CONTRADICTIONS OF NEOLIBERAL DEVELOPMENT INTERVENTIONS AND MARKET TRANSITION IN NORTHERN LAO PDR

by

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A thesis submitted in conformity with the requirements for the degree of Doctor of Philosophy
Department of Anthropology
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Contradictions of Neoliberal Development Interventions and Market Transition in Northern Lao PDR

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Doctor of Philosophy

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Abstract

This thesis examines the trajectory and role of development within the context of transition from a command to market economy, in a northern region of the Lao PDR. It looks at how the long-term effects of development interventions have contributed to a context of regional integration where the role of foreign investment and the private sector are increasing. In particular, it examines the role of development interventions in the processes of diversification and differentiation that accompany market integration.

The village of Ban Jai illustrates this process as a site where, despite the failures of development projects, a diversification of livelihoods have developed. The implementation of UNDP projects in Ban Jai raises questions regarding the role of international projects and suggests that rather than alleviating poverty they produce a chain of effects that contribute to the tensions that result from structural changes to the village household economy. My analysis examines the tensions produced by such shifts and how villagers negotiate their engagement with the market economy. The experience of women traders illustrates how relations of solidarity are reworked in an attempt to negotiate tensions produced through processes of market integration.
As structural shifts take place with increasing economic integration, international agencies also respond in particular ways by shifting strategies. I also ask what changes shifts in strategy introduce at the local level and how this intersects with the way policies are rationalized by local officials and the UNDP. An examination of this trajectory over a period of two decades, suggests that changing strategies in development have involved a shifting role between international development organizations and the private sector. I ask what kind of context this intersection of structural shifts, policy shifts and institutional shifts produces on the ground and how such shifts are negotiated locally.
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## Abbreviations

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<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>AA</td>
<td>Accredited Agents</td>
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<tr>
<td>ADB</td>
<td>Asian Development Bank</td>
</tr>
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<td>APB</td>
<td>Agricultural Promotion Bank</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of Southeast Nations</td>
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<tr>
<td>DAFO</td>
<td>District Agriculture and Forestry Office</td>
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<tr>
<td>DPI</td>
<td>Provincial Department of Planning and Investment</td>
</tr>
<tr>
<td>EDI</td>
<td>Eco-Development and Irrigation Project</td>
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<tr>
<td>GOL</td>
<td>Government of Lao PDR</td>
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<td>GPAR</td>
<td>Governance and Public Administration Programme</td>
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<tr>
<td>IAI</td>
<td>International Aid Industry</td>
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<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<tr>
<td>IGA</td>
<td>Income-generating Activity</td>
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<tr>
<td>IFAD</td>
<td>International Fund for Agricultural Development</td>
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<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>INGO</td>
<td>International Non-Government Organisation</td>
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<tr>
<td>KPL</td>
<td>Khaosan Pathet Lao (Lao News Agency)</td>
</tr>
<tr>
<td>LDC</td>
<td>Least Developed Country</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goals</td>
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<tr>
<td>MF</td>
<td>Microfinance</td>
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<tr>
<td>NEM</td>
<td>New Economic Mechanism</td>
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<tr>
<td>NEX</td>
<td>National Execution Modality</td>
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<tr>
<td>NGO</td>
<td>Non-Government Organisation</td>
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<tr>
<td>NTFP</td>
<td>Non-Timber Forest Products</td>
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<td>PAFO</td>
<td>Provincial Agriculture and Forestry Office</td>
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<tr>
<td>Acronym</td>
<td>Full Form</td>
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<tr>
<td>PTO</td>
<td>Provincial Tourism Office</td>
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<td>SDR</td>
<td>Special Drawing Rights</td>
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<tr>
<td>SME</td>
<td>Small and Medium Enterprises</td>
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<td>SSIP</td>
<td>Small Scale Irrigation Project</td>
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<tr>
<td>UNIAP</td>
<td>United Nations Inter-Agency Project on Human Trafficking</td>
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<tr>
<td>UNCDF</td>
<td>United Nations Capital Development Fund</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<tr>
<td>UNDCP</td>
<td>United Nations Drugs Control Programme</td>
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<td>UNIDO</td>
<td>United Nations Industrial Development Organisations</td>
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<td>UNODC</td>
<td>United Nations Organisation on Drugs and Crime</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>VSG</td>
<td>Village Solidarity Group</td>
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<tr>
<td>WB</td>
<td>World Bank</td>
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<tr>
<td>WUG</td>
<td>Water User Group</td>
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Map of Lao PDR
CHAPTER ONE

INTRODUCTION

1.1 Introduction

In January 2006 I returned to Oudomxay province in the Lao People’s Democratic Republic (PDR), after a six-year absence.¹ One of the first changes I noticed in the provincial capital, Xay town, was that the previously state-owned market was now just a vacant lot. Not far down the main road, in the centre of town, was a newly opened Chinese market, locally referred to as the supamaket. In front of this market there is a sign attached to a pole that warns “Selling Prohibited, Danger Vehicles.” Everyday a small group of women sit huddled directly beneath the sign disregarding the steady stream of traffic with its noise, exhaust fumes, and possible hazards, as passengers and goods are picked up or unloaded. The women are surrounded by an array of glass litre bottles, plastic water containers, and jerricans holding the rice whiskey called lau lao which they hope to sell. The women arrive early in the mornings, after having travelled ten kilometres along a dusty and deteriorating road from their village. Despite the reputation that their lau lao has for being “pure,” they do not make much profit. These traders travel from a village called Ban Jai² which not only has a long history of trade but was once renowned in the area for its role in the production and trade of salt. Villagers are not newcomers to the market, but the women’s current physical position outside of the market proper, in a restricted area under the sign, brings attention to how their engagement with the market economy has shifted in relation to economic transition and larger market forces. More recently, the position of these women may be examined in relation to changing government policies and regional integration, particularly in relation to the growth of neighbouring China’s economy. On another level, I suggest that the position of the women traders must also be considered in relation to deeper transformations that have taken place since the shift from a centrally planned to a market economy in 1986. More specifically, I am interested in how the long-term effects of

¹ Lao People’s Democratic Republic is the official term used since 1975, however, the term Laos continues to be commonly used within the French and English literature. I will use Lao as an abbreviated form of the Lao PDR.

² Ban Jai is a pseudonym. The word ban means village but it can also mean home or country. Ban Jai translates into English as the village of Jai
international development interventions have shaped such a transformation and what role these have played in the local context of a market economy where foreign investment and the private sector appear to be increasingly prevalent. In other words, I ask what the role of development has been in the transition to a market economy in the Lao PDR.

My thesis undertakes an examination of the trajectory and role of development within the context of transition from a command to market economy, in a northern region of the Lao PDR experiencing rapid regional economic integration. My analysis examines the complexity of the trajectory of development at village level: how a shifting household economy has unfolded with transition to a market economy, the tensions produced by such shifts, and how villagers negotiate their engagements with the market economy. Within this shifting context, the focus of attention by both government and development agency discourses tends to be on the “poorest of the poor,” which in the Lao PDR are usually characterised as remote, ethnic minority, upland villages practicing shifting cultivation. My analysis shifts attention to how changes unfold among populations that do not fit this characterisation. Ban Jai is not a remote, upland village rather it is a lowland village which has become increasingly accessible. Ban Jai also falls into the category of a “middle-income village” relative to the rural population in the mountainous regions of northern Lao. Relative to the larger regional context, however, “middle” households in the Lao PDR would be viewed as poor in comparison to neighbouring countries (Rigg 2005: 162). An examination of how transition has taken place in Ban Jai serves to illustrate how processes of market integration produce new tensions as well as economic opportunities. An integral component of the transition process in Ban Jai involved the introduction of international development interventions. Ban Jai was one of the first villages to be targeted by development interventions after 1986. The achievements of the technical objectives of projects implemented in Ban Jai were not very successful but despite the lack of project success the village has become a middle-income village. What difference did such projects make to how processes of market integration unfolded within the village? The case of Ban Jai centres on its engagement with one particular organization, the UNDP, and raises questions regarding the function and purpose of international projects with regard to poverty alleviation. I ask what kind of strategies are undertaken in development, and if, and how strategies have shifted as economic transition proceeds over almost twenty years. As structural shifts take place with increasing economic integration, international agencies also respond in particular ways by shifting strategies. I also
ask what changes shifts in strategy introduce at the local level and how this intersects with the way policies are rationalized by local officials and the UNDP. An examination of this trajectory over a period of two decades, suggests that changing strategies in development have involved a shifting role between international development organizations and the private sector. I ask what kind of context this intersection of structural shifts, policy shifts and institutional shifts produces on the ground and how such shifts are negotiated locally. In particular, what is the role of development interventions in the processes of diversification and differentiation and the tensions produced by market integration?

In this chapter I present the conceptual and fieldwork context of the dissertation. I begin by outlining how processes of market integration and transition have been conceptualized in the Lao PDR. Following that I provide an overview of the recent context of northern Lao where such processes are occurring in relation to increasing regional integration and the influence of China. Within this context, specific processes of economic diversification and differentiation intersect with the shifting role of the private sector and development interventions. I present a framework of analysis which is the basis for the examination of project interventions and then describe the fieldwork context and discuss methodological challenges and limitations of the study.

1.2 Processes of Market Integration in the Lao PDR

The Lao PDR is a landlocked country with a population of 5.6 million, and the lowest population density in Southeast Asia of 24 people per square kilometre. The United Nations classifies the Lao PDR as a “least developed country” (LDC), due to its low levels of per capita income, low levels of human resource development and lack of economic diversification (UNDP 2006). According to Rigg, although the Lao PDR is viewed as relatively poor “[t]his should not be equated to the grinding poverty associated with some other ‘least developed’ countries. The challenge for Laos is not how to deal with famine or ultra poverty on a wide scale, but how to ensure that modernisation doesn’t undermine and fragment the livelihood systems that are in place” (2005: xiii). Nevertheless, Rigg argues that poverty in Lao is real on

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3 The per capita income in the Lao PDR in 2005 was US$ 491 (UNDP 2006).
one level, and is also socially constructed on another level, where it is defined and measured in terms of certain value judgments. Government policies, multilateral agency documents and research reports reflect the social construction of poverty and in the Lao PDR produce a characterisation of the country as one that is primarily a rural, agricultural, and rice-based subsistence economy. One drawback of such a characterisation is that it gives the impression of stasis; another is that policies of agricultural development are based on binary images of the past as an era of self-reliance and the present as one of dependency. According to Rigg (2005) such images portray the modern village as one where self-reliance is replaced by dependency, and communality with individualism and increasing inequality. Such binaries have been challenged for regarding pre-modern autonomous communities as suddenly being transformed through the modern market. Li (2001) has shown how this notion simplifies a more complex history where in the pre-colonial era market relations were more developed and important and that such communities were as much a creation of the colonial and postcolonial state. In Thailand, the characterization of the peasant economy as a subsistence economy has also been critiqued by Bowie for its implicit image of the peasantry as homogeneous, egalitarian, self-sufficient, non-market, and unchanging. The subsistence economy paradigm has underestimated the role of trade, the extent of changes in production and consumption, the degree of specialization of labour, economic class divisions, and the scope of poverty (Bowie 1992). In the context of northwest Lao, Walker (1999: 62) has also challenged the “myth of the subsistence economy” and argued that subsistence producers were involved in systems of exchange directing goods such as cloth and salt for rice and other commodities to rural communities. The debate over the nature of the past and transformative processes leading to the present has been more limited in the case of the Lao PDR according to Rigg. Nevertheless, it is possible to show that rural areas were more vibrant in the pre-modern period than binary models suggest. Recognising that such communities are not anti-commercial and that livelihoods are more varied and diverse than the images of the subsistence economy suggest, allows a more nuanced approach to ascribing certain characterisations to livelihood systems and thinking beyond the predominantly agricultural policies that have been promoted in rural Lao (Rigg 2005).

In the Lao PDR, over fifty percent of the national GDP is generated by the agricultural sector. Agricultural census records for 1998/99 show that eighty-four percent of households were engaged in farming and of these, ninety-four percent produced mainly for their own
consumption and in half of villages in the country no rice is marketed (Rigg 2005). By 2005, seventy-seven percent of the labour force was involved in agriculture with sixty percent of rural households producing mainly for subsistence needs, so that the average agricultural productivity was still considered to be very low (UNDP 2006). Despite this shift, agriculture remains the core of existence for most villagers in the Lao PDR. Market integration is, however, rapidly advancing in the Lao PDR and is involving profound changes at the local level as integration extends into the wider regional and global economies (Rigg et al 2004). The neoliberal modernisation/development project has been central to economic transition in the Lao PDR and is one that Rigg does not advocate rejecting but he does caution against “growth at all costs” policies (Rigg 2005: xiii).

Livelihood systems are coming under pressure and, in more than a few places, are beginning to fragment. Where Laos, perhaps is different is that despite its membership of the club of Least Developed Countries, it has more latitude and a less pressing need to up-end the present in pursuit of the future. There is both time and space to be moderate and pragmatic. The danger is that in setting in place the structures and mechanisms to achieve the modernist ends of the development project, something important will be lost…in uncritically embracing the new, real damage can be done, whether in terms of livelihoods, the environment, or sustainability more broadly…In promoting physical integration there is the danger of social disjuncture. In accelerating transition there is the threat of differentiation. And in promoting the modern there is the peril that it may undermine sustainability. (Rigg 2005: xiii-xiv)

In Southeast Asia a reorientation of livelihoods has emerged in many rural areas within the past fifty years and has involved the process of deagrarianisation. According to Rigg, part of the reason why farming incomes do not predominate is partly due to the rise of alternatives to rural-based occupations and opportunities and to a progressive delocalisation of work and increased levels of mobility. Progressive market integration is associated with growing diversification and differentiation of livelihoods and the economy.

In the Lao context diversification is limited and opportunities are somewhat constrained where two-thirds of the rural population are seen to be dependent on subsistence agriculture. In Lao
“this [process of deagrarianisation] is occurring at the margins: some individuals, in some households, in some villages, and in some areas of the country are coming to rely on non-farm activities…land remains a strategic resource both for the nation and for most rural households” (Rigg 2005:183). While the trajectory of change is gradual in the rural Lao context, it involves a progressive reorientation towards both local and extra-local non-farm activities. Rigg argues that as a process of deagrarianisation is taking place, labour force participation outside of agriculture may hold more promise for the future, in terms of increasing agricultural production and rural incomes. At the same time that modernisation opens up new areas of possibility, however, there is evidence of the market and the state squeezing livelihoods. Market integration may introduce both poverty-creating as well as prosperity-creating effects. Diversification may reflect the choices of individuals, or may be out of necessity or “distress diversification” and these may be intertwined where the latter may lead to the former (Rigg 2005: 161). Such process are complex and unpredictable; distress diversification may bring a certain level of prosperity while wealth induced diversification may not result in the anticipated prosperity. Distress diversification into low-paying non-farm work may enable households to remain on the land but will not necessarily create conditions leading to upward accumulation. Non-farm incomes could also be invested in agriculture resulting in increased incomes and demands for goods and services leading to further development of non-farm activities and income-generation (Rigg et al. 2004).

The process of transition in the Lao PDR may seem comparatively smooth with an uninterrupted trajectory to some, but this change is “jagged and jarring, with breaks and discontinuities” (Rigg 2005: 182) and involves a process of social differentiation. While everyone has the potential to benefit, the market also brings differential opportunities. Within this context there are significant differences, which are often hidden or disguised, in the ability of individuals and households to exploit opportunities. Market reform not only creates difficulties for some, but also opportunities for others. To understand how such differentiation is taking place involves looking at both inter-village and intra-village inequalities. Some households may be more disadvantaged as they engage with the market, pushed into debt or their livelihoods undercut by new, commercial actors. Whereas other households have been able to successfully undertake non-farm activities. Within this context, the Lao government is attempting to create a new class of agrarian entrepreneurs but not all sectors of the rural population will be able to take
advantage of this and what is needed are polices that recognize the possibility of multiple household livelihood transitions (Rigg 2005).

A recurring theme for Rigg is that diversification into new activities is becoming an increasingly important means by which rural households can improve their prospects. In place of land, education, skills and networks take on more significance and the absence of opportunities such as education will increase inequalities. Rigg refers to the work of Luong and Unger (1998) on transition in China and Vietnam, which illustrates the importance for villagers to search for alternative ways to earn an income beyond farming but may also contribute to increasing disparities.

For families in China who remained largely in agriculture...living standards began to stagnate and in a great many cases declined...Those families who were stuck entirely in farming were very noticeably hurt. Diversification is also seen to accentuate the disparities that already exist in rural society where those who have been successful in farming have also tended to benefit from diversification. (Luong and Unger cited in Rigg 2005: 185-186)

According to Rigg, in the case of Laos, some of the land poor and landless have managed to escape poverty by engaging in non-farm activities, but the potential for such alternatives is less obvious. The challenge in the Lao context is that the non-farm economy is weakly developed relative to the neighbouring countries where such alternative incomes play a role in bolstering rural incomes and why cross-border mobility and trans-boundary livelihoods are important escapes for those in marginal areas or where land does not offer much potential (Rigg 2005).

In rural Lao, development interventions have occurred within the context of market integration. To understand how the processes of diversification and differentiation have proceeded also involves an examination of the role of such interventions. The experience of villagers in Ban Jai reveals how interventions such as international development projects implemented in the 1990s and the creation of an industrial zone in 2004, contributed to tensions associated with diversification and differentiation. In the case of Ban Jai, I examine how such tensions relate to the changing nature of the household economy with increasing market integration. I show how the intensification of household economic diversification to alternative incomes benefits some villagers but not all. The particular system of the village economy in Ban Jai did not eliminate disparities but it did involve a particular form of production and trade,
which every household participated in. Rehbein (2007) has observed that in the Lao context traders show an indifference to competition which ensures that everyone gets a share of trade. Applying this principle to Ban Jai, I ask what kinds of tensions are produced with increased diversification and a shift in the household economy, from one which ensures that everyone participates in a share of trade, to one where not everyone is able to equally take advantage of new trade opportunities. Previous analysis of differentiation and diversification has demonstrated that ethnic groups and upland, swidden cultivators are particularly disadvantaged by such processes in the Lao context. Market integration has been associated with exacerbating existing disparities between urban, lowland ethnic Lao and rural, upland, ethnic minority populations (Rigg 2005). My investigation extends this analysis to examine the complexity of such processes in the less obvious context of an increasingly urbanised and lowland village where one would predict processes of diversification and differentiation to be relatively favourable. Such processes prove to be less predictable and complicated by the effects of development projects and point to the need to take into account how the historical context of trade in the region has shaped the contemporary household economy. This involves moving beyond the binary constructions of a rural, subsistence population to recognising how diversification also affects pre-existing structures of trade.

1.3 A Context of Chinese Investment and Regional Integration

Returning to Oudomxay, one of the Northern provinces in the Lao PDR where I worked with the UNDP from 1997-1999, my intent was to understand how the UNDP’s projects had affected the people whose lives it claimed to lift out of poverty. In 1986, a general shift from a centrally planned to a market economy was introduced with the New Economic Mechanism (NEM) and it is within that context that the UNDP began to implement projects in Oudomxay province. During the time I worked in the Lao PDR, it appeared to me that development initiatives were dominated by the International Aid Industry and in Oudomxay by the UNDP which had a prominent presence. Returning to the Lao PDR in 2005, I found that this was no

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4 I was the provincial Liaison Officer for the UNDP in Oudomxay province from 1997-1999. I worked as a programme coordinator in a rural district of Bolikamxay province with an INGO called Cooperation Internationale pour le Development, Solidarite et Education (CIDSE) from 1996-1997. I also worked with INGOs in Lesotho from 1986 to 1987 and in Kenya from 1990 to 1991.
longer the case and that China was increasingly having an influence in development policy. By 2000 the rise of China’s economic influence in the region had introduced more dramatic and localized forms of market integration. Despite this, as my research unfolded it appeared that the effects of recent events were not unrelated to the history of development projects implemented in the village where I undertook my study. When I first arrived in Ban Jai it was with the intention of attempting to understand the effects of almost two decades of foreign development projects. Almost immediately, villagers informed me of the problems they faced related to the effects of more recent policies to introduce agricultural industrialisation. I felt that my attention was diverted between two different and unconnected issues, but as I conducted fieldwork, questions began to emerge that suggested earlier development efforts had a hand in how villagers were now positioned in terms of the outcome of newer policies. In this section I provide an overview of how recent market and regional integration, particularly in light of the increasing influence of China, is producing a shifting context in northern Lao. I then discuss the role of international development within this context.

Since 1986, international agencies have facilitated neoliberal standardization of local levels of government in the Lao PDR.

Neoliberalism seems to mean many different things...in much of the world, it has become a code word for “American Neoliberalism” as a strategy of market domination that uses intermediaries such as the International Monetary Fund (IMF) to pry open small economies and expose them to trade policies that play havoc with these nations’ present and future economic welfare...neoliberalism also represents unregulated financial flows that menaced national currencies and living conditions....neoliberalism is often discussed as an economic doctrine with a negative relation to state power, a market ideology that seeks to limit the scope and activity of governing. (Ong 2006: 1-3)

Intermediaries of the market such as international aid agencies and international monetary institutions mandate imposing neoliberal reforms according to market principles in contexts such as the Lao PDR. The standardization efforts of international agencies and western donors have imposed reforms that require changes to the Lao political system. Neoliberal programs have included the institutional reform of democratic governance, decentralization, public administration reforms, land titling, and legal reforms conforming to international human rights instruments. The Lao government has accepting but is uncomfortable with such aid, and in contrast welcomes China’s aid, which seldom attaches conditions (Swee Hock 2007). China is
playing an increasing role in the shaping of development policy, particularly with provincial
governments in northern Lao. Within this context the province of Oudomxay has also turned to
China for aid, foreign investment, and directions in development policies (KPL 2008). These
policy approaches have not paid attention to concerns of sustainability and human security.
China’s predominance and the drive towards regional integration may also be increasing the
dependence of less developed states like the Lao PDR, creating new insecurities, exacerbating
inter-state tensions, and eroding state autonomy (Goh 2007). It is within this shifting context that
tensions are produced by the intersection of international aid and public-private partnerships with
Chinese companies.

In the Asian context, leaders of emerging Asian economies voiced the sentiment that
“Asia can say no” to American neoliberalism (Ong 2006: 1). Ong refers to interventionist aspects
of neoliberalism in non-Western contexts which articulate with sovereign rules and regimes of
citizenship as “neoliberalism as exception” but points out that at the same time exceptions to
neoliberalisms can exist. On the one hand, preserving welfare benefits for citizens and on the
other hand, excluding non-citizens from the benefits of capitalist development (2006: 3).
Following Foucault, Ong argues that “neoliberal governmentality results from the infiltration of
market-driven truths and calculations into the domain of politics…neoliberal rationality informs
actions of many regimes and furnishes the concepts that inform government of free individuals
who are then induced to self-manage according to market principles of discipline, efficiency, and
competitiveness” (Ong 2006: 4).

While I do not attempt to undertake an analysis of “neoliberalism as exception” within
the Lao context, I attempt to explore the ambiguous and particular ways that local government
actors negotiate the introduction of neoliberal reforms. Local governments are now turning to
China to provide direction for economic development that do not demand the same kinds of
reforms of “good governance.” Chinese-led development, however, brings with it new kinds of
tensions and demands that challenge local officials and their relations with the local population.
I look at the intersection of the increasing role of China in development and how the shifting
nature of public-private partnerships are implicated in the way local officials are interpreting new
policies to introduce industrialisation in northern Lao PDR. As Chinese economic expansion is
taking place there has been an increase in the influx of goods, traders, legal and illegal migrants
in Oudomxay. An important component of recent development policies has involved the large
scale planting of rubber contracted to Chinese companies to feed a growing demand for the market in China. The general policy of industrialisation has also introduced an increase in foreign investment from China, as well as other Association of Southeast Asian Nations (ASEAN) member countries.

