

CHAPTER II

LITERATURE REVIEW AND THEORETICAL DEBATES

This research focuses on sustainable livelihood strategies of peasants in a suburban area of Vientiane under the government renovation policy, the market economy, globalization, modernization and consumerism. It also examines the NEM and the policy of cash cropping promotion, including agricultural development projects of the government. This research reviewed various literature and theoretical debates that directly relate to the peasant sustainable livelihood strategies in order to build a theoretical framework for this study.

This research used four main concepts to analyze various problems and appearances that derive from the government policy of commodity agricultural productions, market economy and development. In addition, this study formulated a conceptual framework to show agrarian change processes and the peasantry sustainable livelihood strategy for this study as well.

2.1 The Peasant Moral Economy as Subsistence Economy

Moral Economy is the traditional economic system of the peasant society based on natural conditions. Dynamics of economic life are self-sufficient agriculture characteristics referred to as subsistence economy or an agrarian household economy. Scott indicates in his *Moral Economy of the Peasant* that moral principles seem firmly embedded in both the social patterns and injunctions of peasant life: the norm of reciprocity and the rights to subsistence (Scott, 1976: 167). He goes on to state that reciprocity serves as a central moral formula for interpersonal conduct. The rights to subsistence, in effect, define the minimal needs that must be met for members of the community within the context of reciprocity. According to Thompson, moral economy is a specific manifestation of the class struggle within capitalist development, capable of taking different forms in different settings (Thompson 1991: 340). Similarly, Davies and Flett (2002) states that moral economy may provide underpinnings to a socialist critique of capitalism, for example, but may equally be

harnessed to demands for a capitalist economy modified by a stronger 'public service' element. On the other hand, Randall and Charlesworth (2000) state that the 'moral economy' is the powerful emerging official doctrine of 'political economy' that takes on its meaning in 'dialectic tension' with market economy (Randall and Charlesworth cited in Thompson, 1991: 15). Scott noted that among peasants the ethos that promoted mutual assistance was partly inspired by a rejection of the market economy, if consider the circumstances and the rigors of commercial agriculture (Scott cited in Popkin, 1979: 9). Following the above approach, a moral economy is a system of socio-economic equality among various class groups in human society.

The models of the peasant economy are a subsistence economy at the household-level, and a relationship of labor exchange and mutual cooperation within their communities. Each household usually keeps some domestic animals, cultivates rice and other green vegetables on farmland. Most of their agricultural activities rely on the annual monsoon rains. Rice is the main crop grown during the rainy season, and under usual conditions, rainfall is adequate for rice production. If rain ceases to fall for several weeks to a month at a critical time in the rice growing cycle, yields will be significantly affected. Rigg (2001) defines that customary agrarian society from the perspectives of moral economists is enduring and the image that it evokes has become emblematic of the essential characteristics of rural life and society. While, Anan argues that traditional villager's life is based on communal structures and kinship systems (Anan, 1994: 609). In the case of Laos, most agrarian households engaged and followed moral rules closely and their agricultural practices are still the character of subsistence agriculture. Popkin similarly states that peasants are continuously striving, not merely to protect, but to raise their subsistence level through long-and short-term investments, both public and private (Popkin, 1979:4). However, integration of agrarian society into a market economy system has generated largely socio-economic transformation in local peasant community, because they can access material markets, labor markets, credit, and capital sources. At the same time, a market system has generated increasing income and better people's quality of life.

It is difficult to expect livelihood change when introducing the principle of market liberalization to agrarian society. In this case, Anan (1989) mentions that many poor villagers have limited access to credit, while landlords try to increase rent

on other cash crops. In this same case, he also indicates that “more landless villagers are being forced into the ranks of wage earners (*khon hap chang*) who are no longer able to maintain themselves as tenants, which has led to increased inequalities of income and unequal access to means of production (especially in favored regions where capitalist development in agriculture is more advanced), access to employment, and indeed access to virtually all social benefits, including health and education.” On the other hand, Thorner explains that the peasant economy could attain socialism without going through forced collectivization and that the creation of large production cooperatives had no future except in certain regions where an extensive mechanized agriculture was possible (Thorner, 1966: lxxi).

In terms of moral economy, the majority of the peasants engages in subsistence economy and creates a general food security level by distributing resources equally among all peasants in their community. In the same case, Anan indicated the case of “*the Northern Thai Land Tenure system*” (1994) that agricultural change had not created problems of land security, because most villagers still engaged in subsistence farming rather than commercial production and relied on consensus among themselves to resolve disputes. Besides this, he also maintains that peasants exchanged of labor in their paddy cultivation and tried to avoid conflicts that would threaten their livelihood (Anan, 1994: 616). In this way, Scott indicated that sharing resources within communal organizations and reliance on ties with powerful patrons were recurrent ways in which peasants strive to reduce risks and to improve their stability, and both were condoned and frequently supported by the state power (Scott, 1976:6). This shows that peasants have rational mediation in conserving close mutual relations of kinship and their access to natural resources.

