the market	2
Figure 1.2:	Main road of Konkyan, Kokang Region	3
Figure 1.3:	Research site, Kokang Self-Administered Zone	16
Figure 2.1:	<i>Da ge</i> , traditional Kokang dance	20
Figure 2.2:	An elderly Kokang woman with compressed feet	27
Figure 2.3:	Harvesting raw opium sap from the poppy	35
Figure 2.4:	Parsinkyaw School, Kunlong, Kokang Region, 2012	41
Figure 3.1:	Life in the Kokang hills	52
Figure 3.2:	Downtown Laukkai, capital of Kokang SAZ	54
Figure 3.3:	MNDAA Kokang troops at the Ceasefire Agreement 15 th Anniversary Ceremony, March 11, 2006	67
Figure 4.1:	Peng Jia Sheng with Kokang villagers	73
Figure 4.2:	Alternative livelihood: a Kokang sugarcane plantation	86
Figure 4.3:	Kokang and Chinese civilians flee KSR following fighting between Burmese <i>Tatmadaw</i> and MNDAA	92
Figure 5.1:	Maize field on the poor rocky soil	95
Figure 5.2:	Local women selling agricultural products at the Laukkai five-day Market	96
Figure 5.3:	A human ‘mule’ in the Kokang region	100
Figure 5.4:	Casinos in Laukkai	109
Figure 5.5:	Village gambling activities	110
Figure 5.6:	Card-dealing trainees in one of Laukkai’s Chinese-owned casinos	110
Figure 5.7:	Hostel for casino employees, Laukkai	112
Figure 5.8:	Damaged boundary post and informal border crossers	116
Figure 5.9:	Official border inspection gate at Laukkai–Nansan border	117

Abbreviations

AHRN	Asian Harm Reduction Network
ATS	amphetamine-type stimulants
BCP	Burma Communist Party
BGF	Border Guard Force
CNY	Chinese Yuan (currency)
CCP	Chinese Communist Party
FAA	Frontier Area Administration
FRC	Foreign Registration Card
HU	Health Unlimited
INGO	international non-governmental organization
JICA	Japan International Cooperation Agency
KMT	Kuomintang (Chinese Nationalist Party)
KSR	Kokang Special Region
MNDAA	Myanmar National Democratic Alliance Army
MSG	monosodium glutamate
NaTaLa	Ministry for Progress of Border Areas and National Races and Development Affairs
NRC	National Registration Card
OBE	Order of the British Empire
SAA	Special Administrative Area
SAR	Special Administrative Region
SAZ	Self-Administered Zone
SCOUHP	Supreme Council of United Hill Peoples
SEZ	Special Economic Zone
SR	Special Region
UNODC	United Nations Office on Drugs and Crime
UMP	Union Military Police
WFP	United Nations World Food Programme

Spaces of Exception:

Shifting Strategies of the Kokang Chinese Along the Myanmar/China Border

Myint Myint Kyu

Myanmar (Burma) is one of the most ethnically diverse countries in the world. Largely as a result of its centralized administration, a complex set of conflicts between the Burman majority-dominated government and an array of ethnic minority groups has persisted for many decades.

After nearly five decades of fighting for greater autonomy, Kokang armed forces in northern Myanmar entered into a ceasefire agreement with the country's central government in 1989. As a result, local ethnic authorities now maintain *de facto* power in the area, and their capital of Laukkai has gradually developed from a war zone into a bustling, modern border-trade town under Kokang control.

Myint Myint Kyu's study explores the results of the decentralization of government administration activities in the country's Kokang Self-Administered Zone, situated along the Myanmar-China border, a move that has created an array of unique political, cultural, and economic 'spaces of exception' within this part of the country. The author's research reveals how the local people have applied various strategies to adapt their livelihoods from relying on opium poppy cultivation to becoming small-scale traders and participants in the informal economic sector, including drug trafficking, smuggling, and gambling along the porous border between Myanmar and China, its neighbor to the north.



Myanmar
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Chapter 1

Introduction

The Union of Myanmar (also known as Burma) is one of the most ethnically diverse countries in the world. One hundred and thirty-five distinct indigenous groups are officially recognized by the government, although this number is believed by many experts to be an underestimate, and the country's first nationwide census since 1941 is not scheduled to be completed until 2014. Throughout its existence as a sovereign state following independence from British colonization in 1948, the country has experienced a complex set of conflicts between the national military and various ethnic groups seeking greater autonomy from the Burman-dominated central government. The military capacity and influence of the ethnic nationalists has declined significantly over the past two decades, and many armed ethnic groups have entered into ceasefire agreements with the central government. In exchange for laying down their arms against the Burmese military and agreeing to open their areas to Burman-led development projects, various ethnic factions have been granted at least partial de facto administrative authority over the regions in which they predominate.