I suggest that within this context, contradictions are produced, where the expected benefits to farmers of further integration into the market economy are diminished by shifting the role of development onto the private sector. As officials enter into contracts with Chinese-owned rubber companies, they end up with terms that are more favourable to the companies if the latter agree to undertake infrastructure projects such as the construction of roads, schools and clinics. While rubber cultivation is held out as a solution for poverty alleviation and appears beneficial to the local population, local senior officials admit that the terms of these contracts have given a less favourable share of profits to rural farmers than to the foreign companies which make no guarantees to buy all of the crops produced for export. Earlier contracts for the production and sale of maize in Oudomxay have also produced tensions when Chinese companies refused to buy maize they were contracted to, on the grounds that the quality was not up to their standard. From the perspective of the local population as related to me by people in Xay town, they view this as the companies not honouring their contracts. The provincial government in turn established a maize processing factory in partnership with a Chinese company, to make use of the unsold maize. In Ban Jai, villagers had not taken up large scale production of maize but were affected by the establishment of the maize processing factory in the village. In 2006, rubber cultivation had not yet been introduced on a large scale but the district government had plans in place to begin its expansion the following year.

In Oudomxay, China appears to be competing with international agencies as a donor of aid, not only as an investor but in providing aid and influencing development policies. For example, by the beginning of 2007 the number of Chinese-invested projects in Oudomxay province involved a total investment of 65.6 billion Lao Kip\textsuperscript{5} which made up almost half of the foreign investment projects in the province (KPL 2008). Local levels of government must manoeuvre between political state ideologies, neoliberal policies of international aid agencies,

\textsuperscript{5} 10,000 Kip = 1 $US at the time.
and increased partnerships with China. It appears that local levels of government attempt to orchestrate their own hybrid approach that must pay heed to donor policies, the dictates of central government, and the risk of popular dissent. The Oudomxay provincial government approach to land ownership, for example, illustrates how there is a negotiation between: 1) Lao socialist policy that claims all land belongs to the state, 2) continued practices of local customary rights and government policy that claims to protect small-holder land use, 3) neoliberal land titling projects that promote private ownership and, 4) long term leases to foreign investors which may potentially threaten customary rights.

Within this context of competing aid approaches other contradictions are appearing. On the one hand, the neoliberal policies of international agencies encourage the rural population to take up small and medium-scale enterprises. On the other hand, the spaces to operate within the market economy appear to be diminishing for local traders and producers, who are finding it harder to compete with an influx of Chinese goods and traders. Lao farmers, for example, have become discontented that Chinese companies have reneged on contracts and refused to buy their maize. By 2006 Oudomxay was the second highest producer of maize among Lao provinces, producing 84,900 tons over an area of 20,935 hectares (RISERA n.d.) and was the biggest agricultural export of Hune and Beng districts, out of the seven districts in the province Khontaphane et al (2006). There are concerns that similar problems could take place with the planting of rubber that Chinese companies are now contracting to small-hold farmers in the province, which is expected to be more widespread than maize.

1.4 The Role of Development Aid in Market Transition

Seventy percent of the Lao PDR is mountainous and only six percent of the total land area is permanently used for agriculture. With 41.5 percent coverage the country is still the most forested in South-East Asia, although forested areas have been declining (UNDP 2006). Over the past decade, the rural landscape of northern Lao has undergone a visible transformation as hillsides covered with rice fields and swidden crops are replaced by rubber trees, their latex contracted for export by Chinese companies. Likewise, the multi-ethnic population is being encouraged to shift from subsistence farming to commercial crop cultivation. This shift is the result of policies introducing agricultural industrialisation and the increasing demand for rubber to feed the growing economy in neighbouring China. Within this context, local government
actors appear to favour a movement away from International Aid Industry (IAI) forms of development towards an increasing role of foreign private investors. I suggest that the IAI ironically paved the way for this change through almost two decades of attempting to establish neoliberal reforms, which have had particular consequences in the Lao PDR. Some of the most obvious of these are the introduction of legal reforms, attempts to restructure the Lao public administration, and increased integration of the financial system into a global market economy. Such reforms are implemented in “partnership” with the Lao government. The earlier imposition of Structural Adjustment Programmes (SAPs), decentralisation, deregulation, and privatisation have by now, been well documented in many parts of the world. The United Nations Development Programme (UNDP) justifies its projects in terms of poverty alleviation and promoting what it refers to as “civil society.” I argue that the focus by the UNDP on civil society is narrowed on to the private sector. Earlier work has looked at development as an “anti-politics machine” where technical interventions serve to depoliticise the effects of development (Ferguson 1994). Ferguson advocates looking at “effects” that are not limited to “technical” outcomes and which may be understood as “unintended consequences.” I propose that projects serve as vehicles to introduce neoliberal reforms and that their effects produce consequences which contribute to larger objectives which are very much intentional even when, ironically, project outcomes themselves do not meet intended objectives.

I treat the IAI as an “industry” in an attempt to discover what kind of questions might be overlooked by debates over whether it is hegemonic, a conspiracy, or has unintended consequences. I do not suggest that development involves some kind of conspiracy but I do argue that there is certain coherence to the way that elements of it work together, to ensure the functioning of global capital. There are many actors within this industry and it is not homogenous or monolithic. Goldman (2005) argues that some dominant agencies such as the World Bank work to ensure a favourable environment for transnational corporations. Such agencies are hegemonic in constructing discourses of development that smaller NGOs and local

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6 At the same time membership in the Association of Southeast Asian Nations (ASEAN) brings pressures for the Lao government to institute reforms as well (Walker 1999).

7 Nevertheless even bilateral donors such as Japan who may have strategies to aid that differ from western approaches channel funds through international institutions such as the UNDP and the World Bank.
governments find difficult not to be co-opted by. The World Bank, for example responded to the pressures of social movements and critiques of environmental groups by mainstreaming the notion of “sustainable development” giving it what Goldman (2005) calls a “green neoliberal logic” which places an economic value on natural resources. “Sustainable development” in these terms comes to mean making a profit rather than conservation of the environment for the common good (Goldman 2005). Yet as Gramsci (1971) points out, hegemony necessarily involves resistance and struggle. This perspective of development as an industry and a site of struggle is informed by my own experience of working with different NGOs and within the UN system. Regardless of the kind of agency I worked for, the nature of the industry shaped the kinds of relationships that could form between the “developer” and the “developee.”

Working in the Lao PDR as a development worker from 1996 to 1999, I felt that the failures of “Development” could not simply be attributed to problems of implementation, but were inherently systemic, structural, and ideational. Based in a local district in Bolikamxay province with an NGO and then in Oudomxay with the UNDP, my roles in project coordination and “capacity building” involved working closely on a day to day basis with local government “partners.” In both cases I found myself caught inbetween the struggles of head office mandates and those of the officials on the ground, who were often seconded to implement projects. Perhaps, finally, it was the experience of working with the UNDP, which I was told is the largest bureaucracy in the world that gave me a different perspective as an “insider.”

As the “representative” based in the “front lines” I found my position tended to be structured as one of

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8 My former “insider” identity, however, gave me access to government offices, other development workers, and villagers. The identity of a development worker shifts within a hierarchy, complicated by tensions between NGOs and multilateral agencies such as the UN. These individuals may or may not identify with each other depending on the context. I would suggest that development workers construct identities, reflecting larger divisions which are multiple and layered within the development world. On one level development workers distinguish themselves from government bureaucrats and foreign diplomats, although they may have to work closely with each other. Divisions imposed by categories of “international” versus “local” also structure the daily lives of the workers, determining who the decision-makers are, who gets to drive or be driven in a vehicle, who works in the “field” as opposed to the country office, and what salary scale one is entitled to. Into this mix are thrown the “volunteers” who in the current UN system are usually experienced mid-career professionals who provide a cheap source of labour and are often the technical backbone of a project. Many United Nations Volunteers (UNVs) in the Lao PDR come from other Asian or “developing” countries and as UNVs are able to earn more than they would in similar positions in their own country. Local UNVs earn a substantially lower income than “international” UNVs.
“surveillance.” It was a neoliberal agenda to promote decentralisation which led the UNDP country office to introduce provincially administered projects for the first time. Individual foreign “experts” who were previously in charge of projects were now told that their role was only to “advise” while government counterparts took on the role of management. It would be inaccurate to say that power had effectively been transferred to the local government, who themselves were well aware that the funds needed to implement any activities, were strictly disbursed, some times to the point of micromanagement, by the UNDP country office. Indeed project planning, disbursement of funds, and implementation of activities were monitored and all subject to surveillance by an instrument known as the UNDP’s “National Execution Modality” or NEX. A physical and visual reminder of this control was the placement of the provincial UNDP’s “Liaison Office” within the space of project and government offices. This was quite radical in extending the arm of the country office to the frontlines. During this two year period as the Liaison Officer, I had become immersed in the everyday negotiations produced by the partnerships of the local government and the UNDP. Prior to this I had worked with a smaller international NGO where tensions also arose within such partnerships, but the unique role of the UNDP suggested that the effects were worth taking note of. The UNDP not only played a central role in coordinating the efforts of all UN agencies in the country, but also organised the annual Round Table donor meetings which brought together all key external agency players face to face with Lao senior officials at the national level. What became evident to me was that despite UNDP’s reputation of putting a “human face” on development and coming under less criticism than agencies such as the World Bank, this served to mask agency agendas which were very much harmonized with the kinds of less popular neoliberal reforms that the international finance institutions required, to safeguard a system of global capital.

I intentionally use the term IAI to indicate that development is a multi-billion dollar industry that needs to perpetuate itself. The effects of the IAI are also driven by a mandate to

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9 Up until then project surveillance consisted of communications between programme officers in the country office and project implementers. More direct contact would take place when “missions” would be carried out by programme officers and evaluation teams. The term “mission” is used in the UN system to denote any field visit, be it a one hour plane trip “up country” for even one day. It has both missionary and colonial connotations.
produce a neoliberal context. Like any industry it is also not monolithic and it has its internal tensions and contradictions. In the Lao context, for example, despite a lack of local NGOs I found that smaller international NGOs identify themselves in opposition to larger multilateral agencies (Polonyi 2003). But even this relationship has been shifting over the past decade as more NGOs are subcontracted by and work in partnership with multilateral agencies. Despite these differences, all of the participants that make up the body of this industry are tied to the larger systems of global capital in ways that make it difficult to become disentangled, even if they so desired. Funding structures, which agencies rely on for survival, are driven by political agendas of donor governments and private interests, which in the neoliberal context have increasingly taken the form of public-private partnerships (Sayer 2007).

One argument I make is that the effects of current regional economic integration on the local population, in the context of China’s increasing economic role in northern Lao, have unfolded in unexpected ways through the interventions of the IAI over the previous two decades. This raises questions regarding the role of the IAI, particularly in a changing context where it is necessary to ask how the rise of economies such as China and India are positioned and what effect this has, if any on the IAI. My starting point is the premise that one role of the IAI is to ensure that transnational private interests may operate according to neoliberal market principles. In order to do so, the intentions of the IAI appear to be to shift the local population from what is understood as a predominantly rural subsistence economy into the market economy. Examining particular interventions or “projects” aimed to do this suggests that these interventions have also facilitated the emergence of what might be competing private interests. I argue that the UNDP promotes the private sector according to neoliberal principles that prefer reducing the role of the state. Ironically, it is the IAI itself which has promoted privatisation and neoliberal reforms that shift development interventions from the purview of the international agencies to private industry within new public-private partnerships. In doing so, new spaces open up which local Lao government actors may attempt to negotiate by turning to the private sector or China, thereby diminishing the authority of the IAI. When I returned to Oudomxay in 2006, how events were unfolding at my intended field site forced me to look at how development and more specifically the IAI, would be forced to reconfigure itself, or how relevant it would even continue to be in its present form.
Ferguson (1994) argues that the results of development may just happen to be the way things work out and can be accomplished behind the backs of the most sincere participants. Such results, therefore, are not necessarily the consequence of any kind of conspiracy to aid capitalist exploitation by incorporating new territories into the world system or working against radical social change. Based on his findings that one development project in Lesotho did not introduce new relations of production, modernization, or economic transformation, Ferguson disagrees with political economists who have argued that the purpose of development projects is to aid capitalist penetration into Third World countries, or who assume that development is part of the historical expansion of capitalism as elements in a global strategy for controlling or capitalizing peasant production. Development’s entry point of eradicating poverty is in his view, incidental, and may have no effect on poverty. It does, however, have other effects, in particular reinforcing and expanding the exercise of bureaucratic state power:

[A] “development” project can effectively squash political challenges to the system not only through enhancing administrative power, but also by casting political questions of land, resources, jobs or wages as technical “problems” responsive to the technical “development” intervention. If the effects of a “development” project end up forming any kind of strategically coherent or intelligible whole, it is a kind of “anti-politics” machine. (Ferguson 1994: 180)

Ferguson concludes that what is most important about a “development” project is not so much what it fails to do but what it achieves through its “side effects” and he suggests that it is more appropriate to ask what is it besides failing to help poor people that development programmes do. This makes sense if we take at face value that eradicating poverty as presented by development discourse is what projects attempt to do. But projects are also the means of agency mandates and larger organisational processes not ends in and of themselves. As such, they variously reflect the shifting nature of the IAI. To hear a development worker with a relatively small European NGO frankly state “our goal is to shift Lao farmers into the market economy” reflects the wide acceptance of a mandate to expand global capitalism. Ferguson’s findings also come out of an earlier phase of neoliberalism, but twenty years later it is recognised that neoliberal strategies have relied on the downsizing of local governments rather than increasing their bureaucratic power. As in Lesotho, I would agree that in Oudomxay, UNDP projects cast certain problems in technical terms, thereby de-politicizing its interventions. Yet paradoxically as projects may channel more power through state bureaucracies in the context of “socialist” Lao they may also have produced some effects that attempt to restrain the state, or channel it to work
in ways that attempt to “promote” what is euphemistically referred to as “civil society” which in IAI terms is reduced to the interests of the private corporate sector. In this respect I would say that the UNDP, along with the World Bank and other multilateral agencies, do work in concert to support the introduction of neoliberal reforms to support the private sector and foreign investment.

I am also interested in how local government actors now find themselves positioned between the IAI and development directives driven by China. IAI discourses of good governance, democratization, and civil society are challenged by the pressures that local governments face in facilitating market forces, in a manner that promotes the interests of foreign investment and the private sector. Aihwa Ong (2002) reminds us that the “state” is an abstraction and that it is more useful to look at state actors. In relation to the question of the role of the state and if the state has been diminished in a neoliberal context, she suggests asking how state actors operate in changing contexts. In the Lao context, all IAI projects must be carried out in partnership with a government agency. It might, perhaps, appear that for government actors taking up public-private partnerships and shifting partnerships from IAI actors to those of foreign investors, may be a rather seamless transition from one kind of partnership to another. Yet, I suggest that such new partnerships also involve tensions, although these may differ from the kind of tensions which develop through IAI partnerships. Working closely with Lao government counterparts with both the UNDP and a smaller INGO I found myself observing power struggles between local officials and the development agencies. One such former UNDP project in Oudomxay stagnated over a technical objective to introduce job descriptions for provincial government staff. In terms of the project, job descriptions were taken for granted as a requirement to improve efficiency, but it met with opposition because it disregarded the complexity and existing system’s culture of decision-making, flexible job allocation, the role of status, social capital, and hierarchies among local government actors. More recently, the UNDP has shifted its approach from technical interventions to a focus on reforming local legal and public administrative systems. In a neoliberal context, such reforms are intended to decrease the size of government bureaucracies and may be resisted when they threaten existing structures.

Some of the most influential analyses of development have been grounded in Foucauldian concepts of power. Foucault has been instrumental in revealing the mechanisms by which a certain order of discourse produces permissible modes of being and thinking, while
disqualifying others (Escobar 1995). According to Foucault’s examination of the productivity of power, the impact of power relations is not limited to repression alone, but also results in the constitution of subjectivity (Foucault 1977). Foucault’s framework of power and knowledge has been utilized to understand development as a historically singular experience, leading to the creation of a domain of thought and action. Forms of knowledge are produced that refer to development, through which it comes into being and is elaborated into objects, concepts, and theories, and a system of power serves to regulate its practice. Development discourses “discipline individuals” and “transform the conditions under which they live into a productive, normalized social environment” (Escobar 1995: 156). Ferguson (1994, 1999: 248) has demonstrated that development has the effect of “systematically misrecognizing and depoliticizing understandings of the lives and problems of people living in what has long since come to be known as the third world.” Discourses of development also construct an image of Lao as isolated, remote, poor and subsistence-based, which justifies the need for development. Lao state “socialist” ideology and the one-party system are viewed by the IAI as not conforming to western ideologies of democracy and governance, despite acceptance of the market system. Ironically, some local government actors use a development discourse taking neoliberal principles which privilege privatisation to describe western development in a negative light, in effect offering a contradictory form of resistance by shifting development interventions from the IAI to the private sector.

Goldman’s (2005) analysis of the World Bank in the Lao PDR frames development within the context of a Gramscian notion of hegemony, with development discourse acting as a component of hegemony and as an ideological and political battlefield. Goldman follows Moore (1995) whose approach involves an analysis where the discourse remains much closer to the practices of discrete institutions, the struggles within them and their “micro-power.” Goldman does not abandon a Foucauldian perspective but argues that the World Bank produces an episteme of “eco-governmentality.” In relation to the UNDP I do not provide evidence to show that it is hegemonic. However, an examination of the discourse of government actors indicates that there are sites of struggle or resistance that critique the authority of agencies such as the UNDP. The irony is that while the UNDP attempts to get the Lao government to construct an “enabling environment” favourable to a “Western” private sector the effect is to have officials turn to what appears to be another “undemocratic,” one-party communist state like China, instead
of shifting to a more “democratic” form of governance. Yet, as local officials begin to see the private sector as offering alternatives to the negotiation of reforms by the IAI, they also exacerbate the effects of neoliberal reforms, shifting power from the public to the foreign, private sector.

Development discourse has been shown to have the effect of producing images that justify the need for development projects (Ferguson 1994) and construct objects of development (Escobar 1995, Mitchell 1991). Ban Jai does not easily fit into images of the Lao village which are used to justify development – in other words remote, isolated, and ethnically marginal or the “poorest of the poor.” The lives of villagers are mobile and closely integrated with that of the nearby provincial town of Xay. While most families continue to rely on rice farming, many are also actively involved with the market economy and villagers have engaged in trade for close to a century if not longer. The experience of several different contexts (colonialism, liberation struggle, centrally planned economy, collectivisation, and late capitalism) brings with it contradictions. I focus on how fifteen years of “development” activities have produced contradictions that would be unpredictable within the constructions of development discourse. One of the most unexpected consequences may be that IAI reforms have pushed local governments to favour the initiatives of private foreign investors and China over the lead of the IAI itself. I examine how such a shift also plays out in the everyday lives of villagers in Ban Jai. By the time I conducted fieldwork, just two years after the establishment of three foreign-owned enterprises in the village, tensions already began to appear over the use of land and water resources within the village.

Critics of Escobar and Ferguson claim that they have privileged the effects of a dominant, global discourse over the role of local actors (Mercer 2002). Recognising that local discourses are multivocal and dialogic offers a way to illustrate the agency of local actors even when there is no evidence of outright resistance. I apply this approach to both state actors and the village discourse of solidarity which I compare to changing and contradictory practices. Village meanings of solidarity get complicated further when a project introduces yet another meaning of solidarity. The discourse of solidarity also raises questions in terms of relations between villagers and the state within the historical context of how the village was situated in the liberation zone during the civil and “American War.”
Critics of the communist Pathet Lao movement which formed the current ruling Lao People’s Revolutionary Party might argue that the rural population in the northern liberation zone was under occupation and coerced into participating in the revolutionary struggle. In Ban Jai, however, villagers refer to the presence of soldiers living among them not in terms of occupation but _samakigan_ (mutual solidarity). While I do not suggest that relations between the state and local people have stayed the same, this recent history has also shaped the way such relations have evolved. In the context of Asia, there is a need to rethink assumptions about the opposition between state and society (Weller 2005). More specifically, in the context of transition to a market economy it has been demonstrated that dialogue has opened up between state and society based on associations that arise out of ties of kinship, religion, and communality. Such associations can be an effective basis for dialogic relations (Luong 2005). The multiple discourses of solidarity in Ban Jai also raise questions about how applicable western models of state versus civil society are in this context. The work of Weller and Luong demonstrate the need to problematize such claims. Such models form the basis of development discourse and the need to “promote” civil society which is positioned in opposition to the state. This assumption is integral to reforms that rely on disguising economic reforms as “good governance” and promoting democratic ideals. In the history of the northern Lao context of the former “Liberation Zone” where the local population was actively mobilized to support the revolutionary movement this opposition becomes problematic. Although the liberation zone has been replaced by an industrial zone, this does not mean that earlier political meanings of solidarity no longer find voice in the multivocal reconstruction of a discourse of solidarity (Bakhtin 1981).

Unlike their counterparts in the urban capital, local government officials are closer to the rural population often tied by networks of kinship, reciprocity, local ideologies of solidarity, and communal obligations. These factors require a closer examination of how the boundaries between state and civil society are much more blurred than dichotomous models suggest. Until recently, international agencies and scholars claimed that there was no civil society in the Lao PDR due to the lack of local NGOs or evidence of organised opposition (Rehbein 2007). This requires questioning the assumption that a lack of open opposition indicates there is no room for dialogue between society and the Lao state. A persistent discourse of solidarity emerged throughout my time in the field which pointed to the need for recognizing its multivocality, and a
potential to uncover the complexity of relations that villagers had with local officials and the market that cannot be explained by dichotomous models. I turn to examining discourses of *samaki* as dialogic and multivocal in an attempt to problematize a dichotomous understanding of relations between villagers and local officials. This allows me to look at how market integration may be producing a struggle of competing ideologies from the perspective of villagers in relation to the contradictions of market forces, the introduction of entrepreneurial subjectivities, and changing public-private partnerships.

### 1.5 The Fieldwork Context and Methodology

I arrived in the capital city of Vientiane early in 2005 to begin fieldwork, but the complete process of obtaining the necessary government approval eventually took ten months. Since I was not allowed to conduct research in the rural areas while waiting, most of this ten-month period was spent in Vientiane. During that time I undertook advanced Lao language training, archival research, and I met with various development organisations. The prolonged time that I had to spend in Vientiane did prove valuable and gave me a sense of how urban life was changing in Lao. I was invited to participate in social family gatherings revolving around religious events such as the end of Buddhist lent. Hearing accounts of how relatively large amounts of cash had started to become visible as “gifts” at the site of such events got me interested in taking a closer look at how religion and customary practices were being implicated in the transition to a market economy. I became acquainted with monks at three different Buddhist temples, one of which was in Chiang Mai, Thailand where I had the opportunity to stay for one week and study Pali and Buddhist philosophy. Although these visits only offered a brief glimpse, I developed a sense of the differences between practice and ideology that helped me understand how the syncretism of *Sasana Bud* (Buddhist religion) and *Sasana Pii* (Spirit religion) could contribute to the multivocal ideology of a discourse of *samaki* (solidarity) in Ban Jai.