During the colonial era, imperialism brought a market system into use in economic and social management particularly the agricultural sector. The goal was to seek out economic benefits or commercialized profits; colonialism has used all strategies to interfere the colonial countries by mainly focusing on social and natural resources. Peasantry found increased risks in their livelihood strategy activities because of the change of agricultural tax, land rents, interest and so on. In this case, Scott (1976) mentions that taxes, rents and interest having to be paid in cash exposed the peasants to market volatility. At the same time, colonialism also consolidated the

power of the landlord class to increase agricultural commercialization. Population growth had increased the supply of cheap labor for commercial profit exploitation. In this case, Popkin predicts that with unequal land distribution, there will be substantial conflicts of interest among all peasants, and lords will take advantage of these conflicts to increase their own profits (Popkin, 1979: 77). Scott indicates that the commercialization of the agrarian economy is steadily stripping away most of the traditional forms of social insurance. Colonial regimes were likely to press even harder in a slump so as to maintain their own revenues (Scott, 1976: 10).

2.2 Market Economy Inducing Social Inequalities

Market economy is one system of social relations. For Calhoun (2002) market economy is a system of exchange based on private ownership of the means of production and on the laws of supply and demand (Calhoun, 2002:293). A market economy is the key of the strategy of socio-economic development promotion and poverty alleviation in the rural areas. According to Rigg (2005), a market economy provides new revenues and opportunities for households to work their way out of poverty and into wealth, but at the same time there is a risk that an investment will fail (Rigg, 2005: 165).

Based on many scholars, a market economy has self-regulation and a mechanism of controlling the process of goods and services production in both social and economic fields. The fluctuations of market price depend on the laws of demand and supply. However, in practice, a market economy has complexity within itself. Despite this, it has a self-mechanism of solving various issues but it cannot do that. So that, state planned mechanisms have played key roles in solving problems where market mechanism can't be fully conducted. Therefore, some governments of country intervene to help a market mechanism function efficiently.

Adam Smith (1776) argued that how an economy based on a system of markets could promote economic efficiency and individual freedom, regardless of whether people were particularly industrious or lazy. Simultaneously, if people are naturally good and kind, a market economy offers them a great deal of economic freedom to carry out their good deeds, backed up by an efficient system of production, which generates more material goods and services for them to use in doing those good

works. Similarly, Popkin notes that there are often better opportunities for peasants in markets than under lords, and markets can reduce the bargaining power of the lords (Popkin, 1979: 80). However, individual freedom in the market economy may create conflicts among relatives and among different economic groups, and social injustice, including environmental problems, because everyone in the market system mainly focuses on economic benefits rather than social benefits and does anything for their commercial profits.

Integration of the market economy system into development of agricultural productions may lead economic growth, but at the same time it may lead social inequalities in rural areas. Rigg mentions that economic expansion has generally been accompanied by rising level of inequality (Rigg, 2005: 83). In the case of Lao PDR, Rigg states that since the NEM was introduced, the expansion of Lao economy has been a deepening of social inequalities (Rigg, 2005: 83).

Similarly, White indicates the case of agrarian 'differentiation' that as the term implies, is a dynamic process involving the emergence or sharpening of 'differences' within the rural populations. At the same time, she mentions that increasing income inequalities is not about whether some peasants became richer than others but about the changing kinds of relations between peasants and non-peasants (White, 1989: 19-20). Following these ideas, a market economy has created new norms or conditions for social relations. This case indicates that market forces may not only operate functions at all levels in real society.

Nevertheless, market system offers opportunities either to assist or expand, diversify and manage public sector economy, including public goods. According to Calhoun, a market economy exists at the intersection of the private and public sectors, and governments typically engage in a wide variety of regulatory activities: (1) to control market externalities such as pollution; (2) to direct market activity in view of social or political objectives; (3) to maintain the principles of fair competition; and (4) to manage economic growth in the face of business cycles, supply shocks, and other forms of instability. Government action also extends to the provision and administration of public goods, such as security, health care, education, and infrastructure (Calhoun, 2002: 293). Based on many researchers, the market economy should be encouraged from state power in practice truly but acknowledge that in

special cases, state intervention is necessary in order to reduce undesired results (economic monopoly). Furthermore, market economy still has offered greater opportunities for economic growth, technological progress, and societal justices.

