

## **CHAPTER 6**

### **CONCLUSIONS AND RECOMMENDATIONS**

This chapter concludes the study with the key findings, a theoretical discussion and the policy recommendations. When attempting to investigate the local context in my study area, I wished to address the key research aims, and I will take these into account when discussing my finding in this chapter:

- (1) To understand the ways in which the SEZ has shaped and changed the border landscape in Tonpheung District, plus explore the impacts the new economic enterprises have had on local people's livelihoods.
- (2) To investigate how the different economic backgrounds of the people in the study area have affected the ways in which they have had to adapt their livelihoods and how the SEZ has caused the locals to transfer their land to investors, plus the negotiating processes used in relation to the resettlement compensation offered and the results of such negotiations.
- (3) To study how the local people in Tonpheung District have adapted to the development schemes within the SEZ, and what the impacts of such schemes have been in terms of their everyday lives.

#### **6.1 Main Findings of the Study**

The current neo-liberalist policies of the Lao Government have promoted investment and deregulation, and my research has come up with the following findings in relation to this approach, as follows.

The first finding of my study is that the emergence of the SEZ has created a new border area in Tonpheung district. Having been a rural border area where farmers practiced subsistence farming, it has been turned into a trading zone next to the Mekong River and a tourism space. This space has been changed by the inflow of Chinese capital based on the SEZ policies. As a part of this change, the border area is

no longer agriculture-based, plus the local landscape has been adapted to serve new enterprises opened by Chinese investors, who have become the main actors around the new border zone. Due to the arrival of these new business enterprises, local people have switched from working as farmers to wage laborers, while Chinese businessmen and workers, as well as tourists from China, Thailand and Laos have replaced the local villagers. This replacement has had an impact on the local villagers, who have been forced to become wage laborers instead of practicing farming, as they did before.

Since the SEZ was opened, the village economy has changed, as have local people's livelihoods and social lives. In terms of livelihood change, the local people have switched from being subsistence farmers to working as laborers for others, earning a salary at the end of the month. This change has also changed the income earning patterns of the villagers. There has also been a change in their social lives, particularly since moving to the new village

I have also described here the adaptations made by the local villagers since they lost their land. In general, I have found that those families who have adapted well are those who had a lot of capital in the first place, including land and social capital. Social capital is held by the elite group, because its members have good connections with the Chinese casino company so have been able to find jobs there. As a result, most of this elite group has a good economic status. According to their capital holdings, I was able to differentiate three types of family in the study area, as follows: (1) Elite families: the first to settle in the study area, which is why they have more land and received more compensation. In addition, they have had more of an opportunity to get a job than the other two groups, (2) middle-income families: received less compensation money in accordance with the amount of land they had; therefore, tended to use family members as laborers. I found that the members of this group still use their land to grow cash crops, or their compensation money, plus use the young adults to work for extra income, and (3) poor families: do not have any capital, which is why it has been hard for them to adapt to the new village. They have neither money nor social capital.

Thus, these three groups, with different amounts of capital, have had to find different ways to adapt. The families with more capital received higher levels of

compensation so have been able to adapt by using this money to buy new land, to save in the bank or to run businesses. For the middle-income families, they received not so much compensation, so have had to adapt by using-up their compensation. Mostly, they have not been able to buy land or save in the bank, and in addition, have had to use young family members to get new jobs.

Even though, the villagers tried a number of different negotiation strategies, with the local government and with the central government, hoping to cancel the move, they were unsuccessful. As a result, they instead used the negotiation process to slow down the relocation, then had to adapt when they did move. I found that even though the villagers tried to negotiate for better compensation, what they eventually received was lower than the market rate for their homes. After the land was changed into a commercial area, the villagers found that their compensation money disappeared in a short space of time, so they had to find many new ways to adapt. I found that the villagers received between 40 and 60 percent of their incomes per year in compensation; not enough for some of them to buy new land if required. This situation left them facing many difficulties after the move. During the compensation negotiation process, the local government authorities participated, but played only a small role, meaning the villagers were left having to negotiate by themselves, plus they were not helped by the legal framework in terms of the provision of compensation.

For my final finding, I found that those able to adapt best to the changes taking place in the study area are those with a variety of capital assets and/or economic and political power to call on, such as those from the elite group with plenty of land or leaders of the villages. This group has good connections with the Chinese investors, so its members have been able to send their children to work with them, meaning their families have been affected little by the resettlement. In addition, the middle-income families had an average amount of capital available prior to the move, so have been able to adapt by using family members as laborers, working for daily wages. The poorest families; meanwhile, those with no capital, have since had to send their working age members to work as wage laborers, though they also have a large number of elders.

## 6.2 Theoretical Discussion of the Findings

This thesis has provided the process of livelihood change within my study village, which has moved from one based predominantly on traditional agriculture, to one in which half the people work for the Chinese casino company and the others continue to work as farmers. My research also found that local farmers in the study village have come to rely on both these activities, because they have had to adapt beyond the resources they had previously. This change has also signified a shift towards a commercialized agriculture regime, one in which service and industrial activities have grown in importance.

The aim of the provincial authorities has been to expand the rubber growing area to cover 3,000 ha, as the main SEZ activity in the area. However, this move has adversely affected some of the farmers in my study area, who have lost their land and their ability to produce for their incomes. The introduction of the SEZ in Tonpheung district has allowed a few elite families in the village to gain greater livelihood benefits – in terms of jobs, land and economic benefits; however, many members of the middle-income and poor income families have had to become wage laborers, based on their available resources.

As my research has found, the farmers who lost farmland now have to rent farmland from others who still have land available, reducing their ability to adapt and meaning they have less power to negotiate. In addition, their current incomes do not match their previous levels and their current needs, and this is linked to the idea that development is now associated closely with ‘groups’, to the extent that for a village to successfully enter competition, it is mandatory that a group is set up to represent the developed state of that village, as farmers often suffer from a lack of bargaining power, plus fall prey to money lenders, traders and the state.

However, the reasons for introducing the SEZ in Tonpheung district were to improve the living conditions of local people, but as their new livelihoods have begun to rely so much on the new business enterprises, so their resource base has declined, meaning their daily lives have changed. As a consequence, the new, livelihood strategies of the farmers in Khuan village are not only based on working at the casino in order to overcome poverty, but have also included using an adaptive approach to the new forms of business that have been set up, such as working as middlemen,

business owners, traders, drivers and, wage laborers, in order to sustain their daily incomes and adapt their resources to what has happened in the local area.

### **6.3 Policy Recommendations**

Under its border development and poverty reduction strategy, the Government has rigorously promoted both domestic and foreign investment, with its target being to reach 3,000 ha of SEZ in Tonpheung district, Bo Kaeo Province. In addition, local people's change from working as farmers to becoming wage laborers also means they have less negotiating power than before, with some (particularly the landless) forced to participate in the project by taking non-permanent jobs at the casino, and with others becoming laborers. Nonetheless, although working for the Company was meant to have brought higher incomes at the household, village, district and provincial levels, improvements are still required if it is to sustain people's new rural livelihoods, because several problems have already emerged within the communities.