I was also able to observe how urban life had changed since the first time I arrived in 1996. Quiet streets and bicycles are rare these days, replaced by motorcycles and traffic-jams which have become a daily occurrence. The distinctive UN landcruisers, symbolizing western wealth, no longer stand out as a growing Lao middle-class take to the streets behind the wheel of SUVs. Signs of prosperity were visible. The first modern shopping centre was under
construction. The first high rise hotel, built by Malaysian investors for the ASEAN meeting held in Vientiane now juts into the sky. Buddhist temples were receiving face lifts or adding extensions, while a large new Buddhist educational centre was being constructed with funds from Thailand. A growing consumer culture was being spurred on by the expansion of an advertisement industry that had been more muted a decade earlier. Everyday, events such as contests were held in the streets and parks in the centre of the city, to sell products ranging from ice-cream to cars. Young people in particular were targeted by such promotions, drawn for example to the opening of one of the largest mobile phone stores by a pop-concert held on the street in front of the modern, glass-fronted exterior, which offered a colourful and tantalising view of all the products one could aspire to own. A Lux Soap Beauty contest was becoming an annual event, targeting Lao urban youth, not just with the lure of prizes but integrated as part of the entertainment and social scene. In 2006 the beauty contest format was taken up by the state sponsored Lao Women’s Union which held the Miss Ampaybone contest. The duty of the winner would be to promote Lao culture.

This growing commercialisation and consumer culture also seemed to dominate at traditional religious festivals. One of Vientiane’s largest Buddhist festivals, the That Luang festival, has increasingly become more of a commercial fair. During the day, hundreds of stalls are set up by large companies and smaller market vendors, many of the latter increasingly from China as Lao friends pointed out to me, and in the evenings several outdoor stages compete for the attention of the crowds. How, I wondered, could the government-sponsored stage offering a variety of “ethnic” songs and dances compete with the flashy stage sponsored by a Thai Ice Tea company which had a popular contemporary Lao youth group singing and giving away big consumer item prizes? Even the saffron-robed novices and monks would gravitate toward this stage, and it was only when some breakdancers replaced the traditional acts, and free bottles of iced tea were thrown into the audience that the government sponsored stage could gain back some of its viewers. The festival reflected how the interplay of a multiplicity of apparently contradictory ideologies were experienced by individuals in daily life. Such contradictions became even more visible that year in the context of other state events and national celebrations.

Ampaybone may be translated into English as ornament or decoration.
Several political events took place during 2005 but two in particular stood out: the ASEAN First Ministers’ Meeting[^11^], and the thirtieth anniversary of the 1975 revolutionary victory of the Lao People’s Revolutionary Party (LPRP) following the end of the American “secret” war.[^12^] Both events received extensive local state media coverage, including patriotic theme songs on Lao television commemorating the events. At the time these events were held, streets were strewn with banners and flags, main thoroughfares were closed to make way for processions of VIP vehicles, strict curfews and travel restrictions were in place, and foreigners were not allowed to obtain or extend visas.[^13^] The commemoration of liberation is held every year, and other anniversaries such as the founding of the LPRP are also celebrated, although not as visibly. One acquaintance explained how as a schoolchild, she had enjoyed these annual celebrations because all the students were required to sleep at school the night before in order to assemble as early as three in the morning for the annual procession. What made it so enjoyable she said was that they were all together, another expression of solidarity.[^14^] This being the thirtieth anniversary, the celebration received a higher profile than usual. By chance my guesthouse was on the main avenue leading to the procession grounds and I was awoken at 3:00 am by the sound of boisterous students lining up to prepare for the morning procession and

[^11^] This meeting was also attended by Ministers from non-ASEAN countries such as the USA, Australia and China. Canada’s own Minister of Foreign Affairs attended and gave a humorous performance on Lao national TV as delegations were required to get up and sing during the closing festivities.

[^12^] The war in Lao was part of the larger Vietnam War. US intervention followed the domino theory logic but it contravened international conventions. It was “secret” because the American public was not informed and the finances would not be approved by congress. Much of the US effort in Lao was undertaken through covert CIA operations organising local Hmong to do the fighting and was funded by opium trade, which ironically was used to produce heroin sold to American soldiers fighting in Vietnam.

[^13^] Since liberation in 1975 the Lao PDR has been relatively stable, however, throughout the years there continue to be sporadic attacks on the civilian population. In recent years these attacks have taken the form of shooting at vehicles in specific rural areas, and bombings at public venues such as restaurants in Vientiane. These incidents have involved injuries and fatalities of foreigners and have received more media coverage, however, there are also other incidents that go unreported by the government. It is generally believed that these are attacks by Hmong insurgents associated with the CIA during the war. In 1996 I had been told that these insurgents continued to receive funds from the USA and Thai sources to carry these attacks in an effort to embarrass or destabilise the Lao government.

[^14^] This view seemed to challenge a critique of the Lao state written by James Scott (1988) who based his analysis on Grant Evans’ observation of one such parade. Scott asks what the purpose of the procession was since so few had bothered to turn up and watch. He missed the point that it was not so much watching the parade as participating in it that was meaningful. When I discussed this with my Lao acquaintance she concurred.
military parade. The students were joined by government staff and members of mass organisations. After the event the street was an impressive kilometre long sea of white and black school uniformed students returning to the city centre.

Living in Vientiane throughout most of that year allowed me to catch a glimpse of both private market discourses and public state discourses and practices. Oversized Lao National Flags along with the red hammer and sickle flags were prominently displayed on foreign banking institutions, or were juxtaposed next to advertising billboards for mobile phones proclaiming “New Freedoms For Teens” or Pepsi “the taste of the new generation.” Despite these changes, on trips to neighbouring Thailand, I encountered a persistent image of Lao that constructed it as “backwards.” I would repeatedly be told that “Lao was what Thailand used to be”, or that “Lao is twenty years behind Thailand.” Scholars and Lao officials, however, have viewed the close economic, cultural and linguistic ties with Thailand as a threat to national and cultural identity. Ireson (1998), for example, has compared the relationship between Thailand and Lao to that of the US and Canada. While the Thai imaginary constructs Lao as less developed it also holds the attraction of being more “traditional” and has become a site of nostalgic and religious pilgrimage for Thai tourists. Such essentialisms also parallel persistent orientalist images that continue to reappear in the travel guidebooks which are the primary source of information about Lao for many western tourists. Under the heading “National Psyche” the Lonely Planet Guide explains: “The cultural contrast between the Lao and the Vietnamese is an example of how the Annamite Chain has served as a cultural fault line dividing Indic and Sinitic zones of influence. The French coined this saying: ‘The Vietnamese plant rice, the Cambodians watch it grow, and the Lao listen to it grow’ (Lonely Planet Guide 2005:33). This image also finds its way into interpretations of war history and some claimed that much of the fighting in Lao was carried out by Vietnamese soldiers, but when I have heard this said by Lao individuals, the reason given is not a lack of industriousness but distaste for war. A common theme I encountered in conversations with Lao individuals was an indignant recognition of the Thai image of Lao as less “jaleun” (civilised, developed) and a pride in the unique character of Lao as “peace-loving” and less aggressive than its neighbours. These different discourses would provide a context for understanding how local discourses of solidarity operate within intersections of national identity-building and regional market integration.
Since joining ASEAN, another highly visible change facilitated by an easing of visa restrictions is a marked increase in tourism. Whereas tourism was almost negligible ten years ago it is now one of the most important industries. The 2006 UNDP Lao Human Development Report claims that it brings in the largest source of revenue. Several of the streets in the centre of Vientiane are now lined with guesthouses, cheap restaurants, pubs and internet cafes catering to backpackers. On weekends, convoys of overnight buses filled with Thai tourists rush up and down major avenues heading to more up-scale lodgings on the outskirts of town. Tour operators with names like “Exotisimo” cater to more upmarket French tourists who want a taste of days gone by and the romance of a nostalgic image of “Indochine” while adventure seekers head for the “Wildside” agency to explore the untamed wilderness of the Lao countryside. Western youth end up at Vang Vieng, a village that is now referred to as the Khao San road of Laos, comparing it to an area in Bangkok which used to be infamous for its budget travellers. In Vang Vieng the backpackers become a spectacle as they spend idyllic afternoons drinking beer, floating on rafts down the Mekong River. Their experience of the “real Lao” is entails the familiarity of western comforts as they eat pizzas and watch the American television series ‘Friends’ shown each evening by the cafes and guesthouses that now line the road of this small town.

The former royal capital Luang Phabang, classified as a World Heritage sight by UNESCO, as much for the French colonial architecture as for its Buddhist temples, is the primary destination for all variety of tourists. New stylish boutique spa hotels have begun to attract a new class of celebrity seeking the respite of anonymity. Mick Jagger, for example, was seen in a Luang Phabang restaurant after his China tour in 2006. This class of visitor contrasts with the low-budget backpackers but altogether their presence has increased to an extent that Luang Phabang has been transformed into primarily a tourist venue all year-round. It would seem that trying to recapture the rustic, colonial, old world charms that tourist operators promote may be under threat. More recently the tourist industry has also reflected increasing foreign investment from China and targeting a growing middle-class Chinese tourist market which potentially would bring in even more earnings. Hotel resorts with golf-courses and gambling casinos catering to this market have begun to appear, as well as plans for a Chinese “cultural village” populated by 10,000 migrants from China in the heart of Vientiane are in the planning stages (Vientiane Times 2007).
This period of my fieldwork in Vientiane provided a contrast to the rural context I would encounter in Oudomxay, where the political and economic changes were more muted. The growing consumerism and wealth of an expanding middle-class were not as evident at that time in northern Lao, which was more influenced by the proximity to the expanding market from China. It is this proximity to China that I found was significant in the kind of changes taking place in Oudomxay.

1.6 Arrival in the Village

I was able to begin fieldwork in Oudomxay ten months later in the beginning of 2006, but when I finally arrived there, local officials stipulated that I could not live in Ban Jai itself and had to sleep in Xay town and commute to the village.\(^{15}\) During the first two weeks I went to Ban Jai by local transport, which could take up to two hours to travel the ten kilometres from Xay town, as stops were first made at local markets or shops within the town. The return trip often involved long periods of waiting since the vehicles did not follow any predictable schedule and were sporadic. These occasions of waiting and travelling provided opportunities to meet villagers, see what they were shopping and trading and get a sense of how mobile they were.

When I initially arrived in Ban Jai I had explained to village leaders that I wanted to spend the first month just being with villagers and improving my language skills. This coincided well with the end of the wet rice harvest season and an upcoming religious festival within the village called Bun Phasad. We went to pbai lin (go play) visiting homes or kin paa (forest eating) having picnics in the forest and spent afternoons talking, singing, eating, and drinking together. I found that while village life partly revolved around seasonal agricultural work and religious activities, other unexpected events occurred and I found my focus shifting. Declining labour resources were affecting labour exchange arrangements and customary practices. Some families were deciding to lease land to a Chinese company to raise rubber seedlings instead of planting rice, because their children were studying at post-secondary institutions outside of the

\(^{15}\) Provincial officials told me not to travel between Xay town and Ban Jai from dusk to dawn as there were “bad men” on the road. When I mentioned this to my landlord, she said that Chinese migrants working at the factory often drank, and when drunk might attack me on the road, not realizing who I was. A district official said one reason I shouldn’t live in the village was because of their problems with water, however, he was also eager to rent me a house that he owned in Xay.
province. New factories were not only competing with villagers over land and forest use, but were also bringing new, male migrant labourers to the village. The impact of earlier development projects began to take on less significance in comparison to the dynamics resulting from the more recent introduction of foreign markets and investors to the village. Yet as my analysis unfolded I discovered that the two were not unrelated.

The first day I began to conduct fieldwork in Ban Jai, village leaders immediately told me of two problems. One problem was that villagers still had outstanding debts from a microfinance project that had ended five years ago. Another more pressing problem that village leaders brought to my attention was to do with their supply of water. Village leaders took me to see the system of pipes that existed, explaining they had problems with the water supply, which was insufficient. At least one constraint appeared to be that one factory located within the boundaries of the village, had installed pipes taking water away from the villagers. Much of the first two weeks of fieldwork in Ban Jai was focused on this problem of water and discussions with village leaders on what might be done. By chance, I had met an international development worker posted in a government office who was installing water filters. When I explained the situation in Ban Jai, he took an interest since he was in search of a new village to work in. As well as extending his government agency’s activities to Ban Jai, he was able to bring in another international NGO which agreed to install more pipes throughout the village. The development worker christened the new project in Ban Jai as “The Water For Life” project. The NGO partnered with a national governmental agency to implement the Water For Life Project.

Given my critical stance on development, my role in facilitating this project presented an ethical dilemma for me. My expectation was that as a development project, there would probably be some negative impact, yet villagers were eager to implement the project and quickly mobilized their share of the funds. I struggled with a number of questions that highlighted the dilemmas of fieldwork. Was I facilitating the very thing I was critical of? Would villagers later feel obligated to engage with me, because in their eyes I had helped them find the project?

16 It was not my intention to help villagers solve this problem by slipping into the role of a development worker, but I did feel that since they were allowing me to conduct research in their village, this was a way to express my gratitude. From the perspective of local provincial officials, many of whom knew me from my earlier work with the UNDP, I also felt that there was an expectation that I would help.
Would they think that my research was connected to development activities and would benefit them in some way? Or should I respect the needs that villagers expressed and assist them in whatever way I could? I also questioned the urgent need for such a project since a water supply did already exist in the village. Ban jai did not fit the image of a “poor and remote” village often portrayed, where women walk long distances to collect water, the kind of village which projects claim to prioritize. The proximity of Ban Jai to Xay town was one of the reasons why I surmised a water system had not been constructed by the District government and as I later found out, it could also be because the province may have been counting on private investors to develop it. Improved road access had meant that project policies deemed that Ban Jai could no longer be in the target zone of development. It seemed to me that both government officials and villagers understood that my involvement was a way to bypass this if I could appeal to an agency based on my past experience in development, or the connections I might be able to make as a foreigner within the international community. The second concern I had over such a project was that a disparity already existed within the village in terms of access to water. It appeared that some households obtained water from pipes directly connected to their homes, some could afford to buy water delivered from Xay town, and some had vehicles which allowed them to carry larger amounts from the local sources of water, while other families relied on young children to laboriously carry buckets of water from the far side of the village. Issues of disparity within the village and conflicts over resource management with factories and institutions in the area would not be resolved by introducing this one project. Indeed, my fear was that a project could exacerbate these problems or introduce new ones.

The new water supply project did not completely satisfy the expectations of villagers. The project installed thirteen communal pipes but some families, who could afford to, were able to extend pipes to their homes, which raised expectations from those villagers without the means to do so. I had the impression they expected the project to provide this to every village

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17 For example, during my fieldwork villagers also asked me to approach one of the UN agencies to include them in a local school feeding programme. The UN agency informed me that Ban Jai did not meet their criteria as a ‘remote’ village and for that reason could not be included in their programme.

18 Another problem arose when villagers suspected that individuals from the government partner involved with the Water For Life project had been “putting money in their pocket.” Since the villagers themselves had contributed money to the project they were all the more upset about this.
household. As the project was completed villagers expressed their appreciation to me, and I would explain that the only role I had was to connect the village with the development agency. At the same time that villagers thanked me, some villagers commented that the project was not yet complete, that they were waiting for the pipes to be extended to their individual houses. One villager asked me to advocate on her behalf with one of the village leaders, who it turned out was a relative. Women in particular expressed their gratitude saying that they no longer had to walk to the stream carrying buckets of water, now they could just go to a communal tap that was much closer to their home. I was to learn that this had an economic impact since many of these women rely on producing rice alcohol as a source of income, and the distillation process requires large quantities of water. These situations made me aware of how little I understood the disparity and the complexity of interrelations within the extended families and in the village in general. Such disparities produced tensions among villagers throughout the process of project implementation. During a heated discussion at one village meeting an elder challenged villagers and asked what was happening to village solidarity; he pointed out that those with higher incomes should also contribute more to the project. His recognition of how market integration was producing increased disparities highlighted what projects tend to ignore when they demand “participation” through equal contributions from all villagers. The Water For Life project differed from previous projects in the village in that villagers might have seen it as a response to the problems related to the arrival of foreign enterprises. Yet the need for the project, particularly for the alcohol producers, was yet another intervention that could be traced back to the effects of earlier projects. What kind of lasting effects this latest project would have, remains to be seen.

1.7 Methodology and Limitations

Taking an ethnographic approach, I focus on Ban Jai which was one of the first “targets” of development as a recipient of UN aid in Oudomxay and more recently has been targeted as part of local government initiatives to construct an industrial zone. An ethnographic approach allows me to explore not only the complexities of earlier development interventions and the more recent role of private foreign investment and China’s growing economy but also how these intersect in terms of the regional political economy. My methodology also relies on historical and text-based sources which allow me to examine the ongoing effects of a series of projects over a twenty year period, in relation to shifting development agendas and economic transition. This approach assumes an understanding of discourse as dialogic and intertextual in an effort to
explore the multivocality of discourses reflected in the voices gathered through oral histories, interviews, academic sources (which may or may not inform the IAI), government, project and agency documents, colonial texts, media, on line sources and popular culture. I adapt this from the work of Michael Bakhtin (1981) to understand discourse as structurally dialogic or intertextual, where dialogue occurs among various texts, genres, and voices in relation to the past, present and future.

I faced certain limitations related to the context of undertaking fieldwork in the Lao PDR and particularly in rural areas such as Oudomxay. Many researchers I met related facing problems in gaining entry to the field. My experience was no different and involved a ten month process to finally obtain the documents needed to begin fieldwork in Oudomxay. I was sponsored by the National University of Laos but even their administration did not understand the need to conduct long term fieldwork. One administrator asked me “why couldn’t I just go to Oudomxay for two weeks to collect my data?” Once I arrived in Oudomxay, local officials stipulated that I was not allowed to sleep in Ban Jai and had to commute from the provincial capital. This did not surprise me based on my experience having previously worked in Oudomxay. Controlling the movement of foreigners was both an issue of security and avoiding criticism. While the province did not have a problem of Hmong insurgency attacks that have occurred in the province of Xieng Khoang, there have been other incidents in other areas that are not widely reported but could prove embarrassing should an outsider be involved.

Actual limitations in gathering data included difficulty in accessing village records. In the village I was told that previous records were not kept, or if I asked about current records I simply received no response. I also explained that I would like to interview various groups such as those who had sold their land, or those who worked in the factories. When I explained that I would like to know who these individuals were, I again received no response. I would have had to undertake my own survey to find out who these individuals were and did not have time for this, and so I focused on interviewing individuals who had participated in the projects. I also felt that I had to be careful in following the lead of the village leaders, particularly since it had taken me so long to obtain permission – since I had explained that my purpose was to look at the effects of earlier projects I was careful in how I went about asking information about the factories or asking questions that might be perceived as political. My approach may have been overly cautious, but from my previous experience working in the province and in Lao I had seen
that there was sensitivity to outside criticism. When I first arrived in 1996 the government had just shut down the internet because of such criticism. In Oudomxay, tensions were produced between the UNDP and government offices when a development worker had raised the issue of resettlement and illegal logging in project villages in 1999. I have also discussed this issue of being cautious with some other researchers who have worked in Lao for several years and was given the advice that this cautious approach was warranted. Another constraint I faced was that of time – both time in having to commute to the village, and time lost due to recurrent illness which restricted me from travelling to the village. This followed on from having to be medically evacuated to Bangkok the very week I received my research visa, once I recovered I had to return from the field to Vientiane to be treated as an outpatient and the infection continued to sporadically recur over the next few months.

I did collect district census data but like most statistical data it also had its limitations and did not include certain details. For example, it did not give a complete account of salaried income from various sources of employment or enterprises, and other sources have pointed out that statistics gathered regarding land ownership and use are often underreported to avoid or reduce taxation. Both of the projects I examined occurred several years before I undertook this study which limited the kind of data I could gather. There was a lack of documentation on the SSIP project, and even the more recent UNDP reports were archived and I was told not accessible. Microfinance project reports I did obtain also do not specify data by village, but gave very general aggregate data and tended to be inconsistent with what people told me. The Microfinance project reports tended to present what looked good for monitoring and evaluation, but did not report issues and problems I knew existed from having worked with the project. For this reason, although I have included data taken from various projects I treat these cautiously.

1.8 Organisation of the Dissertation

Chapter Two presents the context of Oudomxay Province as it is positioned as a historical crossroads and more recently has become the sight of the Asian superhighway. This geographical context sets the stage to explain how different development strategies are introduced, in relation to the introduction of UNDP engagement and then the shift to private-public partnerships under increasing regional economic integration with ASEAN and China.
Chapter Three provides the institutional and policy context of the UNDP which shapes the rationale for the projects which are implemented in Ban Jai. I suggest that strategies reflect responses to different structural shifts within the organization itself with respect to introducing neoliberal reforms that promoted the private sector. Such reforms were part of a larger shift within the UNDP itself which were in alignment with broader IAI mandates.

Chapter Four describes the socio-economic context of the village. It introduces how Ban Jai is historically positioned within the regional context in terms of its history of trade and the more recent context of mobility and urbanisation. The shifting context of market integration is also examined in relation to the changes within the pattern of the village household economy as it shifted from salt to rattan-furniture to alcohol production and trade.

Chapter Five examines the implementation of the Small Scale Irrigation Project (SSIP) as one of the first projects implemented by the UNDP and an example of an earlier strategy of development. Despite the lack of success in providing irrigation, the project does set the stage for introducing a new income-generating activity (rice whiskey production) which will play a significant role in the way that the next UNDP project unfolds. I examine the tensions produced by the project and what implications it has in relation to the diversification of the village economy and what changes it set into motion.

Chapter Six introduces the Microfinance project as it is implemented in Ban Jai within a larger context of introducing a national level microfinance institution. This context determines the strategy of the project and I explore how this strategy unfolds in the village. I discuss how the project intersects with the emergence of rice-whiskey production and how women are positioned differently in relation to their engagement with the project and their trade activities.

Chapter Seven examines how villagers negotiate the tensions of a changing household economy and their more recent engagement in the market economy through Lau Lao production and trade. Villagers undertake this activity in the context of the MF project but by the end of the project increased economic integration introduces structural shifts and to the nature of the local market. I discuss how women attempt to situate themselves in order to compete within this changing context and how it produces new opportunities for some but not for others.
Chapter Eight describes the shift in development strategy in relation to the role of the private sector. It discusses the impact of this shift on the role of private investment and the policy of agricultural industrialization within the early formation of an industrial zone and how Ban Jai is integrated within this. Here I describe the impact of the new factories in Ban Jai and how this produces tensions around land and water use.

Chapter Nine examines how local officials rationalize the shift to public-private partnerships in relation to earlier UNDP projects, the more recent arrival of factories within Ban Jai, and how they construct local “culture” of drinking as an obstacle to this shift in development. The discourse of officials also reflects the contradictory nature of market integration – on the one hand villagers find new economic opportunities by responding to the demands of a migrant labour force and opening drinking venues, and on the other hand this is associated with development of a local sex trade. I extend the examination of discourses constructed by local officials to how this is related to broader national policies and discourses on human trafficking which the IAI has responded to with yet another strategy to development, namely rights-based approaches.