In a market system, people enjoy greater access to the material goods and services at the same time they are stimulated to work harder to achieve a better standard of life. Smith (1776) indicated that anyone in a market economy has faced strong economic incentives to work harder, spend carefully, save and invest. Similarly, he points out that the most successful businesses have to produce products of value, sell them at market prices, pay their employees market wages, and treat their customers courteously even if that isn't their natural way of doing things (Smith, 1776). On the other hand, market systems stimulate everyone to have active work in the goods service and products to better ways of living. Moreover, it has also pointed socio-economic problems and wrongs that happened. In many ways, Smith described the feature of market economies, people are led "by an invisible hand" to work and behave in ways that use resources efficiently, in terms of producing things that other people want and are willing to pay for, even though that may have been "no part of their original intentions." However, he said that market-oriented economy 'made the rural sector weak because its resources have been exploited to promote growth in the trade and export sectors' (Smith, 1776 cited in Rigg, 2001). Accordingly, applying market mechanism in socio-economic management gives support and opportunity to producers to increasingly and freely use natural resources.

In a market economy, agricultural products are bought and sold and the villagers have turned to intensive cash crop production. As the market economy expands and rural farmers find opportunities for cash crop production, village labor exchange relationships and other forms of cooperation are likely to begin to break down. Popkin mentions that market crops may offer a larger expected income than subsistence crops, but market and cash crops are assumed to increase the probability of a drop below the danger line (Popkin, 1979: 9). While, He Jun states that since market liberalization introduced market-orientated development and increased concerns about environment issues, agricultural products have begun to play an important role in local livelihoods, export, and regional economic and environment

development along with the tendency for commercialization and globalization (He Jun, 2002:11).

According to many experiences of countries, market systems have helped to ameliorate poverty, boost income and update standard of peasant living. Commodity productions and other services are left to more private sectors, but at the same time there are some peasants became in debt and engaged in waged labor in the agricultural sector. In this case, Dao The Tuan (1997) mentions that government policies should promote transforming the process into new forms of service co-operatives, which do not have capital in conducting agricultural production.

In Lao PDR, institutional change, privatization and price liberalization, most peasants cannot obtain more credit or benefits from the banks as most of them are indebted and it is difficult to be involved in all forms of service to agrarian households because they often focus mainly on procurement. In this case, the government should develop credit institutions to create facilities to peasants in agricultural investment for export. At the same time, the government has to coordinate agriculture and industrial development to ensure balanced growth among sectors in order to ensure sustainable development in the all society. On the other hand, the food processing industry should be promoted to develop linkages between agricultural sector and industrial sector. Besides this, the government has to seek agricultural market in both internal and different countries for respond their agricultural products in just prices.

In case of the Philippines, the government has used price controls and import policies to transfer wealth from rice producers to consumers and the urban classes. In addition, the state must invest in infrastructure, work out appropriate policies and legal frameworks for the development of markets, and should finance rural development projects, especially in marginal areas (Dao The Tuan, 1997: 168). According to Dao The Tuan (1997), there is a need to redefine the role of the state, to create more efficient market mechanisms and structures, and support the formation of farmer's associations of a new type in order to promote and assure rural development. In this reason, he suggested that mechanisms of state power should to have strongly encouraged commercial production by developing infrastructure, credit policy, and provides agricultural market both domestically and abroad.

In many parts of the world, the state is far from achieving a monopoly on the internal use of physical coercion. According to the historical experience of many countries, state relations excluded individual rights in economic and societal activities. In this case, Anan indicates that:

Power relations reflect some kinds of social inequality that may exclude a community's rights over access to natural resources, which are clearly evident in the unequal and conflicting access to resources between different social groups, especially when the marginal groups are excluded while the powerful groups enjoy most of the benefits from the resources (Anan, 2003: 207-209).

The market situation shifted favorably for the agriculture field. In Russia, an internal market for agricultural produce was formed, thanks to the development of industry; market relations and the commodity nature of peasant farming rapidly developed; trading capitalism grew rapidly; the cooperative movement grew without restraint; all bodies assisting agriculture and, in particular, groups offering agricultural advice to the population continually increased (Scott, 1976). However, there are many studies point that market economy system has generated rapidly economical, societal, cultural and environmental changes.

The context of the rapidly emerging market economy and privatization of agricultural services provide income generating opportunities in the countryside which would alleviate the negative impact of landlessness. Agricultural change means that the life and farming in the community has become more "commercial," and less "self-sufficient." In this case, Spoor states that changing forms of marketed integration at micro-levels have indicated that peasant farmers have responded to the radically changing market conditions (Spoor, 1997: 29). In the case of India, the expansion of export agriculture did not lead to a direct transformation of Alto Tuis peasants into waged laborers, but a small coffee-growing peasantry did emerge (Nygren, 2003). Nevertheless, their subsistence economy has been changing very rapidly in the process of agricultural privatization.

