

CHAPTER I INTRODUCTION

1.1 Rationale

During reconstruction, Lao People Democratic Republic launched many policies and strategies for national socio-economic development. The agricultural sector was been deemed the first priority of the Government's socio-economic development plan which has many agricultural programs, both at the national and local level such as “*sahakone kaset*” (agricultural cooperative), “*kaset soum*” (intensive agriculture), “*nikhom kaset*” (agricultural collectivization), “*nuay samakhii laek pian haeng ngaan*” (the solidarity unit for exchanging labor). The principle objectives of the programs are to create strength and self-sufficiency in food and to upgrade the standard level of Lao people's living. Unfortunately, these programs had faced various difficulties and challenges in implementation, particularly conflicts between the state authority and the peasants, and among peasants.

Thus, Kaysone Phomvihanh, the General Secretary of the Lao People's Revolution Party (LPRP) reviewed agricultural development strategy. Firstly, he began to analyze differences between the other socialist social economic development strategies. Secondly, he started reviewing Lenin's New Economic Policy (NEP) which proclaimed in Soviet Union in the early 1920s. Thirdly, he started reviewing Mikhail Gorbachev's example of *perestroika* (Laos, 1994). In 1986, Kaysone states in his speech to the Fourth Party Congress that; “we should be aware that the commodity economy, including the simple commodity economy, is more advanced than the natural and self-sufficient economy. Therefore, our state must encourage and develop the commodity- money relationship... with a view to turning the natural economy into the socialist oriented commodity economy” (Kaysone, 1986 cited in Evans, 1995: 55). At the same time, he asserts that movement toward a market economy has the necessity to stimulate private participation in national socio-economic development (Laos, 1994). The Government under “*Phak Pasason Pativat Lao*” (LPRP) has subsequently also conducted many strategies for Lao people's livelihood development

such as a projects of reducing and eradicating shifting cultivation, land and forestland allocation (*mob din mob pa*), and land titling project (*ok bai ta din*), and agricultural commercialization. This reform has introduced the market mechanism into socio-economic management by exposing price liberalization and transferring the collective land rights to private's rights.

In the mid 1980s, the government embarked on reorientation called the "*jin-ta-na-kan-mai*" (new way of thinking) by opening the country's doors to the world. The goal of this reorientation was to relate and cooperate with various countries in the world. This cooperation was not only with socialist countries, but also included non-socialist countries. From the economic aspects, the government launched a new management strategy known as the "New Economic Mechanism" (NEM). The NEM was considered an important strategy in managing new social economic system in Laos. According to Bouapao, the NEM is the most significant landmark for the change in development strategies. Similarly, he mentions that the introduction and implementation of the NEM as a new idea or 'discourse' of development in Laos (Bouapao, 2005: 35).

The NEM was designed to gradually expose the economy to world market forces, without sacrificing the nation's goal of food self-sufficiency. Moreover, the Government also promoted foreign investment in infrastructure-related development and received top priority from the government. To achieve its objectives in practice, the government has issued various economic regulations, particularly business law, land and forest law, tax and custom law, and law on the promotion and management of foreign investment in Lao People's Democratic Republic (Lao PDR). The main objective of NEM is to transform the country's depressed socialist economy (centrally planned economy) into a market-oriented economy and to stimulate and attract investment of private sectors internally and from different countries to participate in developing economy and society.

However, for Laos, this reorientation is not like what happened in Eastern European countries, because it changed only economically but the political regime has remained unchanged. Each party congress since the start of the reform process has opposed liberal-democratic reforms and insisted that Lao PDR would remain a one-party state. Despite erosion of communist ideology, retaining exclusive political

power remains a primary goal of the party. In a speech in 1990, secretary general Kaysone asserted the basis of legitimacy of the party that the party is the center of our wisdom (Laos, 1994). Nevertheless, during the reform process in 1986 and the mid 1990s several important steps were taken in Laos, especially the process of the transformation from a socialist economy into a market oriented economy opened to international competition. Worner (2003) mentions that this 'dynamic' policy is of interest not only because of the magnitude of the changes involved, but also because of the change in development strategy that these policy changes entailed. This transformation has opened opportunities for domestic commodity production and service processes. Besides that, it also attracts foreign investments in particularly agricultural, hydropower and mining sectors.