Since 1989, several semi-autonomous, predominantly ethnic zones and divisions have been designated along Myanmar's northern border with China. Among these include an area where many Kokang Chinese reside, classified as the first 'special region' in Myanmar and named 'Kokang Special Region (1)' (stipulated as 'Kokang Self-Administered Zone' in the country's 2008

Constitution). As a result, the local ethnic authorities in the area are allowed to legally maintain their own armed forces, and have been granted full authority to make their own decisions on the area's development activities.

In the past, opium poppy cultivation formed the cornerstone of the livelihoods of the people in the region. Unrefined opium and heroin gleaned from poppies was also the key source of revenue upon which the local authorities were able to maintain their armed forces. However, following the ceasefire between the Burmese military and the Kokang army in 1989, poppy cultivation was banned in the area. As a result, the local peoples' lives have undergone tremendous transformation.

The Kokang Chinese are one of the least studied ethnic groups in Myanmar, despite the fact that they have been residing in mountainous areas of northern Shan State along the border between Myanmar and China for several centuries. The region which the Kokang inhabit had been under self-administration by the local authorities prior to the country's independence, throughout the entire period of British colonization and World War II, and for several centuries before. A Kokang self-defense force was organized and trained following the *sawbwa*-ship period of the previous centuries, and this force played a significant role in the region's security. Kokang troops participated in a number of wars, including during the Japanese invasion, the Kuomintang (KMT) invasion, and when the Burmese Communist Party ruled the area for a number of decades.



Figure 1.1: Downtown Laukkai, in front of the market *Photo: Shansoba*

Nowadays, many of the Kokang have assimilated into mainstream society to a certain degree and know little about their ancestral roots. Due to the remoteness of the region where the Kokang Chinese live, the ongoing insurgencies involving other ethnic groups in the surrounding areas, and the unique political and administrative situation in the area, no outsiders are allowed by the central government to enter the region or to conduct studies of this group of people. As a result, almost no literature has been produced regarding the Kokang people.

Since the 1989 ceasefire agreement, the Kokang have begun to come to the attention of the outside world, mainly due to the activities of a number of Kokang drug lords, and their area (part of the infamous ‘Golden Triangle’) being a leading source of opium and other illicit drugs. The existing literature on the Kokang consists mainly of scholarly studies on the opium issue in Southeast Asia and the ethnic minorities in Myanmar (for example, works by Bertil Lintner, Tom Kramer, and Mya Than). There have been almost no studies carried out inside the Kokang region on the peoples’ daily lives and how the authorities have managed to control them since the Myanmar military regime took power in 1962. Many citizens of Myanmar, even other ethnic Chinese from Guangdong and Fujian Provinces who migrated to Myanmar prior to the Kokang, perceive this group of people to be backward hill dwellers, smugglers, opium growers, and drug traffickers. Most people do not know how the Kokang



Figure 1.2: Main road of Konkyan, Kokang Region *Photo: Shansoba*

Chinese live in the border area and what kind of livelihood strategies they apply to their daily lives within this Special Region.

Following the signing of the ceasefire agreement between the Kokang authorities and the Burmese military government in 1989, many Chinese people have moved into Myanmar government-controlled areas. Some are Kokang-born ethnic Chinese, while others are Chinese from China who have adopted the name 'Kokang' for themselves since migrating into the country. Many Kokang Chinese have also established businesses across different sectors in Myanmar, but in the perceptions of many, the Kokang are rich primarily because of their involvement with the drug trade, jade smuggling, and other illegal businesses. To these people, the Kokang are illiterate, uncivilized, and rather primitive when compared to other ethnic groups. Nevertheless, their economic power continues to grow throughout Myanmar, and several Kokang individuals and families now play a leading role in the country's economy.

Chinese influence is evident in the Kokang area due to its geographical location, the remoteness of the region, and its proximity to China. Due to the isolation of the region, its poor communication links, and transportation and language barriers, the Myanmar government finds it difficult to promote the region's development. The Chinese language is widely used in Kokang. As 90% of the population in Kokang Special Region (1) is ethnic Chinese, Chinese has become the official language for the local administration. Moreover, the standard currency used in the region is the Chinese yuan rather than the Myanmar kyat, and people in the region also follow standard Chinese time, which is one-and-a-half hours ahead of Myanmar standard time. Daily necessities for the local people are all imported from China. Thus, the Kokang Chinese live their lives very differently from those in government-administered areas of Myanmar.