In the case of changing labor relations and mechanisms of access to resources in a rice-growing area of Northern Thailand, Anan said that the introduction of triple-cropping and capital-intensive commercial production has made a few larger

landowners become capitalist farmers and for others, through loss of land and eviction from tenancies, to become entirely dependent on wage labor, complex varieties of tie-labor arrangements have emerged (Anan, 1989: 98). Mobilization of tenants and landless villagers in Chiang Mai province and nationally in the mid-1970s on issues of land and land rent, as well as more recent local struggles over wages. In this case, Anan contends that struggles of poorer peasants and landless laborers are to secure the conditions of their subsistence and livelihoods (Anan, 1989: 99). Even though many peasants turned more to accepting daily cash wages, most felt a lack of bargaining power, especially during the harvest of main season rice, when there are few other labor options (Anan, 1989: 117). Some peasants require cash income to buy basic needs such as clothes and medicines. In this same case, Hart illustrated how local-level mechanisms of extraction and accumulation have an important political dimension that both reflects and alters the larger configuration of political-economic forces. On the other hand, she mentioned that the structure of the national economy and international economic force are also essential to understanding the state's agrarian strategy and its contradictory consequences for rural differentiation (Hart, 1989: 32). The process of increasing class differentiation in a continuous spectrum ranging from landless laborers to non-cultivating landlords, while the social mode of traditional communities is maintained (White, 1989:24). However, this class differentiation might have widened and generated the socio-cultural disintegration in community.

The main constraint of the commercial production is that most peasants are unable to access information on prices, demand and supply which leads to inadequate economic benefits for local producers, who sell products at unreasonably low prices and at unsustainable harvesting rates in order to gain short-term profits. In addition, local producers miss opportunities to produce and sell the most promising and profitable commodities. Moreover, the main constraint for commercial farmers is the lack of markets. Credit and market institutions are not yet sufficiently developed to support the now predominant household economy. On the other hand, the diversification of agriculture and the development of non-agricultural activities are limited by the lack of market outlets and the low purchasing power of peasants (Tuan,

1997). Most peasants still have low educational levels, lack of experience and modern agricultural technologies.

2.3 Sustainable Development as New Options for Agricultural Development

The phrase 'sustainable development' initially appeared in the 1980s. According to Grainger, sustainable development was initially proposed by the International Union for the Conservation of Nature (IUCN) in 1980 as a compromise between development and conservation, two goals that were previously regarded as incompatible (Grainger, 2004: 11). Presently, this word has been widely distributed and accepted in the academic stages particularly development planners. According to the World Conservation Strategy (IUCN, 1980) and Caring for the Earth (IUCN), sustainable development became the dominant *leitmotif* of the discourse of development planners, commentators and bureaucrats. On the other hand, Purvis and Grainger mention that the concept of sustainable development is largely the creation of international elite of politicians, academics, planners and environmentalists (Purvis and Grainger, 2004: 313). The 1980s widely considered the decade of 'sustainable development', sustainable development has become a catch phrases of the 1990s. On the other hand, sustainable development is 'poised' to become the development paradigm of the 1990s (Adams, 1993: 207). In this sense, the concept of sustainable development is a new dimension of development process for the 21st century. Adams indicates that retrospective discussions of sustainable development theory in the 1980s will inevitably fasten upon the phrase 'sustainable development' and the emphasis placed upon environmental issues in development planning (Adams, 1996:207). According to Repetto, sustainable development is a development strategy that manages all assets, natural resources, and human resources, as well as financial and physical assets, for increasing long-term wealth and well-being (Repetto, 1986 cited in Pearce, 1990:4). Sustainable development seems to directly relate to economic growth, social equality and justices, and ecological balances.

By 1987, the concept of 'sustainable development' was brought to the World Commission on Environment and Development (WCED), and appointed by the U.N. General Assembly which was headed by the Prime Minister of Norway, Gro Harlem Brundtland, reported in *Our Common Future*. It defined the concept simply as a form

of development or progress that “meets the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987: 43). According to Grainger, sustainable development contains two key concepts: the concept of ‘needs’, particularly the essential needs of the world’s poor that should be given and the idea of limitation imposed by the state of technology and social organization on the environment’s ability to meet present and future needs (Grainger, 2004: 6). Since then, it has become largely accepted by technocrats and politicians both Third World and First World Countries including Non-Governmental Organizations (NGO).