Chapter Ten concludes with a discussion of the most recent context of increased economic influence of China and how villagers are positioned within increasing regional integration. How villagers attempt to negotiate their shifting positions may be understood through how they rework relations and discourses of solidarity.
CHAPTER TWO

OU DOMXAY CONTEXT

2.1 Introduction

As one follows Road 13 through Northern Lao, it twists and turns, winding its way along a steep and at times precarious route through the mountains from the former royal capital, Luang Phabang now a UNESCO world heritage site, heading north towards the border with China. Along the way, the road passes through a landscape often associated with romantic images of an untouched, pristine and rural Lao of emerald green paddy fields which eventually give way to flowing rivers running through thick forests engulfed by mist. Hair pin turns navigate the sheer cliff drops on either side of the road as it makes its way through the mountains. As the road begins to crest the mountains and then makes its descent, it cuts through small Hmong hamlets, where rice is spread out onto the road to be husked by the tires of passing vehicles which crush the grains. Coming out of the mountains and into a valley, the road passes a final waterfall before straightening out and heading into the first major town, after the four to five hour journey of almost 200 kilometres. The town of Xay, with its population of 30,000 does not take long to traverse, and within ten minutes the road speeds through from one end to the other. Here the road passes rows of mostly shops, some restaurants and guesthouses, and in the centre of town crosses a bridge over the Koh River. It is on the other side of the river where the road becomes congested by a melee of tuk tuks motorbikes, and people heading to and from what is called the Supamaket. Nestled between the road and the front of the Supamaket are a handful of women crouched beneath a sign that reads “Selling Prohibited, Danger Vehicles.” The women arrive early in the morning to take up this precarious position, and stay here until late afternoon. They sit waiting, surrounded by an array of containers carefully displayed in rows and filled with a clear liquid, enduring the noise, commotion, and vehicle exhaust that engulfs them. As the

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19 Tuk tuks and jambos are motorized, three-wheeled pedicabs used as local forms of transport, and can comfortably carry between six to eight passengers. Fares are not necessarily set and are usually negotiated beforehand. Larger samlo and lotdoisan are converted pick-up trucks or lorries with parallel rows of seats in the back, covered by a roof. These are all privately owned and driven, often by individual entrepreneurs.
road passes by, one might catch a glimpse of them, be puzzled, and then quickly lose sight of the women as attention is diverted by the more prominent and looming shape of the new hotel being built across the road. The road passes a junction, and an empty and abandoned lot, which used to be the old market, before leaving town and entering the next stretch of mountains and forest, on the way to the neighbouring province of Luang Namtha, and the border with China. Road 13 has become a major transport route linking central Lao, and the capital of Vientiane, to Yunnan and China. Cargo lorries noisily rumble up and down the road filling the air with a mix of dust and petrol fumes as they pass. At night, the bustle of the road running through the town is transformed into a ghostly stretch of a truck stop when it becomes silent, lined by a row of lorries parked in front of Chinese guesthouses, the drivers taking the last chance for a rest before continuing the last 80 km stretch of the journey north to the border.

Over the past decade, different stretches of northern Route 13 have been upgraded, making journeys faster and bringing a variety of new actors to the town. Vietnamese labourers, Chinese and Thai traders, sex workers, Thai and Chinese traffickers, foreign investors, mining prospectors, Lao travelling salesmen, entrepreneurs selling pyramid schemes and miracle cures, men from China looking for wives, Lue tour buses and exchange students from Yunnan pass through, as well as tourists, backpackers, trekkers and cyclists from Europe, North America, Japan and Australia can all be found in the streets of Xay town.

How the lives of the women sitting beneath the sign that reads “Selling Prohibited, Danger, Vehicles” in front of the supamaket are intertwined with the shifting context represented by Route 13 is emblematic of the complexity of changes taking place in Northern Lao. While it is easy to notice the shifting landscape, the bustle of commerce, the development of infrastructure, it is even easier to lose sight of the women themselves, and how they come to carve out a niche in this emerging, precarious, and unpredictable landscape. Drawing attention to this recent positioning of the women in front of the market raises questions relating to how the local traders and population are positioned within the larger context of market and regional integration. The market itself only appeared a year or two before I began fieldwork in Oudomxay in 2006 and is significant as a local landmark representing the role of recent Chinese private investment in the province. The women’s position in front of the market also signals what I will go on to argue in the following chapters is a shift in the pattern of village household economy which has unfolded with market transition. To understand how this has occurred, it is
necessary to first examine the nature of regional integration and the significance of the geographic position of Oudomxay within this larger context. In this chapter, I present the context of Oudomxay Province as it is positioned as a historical crossroads and more recently has become the sight of the Asian superhighway. This geographical context sets the stage to explain how different development strategies are introduced, in relation to the introduction of UNDP engagement and then the shift to private-public partnerships under increasing regional economic integration with ASEAN and China. I introduce the regional context and how the province of Oudomxay is positioned in relation to the growing influence of China in northern Lao. I contrast orientalist representations that portray the province as a frontier to be exploited, alongside local state and development discourses that portray it as a revival of a historic role as a regional crossroads. Such representations speak to the kind of tensions produced as the Lao state attempts to capitalize on the country’s shifting position from “land-locked” to “land-linked” as the construction of transit routes through Lao connect China to Southeast Asia (Pholsena 2006). One example of such tensions developed over the increased role of private investment that has emerged within this context and which the physical space of the new market embodies. At one time Chinese merchants dominated the commercial sector in the region but fled Oudomxay in the late 1950s and 1960s as the communist revolutionary forces established themselves in northern Lao (Dommen 1972, Walker 1999). This opened up a space for local traders, particularly women, to fill this vacuum. After 1975 and the introduction of a command economy, local shops and markets were state run but this changed in 1986 with the transition to a market economy under the New Economic Mechanism (NEM). As a Chinese class of merchant re-emerged, state intervention prevented their presence from serving as a barrier to the commercial roles of women traders (Walker 1999). Market integration produces opportunities for some and disadvantages for others (Rigg 2005). I suggest that the case of the new market illustrates how the increasing influence of foreign investment may be re-positioning who the winners and losers are within the context of regional integration and development. In addition to looser border restrictions and improved transport networks, foreign investors also facilitate an increase in the number of traders and migrants who are entering Lao. The other significant area of influence is in relation to agricultural development and increased industrialization. As provincial policies introduce new industrial zones in the rural areas, they actively engage foreign investors who are having an increasing role in affecting life at the village level. The particularly contradictory mix of
opportunities and tensions that such a context produces will be examined more specifically in the case of Ban Jai in Chapter Eight.

2.2 Oudomxay – Heart of Northern Lao or Chinese Eldorado?

Images reproduced by the tourist industry portray Lao as exotic, isolated, a forgotten and untamed land. Such echo French colonial constructions of *Indochine*, which have re-emerged in the contemporary imaginary (Norindr 1996).

Known in antiquity as the Land of a Million Elephants, and to Indochina War – era journalists as the Land of a Million Irrelevants, Laos boasts a rich cultural tapestry woven of ethnic strands from all over the region…Perhaps most remarkable of all are the great expanses of wilderness Laos has been able to preserve. Despite external demand for Lao timber and hydropower, Laos today boasts some of the most exciting ecotourism options in the region, including…trekking to remote hill-tribe villages in the north…it remains perhaps the most enigmatic and least visited country in Southeast Asia. From the placid shores of the Mekong to the rugged Annamite highlands, from the shimmering spires of Pha That Luang to the moss-covered stones of Wat Phu Champasak, travellers who have made it to Laos are almost unanimous in their admiration of the country…As a well-travelled Lao said after staying away for over 20 years, ‘This is one of the last quiet countries on earth.’ (Lonely Planet Guide 2005:3)

According to one travel guide “most travel in Laos revolves around history and nature.” Such “historical” images are layered upon orientalist constructions of French colonial fantasies of a Shangri-la, the war-time intrigues of covert CIA operations, brothels, “madams” and the haze of opium dens that lured hippies in search of nirvana. The image of what to the tourist is “enigmatic” and the “last quiet country on earth” is to others an “untouched… idyll [that] has its flipside: Laos is one of the least developed countries in the world…the untouchedness so beloved by tourists is often a consequence of failed development plans and enforced communist isolation for almost two decades” (Evans 2002: ix). Others interpret this “untouchedness” as a failure to adapt to a global economy.

Most Lao have not acquired the culture of the market economy: they do not know how to make and invest money, and they do not own money to invest…are not equipped to deal with current conditions – their habitus is ‘ill-fitting’ (in the sense of untimely or outdated)...The main consequences of this ill-fitting habitus – the loss of the (embodied) social order to which people had adapted over millennia. (Rehbein 2007: 54)
To what extent do these images produced by the tourist industry, academics, and the IAI reflect and intersect with what takes place on the ground? Such images of an “untouched” Lao are noticeably absent in references to Oudomxay, much to the chagrin of one international development worker in the provincial tourism sector, who complains that tourist guide books claim that Oudomxay is not worth spending time in. The town of Xay, in particular, corresponds least to the typical romanticized vision of rural Lao:

Udomxay is …a hot and dusty town. It was razed during the war and the inhabitants fled to live in the surrounding hills, what is here now has been built since 1975, which explains why it is such an ugly settlement. Since the early 1990s, the town has been experiencing an economic boom – as a result of its position at the intersection of roads linking China, Vietnam, Luang Phabang, and Pak Beng and commerce and construction are thriving. It also means that Udomxay has a large Chinese and Vietnamese population, a fact that appears to rile the Laos. The town’s truck-stop atmosphere doesn’t appear to enamour it to the tourists and unfortunately the other bad elements which come with major transport thoroughfares. (Lao Footprint 2007:141)

Xay town lacks the charm of the historic UNESCO world heritage site of Luang Phabang, the ancient royal capital which is the next major destination on national Route 13 heading south. It is also described as the “most Chinese city in northern Laos” (Rough Guide 2007: 208) and the impact of this in-migration of male labour from Yunnan has produced a growing sex trade which has even begun to attract the attention of western tourists; backpackers who have passed through Xay post on internet sites that it is easy to “get a girl cheap” at Oudomxay guesthouses. Despite its characterisation as a “Chinese town” its multi-ethnicity is also seen as an attraction.

The capital of Udomxai…didn’t amount to much before the Second Indochina War, when it became a centre for Chinese troops supporting the Pathet Lao. Today it’s a booming Lao-China trade centre riding on imported Chinese wealth. Although few people visit Udomxai as a tourist destination, it’s an important northern crossroads…After roughing it through some beautiful countryside…the town can be something of a disappointment. Basically it consists of strips of asphalt or dirt flanked by modern cement buildings set in the middle of a deforested valley. However, more traditional thatched houses spread across the rim of the valley towards the base of the surrounding mountain range…The town is roughly 60% Lao Thoeng and Lao Soung, 25% Chinese and 15% Lao Loum. Thousands of Chinese

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20 Ethnic groups in the Lao PDR are categorized under one of the three larger groups: Lao Loum, Lao Theung and Lao Soung. The Lue are considered Lao Loum (lowland) and linguistically are part of the larger Tai-Lao classification.
workers may be in the area at any one time, and the Yunnanese dialect is often heard more than Lao in the cafes and hotels.  (Lonely Planet Guide 2005: 158)

The tourist guides neglect to mention that the Chinese troops and consulate were removed during the war when Lao sided with Vietnam over its position in Cambodia. Although the Chinese presence had returned and gradually grew, the “thousands of workers” are not as visible as one might expect. As more than one provincial official told me, they do not know exactly how many migrants from China are in Oudomxay because they manage to blend in. Many Chinese migrants arrive on short-term tourist visas and once these expire they simply remain, illegally but undetected. Several generations of Chinese families have also settled in the town and assimilated, forming relations with Lao neighbours and speak Lao. Such relations are reflected in the practices of Lao townspeople, for example, the owners of my guesthouse take the effort to make the customary Chinese New Year sweets to give to their Chinese neighbours. Chinese language lessons are becoming popular, whereas a decade ago it was English that had been in demand. More recently, however, many of the former Lao shops that lined the central road have been taken over by recent migrants from Yunnan who do not speak Lao and appear to live within their own segregated community. The Chinese population is not homogenous although most come from Yunnan; locally they are at times referred to as “Jin” at other time as “Ho” and many are ethnically Lue. The latter group, in particular, played an important role in facilitating cross-border trade when it first began. Lue from the Lao side initially found the border inhospitable and preferred to develop trading partnerships with Lue in China (Walker 1999). At least one of the companies that will contract rubber cultivation in Ban Jai is owned by Lue from Yunnan.

While such images of Oudomxay fall short of romantic notions of an “untouched” Lao, contradictory images are constructed by development discourses which portray northern Lao as isolated, associating this with the problem of poverty. The northern region in general has been characterized less favourably to the central and southern regions in development documents. The South, for example has been referred to as “a very important strategic area…which has enormous potential” (GOL 2001: 31) whereas the North is considered to be “the most underdeveloped part of the country.” While the northern region holds 30 percent of the country’s population and forty percent of the land area, it has not been seen to have the same potential.

On the whole, the people’s education is low; the major part of the land is mountainous; forests have been destroyed a lot, thus affecting greatly the
environment and the ecosystem. The people’s living conditions are still very harsh.” (GOL 2001:30)

While the Central and Southern regions are portrayed as having “favourable conditions” and the potential for development, the problems of the North are defined in relation to “natural” limits of geography, and demography producing isolation.

Opportunities for income generation in agriculture and other sectors are restricted in physically isolated rural areas, which generally have subsistence economies and poor access to markets...To facilitate the shift from subsistence to commercial agricultural production, villagers will require the capacity for agro-processing...In the end, one of the keys to fighting rural poverty is strong village communities, with access to good social services and markets, and the capacity to invest in their own development. (UNDP 1996: 6-10)

When such problems are defined as “natural” rather than political, questions of social inequality and powerlessness may be obscured (Mitchell 1991). Poverty in the North is also associated with the predominantly non-Lao ethnic nature of the local population, many of which are upland swidden cultivators. “Lao PDR’s poorest population [is] defined operationally as those families whose livelihoods depend on subsistence farming and shifting cultivation in the isolated mountainous areas, and who have in general all the stigmas of poverty” (GOL 1998: 19). Poverty, therefore, is “inextricably related to culture and ethnicity, and that its locus is with highlanders” (ADB 2001: xiii). Despite identifying subsistence agriculture as a problem of poverty, one of the “traditional” commercial crops of uplanders in the region is also implicated where “opium production lies at the heart of the widespread poverty in the Northern region” (GOL 2000: 92) and “these problems are particularly pressing to the 60,000 households in northern Laos that cultivate opium” (UNDP 1996:6). Such problems it is argued include low productivity and “archaic” techniques associated with the North where “living conditions in rural areas have remained largely unchanged for several generations. The majority of the population lives in unhygienic conditions, is illiterate and has low cultural awareness, particularly in the case of ethnic minorities” (GOL 2001: 3-4). The solution calls for “settlement of shifting cultivation...and stopping of opium poppy and cannabis growing [and] arrangement of sedentary life for villagers and poverty eradication” (GOL 2001: 30).21

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21 Despite the different regional portrayals of poverty the UNDP Human Development Index (HDI) figures are not as consistent with such images. The HDI ranges for a low of 0 to a high of 1 and has been
discourses of isolation and “traditional” subsistence agriculture in northern Lao are in the way they are used to produce solutions for the perceived problems (Ferguson 1990) such as to facilitate the shift from subsistence to commercial agricultural production, and to overcome the isolation of the region, particularly through road-building. Such proposed solutions have become even more integral to the recent policies shifts to increase agricultural industrialization.

While poverty is linked with culture and ethnicity in such earlier discourses, more recently the growing potential of tourism has shifted attention onto capitalizing on the multi-ethnicity of the region as a solution. To dispel the negative image of Oudomxay, the provincial department of tourism developed a new logo “Oudomxay, The Heart of Northern Laos” in an attempt to create an alternative image to that presented by western tourist guide books. Drawing from Oudomxay’s historic role as a crossroads, one brochure claims that:

Oudomxay lies at a natural crossroad of the north and has been an effective regional trade route[s] and travel for years. Visitors have passed through the area in transit between China, Vietnam, Mianmar, Thailand, Southern Laos and Cambodia…Today, it becomes the center of economic, trade, culture and tourism…the town is roughly Khmu 60%, LaoLum 25% and Hmong 15%, each with its own distinct culture, religion, language and colourful style of dressing.

(Oudomxay Provincial Tourism Office 2005:2)

Another brochure attempts to downplay the truckstop nature of Xay: “the town is formed by small villages at an important point of intersection in Northern Laos. The proximity to China, Vietnam and the multiethnic influence make the dynamic center of Muang Xay unique from other towns in the regions. However, in the side streets the relaxed Lao life continues and there are many interesting things to discover” (Oudomxay PTO 2006: 4). The tourist brochure goes on to entice tourists who usually just pass through, to spend more time in Muang Xay town, by offering a list of reasons to “stay longer … make a town tour and see the ‘secret’ life of Muang Xay.” Attempting to draw attention away from the disparaging, commercial reputation of Xay town such official representations draw on the public imaginary of orientalist discourses to imply universally acknowledged as a general gauge of progress. The HDI for Lao as a whole in 2000 was 0.560 while that of the North was 0.556, that of the Central region was 0.563 and that of the South was 0.547. Vientiane municipality on the other hand had a ranking of 0.665 which unlike the rest of the country ranked according to the level of “medium HDI countries” in the global 2001 ranking (UNDP 2002).
that behind the modern façade, the town will not fail to fulfill the romantic and exotic images more easily applied to Lao elsewhere.

Walking along the busy main road, instead of seeing temples and saffron clad monks, the tourist is greeted by rows of fluorescent lit Chinese shops all carrying the same cheap household goods. The town offers no reprieve for westerners attempting to escape commercialism. In Oudomxay, commercial activity appears to preclude any of the escapism tourists may seek in other Lao destinations. While Oudomxay does not readily conform to the orientalist constructions of Lao as romantic, sleepy, pristine, or a forgotten Shangri-La catering to western tourists or Thai religious pilgrims, it has nevertheless become a thoroughfare for low budget backpackers and tourists travelling between Luang Phabang and China. Ten years ago, the border town of Muang Sing in Luang Namtha province was a particularly attractive destination where drugs were readily available to tourists, but since the local police have cracked down on this there are complaints that tourism has dropped. During the time of my fieldwork it was also rather bizarre to find that an increasing number of male travellers started to appear at restaurants begging for a free meal, claiming they had no money. One small restaurant owner, a single Khmu woman known for her generosity but who barely manages to make ends meet out of her small establishment, was very perplexed and could not understand why these relatively wealthier westerners expected a handout from her! Although the provincial tourism office attempts to build the industry around trekking and visiting ‘ethnic’ villages, they have yet to attract the kind of tourist dollars that other provinces have captured. It is not surprising then if the Province turns to marketing a different kind of tourism as a source of income. The most visible example of this was by a Malaysian company which was constructing a new hotel, the biggest in the province, right next to the provincial tourism office, and it was rumoured that the hotel would become a venue for gambling, catering to tourists from China.22

22 One online report written since the hotel was completed describes it as a “combination casino/restaurant/brothel” (http://everydayexplorers.nationalgeographic.com/individual-video.php?mediaid=377423). Hotel related websites do not mention the casino, however, the company had already been running such an operation for some years near the site of the Ngam Ggeum dam about one hour’s drive from Vientiane. Patrons are picked up from the airport and transported directly to the hotel casino so that the local tourist industry derives very little benefit.
By the 1990s the Lao state began to ease restrictions opening the borders to trade and tourism. The tight controls of the earlier revolutionary and post-war era were lifting. The notorious opium dens and brothels associated with the decadence of the American presence during the war had been eliminated, but bars and nightclubs were reappearing, although requirements such as Lao music content were imposed. Even by 1997, New Year’s Eve festivities at Vientiane night clubs underwent police raids and curfews were imposed on local patrons, although foreigners were allowed to continue their revelry. By comparison, even then a Wild West image of Xay as a frontier town was perpetuated by a modest but thriving nightlife. Chinese hotels outnumbered those catering to Lao clientele since large numbers of Chinese migrant labourers were employed in local road construction. Likewise there was segregation between Chinese and Lao women within the sex trade. I was informed by one development worker that Lao men would not visit the Chinese clubs but that the local Lao sex trade tended to draw on girls sent out of financial necessity, often by their own parents, from upland minority villages in the surrounding mountains.

The road that connects the north of Lao to the south runs through the centre of Xay town, bringing with it a steady stream of long-distance lorries travelling between China and Lao. In the centre of town there is a crossroads with another road that heads east to connect with the province of Phongsali, and Vietnam beyond it. East of this crossroads, one finds another aspect of the town not mentioned in guidebooks, the role of Xay as the political and administrative centre of the province. It is along this eastern road that the physical embodiment of the government’s relations with the IAI and the private sector become evident, displaying their contributions to growing economic prosperity in the form of mortar and brick. Lining this road the buildings of many of the provincial government offices are located, and it is these buildings that have undergone the most visible transformation within the past five years. The provincial governor’s office used to be the largest building but is now dwarfed by a new governor’s office, and behind it another large building houses the offices of the mass organisations. It is as if these buildings prove to be a testament and a symbol of the province’s progress and prosperity. Interspersed among these buildings, three generations of international agency programmes have also contributed to the construction of offices. What used to be the refurbished UNDP project
The name of this project was the Oudomxai Community Initiative Support Project but it was often referred to as the IFAD project and it appeared to be one of the largest IAI projects in Oudomxay at the time. The project included components by LuxAid (1.2 million Euros) and the World Food Programme (1.6 million $US) and a $US 13.4 million IFAD loan. In a discussion over land ownership with the international project manager at the time, he claimed that the government would not allow China to take land and that there would be a revolt by farmers, since all over the world farmers are attached to land. Since then, foreign ownership of land has been legalized.
A rather different perspective on the cause of increased Chinese investment was put forward over a decade ago by Rosetti. Rosetti suggested that the north of Lao was “ruled by Yunnan’s strategic ambitions:”

Ever since the normalisation of its relations with the Lao People’s Democratic Republic in 1986 and the beginning of the new era of market socialism, China has dropped its traditional policy of neutralisation by military means in northern Laos. It now prefers to exert a more economic type of influence, encompassing the whole of the Indochinese peninsula. Yunnan province, because of its geographical position, is the Chinese province primarily affected by this strategy of opening up new paths into southern Laos, a strategy that is essential in freeing the country from its economic isolation. State and private investors (commonly referred to in China as getihu) are rushing in to conquer this new Eldorado.

(Rosetti 1997:30)

The increasing role of China in the area of market integration and trade since 1999 can be seen in Table 2.1 with a four fold increase in the value of import and exports between China and Lao, surpassing the previously dominant Thai-Lao trade relations. In 2004 foreign investment in the Lao PDR was US$38 million (UNDP 2006) but by 2008 Chinese investment in northern Lao alone has substantially increased. A more recent state newspaper report illustrates how such investment is progressing in the region:

In 2008 alone, the value of trade between northern Laos and Yunnan province has reached US$ 110 million; increased 30.7% compared to the same period of 2007 and covered 26.3% of total trade value between Laos and China. By 2008, Laos and Yunnan province of China has signed a co-operation agreement on economic-technique with the total value of US$ 482 million, US$ 390 million of which was already implemented. In 2008, Laos and China also signed 14 economic co-operation projects with the total value of US$ 141 million, in which US$ 93.29 million was implemented. The two side trade value is expected to reach US$ 250 million by 2010. At the end of the meeting, the sides also signed a MoU to further their co-operation in the future.

