

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

This study examined how the government policies of transformation from centrally planned economy into a market-oriented economy or new economic mechanism, particularly the policy of orientation from traditional subsistence agriculture production toward intensive agriculture and commodity production in suburban Vientiane, Lao PDR. This policy has led to the transformation of local livelihoods, land use patterns, and economic and social relations as well. This study also analyzes unintended consequences of these policies and investigates the strategies of local people's adaptation to respond to these policies and to maintain their sustainable livelihoods.

This study focused on the implementation of the policy of traditional subsistence agriculture production toward intensive agriculture and commodity production in Ban Thin Pheer and change of villagers' livelihoods. This study is to understand the effect of these policies on local people and also to understand the strategies of villagers' cope with problems that occur in their community.

This final chapter presents and summarizes the major findings from this study to answer the research questions. Also, this chapter discusses these findings with the previous theories, concepts and studies that concerned to sustainable livelihood strategies. Furthermore, this chapter also presents some recommendations that deciphered from this study for policy makers and other concerned state authorities. Finally, this chapter indicated the limitation of this study for other further studies.

6.1 Major Findings of the Study

The study has several major findings, which will be discussed with the previous concerned studies, theories and concepts to compare its effects. This study indicates that the policy of market-oriented economy or "new economic mechanism" (NEM), especially the policy of commodity agricultural producing production and

infrastructure development has rapidly led to economic, social, cultural and ecological changes, while, market forces and globalization have played significant roles in this transformation process. According to my analysis, these policies have exposed new opportunity for peasants in working to earn income for their family. In Thin Pheer village, many peasants are able to access to cash income sources and necessary livelihood resources. Furthermore, basic infrastructure development namely road, irrigation and electricity make many peasants engaged in cash crop cultivation. They can choose to grow whatever crops seem likely to be the most profitable on their land. Cash income has become the main purpose of agricultural practices.

In Ban Thin Pheer village, glutinous rice and green vegetable crops have been largely grown to respond to the market in Vientiane town. This village is a main source of food production within Vientiane town. But the prices of agricultural products are freely allowed to depend on the momentum of the market mechanism. The producers, wholesalers and consumers (buyers and the sellers) can freely negotiate commodity prices. The government does not control the fluctuation of market prices. However, the market mechanism has influenced both directly and indirectly to the process of local peasants' commodity agricultural productions, which in some cases creates undesirable consequences on their livelihoods.

In order to avoid risk from market price instability, local peasants produce decreased commodity agriculture and practice carefully. Some peasants change to work as retailers, weaving, van drivers, wholesalers, and construction workers depend on their capacities. Some rich families work as local moneylenders in accordance with doing small-size business at home. Nevertheless, there are some peasants who practice commercial agriculture by using modern technologies into productions to reduce human and animal labors, save time and cost. Similarly, there are some peasants who rent land for commercial agricultural practices. Limited access to land makes many peasants have used land intensively for their commercial agricultural practices. These different livelihood activities of the peasants are a livelihood strategy in adapting to changeful situation in the present.

Regarding land use, almost all of peasants in the village have received land use certificates, even though it is temporary land use certificate but it makes peasants

held and inherited land in official characteristics. Under this condition of market-oriented economy, many villagers in Ban Thin Pheer have reconsidered their traditional land use system and changed toward most valuable economically land uses to earn increased cash income and to go out of poverty. It is true that the market economy provide new opportunity and income for peasants.

Presently, many plots of land in this village have been used economically through lease for agricultural practices. In this case, some villagers receive more cash income and rice from leasing their land. These villagers have chance will become wealthy peasants in local community. According to analysis, this village has wealthy households totaling 17%, middle households about 68.5% and poor households about 14%. In this village, even though it has fewer amounts of poor households but difference between rich households and poor households have wider increased. Wealthy households have owned land and enough for cash crop cultivation. In addition, they also have capital, beautiful villa, rice milling machine, tractor, car, threshing machine, and modern house appliances. While, middle households have got owned land for cash crop cultivation. Some households have capital, two-wheel tractor (*rot tok tok*), villa, mixed wooden-cement houses and some house appliances. On the contrast, poor households have old wooden house. They have not got owned land nor have less land, and it is not enough for cash crop cultivation. These poor households have not got capital, and lack of experience and strategy in coping with modern economy.