Since that time, the government has geared the country towards a market economy, encouraging the development of the private sector and decentralized economic management. In this case, state policies are a strategy of transformation in the services and commodity production process. According to Evans, the trading cooperatives have been promoted by state in accordance with the LPRP's growing appreciation of the role of trade in surmounting the natural economy and building a "socialist commodity economy" (Evans, 1995:118).

In the agricultural sector, the government has promoted commercialized agriculture production by exposing opportunities to Lao peasantry conduct, diversified and intensified agriculture and allowed it to depend on market mechanism momentum. However, Sali Vongkhamsao argues that in the case of private farmers and private economy, the state has to introduce taxable instruments, prices, credits, contracts for selling material to and buying products from them or the form of advising them to produce goods ordered by the state in order to enable these economic sectors to follow the path of the national economic plan and to implement state law (SWB, 20 November 1987 cited in Evans, 1995: 57). This shows that commercialized agriculture production of the private peasantries must be the price and market guaranteed by state. However, agricultural commodity productions have to be flexible between state mechanism and market mechanism to make the process of commodity production can operate harmoniously.

In Laos, almost all agriculture will be promoted in six geographical zones. Priority will be given, though, to the lowland plains around Vientiane, Savannakhet and Champasack Province. Promotion will focus on the expansion of cultivation of both rice and non-rice crops to supply improved-industrial factories, as well as support for livestock breeding and seedling. In addition, the government also promotes industrial sector development, particularly agro-industry. At the same time, the government has also encouraged animal husbandry through programs for cattle breeding, veterinary services, cultivation of pasture crops, and improvement of fish, poultry, and pig stocks. The goal is to create self-sufficiency in food and export gradually. However, this strategy of agricultural development is not suitably implemented because of lack of skilled labor, a poorly educated work force, lack of domestic capital and inadequate transport and communications. Additionally, access to world markets, goods and services, to speed up national socio-economic development, is limited.

The agricultural sector is the most important factor of the Lao economy, and approximately 60 percents of GDP is agriculture, and 80-85 percent of the population are peasants. Rice is the main crop that is grown during the rainy season, and under usual conditions, rainfall is adequate for rice production. Moreover, rice paddies also yield fish in irrigation ditches in lowland rice fields. Consequently, the government has continued to shift system of the traditional subsistence production toward intensive agricultural and commercial production. Meanwhile, the government has considered abolishing most internal barriers on trade and the liberalization of the agricultural market. The goals of these strategies are to improve conditions of the peasants' living, increase rice production, extend cash crop cultivation and establish basic agricultural infrastructure. Since that time, the role of markets has continued expand continually.

During the 1990s the role of markets in Lao PDR has expanded following the abolition of most internal barriers to trade and the liberalization of agricultural product prices. However, agricultural markets are still segmented within the country because of the deficient transport infrastructure and the resulting high transaction costs. According to the UNDP in Laos (2002), the large place of subsistence farming in agriculture means that the scope for markets and competition in rural areas is

limited (UNDP, 2002). On the one hand, the minority of rural peasants still engage in subsistence agriculture based on natural conditions. On the other hand, they lack of scientific knowledge, lesson, financial capital and modern agricultural instruments in commodity productions.

According to Evans (1995), the majority of the Lao peasantry continued to live and work in a natural economy until the mid-1960s. The main reason for the existence of a natural economy was the poor integration of Laos due to the lack of transportation routes and lack of year-round access along those that existed. The Lao peasants produced little economic surplus and engaged in little commercial activity (Evans, 1995: 37). Similarly, Evans mentions that there is little potential for commercial agriculture in Laos except in specific crops and in specific areas, and even then it will remain debatable whether this is likely to lead to significant social stratification among the peasants (Evans, 1995: xxiv). In rural areas, some year rice is insufficient for domestic consumption. Despite, the government's substitution of subsistence farming through cash cropping cultivation in the agricultural sector, but the scope of market competition is still limited.