(KPL 2009:12)

Lao government and development workers visiting from Vientiane would often express the concern that within the next ten or twenty years, Oudomxay would become Chinese, and that the local Lao language and culture would be replaced by “Jin.”

24 On occasion an incident would occur in Xay that would direct the attention of townspeople to reflect on the tensions

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24 Since conducting fieldwork, similar concerns have been expressed in relation to Chinese ventures in other parts of the country.
Table 2.1  Oudomxay Imports and Exports (1999 – 2004)

<table>
<thead>
<tr>
<th>Destination</th>
<th>Import value (US$)</th>
<th>1999/00</th>
<th>2000/01</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td></td>
<td>509,576.4</td>
<td>3,432,110.6</td>
<td>1,280,872.7</td>
<td>277,328.8</td>
<td>2,717,900.5</td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
<td>11,428.6</td>
<td>322,340.4</td>
<td>187,480.3</td>
<td>789,969.8</td>
<td>60,338.4</td>
</tr>
<tr>
<td>Vietnam</td>
<td></td>
<td>46,800.0</td>
<td></td>
<td></td>
<td></td>
<td>26,191.6</td>
</tr>
<tr>
<td>Myanmar</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,892.1</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>521,005.0</td>
<td>3,801,250.9</td>
<td>1,468,353.0</td>
<td>1,067,298.6</td>
<td>2,806,322.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Export value (US$)</th>
<th>1999/00</th>
<th>2001/02</th>
<th>2002/03</th>
<th>2003/04</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>228,301.3</td>
<td>420,297.5</td>
<td>522,207.7</td>
<td>1,536,679.5</td>
</tr>
<tr>
<td>Thailand</td>
<td>38,857.9</td>
<td>48,748.9</td>
<td>180,904.5</td>
<td>359,718.5</td>
</tr>
<tr>
<td>Vietnam</td>
<td>32,097.9</td>
<td>11,547.5</td>
<td>31,112.8</td>
<td>30,347.8</td>
</tr>
<tr>
<td>Total</td>
<td>299,257.1</td>
<td>480,593.8</td>
<td>734,225.0</td>
<td>1,926,7458</td>
</tr>
</tbody>
</table>

Source: Adapted from Oudomxay Provincial Commerce Department and Khontaphane et al (2006)

related to the growing presence of migrants from China. One such occasion was when a Japanese tourist staying at a Chinese guesthouse was physically attacked by some men, believed to include the guesthouse owner and his acquaintances. The story was all the more compelling and inexplicable since the tourist had been doing nothing more than sitting at a table and had requested the woman serving him to refill his water glass when he was attacked. Town residents speculated about the incident but there seemed to be no reasonable way to explain the behaviour of the Chinese assailants, beyond wondering if there had been a linguistic or cultural misunderstanding and that the tourist may have somehow unknowingly offended his hosts. The incident sparked the retelling of other stories about tensions and violence within the local Chinese community, which some associated with the political dispute between China and Japan at the time, regarding Japan’s refusal to rewrite its history in textbooks. For the town’s Lao residents, their perception of this violence was at times expressed in terms of identity, through a
stereotype that kohn Jin (Chinese people) were different; characterized as louder and more aggressive in behaviour. But co-existence between Chinese and Lao in Oudomxay had evolved over several generations, so these tensions seemed to reflect something more recent, possibly over economic relations and the perception that Chinese companies have been less than fair in dealing with Lao producers, particularly with regard to the trade of maize. Yet while the past decade of road improvement and increased border trade have increased the traffic flowing through Xay town, this hasn’t always benefited all local Chinese businesses. Ironically, this has shortened the time it takes to make the journey from China to Luang Phabang and Vientiane, resulting in a decrease in business for legitimate Chinese restaurants and guesthouses.

The increase in foreign investment and particularly that of China has been portrayed as a positive force of economic growth and new opportunities by the official Lao media and the IAI such as the UNDP 2006 Lao Human Development Report. Such investment along with increased cross-border trade is seen as a source of livelihood diversification.

The case of Northern economic development shows how integration with neighbouring countries may generate substantial benefits at the regional level... In the Northern region of Lao PDR, internationalization and integration with China and Thailand has occurred as a result of improvements in transport infrastructure, and affected a variety of different industries and activities. Both of these effects will benefit local communities...market integration will also improve their chances of selling their own produce at more favourable prices.

(UNDP 2006: 36)

According to the most recent UNDP Lao Human Development Report, although not sufficient in itself, occupational diversification outside traditional agriculture is a necessary condition (employability and type of employment also matter) to raise the level of human development. The report identifies Oudomxay as one of the provinces having a relatively rapid rate of change in non-farm jobs in a national context where agricultural land is considered the most important source of livelihoods in rural Laos (UNDP 2009). Despite such growth the provincial HDI ranking of Oudomxay between 1995 and 2005 went from 13th to 15th out of 17 provinces. Although the percentage of the population below the poverty line for the country as a whole showed an overall decrease from 46 percent in 1992 to 27.6 percent in 2003, in Oudomxay there has only been a decrease from 47.33 percent to 46.21 percent over the same
time period. An analysis of a composite of several indicators (Human Development Index, Human Poverty Index and Gender Development Index) for the period 2003 to 2005 also suggests that Oudomxay is one of the provinces that “lags behind on most counts” (UNDP 2009:66).

A Swedish SIDA country report points out that while there are positive aspects, the improvements in infrastructure and roads will to a large extent benefit the Thai and Chinese and that there may be potential undesirable impacts of the Northern Economic Corridor to the local population. It is suggested that the welfare of households within the vicinity of the roads themselves could be adversely affected by a number of economic, environmental, and social changes that could result from the road. Negative impacts could also be experienced in other areas further from the borders and the report specifically singles out Oudomxay:

There might be a diversion of trade and other economic activities due to the development of the Northern Economic Corridor. These might be felt in other parts of Lao PDR, and in particular Oudomxay which has been a key point for trade and investments coming from China to Lao PDR. There might be significant costs incurred both in the form of lost income from trade and by lowering the returns on existing investments. The construction of the road might also have negative effects on producers of goods in other parts Lao PDR, as the provinces adjacent to the road might find it cheaper to source goods from China and Thailand rather than other parts of Lao PDR. (SIDA 2007: 22)

The 2009 HDR also presents a more cautious picture than the 2006 report with regard to the role of foreign investment and enterprises, suggesting that instead of increasing labour opportunities for the local population, jobs are often filled by expatriate workers. A UNDP technical background report notes that cross border trade is accompanied by immigration from China. The number of registered migrants from China in 2000 was 855 and in 2004 was only 99 which the authors point out do not reflect the reality of foreign migration. Local provincial officials similarly informed me that they did not have accurate figures of the number of migrants coming in from China, since many initially entered on touristic visas and then stayed illegally. The UNDP technical report estimates that illegal labour migration from bordering countries into the Lao PDR in 1999 was around 15,000 Vietnamese and 80,000 Chinese migrants and that most tend

25 The 2009 UNDP Lao HDR also give figures for 1997/8 which show a dramatic increase to 70.59 but no explanation is given for this. While it may be associated with the Asian financial crisis, no other province followed the same trend.
not to be seasonal migrants. The authors point out that the issue of illegal labour migration into
the country has not been well studied but that “labour migration into the Lao PDR may pose a
threat to national security, public safety and the economy. Consequently, the government of the
Lao PDR is restricting the number of illegal foreign workers by stopping new entrants, and
regularising as well as arresting” (Khontaphane et al 2006:page). Foreign investors and
enterprises appear to give preference to migrant labourers for a variety of reasons. The report
explains that employers claim they cannot find Lao workers to replace foreign workers because
most unemployed Lao are unskilled while the work performed by foreign workers requires multi-
skills and that there are high turn-over rates of Lao workers as many return home during the rice
planting season. Another reason given was that Chinese and Vietnamese investors tend to hire
workers from their own countries to run the machines they used which were also imported.

In addition to labour migrants the UNDP study found that the economic boom in the
northern part of the Lao PDR has drawn many Chinese traders into the country and that at border
zones such as Muang Sing in Luang Namtha province there are two groups of traders, Chinese
and Lao, often in direct competition with each other. At the Oudomxay-China border checkpoint
there were six registered export-import companies with provincial government quotas. These
companies also sell import quotas to small traders as well as importing by themselves. Actual
imports exceed quotas which is a problem for the local authorities particularly in terms of
taxation. Overall, the report concludes that Lao-Chinese border trade in Oudomxay and Luang
Namtha has many positive influences on local livelihoods. It also acknowledges that local
traders do not often welcome the increase of Chinese small scale traders and that at the Luang
Namtha border trade zone where Chinese traders appear to dominate both the inward and
outward trade, including agricultural produce on the Lao side of the border, and the wholesaling
of Chinese goods including clothes, daily consumer goods and food. “Lao sellers complain that
they are losing jobs to the Chinese and that some regular jobs may be best reserved for local
people. Foreign labour should only be allowed for more skilled and advanced jobs”
(Khontaphane et al 2006:54). The distinction between migrant traders and labourers is not
clearly defined and it was found that traders may enter on a fifteen day border pass and then
extend their stay for six months to start up businesses, remain illegally or stay legally by
marrying Lao women. Chinese labourers also change their jobs on a regular basis and engage in
different forms of employment from what is permitted.
The opening up of trade not only gives Lao goods access to the Chinese market but also creates new business opportunities for the Chinese. In 2004 there were 1,400 registered foreign labourers in Luang Namtha. (The actual number could be higher.) Most of these labourers were Chinese. The concern is that this number could double in a matter of few years. It is not only the number that causes concern but also the type of work these foreigners do. They work as agricultural workers, merchants in the food market, clothes sellers, construction workers, middlemen, retailers, wholesalers and, restaurant and guesthouse owners. Almost every construction company, big or small, state or private hires Chinese workers.

(Khontaphane et al 2006: 54)

Various forms of illegal trade and smuggling across border checkpoints at night occur and some goods flowing into Oudomxay are carried in as part of passengers’ personal belongings. In Oudomxay many Chinese merchants import goods either directly or through Chinese middlemen who are often relatives. Despite the benefits that market integration and cross-border trade were expected to provide, the sentiments of an immigration officer cited in the HDR technical report reflect the kind of tensions that are also produced locally:

I do not understand why Chinese people are allowed to work in all sectors and at all levels even in the most basic jobs like selling vegetables in this market. After they open their shop, they dominate the market because they have a network with Chinese traders so they bring in large quantities of cheap fresh vegetables every day. We can hardly compete with them now. (Khontaphane et al 2006: 55)

Most IAI and government reports have paid more attention to the issue of out-migration of Lao workers to Thailand with relatively less analysis of the flow of migrants into Lao. While the UNDP technical background paper points to some of these issues much of its discussion was not included in the formal UNDP 2006 HDR itself even though migration was a key theme in that report. In the town of Xay, however, an increasing visibility of migrants from Yunnan was evident during the period of my fieldwork and here I turn to the kind of tensions produced by their presence. In the next section I examine how the role of Chinese investment is reshaping the local marketplace in Xay town and the place of local traders in it. Before 2005 the central provincial market accommodated local traders, with a substantial amount of its wares being supplied by Lao women conducting long-distance cross-border trade at the Thai-Lao border (Walker 1999). Since 2000, trade routes and traders have changed reflecting China’s increasing presence. One particularly visible space, a new market in the town of Xay, illustrates how the role of Chinese investment has produced new tensions.
2.3 Shifting Market Spaces

Pointing in the direction of a bridge that spans the Kho River, as it cuts through the centre of town, an acquaintance tells me that local officials arrive there early in the morning and get their pockets filled with money from China. They do this because they have low salaries, he explains. Next to the bridge on one side of the road, the largest hotel in the town is under construction by a company owned by a Chinese-Malaysian family. This Malaysian investor is in partnership with the Lao military and in 2005 began construction of another one of its operations within the boundaries of Ban Jai. Facing the hotel, on the other side of the road, is a modern new market locally referred to as the “supamaket.” Both of these large, new spaces, on prime public land are now controlled by foreign investors. My acquaintance goes on to tell me that one point of contention among local traders concerns the construction and organisation of the new supamaket. His story illustrates how the shift from public to private control of this public space has not benefited the local traders, and that deregulation or loosening of state control has not guaranteed a fair or open market.

The new supamaket now sits on what used to be the public bus station, situated in the centre of town, it is now one of the busiest sites of activity. The new market was recently built by Chinese investors and opened in 2005, replacing the old market which had about 300 stalls and shops. The old market was on state land, so traders only had to pay an annual tax but no rents. The new market is now on land under long-term lease to Chinese investors who initially set rents so high that Lao traders and producers could not afford to lease space. Investors then requested the provincial government for permission to bring in traders from China. When the traders arrived from Yunnan, the investors lowered the rental fees to accommodate them. The new rate was now also low enough that Lao traders could afford to rent but there was no space left for them in the market. My acquaintance informed me that Chinese investors now wanted to buy and build a second market but local people are refusing to sell their land because they worry what will happen to them if they no longer have land of their own. The response of the government, he told me, despite the potential payoff, was to tell investors “what can we do if the people don’t want to move?” Although this may be a very localized case, it mirrors the progress of a much more lucrative deal in the capital city of Vientiane, where the Chinese government has taken a long term lease on 100 hectares of land to build an “ethnic village” with plans to relocate 13,000 families from China. This deal has also been stalled, according to a KPL (2009) report.
because Lao families are refusing to sell the land for the price offered, and the government response has been “what can we do if they do not want to sell their land?”

Local traders expressed discontent when the investors set stall rental fees that were not affordable for Lao traders, and then lowered the fees once Chinese competitors moved in. The Province responded by having an additional building constructed in the market for Lao traders. The market is still referred to as the Chinese market and can be seen as a government-sanctioned space for the produce and modern commodities brought in from China and sold by Chinese traders. The top floor of the market includes living quarters to house these traders, who leave their families behind in Yunnan for several years at a time. When the new market opened, it made visible what local women traders had been telling me had begun to occur in 2000, when border restrictions on trade lifted and Chinese goods and traders began to flood the local market. Lao women who used to travel to the Chinese border crossing of Boten to buy goods and bring them back to sell, stopped doing so. The construction of the market represented a more general pattern of local traders being edged out to make way for traders from Yunnan. This was also the case for the row of previously owned Lao shops lining the main road which were increasingly replaced by Chinese-owned shops.

The space of the new market provides a stark contrast to the previous government market. Here the Lao women traders would arrive with their truckloads of goods transported from the Thai border town of Chiang Khong to be mobbed by market stall owners (Walker 1999). Such a scene could take place because the provincial market was a less controlled space. The old market lacked the organization and structure of the new market, as one would navigate their way through narrow, cluttered aisles often filled with puddles of mud in the rainy season, while overhead tarpaulins hung haphazardly, not quite succeeding in providing cover from sun or rain. Unlike the clean concrete blocks of the new supamaket, this market was less attractive and less convenient, however, it made room for the informal economy, for those who could not afford a stall, or only sold their surplus produce in times of need. Unlike the old market there seems to be no space for the women from remote mountain villages to sell their meagre quantities of produce or weaving in this new covered market. Women now walk several days from the more northern province of Phongsali and are seen wandering up and down the main street trying to sell a few bags of produce. Also gone are the stalls that used to sell distinctive red, white, and black Lue
textiles woven locally, by women such as those from Ban Jai. Such textiles have disappeared from the new market.

Facing the new supamaket, one sees two long concrete blocks separated by an open space. The physical separation of the two buildings, which contain rows of shops and stalls, represents not only a distinction in the kind of wares sold but in the traders themselves. This segregation is not haphazard and can be understood in terms of how economic divisions are shifting between the local population and the influx of migrants from Yunnan. The market represents what Alfred Gell describes as a paradigm of social relations where interactions in the marketplace are coloured by factors external to the marketplace. For the participants, the market gives concrete representation of the ground-plan of their society. The market provides a mapping, in space, time and in the form of market interactions, for the social relations found in wider society in the region. The ‘market’ economy is geared to the values implicit in the state, and the widest framework of social relations. “In the market people are ‘put in their place’ in a sense rather stronger than is usually implied by that idiom” (Gell 1982:484).26

Arriving at the supamaket one Saturday morning in October 2006, I found that what had been a large open space between the two major blocks of the market was now filled with a long row of stalls where Chinese women were selling their produce. These women were originally relegated to the lowest part of the three levels of the market. During the rainy season that year, flooding in the mountains caused the Koh River next to the market to steadily rise. The year before there had been severe flooding in the region that had also affected the town. One news report filmed a house dramatically sliding into the river. Although it did not reach such severe levels in 2006 the river bank was submerged to the extent that there was some flooding of the market. Across the road at the construction site of a newly built hotel, workers had to rush to save tractors and equipment on the river bank that was being excavated, as waters quickly rose. The Chinese produce sellers could justify shifting to the more favourable and prominent position they now held front and centre, on the main level of the market.

26 I would like to acknowledge Sandra Bamford for pointing me in this direction.
The market is segregated by ethnicity and gender – male traders from Yunnan occupy one concrete block of shops selling more costly items such as electronics, furniture and luggage. A second building which was added to accommodate local traders because the Chinese investors had not made room for them, houses smaller stalls of mostly household and dry goods on the main level and clothing on the upper level. This block is almost exclusively women sellers, mostly Lao, and a few Hmong. Although there are a couple of prepared food stalls on a lower level in the rear of the market, what is usually the liveliest section of markets is conspicuously absent here. This section used to be the heart of the old provincial market where noodle stalls and tables filled with people working nearby who came to eat at lunchtime. This had been the domain of local women who would prepare and sell sticky rice, fermented vegetables, bamboo shoots, satay sticks of meat and phô noodle soup and was the most sociable part of the market. Now there are only a small number of women selling snacks on the outside of a fence that borders the new market, alongside a dirt lane that accommodated the covered lorries waiting for passengers going to outlying villages. No such gathering place for cheaply prepared food now exists at any of the markets in the town.

The new supamaket is not as haphazard as the old market, it is more orderly, more regulated, and every shop or stall is placed according to a plan. The old market was also divided into sections for produce, clothes, or housewares, but this new market lacks the chaotic sprawl of the old market where it would be much easier for an individual trader to temporarily occupy a space without being detected or for occasional petty traders to find space. The front of the old market was cited as an attraction in guidebooks because it was one of the few places in town where traders dressed in colourful “traditional” clothing would come down from mountain villages to sell their produce. In the new supamaket only traders who can afford to pay the rent for the shops, cubicles, or permanent stalls are allowed a space. The Chinese women who sell produce at the rear of the market may be less regulated since they did not seem to have spaces specifically allocated to them but simply spread their produce onto rows of wooden platforms provided, most of which were never filled. Lao vegetable and fruit producers are more commonly found at three of the other market sites in town: a much smaller central market which sells mostly produce was established after the old market was torn down; the new provincial bus station has allotted space for traders selling produce; a market on the outskirts of town which the government built in 1999 where produce, dry goods and household goods can be found but this
market has never gained the popularity of the old market and was often empty of customers when I visited. While townspeople frequented the central produce market, villagers heading out from town stopped at the third market to buy sacks of rice or salt.

With the start of the new rainy season the women selling produce at the rear of the supamaket broke away from the area they were confined to and set up stalls in an open space between the two rows of market buildings. Traders and patrons now jostled next to the tuk tuks that pulled up to drop off and pick up passengers. These fruit and vegetable sellers now filled the empty space with a long row of tables shaded overhead by umbrellas and tarpaulin. This empty space used to surround the smaller group of women who could be seen every day in front of the market, huddled under a sign that warns of the dangers of traffic, and forbids selling here. Although these women had moved into this space before the produce sellers, unlike them they do not have tables or stalls but sit on the ground surrounded by petrol containers and clear glass bottles filled with lau lao, a rice whiskey which they themselves produce and come to sell. A group of different individuals from Ban Jai arrive early every morning and remain in front of the supamaket until late afternoon. Within the past decade, producing and selling rice whiskey has taken on an increasing part of life in and outside of the home and the village for many women in Ban Jai. A few of these women told me that at one time they had attempted to become long-distance traders when the border with China opened. Instead of prospering as cross-border traders, however, they now found themselves at the edge of the market earning much less in the trade of alcohol. Their story of attempting and abandoning cross-border trade in China was repeated by other female entrepreneurs I met in Xay town. Women said that one reason they stopped was because many more traders from China were beginning to come into Lao. Clark (2008) maintains that the marketplace is not insulated from the influence of broader structures of inequality. The recent prominent appearance of traders from Yunnan and the way that space was made for them in the new supamaket raises questions regarding how processes of social and

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27 One reason for the increase of traders and goods can be explained by the establishment of the ASEAN-China Free Trade Agreement in 2001 which dropped average tariff rates on goods from China to ASEAN countries from 9.8 to 0.1 percent. A zero tariff on more than 90 percent of Chinese products exists within the six older ASEAN member countries and the four newer members (Laos, Vietnam, Cambodia, and Myanmar) will follow suit by 2015 (Vientiane Times 2010).
economic differentiation are shaped by market integration. The process of transition from subsistence to market economy in the Lao context has been recognized as producing differentiation to the advantage of urban, ethnic Lao, and lowlanders over rural, ethnic minority groups, and upland swidden cultivators (Rigg 2005). The case of the Oudomxay supamaket and the role of foreign investors and the private sector in its establishment suggest that who the winners and losers of market transition are shifting with divisions between Lao nationals and traders from Yunnan.

Women who participated in an earlier decade of cross-border trade did so with the start of economic integration of the Economic Quadrangle (the border areas of Yunnan, Myanmar, Thailand and Lao, including the Golden Triangle) which encompasses Oudomxay. The success of cross-border trade took place within a context where economic liberalisation did not necessarily result in deregulation and “the actions of national and provincial governments create market niches, generate unevenness in supply that can be profitably exploited locally, and provide social and political opportunities for local market power” (Walker 1999:14). The case of the supamaket suggests that since then, the partnerships between local governments and foreign investors appear to have shifted the balance of power away from local market power. The control of spaces such as the market, are shifting from public to private investors which has facilitated an increase in the number of traders from Yunnan. The patterns of trade and transport routes Walker describes in his 1999 ethnography have also altered, when much of the trade centered on cross-border trade with Thailand and some Lao women traders were able to carve a successful niche out of such opportunities. Since then, there have been an increasing number of traders from Yunnan and many of these are men. With the increasing influence of China’s border trade and changes in tariff regulations that have facilitated this, one cannot assume that this will necessarily provide new opportunities for all traders. Rather this calls for more detailed analysis of how this shifting context may affect local traders like the women from Ban Jai. How the women ended up in front of the market, however, involves not only the more recent dynamics of regional integration but an examination of the preceding period of development interventions.
2.4 Abundant Forests, Abundant Life

Entering the large and recently built Oudomxay Provincial Agriculture and Forestry Office (PAFO) the first image one sees is a colourful wall size mural with the caption “Paa Sombun Sivid Sombun” meaning “Abundant Forest, Abundant Life.” The mural depicts the scene of a village surrounded by a forest with elephants, deer, and monkeys hanging from the trees. Running through the village is a river with an irrigation dam upstream. One man is perched fishing on a river bank, facing fields planted with rice paddy and cash crops, where another man works. Behind him are more garden plots and beyond this are village houses where there is a deep well and on the other side of the homes is a water pump from which a woman is carrying pails of water. Here there are more women who look busy surrounded by tables and mats of drying fish, chillies, and other produce. The image presented is idyllic, the greens of the forest and fields invoking a sense of abundance and harmony with nature but at the same time of a productive village. The image of the mural appears to be the model image that the PAFO promotes to donors, investors, and the local population. It appears to represent the attempts to balance subsistence farming with commercial production. To the donors it may say we care about the environment, but to investors it may say there is plenty of land and forest to exploit. Government policies sound as if they encourage such a model village, but the same policies are used to justify plans and projects introducing a scale of industrialisation that could make the model village untenable. Ban Jai, surrounded by forest, mountains, rivers and paddy fields, appears at first glance to resemble the image of this model village but as time went by I learnt that such appearances were deceiving as the village landscape appeared to be undergoing a transformation with the arrival of foreign investors as plans to extend agricultural industrialisation to the space of the village itself progressed.