In *Our Common Future*, sustainable development is based on two concepts: The first is the concept of basic needs and the corollary of the primacy of development action for the poor. The second involves the idea of environmental limits. The World Conservation Strategy (IUCN, 1980) emphasizes ‘the maintenance of essential ecological processes and life support systems, the preservation of genetic diversity, and the sustainable utilization of species and ecosystem’, with the overall aim of achieving ‘sustainable’ development through the conservation of living resources. Following the above sense, Grainger states that sustainable development is the relationship between the scale of the human economy and the scale of the biosphere, or ‘natural economy’. If the scale of the human economy grows too large in relation to that of the biosphere, then it will threaten not only its own sustainability but that of the biosphere too” (Grainger, 2004:16). In this sense, sustainable development has new dimension of strategy of managing socio-economic development and natural resources.

Mainstream thinking sees sustainable development as something that takes place without threatening economic growth. At the same time, mainstream thinking on sustainable development has tried to indicate the new ideas for development. It has concentrated both on economic growth and conservation of environment, which differ from patterns of capitalist development that emphasizes only economic growth. This indicates that mainstream thinking about sustainable development not only challenge the paradigm of capitalist growth, but also has remarked to resist to eco-centrist or bio-centrist elements within environmentalism (Adams, 1993: 213). However, mainstream thinking lacks a clear framework in analyzing social and economic

phenomenon. In this case, Grainger mentions that sustainable development is contradictory conflicts in meanings among different governments and NGOs around the world. It is a perspective of developed countries and it is primarily ideas about conserving the environment, while as viewed from the developing world, it means the development with the aim of reducing poverty and attaining the status of modern societies (Grainger, 2004:1). Leaky argues that many industrial countries enjoy low-cost food and produce for export, and farmers there make a decent living, at least compared with most farmers in developing countries (Leaky, 1995: 137). Though increasing capacity of agricultural production in some developing countries, but they have faced environmental pressures and decline of natural resources. Agricultural land expansion led to serious forestry resource degradation. In the case of Thailand in early 1970s, expansion of agriculture was mainly through clearing forests to create new farmland; not through major increases in productivity and led to serious land pressures. Meanwhile agricultural land is increasingly overexploited and degraded. Many agricultural scientists find inappropriate land use and land quality problems widespread in Thailand (Ministry of Science, Technology and Environment, Thailand, (nd): 68-70).

Over the past decade, many countries have attempted to produce vegetables and fruit for both the domestic and export markets. In the case of India, the government issued the policy of promoting the green revolution, the high-yielding varieties of hybrid seed. But because it concentrated on areas already well endowed with water resources and low person-to-land ratios, the green revolution further exacerbated inter-regional inequalities because larger farmers were better positioned to take advantage of the new technology (Gupta, 2000: 62). In the case of the United States, farmers have controlled soil loss by terracing and watershed management and by increasing yields on good land, so as to reduce the need to plough up marginal, fragile land. Many factors contributed to the rise in yield registered in these countries, such as fertilizers, herbicides, pesticides, mechanization, better crop varieties, and improved water management and soil conservation. Air and water quality come under pressure from such activities as fertilizer and pesticide use, urban sewage, fossil fuel burning, the use of certain chemicals, and various other industrial activities (WCED, 1987: 59). Redclift suggests that the lessons of ecology can, and should, be applied to

economic processes. It encompasses the ideas in the World Conservation Strategy, providing an environmental rationale through which the claims of development to improve the quality of (all) life can be challenged and tested (Redclift, 1987: 33).

However, sustainable development stands at the center of a global economic, technological, social, political, and cultural transformation that is redefining the boundaries of what is possible and what is desirable (Einstein, 1995: 82), which declared the strategy of world conservation that; (1) states shall maintain ecosystems and ecological processes essential for the functioning of the biosphere, shall preserve biological diversity, and shall observe the principle of optimum sustainable yield in the use of living natural resources and ecosystems; and (2) states shall ensure that conservation is treated an integral part of the planning and implementation of development activity and to grant them equal access and due process in administrative and judicial proceedings (Grainger, 1987:348).

2.4 Agricultural Diversification and Challenges to Sustainable Livelihoods

In developmental strategy, safeguarding national food security and improving the quality of life of people who depend on farming for a living are necessary factors. Therefore, governments should promote and support peasants as a special case in managing sustainable agricultural development. Dao The Tuan (1997) indicates a case of agricultural policies in Vietnam that the government should support the dynamism of peasant household economies, stimulating them towards a transformation from home-consumption to promotion for the market by diversifying the production, creating more non-farm employment and raising their income; and there are many peasants engage in cash crop cultivation (Dao The Tuan, 1997: 156). However, Anan notes that participation implied with some forms of integration of rural villagers into the market they were more likely to face negative consequences (Anan, 2003: 210).