To encourage and extend the role of the market system in Lao PDR, the Asian Development Bank (ADB) provided a loan worth 10 million USD to develop small-scale irrigation projects in the country's northern region. This loan has led to the construction of small-scale irrigation projects in four northern provinces to provide water for about 3,300 ha of farmland, rural transport infrastructure, supplying drinking water to the local population, encouraging agricultural production, protecting water resources and the environment, and reducing poverty (Lao government, 2002). Meanwhile, the UN Food and Agriculture Organization (FAO) granted Laos 365,000 USD to develop a farm produce market network in the 2004-06 period (Lao PDR, 08/11/2004). This project assisted Luang Prabang, Savannakhet and Champassak provinces to reduce poverty, expand socio-economic development, encourage the sustainable use of natural forest resources, expand the farm produce market network, improve agro-forestry product quality, stop slash-and-burn farming practices, eliminate opium poppy cultivation and prevent environmental pollution (Lao PDR, 08/11/2004). The major aims of these projects is to establish a model of the market systems both at the national and local level in Laos and to promote income generation

for rural farmers through strengthening the capacity of stakeholders for marketing and sustainable management of natural resources. The project will strengthen capacities in managing natural resources, covering local producers, local resource owners, technical staff from governmental and non-governmental organizations and other concerned stakeholders, including the private sectors.

In 1988, through government policies described by the NEM, the government passed a resolution to reform the agricultural sector. As announced at the Fourth Party Congress in 1986, the principal goal was to reorient the subsistence agriculture economy toward a market economy (Lao PDR, 2001). The abolition of the old agricultural tax as well as the socialist restrictions on marketing helped to create necessary incentives to Lao peasant for commercial agriculture. At the Fifth Party Congress in March 1991, the government reiterated the basic objective of its agricultural policy: a shift from subsistence agriculture production to commodity production through crop diversification and improved linkages to export markets. Although, most of the Lao peasants in rural areas have limited experience in marketing their farm produce and are cautious about participating actively in the market, the subsistence economy pattern is still their first priority.

In Lao PDR, agricultural reform has changed the socio-economic life of farming households in local community comprehensively. The World Bank estimated that in 1990, Lao agricultural production, particularly rice was growing at an increasingly faster rate of 6.2 percent, the number of tractors in use nearly doubled during the decade, from 460 tractors in 1980 to 860 tractors in 1989, while use of fertilizers increased as well, at an average annual rate of 7.2 percent (Lao PDR, 2001). However, the percentage of the fertile farmland for rice cultivation and labor force engaged in rice production has declined gradually, by over 30 percent between 1986 and 1991. Some agricultural scientists feared this trend of diminution of the fertile farmland would threaten sustained self-sufficiency in food in the near future because of Lao peasants still continued to increase the use of agricultural inputs such as chemical fertilizers, new genetic seeds, insecticides which might affect natural resources and the sustainable livelihood of local community. On the one hand, urban areas have extended continually and many farmlands have become living-land. On the other hand, urban expansion received less attention from concerned state authority.

Ban Thin Pheer (Thin Pheer village) is one part of the old Ban Hom administrative spatial unit (*khét phok khong ban hom*), Hadsaifong district, Vientiane, Laos. It is located along the bank of the Mekong River in the Southwest part of Vientiane, about 10 kilometers from town center. Ban Thin Pheer consists of 327 households and 332 families. According to the official chief of the village, approximately 97 percent of the populations are peasants. Most of them engage in wet rice cultivation, corn, tobacco, chilies, cucumbers, long beans, tomatoes, mint and other green vegetables. In the last several decades, the relationship of their agricultural production has been cooperation and helping each another within community with local knowledge and their traditional agricultural equipment.

In the second half of the 1970s, almost all of the households in Ban Thin Pheer were pushed to participate in an agricultural cooperative program to respond to agricultural development policies of the government. In this case, Thorner argues that political power was unable to force the peasants to change the nature of his farming (Thorner, 1966: xxxviii). On contrary, Bouapao mentions that the state development policies and strategies at grassroots level is improvement of livelihoods including good health, education, production, infrastructure involving sufficient water supply and electricity (Bouapao, 2005: 12). However, the process of agricultural commercialized production is not comprehensive extension because of insufficiency of the agricultural market in Vientiane. On the other hand, irrigation system, market and credit institutions in the country are not yet sufficiently developed to support the agrarian household economy. There are some crops merely cultivated to feed agro-industrial companies, especially tobacco, rice, corn, sugarcane and some fruit trees.