The model village represents the kind of agricultural policies identified with targeting problems of subsistence farming and low productivity in northern Lao. In a context of increasing market integration and diversification of livelihoods such policies have been critiqued for falling short of providing the non-farm opportunities that could potentially benefit the rural population (Rigg 2005). The Oudomxay government continues to focus on agricultural development as a solution to poverty but more recent shifts in policy focus on industrialisation of agriculture which involves the establishment of industrial zones with the active involvement of foreign investors. By 2004, the village of Ban Jai had begun to be incorporated into one such zone, a move which
involved a re-allocation of land and the cutting down of some of its “abundant forests.” If the construction of the Chinese *supamaket* facilitated the arrival of new traders, the newly established foreign enterprises in Ban Jai also introduced the arrival of new migrant labourers to the village. Villagers, therefore, are affected by and engage with regional integration and shifting policies in the space of daily life of the village itself and in their interactions beyond the space of the village such as the marketplace. On the one hand, the provincial centre of Xay town has begun to take on a significant role in the everyday life of villages such as Ban Jai. With improved infrastructure and transport such villages are no longer inaccessible and are increasingly becoming integrated into the market activities of the town. With such integration, opportunities are to be expected, yet do not necessarily materialize. On the other hand, within the village itself the recent arrival of foreign investors has established new factories, potentially creating new economic opportunities but at the same time contributing to tensions that arise within the village over the sharing of resources such as land and water.

To understand how villagers are positioned and negotiate their positions within the recent context of the arrival of foreign enterprises and the process of industrialisation in Ban Jai involves taking into account how the household economy has been shaped by previous development interventions and wider structural shifts that occurred with market transition. I examine the role of such earlier IAI interventions in Chapters Five to Seven and in Chapter Eight look at the shift towards public-private partnerships which involves an increasing role for foreign private investors. I ask what kind of impact this has on the everyday lives of villagers themselves who are presumed to be the beneficiaries of such partnerships within development discourses.

In 1997, when I first arrived in Oudomxay to work with the UNDP, there were fewer Chinese guesthouses, and no new *supamaket* with its group of women from Ban Jai selling *lau lao* in front of it. The road to the neighbouring province of Luang Namtha was being upgraded and the town itself was poised to benefit from plans to resurrect the region in its historic role as a crossroads. International donors and loans would eventually provide funds to construct new roads that would link Oudomxay in all directions; Vietnam to the east, China to the north,
Thailand to the west and Vientiane to the south. At that time, the UNDP’s own initiatives shifted from smaller, technical projects to a wider range of integrated projects designed to “build capacity” within the province. This shift reflected wider trends in development, but also signalled an attempt to decentralize project implementation to the provincial government level, and to directly integrate the rural population into the market economy. The UNDP’s twelve million dollar expenditure on projects in the province included efforts to engage women in the emerging market. Ban Jai was included in both of these phases of UNDP development projects and more recently in the province’s shift to development of agricultural industrialisation so that since the introduction of NEM in 1986 it has been one of the earliest and long running communities to be targeted by development initiatives. In the following chapters I examine how this experience of development interventions positioned villagers in relation to the more recent phases of economic transition and market integration.

28 These roads would become a part of what would be referred to as “Economic Corridors,” two of which would pass through the Lao PDR: North-South, linking Bangkok to Yunnan in China, and East-West, linking Myanmar to Vietnam. The first three of these regional “Economic Corridors” were the first stage of a 10-year regional strategy of 11 flagship programs, endorsed in 2002 by leaders at the first Greater Mekong Sub-Region (GMS). The GMS is a project of regional governments, with the backing of international financial institutions and donors, and closely associated with the Asian Development Bank (Wells-Dang 2005).

29 Oudomxay was one of three pilot provinces where the UNDP attempted to introduce projects implemented by the provincial government; the two other provinces were Sayaboury and Sekong.
CHAPTER THREE
INTERNATIONAL AID INDUSTRY PARTNERSHIPS AND STRATEGIES

3.1 Introduction

In this chapter I provide the history and logic of UNDP development interventions in Ban Jai with respect to introducing neoliberal reforms that promoted the private sector. Such reforms were part of a larger shift within the UNDP itself which was in alignment with broader IAI mandates. I outline the context of neoliberal policy shifts within the organisation to highlight how behind “technical” project objectives implemented in Ban Jai other implicit organisational objectives existed. My focus is not so much on how the technical nature of projects obscures development efforts to increase state power and bureaucracy (Ferguson 1994), as it is on how within the neoliberal context, one effect of UNDP projects is to increase the power of the private sector. This occurs as the effects of projects intersect with processes such as diversification and differentiation, which are associated with villagers’ increased engagement in the market economy.

After the war and with the inception of the Lao PDR in 1975, foreign aid was predominantly supplied by the Comintern countries. Anticipating the decline of Soviet support, the Lao government signaled a shift to market transition with the introduction of the New Economic mechanism (NEM) in 1986. This opened the way for an increasing role for the IAI, although a smaller number of NGOs and the United Nations were already working in the Lao PDR before then. By 1995 there were twenty-two different international organisations working in Oudomxay, and seven bilateral donors which included Germany, Sweden, Australia, Thailand, Vietnam, China and Myanmar (UNDP 1996). By 1996 UNDP was one of the most prominent organisations in the province, implementing seven projects totalling over ten million $US. On a national level the UNDP has also consistently been the largest multilateral contributor of grant aid, outside of the International Financial Institutions which have mainly contributed loans. From 1997 to 2000 total multilateral aid in grants came to 56.8 million dollars in the Lao PDR,

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30 Bilateral aid by included road construction (Sweden), health and education (Australia, Vietnam and Thailand), a soft loan for hydropower construction (China), and the donation of rice (Germany, Myanmar and Vietnam). Source: UNDP Socio-Economic Profile of Oudomsay Province, 1996.
of which the UNDP provided 39.5 million dollars (GOL 2000). I suggest that the role of the UNDP is significant not only for its sizable grants and the number of projects it has introduced, but in its role as coordinator of UN agencies and the IAI through the round table meeting process it organizes, and more importantly for orchestrating the government reform process.

By 1990 the UNDP began one of the first projects in Oudomxay, implemented in Ban Jai. At this stage the UNDP implemented technical rural development projects but by the mid 1990s the UNDP began to re-invent or transform itself into an “advisor” to local governments, particularly at the level of instituting reforms within local systems of governance. The nature of the organisation’s projects in the Lao PDR also began to reflect this. The projects implemented in Ban Jai occurred in the context of these neoliberal policy shifts within the UNDP, and highlight that the effects of technical objectives are secondary to broader institutional goals to promote the private sector and reform the state financial system.

In the early 1990s the UNDP underwent an organisational transition which involved redefining its major goals. One of the main objectives it formulated was to “promote civil society.” In the context of the Lao PDR this has the potential to produce particular tensions working within a state system that western donors and development discourse portray as a one-party state that is undemocratic and lacking a civil society. I argue that the UNDP’s objective was better understood not so much in the interests of promoting the civil society in terms of local populations as it was more specifically about producing an “enabling environment” for the private sector and foreign investors. I begin by outlining the UNDP’s transformation and the construction of neoliberal policy discourse in general. This provides the institutional context for an examination of projects in Ban Jai which I undertake in Chapters Five and Six. The two main projects implemented in Ban Jai which had the most important effects were the Small Scale Irrigation Project (SSIP) and the Microfinance Project (MF), both funded and implemented by the UNDP and the United Nations Capital Development Fund (UNCDF). A third project

31 The UNCDF is an affiliate of the UNDP and implemented its projects in conjunction with the UNDP. In 1997 in the Lao PDR it consisted of one programme officer and an assistant based within the UNDP Lao country office. The UNDP, however, played an overarching role in programme directions and country policies which UNCDF’s projects fit into. In 1994 the UNCDF faced a collapse in donor financing and had been put on notice that they must demonstrate relevance within a five year period (Craig and Porter 2006).
called the Eco-Development and Irrigation Project (EDI) was implemented in Ban Jai only to the extent that it was used to disburse a small amount of funds remaining from the earlier SSIP.\footnote{32 Another project, the Integrated Rural Accessibility Planning project was to have conducted participatory planning surveys in every village, and the project files contained data from Ban Jai. However, current village leaders claimed to have no recollection of the project and since no activities after the planning phase were conducted in this village I have not included an analysis of this project.}

3.2 The UNDP - “A Story of Transformation”

In the late 1980s UNDP was still very much the same organization as the one created in 1970 – a vehicle for the transfer of grant technical assistance resources to programme countries. The uses to which these resources were to be put were the exclusive prerogative of the programme countries themselves. This prerogative largely precluded the possibility that the Organization could have its own thematic focus or mandate. (UNDP 1999:5)

Two decades after the founding of the UNDP, the organisation was preparing to shift its role by creating a mandate that would no longer be limited to technical assistance or the prerogative of programme countries. One outcome of this shift is that over the past decade the UNDP has become increasingly involved in local reforms at country level, particularly of legal, financial and public administration systems. The projects undertaken in Ban Jai reflected this shift but were also part of a broader attempt to introduce decentralisation and financial system reforms.

The document entitled “UNDP – A Story of Transformation” published by the UNDP, and primarily aimed at its staff, outlines the organisational shift required to prepare the widespread adoption of its new mandate of “sustainable human development.” The document goes on to outline overarching objectives which were the outcome of Executive Board decisions taken in 1994 and 1995 giving central priority to eradicating poverty through sustainable human development.

Today the vision is inspired by a set of common values and goals. This has been expressed as a commitment to Sustainable Human Development. No longer is the focus state-centric. While continuing to recognize the role of the public sector, UNDP’s spheres of action today encompass and reach beyond this to civil society and the private sector. It is through the enabling environment,\footnote{33 My emphasis.} and through the building of social capital, that the gap will be redressed. Whereas yesterday
enormous resources were channeled to strengthen planning ministries, today they support the broad policy environment affecting the poor, and they provide directly for their empowerment. Against this background UNDP has implemented specific steps to reach out to civil society and the private sector.

(UNDP 1999: 5)

The new focus which shifts to the private sector reflects the neoliberal context that emphasized the downsizing of local governments and promoting privatization. The United Nations Development Programme has been noted for its role in putting a “human face” on development through its construction of the Human Development Index which has now become an “important counterweight to economism of the likes of the IBRD and the IMF” (Watts 2001: 296). For this reason, Watts suggests that it would be fascinating to chart the history of the UNDP as another important development institution. Goldman’s case study of World Bank projects in the Lao PDR has demonstrated a type of ‘silencing’ and provides an analysis that poses a number of questions about how development institutions incorporate new ideas and popular pressures (Watts 2001). Goldman (2005) argues that the World Bank responded to public critiques of its environmental policies by mainstreaming sustainable development which involved a green neoliberal logic that applied economic rational principles to the environment and a valuation of natural resources. The World Banks’s imposition of this logic of sustainable development, in Goldman’s view, became hegemonic and serves to promote the interests of transnational corporate interests. While it is beyond the scope of this dissertation to chart the history of the UNDP, I take the transformation of the UNDP as a starting point to examine how the organisation positioned itself within a neoliberal context, and how projects within this context served a mandate that was not just “technical.” I suggest that the UNDP attempts to mainstream the meaning of “civil society” in a specific way that obscures its political and democratic associations and instead becomes synonymous with the economic interests of the private sector, within a system of global capital.

The UNDP’s attempt to transform itself reflected wider neoliberal economic shifts occurring at the time. This context also affected the organisation’s funding structure as traditional donors, such as the USA became more stringent in their support.

The dramatic change in the funding base reflects a broad based evolution in donor funding practices….UNDP has had to respond rapidly and imaginatively to the demands of a new market situation where funding is specifically related to the provision of quality services at the country level.

(UNDP 1999:9)
Neoliberal ideologies promoting privatisation as well as the UNDP’s own institutional survival both played a role in this transition.

The culture of UNDP has been significantly impacted from being uniquely public sector oriented to becoming heavily influenced by the needs of clients and a service mentality. The change in the funding base has brought with it a transformation in organizational culture and this continues today. It is important to stress that there is nothing in this cultural shift which is incompatible with the values and goals of the United Nations. The shift relates to the environment in which the UN works today and ensures the continued relevance of UNDP in this changing environment. (UNDP 1999: 9-10)

The shift from being public sector oriented to a service mentality indicates the need or demands of neoliberal reforms to downsize public sectors. The changing environment refers to funding cutbacks and new conditions attached to new funding structures that pressure the UNDP to make itself relevant in the changing neoliberal environment. This is an environment where private and corporate interests are increasingly taking leadership roles in public-private partnerships (Sayer 2007), influencing donors such as the USA (Goldman 2005) or as social entrepreneurs directly funding international agencies, for example, UNICEF administers the Gates Foundation vaccination programme.

Although the above excerpt attempts to justify changes in terms of the needs of its “clients,” the terms of new funding structures also created new clients. UNDP country offices received less direct funding from headquarters in New York and were forced to carry out their own resource mobilisation. Country programmes, therefore, had to turn to donors already working at the recipient country level or alternative partnerships that included the private sector. This also had the effect that individual, bilateral donor partners had more of a say in how UNDP funds were used and in project formulation. This changing environment is an increasingly neoliberal one that seeks to decrease the size of the public sector, requiring a shift away from being state-centric. While local governments may be the “clients” of the UNDP, in this changing context the private sector becomes a de facto client and the organisation needs to pay attention to the demands of increasing public-private partnerships and the need to find resources no longer provided by member states, in particular the United States which is the largest contributing member to the United Nations. For example, one such partnership unfolded while I was working with the UNDP when it partnered with the computer hardware company Cysco Systems to promote a global wide fund-raising campaign. On another level, the UNDP also appears to
respond to the growing pressures from global civil society movements: “measures to promote NGO Execution and to put into place a public disclosure policy have been taken. A range of new partnerships with the private sector is exploring new ways of working together” (UNDP 1999: 5). Such partnerships often involved subcontracting NGOs to implement components of UNDP projects as was the case with the Microfinance project. Although the UNDP and other multilateral organisations have undertaken partnerships with NGOs, the reference to “partnerships with the private sector” reflects a shift in the kind of partnerships between public and private sectors where multinational corporations are increasingly playing a leading role. Such partnerships where NGOs become dependent on private sector funding threaten “NGO capture” and make it difficult for them to play a role that is critical of corporations (Sayer 2007). Unlike NGOs, which may start out offering a critical voice, the UNDP’s “cultural shift” in the changing environment is based on its values and goals of neoliberalism.

By 1997, UNDP country offices increasingly had to conduct their own resource mobilization efforts with bilateral donors. In the Lao PDR, where the USA AID programme had a relatively small presence, it nevertheless had the opportunity to increase its level of influence through its relations with the UNDP country office. General directives and the mandates or “thematic focus” of neoliberal reforms continued to originate from the UNDP New York office. Beyond economic survival, the UNDP also attempted to extend its relevance within the larger system of the United Nations, which itself has been struggling to justify its survival and relevancy.

While the UNDPs position within the United Nations operational system continues to evolve, it is clear that today UNDP has a role to play as the operational arm of the United Nations to serve the interest of the entire operational system. UNDPs role in this regard is very different from the one it was playing even in the early 1990s. The…UNDP plays a significant role in all of the major spheres of action of the United Nations at the country level. UNDP has a role to play as a development partner for the UNs work, both in peace security, as well as in humanitarian work. UNDP is committed to helping the UN become a unified and powerful force for sustainable development. Finally, UNDP assists in the UN’s “normative” and analytical work in economic, social and environmental affairs through support for operationalizing in developing countries, the goals and agreements reached in UN Global Conferences.

(UNDP 1999: 9)
The reference to agreements reached at UN Global Conferences take their most obvious normative effects in terms of the long list of UN Conventions and international treaties that countries sign.

The signing of international treaties and conventions do not necessarily guarantee compliance and may produce struggles and contradictions at the local level. In the Lao context, such treaties were used as instruments to support the US “war on drugs” in imposing the reduction of opium production. The United Nations Drug Control Programme (UNDCP) implemented projects to this effect. The logic of such projects was to convince upland farmers to shift from opium production to other cash crops. In 1999, one such project in Oudomxay which the UNDP implemented on behalf of the UNDCP, failed leaving several upland villages with no substitute crops, no income from the poppies traditionally cultivated, and no food to eat that winter. When I raised this concern with the UNDCP, the representative’s response was it was his job to enforce the Lao government to carry out its obligations to the UN conventions they signed on opium reduction. Since then, the Lao government has officially claimed that it has met its target in eradicating poppy production, yet the UNDCP has been replaced by the United Nations Organisation on Drugs and Crime (UNODC) which has an even stronger presence and broader mandate than the UNDCP had. Beyond the issue of opium production which has attracted critical attention from the international NGO community because of its links to Lao government resettlement programmes which move upland villagers to lowlands, the long list of treaties and conventions indicates how widespread international pressure is on governments which may have relatively few resources to carry out such a mandate. The “normative” work of the UNDP becomes more encompassing as it assists the Lao government in meeting such mandates and extends to an increasing number of sectors which require ever more legal reforms.34

34 A more recent parallel involves the issue of human trafficking. I was told that the ILO budget for its programme on women and children was as high as it was because of pressures from US congress to focus on such “soft” issues which were in their own political interests. The UNDP coordinates various UN agency activities on human trafficking through its UN Inter-Agency Project on Human Trafficking (UNIAP 2003).
The increasing emphasis on “normative” work was reflected by a programme officer who explained to me that the UNDP was shifting its role from being an implementer of projects to that of “advisor” to the Lao government. This can be seen in how projects have increasingly turned to the “reform” of different systems within country including financial, legal, and Lao public administration systems. As a witness to the early stages of this process it appeared to me that the negotiation of power was not an easy one, and that projects often evolved into local struggles and were stalled by disruptions between the UN agency and the government partner, even in cases where some objectives were technical ones.

The shift in focus onto reforms of the Lao system was also extended to other UN agencies. A system of coordination among the UN agencies in-country effectively links the legal reforms of one agency to the project outputs of another. In 1999 the UNDP played the role of the lead agency or UN Resident Coordinator in the Lao PDR as this system was evolving. Pressures applied to the Lao government to reform were coordinated at an even broader scale in the form of annual donor “Round Table Meetings” organised by the UNDP. Round Table meetings bring all bilateral and multilateral donors and agencies working within the Lao PDR into one forum to set directives and negotiate with the Lao government. While donors have diverse agendas and political interests they may present a more united front at the Round Table Meeting. Over the years the UNDP has played a key role in coordinating the IAI through such meetings and in setting the agenda.

UNDPs central priority is eradicating poverty through sustainable human development. In support of this central priority, UNDP focuses on supporting capacity development for good governance, sustainable livelihoods, the advancement of women and protecting and regenerating environmental resources. (UNDP 1999: 7)

The UNDP produces a discourse of “truth” that purports to promote “human development” which has been taken up almost universally by the IAI. The discourse of human development does not explicitly emphasize economic goals but focuses on social capacity. Yet the reforms undertaken by the UNDP and the effects of its projects demonstrate the contradictions between this discourse and its practices. The discourse also allows the UNDP to extend economic goals such as eradicating poverty to new areas of reform such as international human rights instruments to apply leverage on local governments to institute legal reforms which benefit the private sector. For example, over a decade of legal reforms aimed to give individuals land
ownership rights has culminated in a new law that allows foreign investors to own land in the Lao PDR. Up until 2009 the Lao government has always asserted that it did not allow foreign ownership in a system where technically, the state collectively holds all land on behalf of its citizens.

Ferguson has argued that development with its unintended consequences fails to “eradicate poverty.” I go one step further to argue that the UNDP’s policies and practices, as illustrated by the projects in Ban Jai were never primarily concerned with poverty eradication among the local population, rather they served two other objectives: to facilitate global governance by internationalising the state and to provide an enabling environment for the private sector. The projects I examine take place during the period of the UNDP’s transformation and serve to illustrate how the UNDP operationalized its transformation at the local level.

3.3 Conclusion

In outlining the neoliberal context that the UNDP responded to as an institution and showing how this context shaped individual projects, I attempt to highlight that the stated technical goals of such projects are secondary to the neoliberal agenda to promote the private sector. Some of the de-politicising effects of increasing government bureaucracies could be an outcome of these projects (Ferguson 1994) and the reforms they support. Whereas Ferguson sees project “side-effects” as unintended consequences I suggest that the neoliberal reforms that the UNDP attempts to introduce via its projects were very intentional. From the perspective of achieving organisational goals, one could hypothesize that the SSIP in this respect was more important for the opportunity it gave to the UNDP to promote decentralisation before the government itself had made this move, than whether or not it was successful in building an irrigation system.

The introduction in 1986 of the New Economic Mechanism (NEM) is generally interpreted by scholars and the IAI as signalling a shift from a centrally planned to a market economy in the Lao PDR. Up to this period the Soviet Union and the Comintern countries had been major providers of aid but with political and economic change this came to an end, making way for the increased involvement of the IAI. Any expectation that this shift in economic policy also signalled a shift in political ideology, and openness to neoliberal reforms is less clear.
Officially, the ruling Lao People’s Revolutionary Party continued to reframe economic reform in socialist terms, and the political system continues to be a one party socialist state.

The conversion of subsistence agriculture to the production of commodities constitutes a national landmark of deep and overall historical and revolutionary importance. Not only does it lead our country’s agriculture to a new development stage, but also represents the principal stimulus in the countryside and of our society in general along the period of transition towards socialism...The new development of market agriculture from now to the year 2000 lies within the first stage of the country’s period of transition to socialism. (GOL 1988: 9-13)

It is within this context that international agencies promoted activities based on the assumption that decentralisation was taking place. A letter from the office of the Deputy General Director, of the Cabinet of the Central Leading Committee for Lao Rural Development sent to the UNDP, written in response to the final evaluation report for SSIP, indicates that the project was based on such assumptions but that this was not in line with the government partner’s perspective:

In the early stage of planning and implementation it was mentioned in the project document, that they will enjoy the scope of decentralization but until 1994 even in 1995 Lao PDR was under the command of centralized planned economy. The decentralization process started from 1997 or 1998 when we put step to be the member of ASEAN.

The MF project would be implemented a decade later and was part of a more extensive attempt by the UNDP to promote decentralisation at both national and provincial levels. One aspect of this was the introduction of the National Execution Modality (NEX), which institutionalized and standardized project management among government partners across the country. The second aspect was an experiment in decentralizing project management to the provincial level. On another level the MF project was important for its role in introducing a national financial system which I argue was the primary objective rather than the technical goal of providing women with microcredit and the introduction of successful income-generation activities. Indeed, unlike many NGO projects that combine microcredit and Income Generating Activities (IGA) in one package, the UNDP’s MF project and IGA projects were formulated as two completely separate projects implemented by different government partners, line departments and in altogether different villages. The UNDP IGA project provided no support to women in Ban Jai. By having each of its seven projects partnered with different government agencies the UNDP was able to extend its reach. I suggest that this also exacerbated existing tensions between different line agencies at provincial level which were under different vertical lines of command from the central level of
government. Not only were the projects in Oudomxay separate, but their efforts at coordination were hampered by hostilities that developed between the projects, extending to a breakdown in communication between projects among senior management staff seconded from government partners and within projects between the management staff and international experts. Rather than shift power by decreasing government bureaucracies, the UNDP’s efforts at decentralisation appeared to exacerbate tensions between government departments and individual actors.