The majority of wealthy households have high education and they are able to access to main livelihood resources, particularly farmland, modern agricultural technologies, labor, capital, road and irrigation. In addition, these households still receive money from their relatives and children living abroad. On the contrary, most of poor households have a lower level of education, and they are unable to access main livelihood resources and income sources as rich and middle groups of people. However, almost all of villagers in this village have enough rice for family domestic consumption. Households who have own no rice fields are able to rent land for growing cash crops and earn cash income for purchasing rice; foodstuffs to compensate for rice storage. In addition, they also can buy clothes, house appliances,

and materials for shelter and their children's school fees. But socio-economic differentiation among villagers has increased in the local community.

This study finds that access to differentiated livelihood resources likely land, water, labor and capital have made many peasants oriented to grow more green vegetable crops than rice crop, because these vegetable crops require short time and easy to gain cash income. The majority of these peasants are young generations who just separate from their parents. This study also finds out that access to alternative non-farm business activities and capital sources are becoming a cause of social and economic differentiation in Ban Thin Pheer.

Based on other studies, these inequalities of accessing to livelihood resources have led to more economic classification in community, which in some case might lead to social fragmentation and livelihood unsustainability. Due to the majority of the villagers have the farm as the basis for their subsistence livelihoods, but farming could not respond local basic necessary requirements. Therefore, local people have to look for ways to cope with the situation of economic, social, cultural, political, and ecological changes. The uncertainty of market prices, some peasants have started to reconsider their commercial agricultural production and have oriented gradually to semi-commercial agricultural practices. Simultaneously, there are many peasants producing agriculture merely for family self-consumption.

Based on analysis, this study found out that the transformation of agrarian and local livelihood strategies have derived from many factors both internal and external, which can be concluded as follow:

- 1) State policies and market forces are significant keys in driving and diversifying local peasants' traditional agricultural practices and subsistence livelihoods, including natural environments;
- 2) Increasing population density in community, because of growth and separating households of youth families from their parents is a cause agricultural land replaced by new housing site. Besides, riverbank erosion is a cause of reduction in cultivatable land area. These problems have led to intensive land uses;

- 3) Agricultural land has been shortly fallowed in accordance with increased use of chemical fertilizers and pesticides in each year causing land degradation and sterility;
- 4) Geographical location and infrastructure facilities such as irrigation, road, electricity, including cultivable land located along the bank of Mekong River and it is closed to Vientiane town make the peasants in this village produce commodity agriculture intensively;
- 5) Limited response of irrigation water has led largely use water from Mekong River and underground by pumping with private pumping machine;
- 6) Technological progresses make belief of villagers' animism has decreased. Many peasants have used more agricultural technologies, especially chemical fertilizers, pesticides, two-wheel tractor, pumping machines and other equipments and will continue to depend largely on.

This study also points out that the majority of the peasants in this village have developed adaptive livelihood strategies by diversifying the patterns of their traditional land use and agricultural practices. These adaptive strategies are to maintain livelihood sustainability. As results, these transformations have derived from state power, market forces, globalization and local surrounding environments.

6.2 Theoretical Discussion of the Findings

The major finding from this study is concerned with changing national socio-economic structure from centrally planned economy to market-oriented economy. The major findings of this study support Popkin' ideas (1979), that noted the market economy has exposed often better opportunities for peasants compare with economy system under lords, and markets can reduce the bargaining power of the lords. In the same case, this research concurs with Thorner's ideas (1966), 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. Under the condition of the market-oriented economy, many peasants in Ban Thin

Pheer have got means of the production, particularly land, capital, two-wheel tractor, rice milling machine, pumping machine and other properties.

In order to improve their livelihoods and meet sustainability, many peasants have adjusted their patterns of traditional agricultural practices from subsistence-based agricultural productions toward new agricultural productions that have emphasized more commodity production and services. Simultaneously, they adapt livelihood strategies following the situations of change by diversifying their agricultural land use patterns. At the same time, the traditional form of mutual labor exchange within the communities has been replaced by hired labor. This research also found issues similar to Anan (1989), landless villagers are being forced into the ranks of wage earners (*khon hap chang*) while landlords try to increase rent on cultivable land and other cash crops. This case has led to increased inequalities of income and unequal access to means of production. These inequalities might create social fragmentation within community.