By mid 1986, Lao peasants were stimulated to shift from self-sufficient production to commodity production to respond to new agricultural development strategies of the government. The pattern of Laotian social and economic change has been stimulated by the government policies and market force growth slowly. Many developmental researchers and experts noted that Lao people (all ethnic groups, rice growers, technocrats, and entrepreneurs) are being called upon to wake from the “sleepy” state to become global, market-oriented, scientifically-based, and ecologically sustainable, and to be eco-scientific, transnationally rational. Besides, the government also has integrated a market system into their community to create

conditions and a chance for their livelihood development. In the case of a sustainable livelihood adaptation strategy, Thorner stated that land taxes and market mechanism would be able to play a stimulating role in intensifying agricultural production without upsetting the peasant economy from the outside (Thorner, 1966: *lxviii*). At the same time, he denied the “progressive” character of “capitalist” development in peasant economy.

The enlargement of agricultural intensification and diversification has brought serious competition over natural resources. Rigg states that market integration has created conditions for intensive commoditization of production, and a lack of labor, so farmers turned to technological innovations, from barbed wire to machinery, to lower unit costs and increase productivity (Rigg, 2001:12). Nowadays, agricultural situation has changed dramatically such as agricultural diversification, intensive agriculture, and cross-border trade, wage labor. According to my preliminary survey, most villagers have absorbed commercial agriculture, especially cultivation of wet rice, tobacco, long beans, cucumber, mint and other vegetables. At the same time, I observed that they have not satisfied with agrarian livelihood development strategies of the government, especially insecurity of their product prices in present market.

Peasants in Ban Thin Pheer have rapidly changed production method from subsistence agriculture toward more commercial agriculture to follow the government’s policy to encourage cash crop cultivation. Today villagers have enjoyed in engaging cash crop cultivation, access to credits, market, and agricultural technology that help to reduce labor forces and many risks in agricultural practices. However, many experiences of countries on the introduction of a market economy system and new agricultural technology into agrarian society created new conflicts among relatives, peasants and communities including between peasants and state authorities. Anan (1994) states:

Traditional village life is based on communal structures and kinship systems, while land titles stress individual rights, which are tied to legal production and the market economy. He goes on to say that the new system may create conflicts among relatives and among different economic groups, social injustice, and the failure to keep small farms economically viable. (Anan, 1994: 609)

The expansion of the market economy has largely exposed opportunities to peasant in launching cash crop cultivation and developing their better living standards. The extension of a market economy is not only expose good chance to farmers, but also creates opportunity for waged-labor. In contrast, a market economy system has involved change of peasants' traditional social values. Particularly, relationships of labor exchange, solidarity within community and other cooperation of villagers are likely to begin to break down. Moreover, most peasants have been facing with diminishing natural resource base and soil erosion. In this case, farmers do not seem to have a sustainable alternative available. Technical advice and financial support from state services are limited and inefficient. Reduced farmland, overused farmland, rising difficulty to open new farmland, and use of chemical fertilizers have negative impacts on environment, food security and sustainable livelihoods of households.

1.2 Research Problem

Since the government has proclaimed reorientation, Lao PDR has widely related, cooperated and been helped by various countries both East and West including international organizations, regional organizations, international financial institutes, and regional financial institutes especially the World Bank (WB), International Monetary Fund (IMF), and Asian Development Bank (ADB). Most of the cooperation and assistance concerned natural resource conservation, infrastructure development such as construction of roads and irrigation and include agricultural instruments and some technicians. The objectives are to improve local technical skills in agriculture and to completely eradicate opium plantations, and reduce the decline of natural resources. However, all cooperation and assistance have conditions and the Lao government must follow them. If the government does not follow the conditions they would stop support. To follow these conditions, the government of Laos (GoL) has abolished all trade barriers to open opportunity to market mechanism to function freely.

The agricultural market has been extending both in urban and rural areas in Laos. Food productivity soared following market mechanisms, new technologies, mechanization, increased chemical use, specialization and the Government's new

economic mechanism which is favored by international organizations, international financial institutes, and regional financial institutes. This agricultural policy change helps Lao peasants to have income and can increase food production with reduced labor demands. Based on agricultural experts, institutional change and labor-intensive farming involve ensuring self-sufficiency in providing enough food for a rapidly growing population. However, these changes have brought environmental and various socio-economic problems to local community, especially soil degradation, groundwater contamination, the decline of farmland, increasing costs of production, and the disintegration of economic and social conditions including neglects of mutual labor exchange relationships and cooperation within local communities. Peasants have been blamed for soil degradation, and water pollution from chemical fertilizers. In addition, their agricultural activities have also faced serious competition in accordance with increased population and pressure of Vientiane's expansion.