In 2002, the Kokang authorities announced their area to be completely free of poppy cultivation, making it the first Special Region in Myanmar to successfully eliminate the production of opium. However, due to insufficient planning for alternative livelihood development, many Kokang in the region were unprepared for the elimination of their traditional principal source of income. As a consequence of the opium ban, health and education problems developed, and villagers unable to fulfill their basic needs faced critical food shortages and malnourishment. Following the crisis, several international organizations and governmental border development departments were

allowed to enter the area and assist the local authorities with the area's development, the aim being to improve the livelihoods of the former poppy farmers. However, only minimal assistance came from government departments due to limited funds, the language barrier between officials and the local people, and transportation and communication difficulties.

Although the local Kokang authorities and villagers have worked together to try to overcome the problems encountered since the opium ban, several conflicts have occurred in the region related to disagreements over the power and wealth of the local authorities. Since open-market policies were introduced by both the Chinese and Myanmar governments in 1989, the Kokang region has rapidly developed into a busy border trade area. Many people have begun to participate in cross-border trade activities and to develop alternative cash crop plantations with the assistance of China. Some of these people describe Laukkai, the capital of the Kokang region, as a 'mini Macau,' as there are a number of casinos, gambling dens, massage parlors, and prostitution services available throughout the town. The control of people's movements and of goods across the border is relatively limited when compared to other border areas in Myanmar, as the local Kokang authorities do not have proper rules or regulations in place to control cross-border activity. Moreover, due to the close ethnic ties and long-term social relationships between the Kokang and the Chinese, the Chinese government's border security is not as strict as at other checkpoints. Communication technology in the region has developed rapidly since the ceasefire agreement was made, and Chinese mobile phone services now cover the entire Kokang region. Chinese goods, Chinese-made electrical appliances, and Chinese mobile phone shops are scattered throughout the region, such that the whole area has come to seem like a small extension of China.

The majority of people in Myanmar, including members of other ethnic groups, understand little of the 'spaces of exception' the Kokang enjoy, including why the local authorities are allowed to make their own decisions on issues affecting the area's development, and why they have been allowed to establish their own rules and regulations, despite the central government not having officially granted autonomous rights to them. Moreover, most people are at a loss to explain why the Kokang have been allowed to maintain their own armed forces since the ceasefire agreement was put in place, why schools in the Kokang Special Region are allowed to use Chinese, rather than Burmese, as the primary language of instruction, and how casinos and other gambling operations are

able to operate legally. It seems to many that the Kokang region is an area of absolute exception in terms of government administration, such that it has become a ‘state within a state.’

In order to make sense of these ambiguities, the following chapters will describe how the spaces of exception along the Myanmar-China border have been constructed, implications for the shifting realities of the borderlanders, and how the Kokang Chinese in Myanmar have been able to utilize their ethnic identities to successfully develop a new political and economic agenda.

Space of exception

On August 27, 2010, the Myanmar military government officially decreed that the Kokang region in northern Shan State along the Myanmar-China border was to become one of six ethnic ‘self-administered zones’ in Myanmar, altering its previous delineation as a ‘special region,’ though the Kokang Administration Committee was still to be responsible for the area’s administration. The Union of Myanmar is politically divided, economically weak, and socially fragmented. Most of the country’s development plans and policies are centrally planned, and a top-down administrative approach has been implemented across the country since the military regime assumed power in 1962. Dissatisfied with the centralization of government administrative functions, many ethnic rebel groups have organized themselves with the aim of gaining autonomous rights in their respective areas. However, only six ethnic groups have been granted special self-administration rights, and the Kokang Chinese are one such group.¹

In Aihwa Ong’s 2008 article “Scales of Exception: Experiments with Knowledge and Sheer Life in Tropical Southeast Asia,” the author describes how new political spaces have been generated by various strategies in order to govern populations in and through multiple scales of exception. Scales of exceptions are produced when the neoliberal logic of economic growth is implemented by a state. By invoking exceptions, states favor neoliberal values, thus investing spaces with different kinds of values. Neoliberalism has been

1 The other self-administered zones stipulated in the 2008 Constitution and formally announced in 2010 are those of the Danu, Pa-O, Palaung (Ta’ang), and Wa in Shan State, and the Naga in Sagaing Region.

viewed as a capitalist strategy used to sweep away a country's old power structure in order to create new political and economic space.