According to Ministry of Science, Technology and Environment, Thailand (nd: 71), almost all agriculture is for commercial production. But there remain villages in several parts of the country that practice semi-subsistence agriculture, especially in the Northeast and parts of the North. Diversified agriculture is now given priority to extensive mono-cropping of cash crops. Besides this, Thai government also

strongly supports farmers' institutions, especially agricultural cooperative and farmer groups in accordance with marketing support. This activities show that state power mechanism is a significant key in developing economy of peasant households.

Many peasants depend on chemical fertilizers and genetically modified seeds for their agricultural practices. In this case, Rigg (2001) indicates 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 low unit costs and rise productivity (Rigg, 2001:12). While, Anan (1989) indicates a case of a northern Thai village detailing the transformation of agrarian labor arrangements following the state's clamping down on peasant rebellions of the mid-1970 and the intensification of commercial rice production. Low returns and high risk in rice agriculture encouraged peasants to invest in ways of diversifying household income sources, including investment in the education of children. On the other hand, the suppression of antagonisms between rich and poor within rural society reinforces the state need to exercise direct control. Consequently, the men and younger women from poor rural households have been migrating on a temporary basis to industrial and construction job in urban areas, leaving older women in charge of farming.

Scott (1976) noted that the particular character of the economic life of the peasant is derived from the fact that the peasant family is both a unit of consumption and a unit of production. This sense indicates that peasant household economy is a subsistence economy system. Almost all peasants grow diversified crops to maintain soil productivity and to avoid marginal cultivation or to reduce marketing risks. The introduction of the new technology and sufficient marketing supports has led more new crops and improved breeds use in agrarian communities, while local traditional crops were neglected. There are some peasants' that have had an opportunity to access to modern technology and benefits in market system, more particularly capitalist farmers. According to Anan, while the rich is supported by state policies and institutions, the poorer struggles and resists securing their subsistence livelihoods (Anan, 1989:98-99). Following this approach, state policies should encourage a transition process from old production into new forms of production and services in the economic system. Many other services are left to the private sector. Movement to

promote cash cropping as a substitute for subsistence cultivation and it seems to encourage more use of chemical fertilizer and insecticides as well as water.

In lowland Southeast Asia, Scott (1976) noted that introduction of capitalist forms of land ownership, coupled with population growth, and fostered the development of a large class of tenants and sharecroppers whose livelihood was contingent on their arrangements with landowner. Village sharing and casual wage labor were not important for members of this class, but their subsistence security or insecurity derived largely from the system of land tenure under which they cultivated. However, Moerman argues that now the market will take all that can be produced. Increasing population and expanded demand would have caused even greater changes in plow agriculture had not fresh lands been opened by the tractor (Moerman, 1968: 61).

Naturally, dynamics of agrarian livelihood strategies are complex. The income, skills, and services of all members of a family are involved in an effort to pursue subsistence for the whole family and reduce the risks associated with livelihood failure. On the one hand, the dynamics of livelihood strategies in each family depend on several factors, both internally and externally. On the other hand, dynamics of livelihood strategy are embedded in any system, thus any change in one factor will lead to changes in the others. However, dynamics of livelihood strategies have several levels, and different types of assets, which are very important for sustainable livelihoods. In the case of sustainable rural livelihoods, Scoones (1998) mentions that livelihood resources include four types of capital: (1) natural capital—this includes natural resource stocks (soil, water, air genetic, genetic resources, etc.) and environmental services (the hydrological cycle, pollution sinks etc) from which resource flows and services useful for livelihoods are derived; (2) economic or financial - the capital base (cash, credit/debt, savings, and other economic assets including basic infrastructure and production equipment and technologies) which is essential for the pursuit of any livelihood strategy; (3) human capital—the skills, knowledge, ability to labor, good health and physical capability important for the successful pursuit of different livelihood strategy; and (4) social capital—the social resources (networks, social claims, social relations, affiliations associations) upon

which people draw when pursuing different livelihood strategies requiring coordinated actions.

According to Anan (1989), a large number of households faced a crisis of subsistence and they became increasingly involved in peasant conflicts and in the mobilization and organization of peasants. Later, peasants were able to develop their own leadership. Finally, an organization of peasants was established called the Peasant Federation of Thailand (*sahaphan chao rai chao na haeng phathet thai*), and then Thai government concentrated on the transfer of more capital and technology into rural areas. In this way, he mentions that this organization might have alleviated problems of tenancy and landlessness (Anan, 1989). Currently, a majority of peasants have increasingly overused of farmland, insecticides and chemical fertilizers in the process of commercial farming. Samata (2003) said that agricultural production system has become more complicated; agricultural choice and decisions made cannot simply be classified as choices between subsistence farming and cash cropping.