Under the penetration of the contemporary globalization, market force, materialism and consumerism include agricultural development policies of the government, particularly the state policy of cash crop cultivating promotion. Based on above mentioned, Lao peasants have seemed to drive to change their traditional agricultural practice modes from subsistence agriculture toward intensive and diversified agricultural practices such as intensive cash crop and mixed vegetable cultivation. In the case of Ban Thin Pheer, villagers have cultivated mixed vegetables and intensified cultivation; moreover they also have changed traditional seeds and types of crops to new types and depending on yearly demand of the market.

In this context, villagers often have to adapt following the market situation (market mechanism). Many households sold cows and buffaloes to buy small tractors or two-wheel tractors and other agricultural technology, and some peasant households have become in debts to agricultural bank promotions and industrial capitalists. In the same case, Anan indicated in the case of Thailand's financial institutions and agricultural promotion banks that the banks can benefit not only from the interest on the loan policy but also from the profit from sales of tractors, tracks and other commercial transactions in which they have a direct financial interest (Anan, 1989: 106). Today commercial agricultural activities of villagers have become more complicated.

The penetration of the market economy into agrarian life seems to have absorbed commercial agriculture and economic benefits, while cooperation and mutual labor exchange relationship within community is substituted by employment or a cash wage for all kinds of farm work. Traditional harmonious relationships among relatives, neighborhoods and social class groups have gradual been neglected. Samata stated:

Integration of the peasant economy into the market economy system, the first successful farmers, though limited in number, have been material enjoying a more materially comfortable life with more cash, rice, and such properties as terraced fields, cars, motorcycles, and cattle.
(Samata, 2003: 209)

Hayami and Koshihiko indicated in their research, “the Agrarian Origins of Commerce and Industry: A study of Peasant Marketing in Indonesia”, that the penetration of the market economy into peasant life seems to have advanced earlier and more thoroughly in the Third World than in Europe and Japan (Hayami, and Koshihiko, 1993: 2-3, 5-6). In the case of Ban Thin Pheer, most peasants have been intensively cash cropping and use several kinds of insecticide, chemical fertilizers and increase the amount year by year on their farmland to increase products without thinking of the danger to the natural environment, their own living and other surrounding people.

Nowadays, this community has been finding new agricultural options in cultivating rice and other cash crops, which is recommended by state agricultural agents and private company agents. Particularly, agro-industrial companies such as Lao Brewery Co. Limited, Lao Tobacco Company. Nevertheless, the villagers still lack stages in bargaining and negotiating about their product prices with state agencies and private companies. On the contrast, wholesalers and traders have key roles in determining market prices. Most peasants have found instable market price, environmental degradation and unequal access to livelihood resources, and it makes local socio-economic differentiation has wider increased. Based on the problems as mentioned above, Ban Thin Pheer is chosen as research site for my research.

1.3 Research Questions

- (1) How have peasants adapted strategies of the socio-economic livelihoods in regard to the change of the state policy of agricultural commodity producing promotion, agricultural development projects, market force, and consumerism in the present era?
- (2) How have villagers been managing strategies of their livelihoods in relation to the fluctuation of their crop prices, urban expansion, population growth and dramatic agricultural transformation under the market mechanism?
- (3) How and why have villagers transformed from traditional self-sufficient subsistence farming to commercial-based agriculture?

1.4 Research Objectives

- (1) To investigate process of the economical, social, cultural and environmental transitions during 20 years in the Ban Thin Pheer, Hadxaifong district, Vientiane, Lao PDR.
- (2) To review self-sufficient agricultural practices and intensively diversified commercial agriculture under the market force and the state policy of the commodity producing promotion.
- (3) To study the process of the agrarian transformation and to examine possible capacities and alternatives in developing commercial agriculture production.

1.5 Scope of Research

This research focuses livelihood strategies of peasants both in agriculture and non-agriculture fields. Particularly, labor and social relations, land and water use patterns, agricultural practice techniques, and agri-business including commercial bargain. A case study is villagers in Ban Thin Pheer, Hatsaifong district, Vientiane, Lao PDR from 1986 to present.