The logic of exception has been applied in the political and economic development of several Asian and Southeast Asian countries. China deployed this strategy to develop the country's economy through the use of Special Economic Zones (SEZs) in the late 1970s, as well as Special Administration Regions (SARs) such as Hong Kong and Macau. SEZs were created to intensify cross-border networks and economic integration, and the SARs are a formal accommodation of different political entities. In SARs, the local administration unit has full authority to make its own decisions in terms of area development activities. In addition, the Chinese state has established various strategies to cope with the transition from a centrally-planned to a capitalist development economy. Reterritorialization strategies have also become important, not only for economic development of the border zones, but also in accommodating spaces of variegated governance.

In "The Chinese Axis: Zoning Technologies and Variegated Sovereignty" (2004), Ong argues that state policy towards the SARs and SEZs is marked more by flexibility in terms of state practice than by the unbundling or disaggregation of power. By invoking exceptions to normalized forms of political control and economic activities, post-Maoist state strategies have displayed a flexible and creative approach to the diverse regulation of spaces and civil society. In particular, China's market reform policies have relied not on the denationalizing of sovereignty, but on the production of new spaces of exception, particularly in border areas.

Author Kenichi Ohmae (1995) has noted that the different countries and populations in the Asia-Pacific region have been bound together by the rise of cross-border regional economies. The zoning strategy implemented by China, including its creation of the SARs and SEZs, has been critical in creating new capitalist spaces where previously none existed on the Socialist mainland. This strategy has adjusted and eventually absorbed disparate political entities by gradually weaving them into a complex web of economic networks that extend beyond national spaces.

China's zoning system has been important not only for encouraging economic activities, but also for creating the space and conditions for variegated sovereignty and gradual political integration. Sovereignty is the outcome of

various administrative strategies that seek to improve the economic and political well-being of the nation. China's administrative response to globalization has not been to unbundle power or territory, but rather to create spaces of political and economic exception. China's SEZs and Export Processing Zones (EPZs) enjoy a wide range of powers, including substantial autonomy in terms of the local creation of business opportunities, plus the administrative regulations in place for planning, banking, and insurance purposes. Although authorities in these zones must report directly to the central authorities in Beijing on economic and administrative matters, they maintain the overall authority to control their special regions. These special regions and zones operate, in effect, as countries within a country.

Throughout the 1990s, exceptions to normalized conditions were invoked in many countries, not only in response to political crises, but especially in order to create exceptional opportunities to participate in the world economy. Spaces of exception have become important in terms of political integration and economic development for many nation states.

Because the Kokang area of northern Myanmar has always been far from the country's traditionally weak central administrative unit, the people have for several centuries been able to set their own rules and regulations. Looking back at Kokang history, the region has effectively been operating as a 'special state' or 'autonomous area' since at least the British colonial period. In the past, the state did not have sovereign power over the region, and it was situated as a political exception by the state. This kind of exception continues throughout the region as the central government still grants the local authorities the power to decide matters related to the area's security and development. It can therefore be conceptualized that the Myanmar state has implemented a flexible administration policy over the Kokang region, rather than unbundled or disaggregated its power.

In 1989, Myanmar's military government relaxed the earlier policies of the Burma Socialist Programme Party under General Ne Win, and borderlanders were allowed some economic exceptions with respect to border trade. As China's economic power has grown in the region, Myanmar has received much economic and political support from the Chinese. To maintain the relationship between the two countries, Myanmar government institutions and trade policies are much more flexible toward the borderlanders, especially those

living along the China-Myanmar border. Economic exceptions such as export tax exemptions and import incentives have been implemented; moreover, the area is close to China, a country which has had success implementing its own zoning strategies. As China's zoning policies have focused on developing the economies of its border regions, adjacent border areas such as Kokang have benefited from the strategy. For example, those living along this border are allowed to cross the border with few restrictions, and the state concerns itself little with the movement of people. As a result, long before 2010, it has been possible to conceptualize Kokang as a state within a state, a space of political and economic exceptions.

Shifting strategies of the borderlanders — Ethnic identity

Ethnicity is a biological, ideological, and socially-constructed concept. It is biological in the sense that ethnic characteristics are generally passed down through biological family members who are part of a larger biological family group. It is ideological in that ethnic groups also pass down values, ideas, and principles that shape the norms and behaviors of their group, and as a component of wider human society, a distinct ethnic group is a social unit that is defined as part of a larger social unit.

Ethnic identities serve not only to extend long-established social relations, but also to help those who possess them to cope with new types of social relations. Ethnic identities also serve as adaptive strategies for people faced with certain types of social experiences. As social circumstances change, pre-existing ethnic identities may become less adaptive, and if the significant structural oppositions between groups are eliminated, even marked cultural differences may be overcome. Assimilation of individuals or groups to another ethnic group may then occur.