Within the neoliberal context that has shaped the UNDP’s mandate, the role of development in market transition takes on a more specific function, which I argue is to promote privatization. I look at the effects of the projects, not in isolation from each other, but as a chain of effects which create the conditions for future effects. Projects fall short of reaching the stated technical outputs they were designed to meet yet what they set in motion contributes to the tensions produced by market integration. I attempt to show that if projects are understood to be more seamlessly connected, even though they may appear unrelated, not only do they produce knock-on effects that justify further interventions, but these effects add up in a way that meet the UNDP’s neoliberal goals which are not visible by limiting the focus on the unintended effects of individual projects. I examine these effects in Chapters Five and Six. In Chapter Eight I go on to examine how the end of UNDP projects in Ban Jai were followed by a new phase of development strategies which appear to shift the role of development on to the private sector and foreign investors.
CHAPTER FOUR
VILLAGE CONTEXT

4.1 Introduction

In this chapter I describe the household economy of the village, its history and how the pattern of this economy has changed with market integration. In his analysis of market integration in the Lao PDR, Rigg has suggested that rather than focusing on it in terms of a transition from a command to a market economy, it is better understood as the transition from a subsistence to a market economy and has examined the tensions this has produced (Rigg 2005). As a Lao Loum and lowland, wet rice cultivating village, Ban Jai is not one of the predominantly upland, swidden cultivating, and “ethnic minority” villages with a subsistence economy. Throughout its history, villagers in Ban Jai have not only produced rice for self-consumption but have also actively engaged in the production and trade of salt and in this sense have had a somewhat diversified household economy. Rigg observes that the trajectory of change in the Lao PDR has been gradual but that market integration is rapidly advancing with profound changes at the local level. One common theme Rigg identifies is that there is a growing diversification and differentiation of livelihoods associated with progressive market integration. As market integration has progressed, I ask how this process of diversification and differentiation appears to be unfolding in Ban Jai, which was already diversified to some extent. Such processes are also occurring in a context of increasing village urbanisation. Although Ban Jai is physically separated from Xay town by several kilometres of field and forest and has not become an outlying suburb, improved roads and transportation which have facilitated increasing mobility and access have contributed to producing the more peri-urban nature of the village. As the livelihood of villagers becomes more integrated with that of the town of Xay, so too have the road and development schemes brought new actors to the village. While it was Ban Jai’s remoteness and lack of accessibility that initially justified its inclusion in early stages of development interventions, its increasing accessibility now excludes it from IAI projects, but makes it a target for the inclusion in the establishment of more recent plans of industrialisation. I present the changes to the pattern of the household economy in Ban Jai to provide the context for the analysis of how such development schemes are implicated in the processes that unfold with transition which will be discussed in the following chapters.
During my first meeting with the village nai ban\textsuperscript{35}, I mentioned that I was interested in the history of the village. He immediately sent for an elder, a very energetic seventy year old, who began to explain that Ban Jai was a Lue\textsuperscript{36} village founded by a small number of families a couple of hundred years ago. This elder had never been a nai ban, although his father and an older brother had been, and he was also related to both of the current female nai bans. As the son of the nai ban during colonial rule, he was one of the first children to leave the village and reside with relatives in Muang Xay\textsuperscript{37} to attend the colonial school. Up until that time village children received their education at the village Buddhist temple, and continued to do so until the liberation period. This elder claimed no position of authority, saying that he had only been a farmer, so perhaps it was in recognition of his earlier formal education that he was sent for as the village historian. It was several months later, when I asked him if he would give me a tour of the village so that he could explain how he saw the changes in the village during his lifetime.

We started at the junction of the main road that passes through the village, and as we walked along the road which was lined with houses he explained that this had all been forest in his childhood, specifically forest reserved for funerary cremations. As the village expanded over the years more of the surrounding forest was cut to make room for houses and paddy, but change and the first roads came over thirty years ago with bodboi (liberation) after the revolutionary period or the American War. The road we now walked on was further upgraded and further expanded with the Small Scale Irrigation Project in 1990. We walked until the road left the houses where it would continue through paddy fields, on to a neighbouring village, and then start

\textsuperscript{35} The nai ban is the village head. The village has a leadership committee composed of three individuals. As the nai ban himself explained to me he is responsible for political affairs, the second nai ban is responsible for economic affairs and the third nai ban is responsible for social and cultural affairs. In Ban Jai the second and third nai bans were women. From what villagers told me it seems that the two women are the first female nai bans in the history of the village. It appeared that previously, the position of nai ban in this village was a hereditary position, which corresponds to what has been written about Lue Buddhist hereditary lineages. Since the introduction of the current political system in 1975, the nai bans were elected. Despite this it appears that villagers continued to appoint nai bans from the same extended family lineage. The two women nai bans, although not directly in line, come from the same extended family. The male nai ban is the first nai ban who was not from this hereditary lineage.

\textsuperscript{36} Lue is an ethnic group which falls into the Lao Loum category (lowland Lao).

\textsuperscript{37} Muang Xay refers to the former administrative centre. Prior to colonialism what is now the province of Oudomxay was part of the Kingdom of Luang Phabang and then under French protectorate, Luang Phabang province. Today Muang Xay refers to the district of Xay but is also used to refer to Xay town.
its ascent into the mountains. At this end of the village we walked over to a fenced-in field where I was shown the rubber seedlings that had just been planted this year. The seedlings were on land rented by a foreign company that was renting land in many places that had previously been forest.

We passed the village primary school which the elder said “we built ourselves” with the *Pak Lat*, (Lao People’s Revolutionary Party/Government), continuing on along a path that followed the irrigation canal that cut through the length of the village, and which the elder informed me the *lataban* (government) had spent 200,000,000 Kip building but had dried out. Turning off the path we made a detour to the house of one family to look at their household mushroom cultivation enterprise. We entered a large shed and the village elder estimated there was between one to two thousand kilograms of mushrooms and that in one month the family grew about 400,000 mushrooms. Was this part of a project I asked? It was not a project but a private enterprise and this was the only family in the village undertaking it, they had learned how in Vientiane. They did this *ekalath* (independently), but he was not sure where they found the capital to start the enterprise. I later found out that the elder’s own brother had a brick-making enterprise which sold bricks to the new Malaysian factory, but he never mentioned this during out tour, even though we walked past his family compound where the operation took place. We moved on to another area in the centre of the village where sixteen Phu Noi families from Phongsali lived. They had moved here about ten years ago, and I was told they had all bought land from the villagers. We came back onto what had been the first road constructed by the government, which passes through the oldest part of the village, and a group of older houses which he pointed to, explaining that several fires had occurred in the village after which villagers started to build tin roofs. We arrived at the other end of the village to a large clearing surrounding the Buddhist temple which had at one time also been surrounded by forest. Before reaching the temple we came to what was once the heart of the village through which the original road passed, and was now lined with a row of older, smaller, and less sturdy thatched, bamboo houses. These families were somewhat poorer, because in some of the households only one elderly person lived alone now, since other family members had left and gone elsewhere.

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38 Phu Noi are an upland ethnic group.
We finally came to the village elder’s own family home, inherited from his parents, and which he said had also burned down. At the time of the fire only the children were at home, their mother had been working at the salt mine, and their father had gone to Huai Xay, a village on the Thai border to trade, where he sold opium for cash. His father had come back to find that their house, along with many others, had burned down. Thirty families lost their homes and were forced to sleep in the forest. Perhaps their family had fared better since his father had returned to the village with some earnings and was able to help some relatives. The elder told the story of the fire, explaining how villagers helped each other to rebuild their homes in what he referred to as *samaki* or village solidarity. There were about seventy families in the village and they had lived in long houses, with several generations, or “six pairs sharing a house.” Afterwards houses were built in the “new style” housing individual families (although still multi-generational) rather than in the long house style. Even so there was *gansamaki* (mutual solidarity) and it took only one day to build a house. Now it could take one year to build a house, or seven years in the case of his granddaughter whose house was a very modern, brick, three-story house and ostensibly the newest and biggest house in the village. There was only one other such large house in the village and it was built by a policeman. We ended our tour at the village meeting hall which was only built the previous year and consisted of a cement floor with posts that held a roof but had no walls. The Malaysian company, which was planting the rubber seedlings, had “helped” by contributing the cement, while the villagers had provided the wood and each family had contributed 5000 Kip (50 cents). The idea to build this meeting house was that of the *nai ban* responsible for economic affairs.

Village life had changed in many ways. In juxtaposing the past with the present, the village historian had pointed out how some families were becoming more *ekalath*, increasingly developing ties outside of the village, taking on private enterprises, or renting their land for rubber cultivation. On the other hand, the elder pointed out how some forms of *gansamaki* were less common, as in the case of house building. I had heard another elder complaining that there was not enough labour to harvest the rice because there was now less *gansamaki* than in the past. On occasions of death and burial, others pointed out that the youth were not present to help with preparations, or that the villagers’ shared work of making the coffin was being replaced by factory built ones. Yet throughout the time of my fieldwork other villagers consistently expressed *gansamaki* as central to their actions and to village practice and identity. Perhaps the
difference was when and how gansamaki was now practiced. While it may have been disappearing in the shared labour of house building or rice harvesting, or diminishing within customary practices, villagers could still be heard to cry out “kin samakigan” (eat/drink in mutual solidarity) or an offer of food would be given with the invitation to “kin samaki.” I was also to find that the discourse of “samaki” echoed earlier liberation struggles and current nationalist discourses. Villagers had told me that the period of the greatest or most samakigan had been during the war. The revolutionary movement and then the State also produced its own discourse of samaki during and after the war to mobilize popular support. Today, the Lao State employs a discourse of samaki to mobilize villagers to participate in development projects (High 2006). Such a nationalistic discourse may have resonated with villagers’ own discourses of samaki in the face of challenges to struggle to survive during the war and the need for post-war construction. But what meaning would it continue to hold as development progressed and the transition to a market economy introduced new actors and processes of social differentiation and economic diversification? How would the villagers engage relations of solidarity within the context of the tensions that are produced through processes of market integration? Whereas traders, officials, and agencies come and go, the arrival of foreign investors and factories could involve a new set of relations and demand new forms of negotiation.

During our tour the village elder had pointed out that when he was a child there had been no market in the area and no tulakid (economics). He may have meant that there was no tulakid in the sense that it currently exists, but villagers’ oral histories reveal that Ban Jai was actively involved in relations of trade. The elders and others in the village had often told me of how everyone in Ban Jai village had at one time produced and traded salt. At the same time villagers relied on rice cultivation for self-consumption. While there were no organized markets that the villagers went to trade at, the village itself was the place of trading, where outsiders came from several districts to trade rice and opium for Ban Jai salt. I suggest that this produced a specific form of a village hybrid household economy that relied on “ton hap” (welcoming) and forming relations of samaki with outside traders as much as agricultural and other village practices relied on forming relations of samakigan (mutual solidarity) within the village. In the contemporary context, villagers’ discourses of samaki appear to produce contradictions which raise questions about how such relations are reworked within the changing patterns of trade, increased diversification, and the tensions produced by market integration in the village. I undertake an
analysis of these tensions in Chapters Five to Seven. To understand how the village is positioned within the larger structures of integration I begin by situating Ban Jai’s household economy within its historical context of salt trade and then follow its trajectory as changes were introduced up until the current context.

4.2 Setakit Gua – The Salt economy

“The village has a salt mine, this is important, the salt works are most important.”

(Village Elder, Ban Jai)

According to elders, the village was originally founded by six or seven Lue families about one or two hundred years ago or more. Some elders traced back the migration of these families to the border region of Lao and the Lue Principality of Sipsongpanna, while others related it to a period associated with Haw invasions from the north in China. Some accounts also implied that the original Lue families may have arrived near the present site of Ban Jai well before the advent of French colonialism, or the disruptions of Haw invasions that carried on in to the latter half of the nineteenth century, and caused large scale movements of Lue south from Sipsongpanna. (Hill 1998).

By the latter half of the nineteenth century McGilvary, an American missionary travelling through Luang Phrabang and northern Lao, found that the local population was dominated by Lue (McGilvary 1912). According to Moerman, there was a widespread presence of the Lue population in the region.

The Lue are one of the numerous closely related Northern Thai tribes that extend east and north and west of Thailand into Laos, the Shan States of Burma, and much of Yunnan, Szechuan, Kwangsi, and Tonkin. Their original homeland was the Sip Song Panna, a loosely organised state in Southwest Yunnan ruled by a Lue “Lord of Life” at Chiengrung (the Chinese Ch’e-li). (Moerman 1968:16)

39 Data collected by the UNDP Integrated Rural Accessibility Planning project in 1997 puts village origins as far as the 16th century.

40 What was Sipsongpanna territory is now a part of Yunnan in China. The Haw invaders were splinter groups of ex-Taiping Revolution rebels from Southern China (Hill 1998).
Hill reiterates that “the Sipsongpanna Tai, known to most of us from Moerman’s work as the Lue, cultivated wet rice in the narrow valleys and grew tea on the mountain slopes” (Hill 1998: 73). Moerman’s ethnography was based on Lue who had migrated to a fertile valley region of northern Thailand, and was premised on the centrality of wet rice cultivation to the organisation and relations of the Lue. Moerman’s findings cannot necessarily be generalised to Lue populations elsewhere. The Lue in Sipsongpanna were integrated into wider trade networks as major producers of tea controlled by a Han monopsony that supplied China. Throughout what are now Yunnan and the northern Lao province of Luang Namtha, there were Lue involved in salt production that grew into significant regional markets (Hill 1998).

The geographic location of Ban Jai, on the edge of a valley near the Nam Kat River and a few kilometres from a scenic waterfall, made the village a site that one elder described as a place of “ton tiow” (a destination for visitors and tourists). Elders explain that Ban Jai was a place that people came to lin, (play, drink, and gamble). More importantly, this site next to the river may have been chosen for its potential for salt production.

Villagers explain that in the past people came to the village from throughout the region to obtain salt. In the area now considered Oudomxay Province, Ban Jai and one other village in the more northern district of Muang La produced salt. I was told that at one time every household was involved in salt production and trade in Ban Jai, although salt production is now limited to a handful of elderly family members strictly for self-consumption.

Villagers suggest that the small group of the six original families lived closer to where the actual site of the salt works was. The families settled next to the river at the edge of a valley at

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41 The waterfall continues to be a site of attraction and at the time of fieldwork I had heard rumours that foreign investor were planning to build a tourist resort. If these plans materialized it would involve building a new road from Ban Jai leading to the resort. Rumours and speculations circulated that the resort investors were interested in establishing a casino, or that the resort would be a cover-up for logging activities. The Malaysian investors are the same group that have “factory” operations in Ban Jai, and were building what would be the largest hotel in Xay town. I later heard that this hotel would be the site of a casino so it is not clear what plans are developing for the waterfall resort. Apparently, other proposals were made for the site, including a European investor interested in building a Buddhist meditation centre, which is becoming increasingly popular among western tourists. To date, however, the hotel website makes no mention of a casino. This particular Malaysian investor has another hotel and casino in central Lao which also targets Asian tourists.
an elevation of about 700 metres. The elevation and forest allowed them to cultivate swidden crops as well as paddy rice. The densely forested surroundings provided the firewood essential to salt production. As the village population grew, the soil at the original location was not fertile enough or sufficiently irrigated and the villagers moved about two kilometres to their present location, next to a tributary of a mountain stream. Even with this move, the stream did not provide sufficient irrigation as the village population grew, so that upland cultivation was important to villagers in times of insufficient paddy harvests. This may also be why villagers could not rely solely on rice as a subsistence crop and why salt production became so important, since one of the items salt was traded for was rice. The village household economy came to rely on the trade of salt to make up for the low yields of rice production and was closer to being a hybrid economy rather than a subsistence-based rice economy which is often the portrayal of the rural population of northern Lao.

It is likely that the original families who founded Ban Jai may already have had experience with salt production, given that the Lue of Sipsongpanna and Luang Namtha were involved in salt production and trade. McGilvary describes a journey from Muong Xay to the border area of Luang Namtha and Sipsongpanna in 1897:

Leaving Mûang Sai, we journeyed northward along the telegraph road, enlivened by noble views of long slopes, deep gorges, and high peaks…On the third day out, at Ban Nā Tawng, we left the telegraph road, turning off at right angles to Mûang Lā…Muang Āi was the last town in French territory, beyond it one enters the province of Yunnan, China…Noticing by the road side a large stack of bricks, we learned that we were near the salt wells, and that the salt was compressed into bricks for easier transportation on mules. The salt industry makes Bāan Baw Rê an important place. (McGilvary 1912: 394-396)

Ban Jai villagers echo McGilvary’s observation that the salt industry makes Ban Bo Re an important place when they speak of salt production as the most important thing about their village history. Salt trade in Ban Jai was not as extensive as that of Muang Sing and among the Lue in Sipsongpanna, but within the region now known as Oudomxay the village was renowned for its salt production and trade.

Early accounts written by American missionaries, as well as British and French explorers travelling throughout the region in the nineteenth century corroborate both the existence of salt producing villages, and of extensive trade networks. Early French administrators noted that
traders from Luang Phabang poled dugout canoes upriver to important market centres in the border regions of Burma, Siam and Yunnan to exchange salt for opium (Garnier 1885 and Scott 1901). Lao and Lue traders travelled to Sipsongpanna to exchange salt for betel nut and opium. One of the most important salt markets was the town of Boten. Here salt from the wells at Boten, north of Luang Namtha, were distributed at an important depot that was connected to routes leading further into Yunnan, and on to China (Scott 1901). Today Boten serves as a border crossing between Lao and China.

Well into the colonial period and after the dissolution of Sipsongpanna, Boten continued to produce salt. Izikowitz, conducting fieldwork in the area from 1936 to 1938, also refers to Boten and the role of Lue in salt production.

The salt used by the Lamet comes from the salt mines in Bo Tène, situated about four days’ journey by foot east of Muong Sing, right near the Chinese border. The Lu have long made use of the salt mines in this tract, and they live to a great extent on the results of the sale of salt. The salt is soaked out and then cooked for evaporation. It is shaped into small square pieces about 20 × 15 cm. and several centimetres thick. It is then wrapped in banana leaves, and is sold in standardized form. (Izikowitz 1951: 314)

Damrong Tayanin (1994) describes how in the 1950s, Khmuu villagers travelling in a group of thirty men and women would set out for Boten to go buy salt, a return trip that would take ten days and nights of walking in the forest. Nights were spent in the forest, or sometimes in a village along the way. These trips were arduous, not only because individuals carried their own weight in salt, but because of the dangers of traveling through the forests, which included encounters with tigers and of falling ill and not being able to complete the journey. Tayanin relates how his aunt became ill, died just three hours before reaching their village, and how he himself injured his leg, and could not walk, thereby relying on his fellow travellers to carry him home. The motives for undertaking such arduous journeys are better understood by Tayanin’s description of the necessity for salt:

We used much more salt in our food than people who live in colder climates. Because the weather in our home village is often very hot, we used more salt to

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42 Khmuu are a prevalent ethnic group in northern Lao which are categorised as part of the larger Lao Thueng group.
keep the food fresh, and we needed to eat a lot of salt because we often were all in a sweat from hot weather and hard work. If you do not get enough salt, you feel very tired. (Tayanin 1994: 104)

Tayanin goes on to explain that because there were no salt pits in the area of his village, they were forced to go search for it elsewhere. “…so salt was always a big problem in Khuuu villages in our area…we had to go buy salt…on the way…we met many other travellers from many different villages and often the groups joined one another and continued together” (1994: 105). Tayanin’s account illustrates just how mobile the rural population of the region was. Tayanin also indicates that there was a level of competition and choices were made based on price, from a number of salt producing villages:

We went and bought salt in several places…There are many salt pits on the Chinese border where these are situated. Sometimes we went and bought salt in [towns in Luang Namtha] but salt in that area was more expensive than at the Chinese border. Salt was traded either for money (French coins) or was bartered for with sesame, ginger, dry pepper, rice or baskets. (Tayanin 1994: 104)

The accounts of Izikowitz and Tayanin refer to the border regions but further south, Muang Xay was also a meeting point for several caravan trails heading into Laos from Sipsongpanna, making it an important trading centre for minerals, cotton, salt, and cattle. From this point there were several routes southward that caravans from Yunnan would follow, linking riverside market villages and providing direct routes into northern Siam and Nan in what is currently Thailand (Walker 1999). It is within this context that the original families of Ban Jai settled, about ten kilometres from what later became the administrative centre of Muang Xay, where some of these caravan routes criss-crossed, connecting it to Yunnan in the north, Luang Phabang in the south, and Chiang Mai to the west. The number of families grew, and over time the village became an active regional centre for the trade of salt. Traders came from the surrounding area to trade salt for opium, rice, and other commodities.

Salt production in Ban Jai served local and regional needs. Village elders describe how people came from most of the districts that now make up Oudomxay province; “they were Lao

43 The former Muang Xay now corresponds to current day Oudomxay province, but the historical reference also refers to the administrative centre at the time. The term Muang now refers to the administrative “district” so the District of Xay is also called Muang Xay.
Soung, Lao Teung and Lao Loum, all the same came to buy salt.” The role of trade also fostered relations with other ethnic groups in the region, and some of these individuals settled in Ban Jai, married and had children. In some cases children also came to be adopted by other Lue villagers and came to be identified as Lue themselves. The village became more heterogeneous than its Lue identity suggests, and probably more so than other villages because of the combined activities of the salt trade, and as a site where travellers came to “lin” (drink, gamble and see the waterfalls). Ban Jai was not as remote or isolated as suggested by discourses of development, which construct Lao as an object of development. In the context of Ban Jai, salt could be understood as a “commodity ecumene” (Appadurai 1986) constructing relations and networks that challenge the concept of the “invisible walls” of the bounded village (High 2006). Although salt came to serve as a currency, and was linked to wider trade networks, at the local level it played a role in mobility because it was not a luxury commodity but essential for survival.

Unlike other sites of salt production and trade such as Boten, Ban Jai elders claim that there was no general market in the village or in Muang Xay. Salt production took place during the third and fourth months of the Lue calendar (April and May) and the evaporation process would involve five days of soaking and boiling requiring individuals to remain at the site, tending to the fires. Labour was also needed to collect the firewood from the surrounding forest. Villagers say that every family produced the salt, and traded on an individual basis with those who came to the village. Traders would walk through the forest on rough trails, some making journeys of several days. Upon arrival, they would sleep in the village wat (Buddhist temple). Trade could be for barter or for cash but elders say that, the trade was mostly with uplanders for barter; for rice with the Khmuu, and opium with the Hmong. In Ban Jai household finances were, and still are, controlled by women. Elders say that money was always given to the women to manage.

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44 These terms became official under the Royal Lao Government after WWII, which classified all ethnic groups into three general categories: the Lao Soung (highland Lao), Lao Theung (midland Lao), and Lao Loum (lowland Lao). The post-1975 LRPP government officially discontinued this system, however, it continues to be widely used by the local population, government officials, and the international community.
The persistent characterisation of northern Lao and Thailand as a rice-based subsistence economy and culture may have obscured the historical importance of salt and local trade.