Generally, the government policy of NEM and commodity agricultural productions has responded largely from the peasants in Ban Thin Pheer and neighboring villages, because of they have promoted privatization in land rights, agricultural productions and other economic activities. However, these policies seem not suitable for all situations such as, the introduction of sustainable agriculture is not so convinced to the peasants because of the state institutional support and basic infrastructure have not suitably developed. On the other hand, most peasants are unable to access information on prices, demand and supply laws, which lead to inadequate economic benefits for peasants, who sell products at unreasonably low prices. Nowadays, local peasants still miss opportunities for produce and sell the most promising and profitable commodities. Credit and market institutions are not yet sufficiently developed to support the peasant household economy. Therefore, this study also concurs with Dao The Tuan's ideas (1997), the role of the state should 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.

Regarding policy, the government has promoted the peasants to grow cash crops and motivated to grow rice for sell and compensate other places that can not

grow rice, because geographical condition is not allowed. However, market mechanism and mechanism of state power has driven in both supportive and exclusive aspects for the peasants' livelihood sustainability. These issues differ from Chayanov's ideas that political power was unable to force the peasants to change the nature of his farming (cited in Torner, 1966).

Furthermore, this study found that agrarian change as a response to the "renovation policy" in 1986, particularly the policy of the market-oriented economy and commodity agricultural promotion. The issues of change from this study is similar to Samata's findings (2003), the agricultural production system has become more complicated; agricultural choice and decisions made cannot simply be classified as choices between subsistence-farming and cash-cropping. Actually, in my research site, the majority of the villagers support state policy and economic, social and political changes, but they would like to ask the government to promote reasonable cost of fertilizers, credit, market information and technical knowledge for their commercial agricultural practices. Nowadays, some peasants cannot adjust to uncertainty of the market economy system. In this case, market-based agricultural productions might create more economic, social and environmental unbalances in local community. Based on market-oriented economy, the peasants have different roles in negotiating with the wholesalers, local irrigation managers and state authorities.

Due to the situation of market price uncertainty, many peasants in Ban Thin Pheer are facing more complicated problems, which makes some peasants go back to practice sufficient agriculture as before. Some problems of these findings relate to Anan (1994), that agricultural change did not create problems of land security, because most villagers still engaged in subsistence farming rather than commercial production and relied on consensus among them to resolve disputes. This study also finds out some issues similar with Popkin (1979) studied, the peasants are continuously striving, not merely to protect, but to raise their subsistence level through long-and short-term investments, both public and private.

In my research site, the majority of poor peasant households rely on local knowledge and social capital to maintain their livelihood sustainability. Some

households try to avoid the degradation of soil quality through the rotation of their land by growing mixed crops in the same place. This study supports Anan' ideas (1994), the traditional villagers' life is based on communal structures and kinship systems; the new system may create conflicts among relatives and among different economic groups in community.

Along with growing populations, my study is similar to Scott (1976) who took note that introduction of capitalist forms of land ownership, coupled with population growth, and fostered the development of a large class among tenants, sharecroppers and landowner, because of the problems of land and land rental has been increasing. Poorer peasants and landless laborers have to cope with lacking of cultivatable land by renting land for agricultural practices to secure their subsistence livelihoods. These issues consent with Popkin's prediction (1979), the 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. Because, peasant households are both producers and consumers, which consent with Scott's ideas (1976), 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 concomitantly. However, almost all of peasants in Thin Pheer village grow diversified watchfully crops to maintain soil productivity.

Finally, this study supports Scoones's concepts (1998), that sustainable livelihoods comprise the main livelihood resources of four types of capital: (1) natural capital; (2) economic or financial capital; (3) human capital; and (4) social capital. Based on senses as mention above, these livelihood resources are basic factor and mostly essential for human's sustainable livelihoods. Some issues can be compared and discussed about the peasants' sustainable livelihood strategies in my research site. However, these meanings of sustainable livelihoods depend on peasants' capacities in maintaining livelihood resources and the means of living and to enhance well being not only for them, but also for future generations. Accordingly, my study agrees with the concepts about development process of WCED (1987), "meets the needs of the present without compromising the ability of future generations to meet their own needs". At the same time, this research agrees and supports strongly on the World

Conservation Strategy (IUCN, 1980), that 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.