2.5 Conceptual Framework

Based on the above literature and theoretical debates, I formulated a theoretical framework for my investigation to explain local people's sustainable livelihood strategy while the Lao government has been conducting economic, social and political reorientation.

Firstly, this framework is used to explore the causes of agrarian change and their livelihood strategy through implementation of new economic mechanisms and agricultural reform policy of the government that has emphasized agricultural commodity production.

Secondly, agricultural development policy and market economy have stimulated diversified and intensive agricultural practice in agrarian community, which involve using new agricultural technology such as pesticides, chemical fertilizers and so on. In the long term, it might generate environmental degradation.

Thirdly, the global context has stimulated the state to have to readapt socio-economic development strategy to bring the living standard up to date. Moreover, globalization, modernization, and consumerism also create new values into agrarian society such as communication technologies, motorcycles, cars, and music and so on.

According to my preliminary investigation it seems all aforementioned factors that lead to socio-economic and environmental change in agrarian society. Consequently, this research aim mainly on villagers' sustainable livelihood strategies and their capacity in adapting to the context of modernization as diagram below:

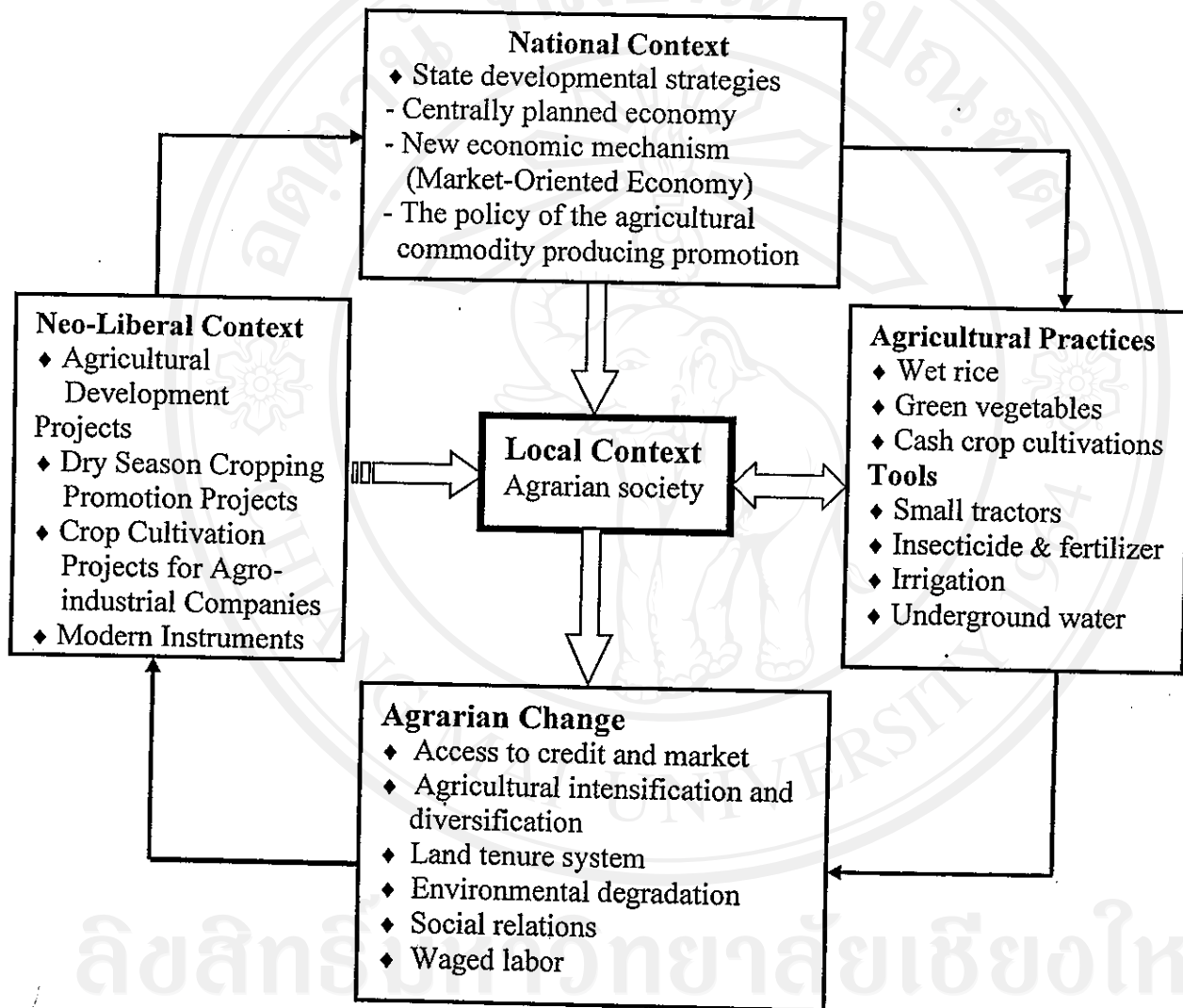
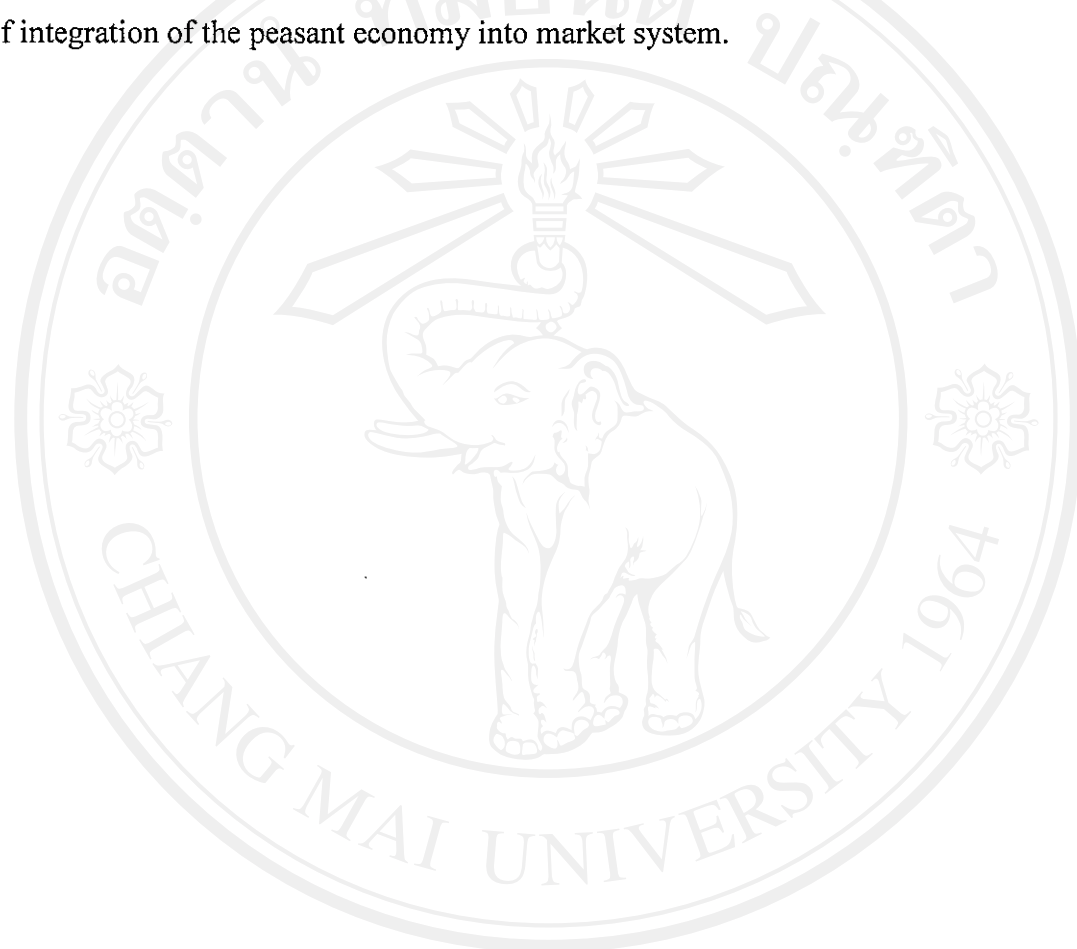


Figure 2.1 Diagram of Agrarian Change amidst the Context of Development

2.6 Summary

This chapter reviewed literature that concerns to peasant moral economy, market economy, cash crop cultivation and agrarian changes, including peasantry sustainable livelihood strategies. This review discussed relevant theories and the

concepts in analyzing the process of agrarian transformation and local adaptive livelihood strategies. The literature review and theoretical discussion are important for this research to understand the government's strategy in driving traditional agricultural practices to commercial agricultural production. In addition, the concept of sustainable development and livelihood strategies are discussed to understand the effects of integration of the peasant economy into market system.



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