1.6 Research Methodology

1.6.1 Research Site

Research conducted in Ban Thin Pheer, Hadxaifong district, Vientiane, Lao PDR. This village is located along the bank of the Mekong River in the Southwest

part of Vientiane, about 10 kilometers from the urban center bordering the Mekong River to the West, Thakhek village to the South, Hom Tai to the North and Chiempang to the West. This village consists of 327 households and 332 families with 1,551 residents, and approximately 97 percent of the populations are peasants. Most of these peasants conduct both wet-rice paddy field and vegetable garden for self consumption and market. They have engaged in cultivating rain-fed rice, irrigated rice, corn, tobacco, chilies, cucumbers, long beans, tomatoes, cabbage, eggplant, onion, and other green vegetables depend of market. The principled market is Vientiane town and some different provinces, especially tobacco. The area of paddy field consists of 141 hectares; irrigated field 51 hectares and garden field 81 hectares.

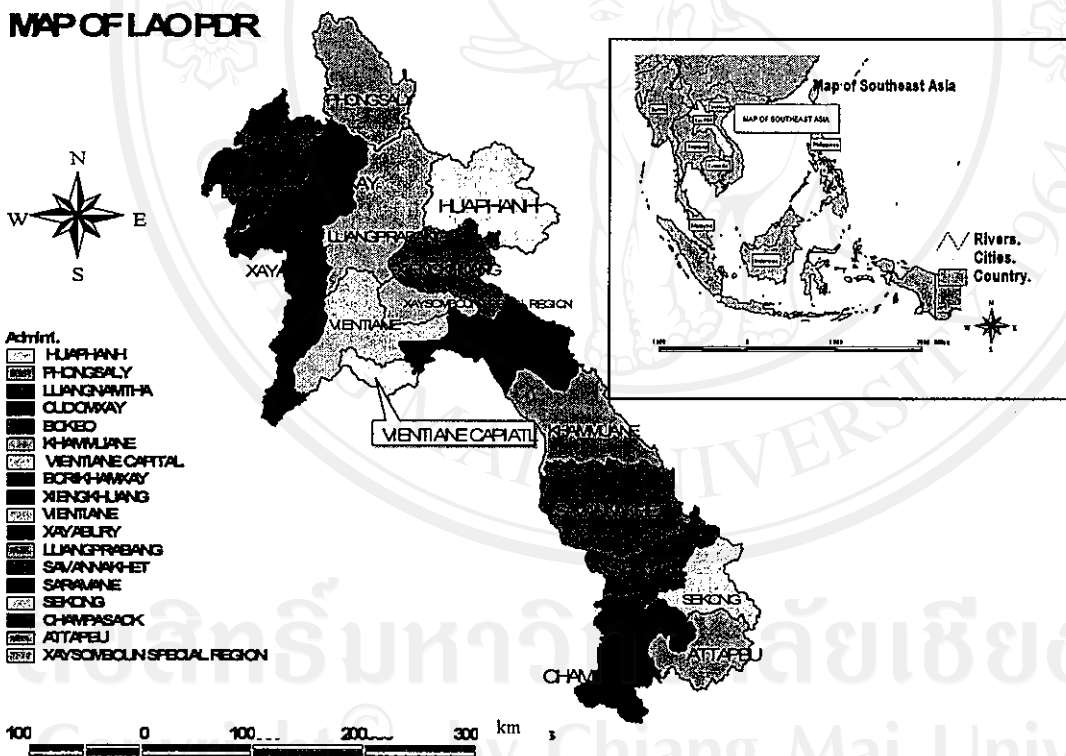


Figure 1.1 Map of Lao PDR

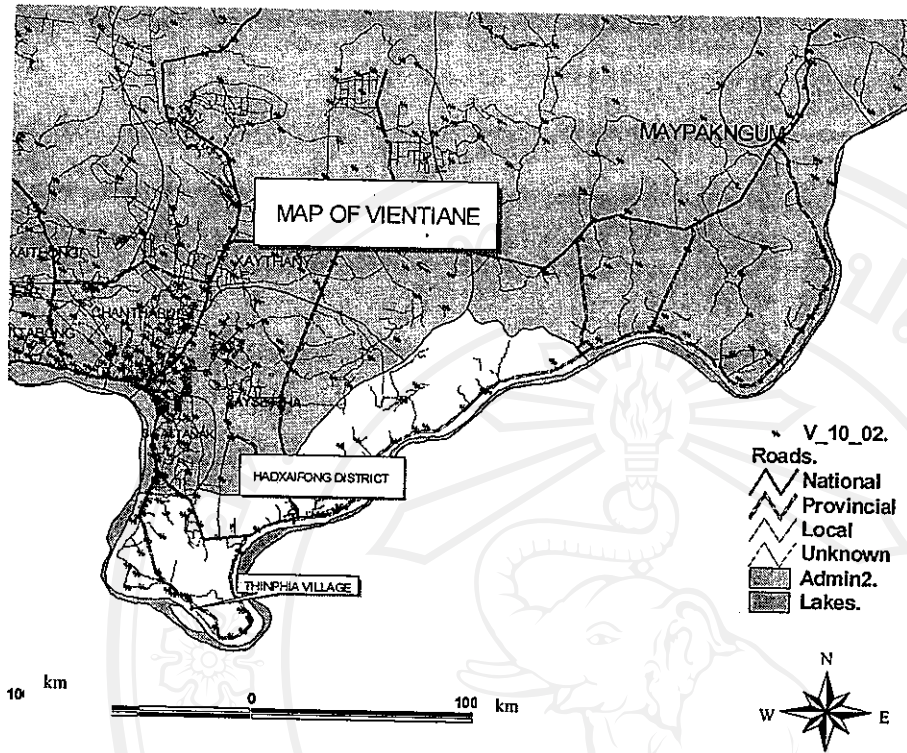


Figure 1.2 Map of Vientiane Capital

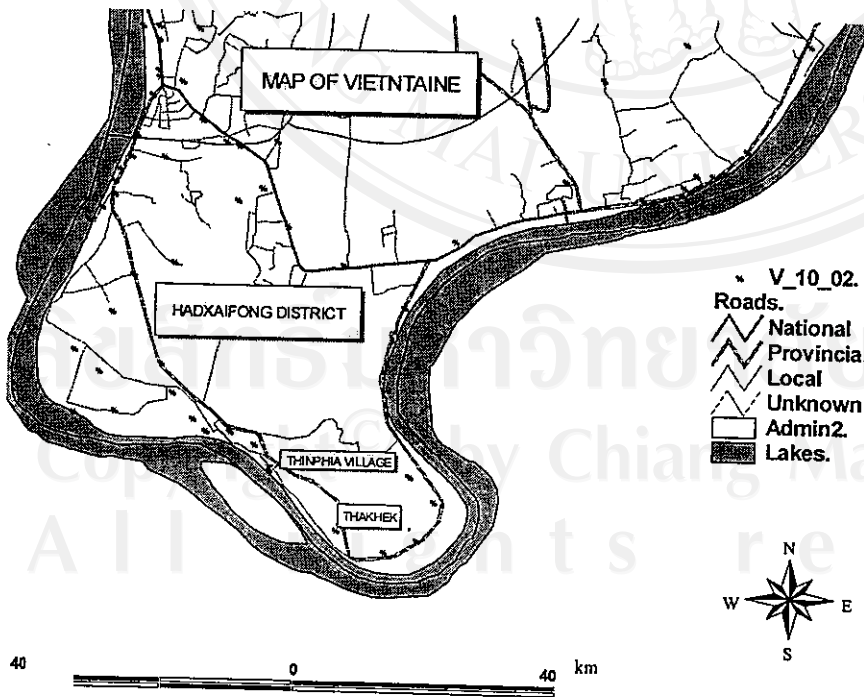


Figure 1.3 Map of Hadxaifong District and Thin Pheer Village

1.6.2 Data Sources and Collection Methods

1.6.2.1 Primary Data

Primary data were collected during four months of fieldwork. This research consisted of village history and agricultural and non-agricultural activities such as cash crop cultivation, land use and land holding, business, trade, labor relations, relationships at the family and community level between village members and outside communities, and religious belief including traditional ceremonial practices. All data mentioned above were collected by participant observation, interview, group discussion, and household survey.

1.6.2.2 Secondary Data

Secondary data included concerned documents from various agencies of the governmental and non-governmental organizations such as the Ministry of Agriculture and Forestry, Provincial Agriculture and Forestry Division (PAFD), District agriculture and Forestry Office (DAFO), the United Nations Development Program (UNDP), Food and Agriculture Organization of the United Nations (FAO) and other related organizations in Laos. Besides, I also collected statistical data about socio-economic and demographic changes.

1.6.2.3 Data Collection Methods

Data collection applied methods as follow:

1) Survey method: I conducted at the farmland and Buddhist temple, survey of the households in village and communities surrounding the village for my data collection. The survey method used structured and unstructured interviews both formal and informal about agricultural, economic, social and cultural transformation by using questionnaires.