When we speak of ethnic identity, the role of the state and the nation cannot be ignored. Although there are scores of ethnic groups living in the Union of Myanmar, there is no strong, consistent state policy toward the ethnic populations, so that in the case of assimilation, acculturation rarely happens; however, many ethnic Chinese attempt to integrate into mainstream society in order to obtain privileges for their businesses or trade. Nowadays, many ethnic Chinese in Myanmar attend Burmese schools and adopt Burmese family names. They are not yet fully assimilated into mainstream society, but

many can be considered to be partially assimilated. In recent decades, and following Chinese economic success in region, aspects of Chinese identity of these people has survived and even re-emerged in order to carry out business or trade with people in mainland China. In the meantime, the ethnic Chinese in Myanmar have continued to maintain their traditional cultural practices, whilst at the same time adopting elements of the mainstream culture. 'Chineseness' has thus re-emerged along with the China's growing economic power in the region.

The Kokang in Myanmar possess multiple, and sometimes ambiguous, identities. They still follow their cultural customs and rituals, such as their unique New Year celebrations, ancestor worship ceremonies, funeral rites, and family livelihood strategies, such as trade and agriculture, and are largely considered to be ethnic Chinese in Myanmar due to their dialect and physical appearance. Kokang in Myanmar still often learn the Chinese language, attend Chinese schools, and maintain their traditional culture, but on the other hand, some practices of the Kokang people have changed. Nowadays, many Kokang of the younger generations speak multiple languages, such as Shan, Kachin, Palaung, and Burmese; have adapted their names to the Burmese style; attend Burmese schools; and have switched from their traditional ancestor worship beliefs to Buddhism, as they attempt to integrate more completely into their host country's culture. They therefore possess primordial as well as instrumental identities.

Some of the Kokang identify themselves as '*huaqiao*' or '*huayi*,' and this self-identification is closely associated with their migration patterns, as they represent different relationships with concepts of home. Migration predominantly undertaken by traders, artisans, and miners for economic purposes is known as '*huaqiao*,' with '*qiao*' meaning temporary residence away from one's own village, country, or province, but still within China. The concept of '*huayi*' (Chinese descent or re-migrant) is a recent phenomenon. *Huayi* migrants are foreign nationals of Chinese descent who are largely foreign-born. They are not like the *huaqiao* migrants, temporarily resident abroad, but have become foreign nationals over generations. Among them, some are those who have migrated from their adopted countries to a third destination, and then have settled down and gained a new nationality. Whether the *huayi* have undertaken a second or third move, the possibility of a purely Chinese identity is maintained.

In the early stages of the Kokang migration, the people were largely ‘*huaqiao*’ because the ancestors of the Kokang Chinese are Han from mainland China who migrated from Yunnan Province. The people expected to go back to their homeland once the situation had calmed following Mao Zedong’s Cultural Revolution. However, after the Kokang area was co-opted into Burma by the British, the Kokang Chinese became Burmese citizens. As a result, the self-identification of the Kokang people also changed from *huaqiao* to *huayi*, and new generations achieved foreign national status, while some continued migrating to other countries.

In light of this history, the Kokang now possess multiple identities. As there are many ethnic groups living along the China-Myanmar border area, the Kokang’s identities are dynamic and follow their social relations. They may be Chinese on one occasion, and at the same time be Shan, Kachin, or Burmese as well. Besides using these multiple and somewhat ambiguous identities, the Kokang also apply the Chinese concept of *guanxi* in their daily lives and trade, in addition to their social and cultural activities.

***Guanxi* – A social network**

The Chinese word *guanxi* is a general term used to refer to social networking, and is often translated as ‘relationship’ or ‘connection.’ In the existing literature, *guanxi* is commonly defined as a special relationship two people have with each other (Alston, 1989). To Jacobs (1979), *guanxi* means connectedness or ‘particularistic ties,’ and Gold (1985) says that “*Guanxi* is a power relationship, as one’s control over a valued good or access to it gives power over others,” while Osland (1990) defines it as “...a special relationship between a person who needs something and a person who has the ability to give something.”

The concept of *guanxi* refers to interpersonal relationships or connections in almost every realm of life within Chinese culture, from kinship to friendship, and from politics to business. It can best be translated as friendship with implications of a continual exchange of favors (Pye, 1992). However, favor exchanges amongst members of a *guanxi* network are not solely commercial, but also social, and involve the exchange of *renqing* (feelings) and the giving of *mianzi* (face). Once *guanxi* is established between two people, each can ask a favor of the other with the expectation that the debt incurred will be repaid at some point in the future (Yang, 1994).