6.3 Significance of the Findings and Policy Implications

My research sought to investigate new livelihood strategies of the peasants who are unable to access to livelihood resources or limited economic and social benefits in market system. This study found that almost all of the peasants often have developed livelihood strategies in order to cope with a situation of economic, social, political and environmental change. Besides, they also adapt to change of market mechanism and mechanism of state power. Both mechanisms make agricultural practices of the peasants has changed dramatically. Nowadays, most peasants sold cows and buffalos to buy hand-tractors and other agricultural necessary technology into their commercial agricultural practices. Generally, market-based agriculture make standard level of the peasants’ livelihoods has been a better developed and improved in economic and societal aspects. Thus, the government has supported the process of the commodity agricultural production by constructing irrigation and advising in technique for the peasants.

Additionally, market-oriented agriculture creates a need for more land use for agricultural purposes. The seeds and types of crops for cultivation are uncertainty depend on yearly demand of the market. Lacking land for cultivation has involved land use and management without a proper technique that can conserve land and water resources. These problems have involved degradation of land and water. Nowadays, cultivable land has continuously deteriorated from erosion of the bank of the Mekong River and increased chemical fertilizer inputs. In addition, the peasants have also faced serious competition of market prices in accordance with increasing population pressure.

Based on market-oriented economy and commercial agricultural practices, local peasants’ livelihoods have continuously developed; because it makes local peasants to have more chance to access cash income sources and other livelihood

resources. However, uncertainty of market price creates a situation where many villagers change to do other occupations such as weaving, wage labor. Presently, there are many peasants practice agriculture in characteristics of semi- commodity and subsistence.

In the general context, the government policies of market-oriented economy and commodity agricultural productions seems not suitable for all local contexts by some reasons such as the concepts of sustainable agricultural and livelihood development. Because of natural resources have used uneconomically. In addition, the credit facilities, breeding supplies, and marketing and technical promotions still have not suitably supported from the state organization. However, the agrarian and local livelihood changes seem to relate to the government policy, market system, agricultural technologies, infrastructure facilities and geographical conditions. These transformations also seem to concern with accessing to capital sources and alternative non-farm businesses. Furthermore, access to educational services, capital source and physical and social infrastructure seem to be accompanied by a rapid differentiation of local peasants' livelihood strategies.

6.4 Recommendation

In my research site the market economy and technological innovations have played a significant role in developing and changing peasant's household traditional socio-economic life. These market economy and technological innovations also have allowed the peasants in this village access to better well being. At the same time, they have faced new agricultural complicated issues from the introduction of new agricultural technology.

In the present situation, the commercial agricultural productions of the peasants do not create sustainability if the government does not provide agricultural demonstration, technical training, and support ferment fertilizer and other facilities for them. In other words, the government must develop the capacity of the peasants so that they can manage and use efficiently irrigation by themselves.

The development of irrigation system should emphasize, where suitable, the geographical condition for agricultural production, particularly flatland areas and area

along the Mekong coordinator. Moreover, the government should encourage farmers to grow more rice in flatland for support or compensate areas of northern part, which can not grow rice due to geographical factor to reduce shifting cultivation. Political decision-makers or other developmental concerned authorities should listen to the voices from local peasants. Simultaneously, the government should promote sustainable agricultural practices by advising technical knowledge.

Nowadays, the peasants' agricultural practices in Ban Thin Pheer without using chemical fertilizers are unable to receive good productivities as before. However, this study would like to introduce the peasants in this village orientate to grow cash crops without using ferment fertilizers and manure. Because of fresh vegetable crops have been attracting for those who have always searched for better alternative to increase their utility. Fresh vegetable crops are a choice for consumers in the present situation. It is an alternative that will lead sustainable agriculture.

In terms of sustainable development, the government should respond long-terms financial credits and ferment fertilizers for peasants by reasonable interest and prices. Similarly, the government should promote using manure in accordance with supporting local technical knowledge for produce fresh vegetable crops, but the government must guarantees their crop prices in suitable and stable levels.