My questionnaires covered both farm and non-farm activities such as agricultural practices, land use and land holding, economical, social and labor relationships which included: (a) Agricultural practices: increasing cash crop cultivation, effect of diversified and intensive commercial production, and use of new crop seeds, chemical fertilizers; (b) Land tenure: access to land rights such as land holding with land title deed and other property rights; (c) Social relations:

relationships of mutual labor exchange, developmental participation, the traditional ceremony practices; and (d) Economic activities: commerce, service, employment, capital accumulation, and households' income and expenditure in everyday living.

2) Interview Methods: This research focus used structured interviews, which conducted at Ban Thin Pheer and nearby neighboring communities. The goal of structure aimed on livelihood strategies of the villagers. Interviews are noted and recorded on tape to gain qualitative evidence in the research.

3) Participant Observation: I participated in the everyday life of the villagers for direct observation. Besides, I also investigated using both direct and indirect observation methods to collect detailed data about agrarian change and livelihood strategies.

4) Focus Group: Focus groups included households of the peasants, village head, elders and local community leaders, including traditional and religious spiritual leaders in the Ban Thin Pheer and communities surrounding the village whose have cultivated cash crops. These focus groups are used to supplement household surveys. The research focused historical perspective, various ceremonial practices, internal social structure and political organization. The rationale of the focus group selection is to investigate the impacts of the policy change, market force and the state agricultural development projects on local agrarian community.

5) Life history: Life history was used to gain the qualitative evidences. Some households or people who know economical and social history and conditions of the village are interviewed to investigate the process of the peasants' livelihood changes. Particularly, agricultural activities, trade, land tenure, pattern of land use, social relations including the traditional ceremonies and every day practices.

1.6.2.4 Criteria for choosing households

For survey research, I used the Bounxom's formula (1992) in determining the size of the sampled households for interview as follow: If have population at 100 level used sample group about 15-30%. According to Bounxom's formula, I have a sample group about 99 households from 327 households. This interview used random method. Peasants, gardeners, retailers, wage laborers, and the eldest groups are target groups that are interviewed.

1.6.2.5 Data Analysis

All primary data collected from household survey, participant observation, in-depth interviews, focus groups, and collection of history of socio-economic life; and also secondary are analyzed. For the primary data were collected through note taking and recording with a handy drive recorder. I analyzed the data first hand while I was staying in the research site to gain deep information. For the quantitative data that were collected from questionnaire I tabulated and analyzed by the SPSS program. Qualitative and quantitative data analysis were based on the research questions and objectives. Moreover, I also used both theories and concepts to analyze and understand the problems and phenomena that happen in the research site.

1.7 Thesis Organization

This thesis is divided into six chapters. Chapter I reviewed background and rationale of the research, the importance of the research problems, the objectives and methodologies of the research, including thesis organization.

Chapter II establishes the theoretical debates and reviews critical literature that is concerned with agrarian change, sustainable development theories and concepts, and the experience and lesson of market-oriented economy. Additionally, this chapter also reviews agricultural development and sustainable livelihood strategy.

Chapter III reviews and analyzes the government policy of the market-oriented economy (New Economic Mechanism) from 1986 to present. This chapter also examines the policy of promoting commodity agricultural production and basic infrastructure development, including strategies for self-sufficiency in food and exports.

Chapter IV examines history of the village, the policy implementation of the market-oriented economy and commodity agricultural production in Ban Thin Pheer. This chapter analyzes the situation of local agrarian and contextual changes. Furthermore, this chapter also analyzes the patterns of local peasants' agricultural practices, land holdings and uses and labor relations under the condition of market economy.

Chapter V analyzes the effects of the integration of a market economy system and the policy of promoting commodity agricultural production on local peasant subsistence livelihoods. This chapter analyzes why unequal accesses to basic livelihood resources have occurred. In addition, this chapter also analyzes local livelihood adaptive strategies and socio-economic differentiation in their community.

Chapter VI is the final chapter, which presents the main findings of this study, theoretical discussion, and the conclusion of farmers' compromised and short-term coping livelihood strategy. Finally, this chapter also attempts to create a better understanding of issues and gives some recommendations for policy makers, and developmental planners and practitioners, and other state authorities. Additionally, this chapter also gives some suggestions for students and researchers who are interested in this research site.