Rice has been portrayed as “the bones of the people here,” … for any of the sedentary peoples of Southeast Asia…the Lue, along with the Lao and the Yuan, eat glutinous rice as their staple food. …this crop thus helps to define and isolate a continuous culture area. (Moerman 1968:2)

But when elders of Ban Jai speak of their village history, it is not the production of rice, but that of salt which they emphasize. The role of salt production was a trade-off with the poorly irrigated soil of the village site, which limited wet-rice production. The early villagers chose a site that was widely forested, providing the firewood that would be crucial in the production of salt. The quality, soil moisture retention and fertility of the paddy lands were not optimal. As the village grew in size, rice production became insufficient at the original site and the village was eventually moved to the present site. This site is fed by tributaries from mountain streams from which villagers developed their own system of irrigation for wet-rice cultivation, but as the population continued to grow, the fertility and irrigation of the paddy lands once again made it difficult for villagers to completely meet their subsistence needs and trading salt for rice was an important means to supplement the insufficient levels of crop production. Villagers were also able to cultivate upland slopes to supplement the paddy rice. Swidden cultivation was and continues to be a resource that villagers who are unable to cultivate sufficient paddy rely on.

Villagers in Ban Jai say that until recently, there was always enough paddy land for every family. Despite this, there have also been disparities in access to land and rice production. Since land ownership was based on usufruct rights, disparities were produced when families were unable to cultivate land due to opium addiction. Opium was initially used by villagers to manage pain and illness, but individuals would often become addicted to it, and lose the strength needed to carry out agricultural labour. A common theme I heard when I asked villagers if there were disparities in the past was that some villagers did not have enough rice because they were “kikan” and did not cultivate enough to feed themselves. Although the term “kikan” is commonly translated into English to mean “lazy” when I probed further it was explained that it was not that these villagers did not want to cultivate but could not because they did not have the strength to do so due to their opium addictions. I was told that opium addiction was eradicated within the village when the new government took over in 1975.
Over time and as the population grew, access to the most productive lands gradually became unequally distributed. The best land was already allocated to the descendants of the original inhabitants, so that families who later joined the village had access to less fertile or irrigated land. These late-comers may have had to rely more on swidden production, and if they were from the uplands they may have been more skilled with dry rather than wet rice cultivation. More recently, this pattern appears to be shifting as newcomers are buying land from villagers.

4.3 Bodboi – Liberation and Development

Life for villagers dramatically changed with the onset of the Indochina Wars, which began to affect villagers in the mid 1950s. As one villager who was born in a neighbouring village explained, his father was killed by a bomb dropped by French forces on their village and their family moved to Ban Jai, where his mother’s family was. The intensity of the war increased during the second Indochina War or what is locally referred to as the American War. The revolutionary forces, the Pathet Lao, established their stronghold in northern Lao which became known as the liberation zone. Villagers refer to this period as “bodboi” or liberation which they say came to them before the central and southern parts of the country which were only liberated after 1975. When referring to this time, elderly villagers most commonly spoke of having to run to the forest to escape the bombing raids directed at the village but they also say that “bodboi” was a time when they had the most samaki. This period also brought an end to French corvee labour which had required men to go to work on road construction in Luang Phabang. When asked if corvee labour interfered with village agricultural labour I was told that it did not. Men where assigned on a rotational basis for corvee labour by the village headman to work on road construction projects in Luang Phabang but this took place in the dry season and did not interfere with harvesting.

Boupha claimed that the illiteracy rate was 55 percent under the French but that in the liberated zone 86 percent of children attended school, despite the bombardment which destroyed 2000 schools in Laos (Aberle Gough 1971).
they married and started families. Prior to this period only some boys were sent to the colonial school but both girls and boys went to study at the village Buddhist temple. During bodboi, the Pathet Lao also stationed troops within the village and villagers refer to their relationship with these soldiers who slept in their homes as one of samaki. After the war the villagers’ solidarity to the liberation struggle was rewarded with jobs in the local government. As one woman who had become a teacher at the time explained, “during the war every family had a member who was a soldier and after the war every family had a member who became a government worker.” Others also explained that a large number of villagers became government workers because the village was relatively larger compared to other villages in the area and were more educated. Since Lue belong to the Tai-Lao linguistic group it is easier for them to learn the official Lao language than many of the surrounding villages which are Khmuu or Hmong. After the war, villagers became more mobile as some youth went off to be educated in Vietnam or moved to other districts and provinces to work, or married soldiers they had met during the war. Women from other areas also met soldiers from Ban Jai and returned with them, marrying into the village. About a dozen village youth were recruited to travel around the district as part of a mobilization campaign informing the rural population of the new government’s policies by performing local songs and dances. Some of these individuals were sent to Vietnam to train as professional performers along with other students who received technical or professional training. The new government built a road to the village and a primary school in the neighbouring village which village children attended and those who went on to secondary level were sent to a boarding school in the district. A former student of the boarding school also described her experience living with other students from different ethnic groups as one of samaki reflecting the nationalistic discourse of the government’s multi-ethnic policy (Pholsena 2002). Eventually a primary school was built in the village itself. With the introduction of a command economy, villagers also undertook collective rice-farming for a short period of three years. The former head of the collective admits that the collective was especially beneficial for families who did not have enough labour, particularly where there were many children or elderly who did not work but still received rice rations. Some wealthier families were less satisfied with the collective, since they had contributed equipment, machinery and livestock but did not receive any more benefits for this. Despite the disruptions of the war, villagers continued to produce and trade salt afterwards. One woman explained that after 1975 it was representatives from the State market who came to buy salt replacing the traders of the pre-war era. She said that after the war
women in the village could also sell produce and the cotton textiles they wove to the State owned shops. While this period is often characterised as one of limited opportunities and isolation (Walker 1999), the immediate post-war period was one that villagers often refer to as the time when development began in the village. Development aid within the country was supported by assistance from Vietnam, China, the Soviet Union and other Eastern European countries. The relationship between Lao and Vietnam in particular continued to remain close after the war, resulting in the withdrawal of a Chinese consulate in Xay town in the 1970s, when Lao supported Vietnam’s involvement in Cambodia, which China opposed. The command economy introduced during this period was only to last about a decade. In 1986, the government signalled market reforms with the introduction of the New Economic Mechanism or Chin Tanakam Mai (new way of thinking). The transition from a command to a market economy and the decline of Soviet aid made way for increased involvement of bilateral donors from the West, Japan and international multilateral institutions and NGOs. If there was an expectation by the IAI, that this shift in economic policy also signalled a shift in political ideology, this was not the case. The ruling Lao People’s Revolutionary Party referred to the new “mentality” as the “new development of market agriculture from now to the year 2000 lies within the first stage of the country’s period of transition to socialism” (GOL 1988: 13). By 2000, the rise of the Chinese economy would once again see a re-emergence of its influence on development in the Lao PDR.

4.4 NEM and the Shifting Pattern of the Village Household Economy

After the introduction of NEM in 1986 two important changes occurred within Ban Jai: the trade of salt declined and the village system of irrigation was disrupted. The interruption of salt trade was related to market forces which reduced the demand for locally produced salt. The problems with the irrigation system were related to the introduction of the UNDP Small Scale Irrigation Project (SSIP) in 1990. I examine the tensions produced by the effects of the irrigation system in Chapter Five. In this section I focus on describing a shift that occurred in the pattern of the household economy which provides the context of analysis for the following chapters.

The village production and trade of salt, which had been an important means of supplementing the household economy, came to an end with improved transport systems and the
availability of commercially produced salt from Vientiane. Unlike the state’s efforts to stamp out private entrepreneurship in Vietnam (Luong 1998), the household production of salt was never collectivized in Ban Jai. Rather, the demand for Ban Jai salt declined because of access to commercially produced iodized salt and villagers found that there was no longer a demand for locally produced salt. A villager explained that with the loss of the salt trade the local government attempted to promote the village economy by encouraging villagers to take up the production of rattan furniture which he claims every household participated in. The village became known for this, just as it had for earlier salt production. Following the pattern of household salt production, all households turned to producing sets of rattan chairs and tables, with both men and women sharing the labour. Although the household mode of production continued, it is less clear if women dominated in this trade. Villagers consistently told me that women had always controlled the household finances, but when I accompanied someone from town to order a set of rattan tables and chairs, his negotiations were with the husband and not the wife of the family. In 1999 I can remember local shops in Xay town piled with the low rattan chairs which were readily available, but now tend to be replaced by cheap, imported plastic chairs. Only two families continue to produce the furniture and it is becoming harder to collect the rattan which now requires a three day trek through the forest. The villagers themselves harvested the locally available rattan until there was very little left.

I propose that the village household economy was structured around the production and trade of a predominant commodity, first salt, and then rattan furniture, which the majority of households undertook in conjunction with rice cultivation. Although it was not possible to obtain statistical data on the village for this time period, villagers’ accounts suggest that while other crops and commodities were produced they were not as central as the production of salt and rice to underpinning the household survival strategy. I refer to this pattern as a hybrid pattern of production and trade in the village household economy since it involved forms of

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47 Although during one lotdoisan trip a woman from a neighboring village told me that the salt produced in Ban Jai tasted better suggesting that some salt may still be available or traded on a small scale. In Ban Jai I was told that only a few elderly people still produced it but only for self-consumption.

48 There may also have been a decline in demand with the importation of readily available mass produced plastic chairs and folding tables and a shift away from traditional wooden houses to more modern concrete houses that could accommodate modern furniture. Such mass produced tables and chairs are also in high demand for social events such as weddings and funerals.
market engagement and rice cultivation for self-consumption. What is significant is that this pattern shifted after 1986 and the introduction of market transition. This hybrid pattern continued under the command economy since the state controlled market continued to buy salt from villagers. Although many villagers took up government jobs, the low salaries did not necessarily enable families to give up farming. In the case of both salt and rattan furniture production and trade, villagers explained that every household carried out these activities. Within a decade this was no longer the case, not only did the majority of households stop producing salt and rattan furniture but shifts in rice production also occurred.

An SSIP document states that rice was a primary source of production, it does not indicate how much of this was for self-consumption and how much was surplus and traded, but the project assumed it was subsistence production. Since 1990 the overall production of wet rice has increased from 177 tons to 272 tons, but when taken relative to the increase in the total number of households in the village, the proportion has remained almost the same. What has changed more drastically is the area of wet rice production relative to the number of households which went from 149 ha or 80.5 percent of households in 1990, to 181 ha or 64 percent in 2005 (Table 3.3). I discuss the significance of these shifts further in relation to the SSIP in Chapter Five.

Data collected from 1990 to 2005 suggests an increase in the diversity of other agricultural activities although rice production has continued to be an important source of production (Table 3.4 and 3.5). It is not clear from the date how much income the production and trade of salt and rattan furniture contributed to household livelihoods at this point. SSIP documents state that rattan furniture was secondary to rice production and that some salt production still existed in 1990 but do not provide figures to verify this. Although rattan furniture production still existed, data suggests that only 150 out of 230 households continued to do so by 1996 (see Table 3.6). The hybrid pattern of production and trade appeared to be sustainable in the case of salt production, until commercialised salt was available. The shift to widespread village production of rattan furniture was not but what factors led to such unsustainability is not clear. This may also have been affected by the harvesting of NTFPs by outsiders which some villagers claim occurred as well. Salt production was important in supplementing rice production within the hybrid system of the household economy. This system continued with the shift to rattan furniture production but lasted only about a decade. The end of
salt and rattan furniture production appears to have ended the earlier hybrid pattern of production and trade in the village. Some of this diversification was related to the opportunities afforded by increased levels of education and mobility, particularly for the generations born after the war.

This shift also occurred within the context of increasing market integration where households could be expected to diversify their activities in an attempt to look for new sources of incomes, which also appears to be the case in Ban Jai (Table 3.6 and 3.7). Within this process there are also significant differences, which may not be evident, in the ability of individuals and households to exploit opportunities (Rigg et al. 2004). How diversification occurred within Ban Jai involved the intersection not only of market forces and the household economy but was also influenced by the introduction of two international development projects by the UNDP/UNCDF during this period; in 1990 the SSIP and in 1999 the Microfinance Project. I propose that although diversification did occur, some villagers also attempted to adapt the “traditional” pattern of production and trade by taking up rice whiskey production. The dynamics of how this occurred sheds light on how villagers negotiated the shifting context of market transition within the context of development interventions.

The shift to rice whiskey (lau lao) production and trade occurred after the introduction of the SSIP when one of the village women who had undertaken the project activity of pig-raising, decided to sell the alcohol which was a by-product of the rice feed. Up until this time, villagers had only produced rice whiskey for self-consumption during festivals and special occasions. Other women took up rice whiskey production and trade following the earlier pattern of individual household production except that unlike salt and rattan furniture it never extended to every household. According to data collected by a UNDP project survey, by 1996 the top five sources of production in Ban Jai in order of importance were: rice (sold within the village), livestock, handicrafts, liquor and fruit. Unfortunately, this survey focused on issues of accessibility, and does not provide any details of the specific incomes related to these activities. The increase in livestock production may also have been facilitated by the SSIP project with pig-raising and later by the Microfinance project. The number of rice whiskey producers reached its peak during the period of the Microfinance project, with seventy households in 2000 but by 2006 had declined to about thirty households. While a few women have turned it into a major source
of income, for many the profits only amount to about 2 to 5 $US per month and it has become one of several sources of income that households rely on. 49

The commute from Ban Jai is not a daily one for each of the women who sells *lau lao*. The production process takes about two weeks so that a woman who has only one batch fermenting at a time may sell twice a month. Some women produce sporadically or when they feel they need the extra income, for others it is a regular but not sole occupation and for an even smaller number, they may have several batches fermenting at any given time and go to the market more frequently. Most of the women organize their trips in groups to hire a *tuk tuk* together and cut down on costs. Two or three women can sometimes be seen at a major junction up the road from the market. Some women also choose to go further afield if they find sales are low at the market. One woman regularly goes to a mountain village eighteen kilometers from town on the southern road to Luang Phabang where she has relatives and stays overnight to sell to surrounding villages and hamlets.

How the village household economy has changed and the tensions this involves have also been shaped by the increasing accessibility of the village and the mobility of villagers themselves. The first road to Ban Jai, a rough track, had originally been constructed by the government after 1975 but this was upgraded to an all season gravel road by the SSIP project in the early 1990s. For many of the inhabitants of Ban Jai, such as the *lau lao* traders, government workers and high school students, some of whom commute daily, their lives have become more closely intertwined with that of Xay town. As a transport hub and with increasing border openness one would expect this has benefited surrounding villagers with economic opportunities but it has also introduced new tensions. As road construction makes the town more accessible and villagers are increasingly incorporated into a cash economy, they come to the town to shop and trade. Over the past decade this access to mobility may be one of the most dramatic changes to life in Ban Jai, particularly since most of the youth now commute on a daily basis to attend high school in town. It has also meant that, whereas, in the past villagers who obtained work

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49 According to the village *nai ban* women generally sell up to twenty bottles in one month. Most women sell on average seven to eight bottles per day twice a month but this is variable. One litre bottle is sold for 5000 kip (0.50$US) but after costs this only provides a profit of about 1000 kip (0.10$US) per bottle. The figure of 2 to 5 $US reflects the range of trade described by various women traders.
with the government would have to move to town and often settle there, they can now choose to live in the village and commute. Others have returned to live or retire in the village. I provide a description of the commute from Xay to Ban Jai and discuss some of the tensions villagers relate to increased mobility to illustrate how it has become a part of everyday life for the rural population surrounding Xay town. Increased accessibility and mobility to the village has also been important in shaping the context for the more recent shift in development strategy which has included Ban Jai in the establishment of an industrial zone and brought foreign investors and migrant labourers to the village.

During the first few weeks of fieldwork I would arrive each morning at the market to look for a tuk tuk that would be heading for Ban Jai. Invariably I would find that the Ban Jai tuk tuk had come and gone by 6:00 am, having already dropped off villagers, many of whom came into town to trade and would not return until the end of the afternoon. I would be directed to a side road to try and find a lotdoisan that would pass through Ban Jai heading for several villages further along the road as it heads up into the mountains. Not yet familiar with many villagers, it was the women from Ban Jai who, upon recognising me from my first day in the village (which had coincided with a village meeting when I had been formally introduced), would point out which vehicle would be going in the direction of Ban Jai. There were no set schedules and no way to predict when a lotdoisan would arrive or leave, and once one did arrive it could be a thirty minute wait before the driver might decide to leave.

Taking the larger lotdoisan sometimes involved a two hour journey to travel the ten kilometres to Ban Jai but helped me to understand how mobility and such commutes had become a part of everyday life for villagers. Most of the time was spent going around picking up passengers from each of the four different markets in town, and often other locations, usually shops where furniture might be loaded on top of the lotdoisan or bags of cement stuffed inside, and beneath our feet. The final stop was at a market on the outskirts of town and required the longest wait while everyone disembarked, usually to buy meat and sacks of rice. Waiting passengers would spend the time showing each other what they had bought and on one occasion

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50 A lotdoisan is a much larger truck than a tuk tuk but also is covered in the back with benches for passengers.
despite the driver’s impatience, a group of women passengers took the time for a midmorning respite, inviting me to join them at a table to eat the jelly-like sweets often sold at markets. Some passengers on the larger lotdoisan were from Ban Jai although they mostly came from a few of the Lue and Khmu villages several kilometres on the road beyond Ban Jai. The passengers were both men and women ranging in all ages and many came on individual shopping trips into town. There were also several women who came earlier in the morning and returned to their villages that same morning, with large amounts of goods they bought wholesale to resell in their small household shops. Such shops had just begun to flourish within the past few years in nearby villages. One morning I was surprised to see a middle-aged American man climb up onto the lotdoisan. It turned out that he was married to a woman who originally came from one of the villages but had immigrated to the US. The couple had returned to visit her family and then decided to help the village by building a school. Although it was common to find that members of a family or community had emigrated during and after the war, according to villagers, no one had left Ban Jai to go overseas during that period. The one individual who currently lives in Australia is a monk who was invited to go and start a temple for a Lao community there.

The husband of one of women leaders in Ban Jai, for example, owns and operates a truck which transports Lao traders returning with goods from the Thai border area. He is allotted a coveted position in a queue of vehicles that wait at the river port village of Pak Beng. While this mobility brings income it also puts a strain on the family relations, as on one occasion when the nai ban discovered he had “sok pu sao” (gone to look for girls). She lamented that her parents had been happy and had never had this kind of problem. She said that men had not sok pu sao in the past, and such activities had started about ten years ago when hotels had begun to appear in Xay town. When I had worked in Xay a decade ago there were also a number of drinking establishments, restaurants with back rooms and ‘beer girls’ and a few nightclubs. One provincial official claimed that today many of the girls in the nightclubs are from Ban Jai. In the village itself, Chinese traders on motorbikes have started to come from the town selling a wide variety of items, while other men from China came claiming that they were searching to find wives. It is possible that some entrepreneurs wish to have a Lao wife in order to establish a business or jointly own property locally, but cases have been reported that Lao women have been taken across the border to China under false pretences and then sold into the sex trade (UNIAP 2003). The reputation of the town and its location may have attracted the UNICEF anti-
trafficking project, which in turn has raised concerns over the mobility of young village women. Easier access to the town, however, has also brought outsiders to the village.

4.5 Shifts in Market Integration – Village Industrialisation

By the late 1990s several government institutions relocated to the village, partly because it was within commuting distance and it could provide the space needed to establish a police school, an agricultural college and the provincial “political” school (a policy and administration school attended by government workers in line for promotions). Students of the police school and agricultural college lived in residences while officials at the political school commuted, however it is the presence of the latter group which initially created a demand for drinking venues within the village itself. The pattern of diversification has increased with the shift to a policy of industrialisation which saw the establishment of three new foreign enterprises in Ban Jai and the possibility of wage labour. The three enterprises included a Vietnamese sawmill, a Chinese maize processing operation and the largest enterprise by a Malaysian company which established a number of activities: a furniture factory, commercial farming and rubber seedlings, a hog-raising facility, and a drinking water bottling facility. The nai ban for social affairs informed me that altogether about 50 hectares of village land was allocated to the new institutions and enterprises in the village. It is difficult to estimate the precise breakdown of employees working in these enterprises as I was either unable to obtain certain data or what I did obtain was not consistent between sources. The 2005 census states that there are 2,576 labourers in the village but does not give a breakdown of their occupations or how many are migrant labourers. When I asked about how many workers were employed by the three enterprises I received inconsistent figures. The village headman claimed that all three employed about 150 labourers. Of these only the Malaysian company employed villagers from Ban Jai and of these only fourteen were able to obtain work with the company. An employee informed me that the company had 240 workers of which eighty were Lao and the rest were Chinese, Malaysian and Vietnamese migrant workers. I was not able to obtain figures for the other two enterprises but

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51 Village demographics give a breakdown of 620 villagers between the ages of 15 to 60. Taking into account figures given for the number of villagers working in other sectors, of retirement age or disabled this would suggest that there are 1,846 outside labourers in the village. This does not seem consistent with the physical size of the operations or my observations of daily life in the village.
from what villagers told me, no villagers were employed by them but they did employ migrant labourers from China and Vietnam. The census lists only two foreign enterprises: an agricultural enterprise and an industrial enterprise with production figures of 2,000 $US and 25,000 $US respectively for 2005.

While the census does not specify how many villagers are labourers it gives a breakdown of sixty-six government workers (which is expected to increase to 85 by 2010) and twenty-four self-employed (expected to increase to 60 by 2010). I suggest that the figure for government workers does not reflect how many actually have ties to the villagers. Many government workers originally from the village also live in Xay but still have close ties to Ban Jai. For example, I found that some government workers commute to Ban Jai after office hours or on weekends to cultivate land in the village, or to help relatives with farming labour. If the arrival of the foreign companies has not provided the wage labour hoped for, the figure for the service and retail sectors is an indication of how it has created new opportunities for income-generating activities catering to the arrival of migrant labourers. The 2005 census lists 16 small retail enterprises in the village which sold a total of 57.6 million kip (5,700 $US) that year (Table 3.7). A number of new house front shops, noodle stalls, and drinking venues began to appear throughout the course of my fieldwork. From my observations these also include other activities that do not necessarily cater to migrants such as a dispensary, a barber, small dry-good stalls, and prepared foods. This changing context has produced new opportunities, but it has also introduced new tensions within the village between villagers and foreign investors, particularly around issues of land and water use which I discuss in Chapter Eight.

One of the reasons I had originally chosen Ban Jai as a fieldsite was because sources in the provincial government had informed me that there were villagers who had migrated out of province to work in factories. The issue of migration either to Vientiane to work in factories or to neighbouring Thailand has gained much attention over the past decade, partly because if its association to human trafficking. While I found that many villagers had left partly because they had married out of the village or had government or private sector work in other districts and provinces, when I asked the village headman about how many villagers worked in factories he explained:
Three or four years ago three women went to Vientiane to work in a factory for a foreign company where they sewed garments which were sold in Germany. The women were single, between 22-25 years of age and earned 500,000 kip (per month) but had to work seven days a week. They return each year during the Lao New Year holiday to see their parents and help them by sending money but they don’t return to work in the village or provide agricultural labour. Two years ago fourteen villagers started to work for the [Malaysian company], including three women. They earn 15,000 kip per day and are between sixteen to thirty years old. Poor people who don’t have training go to work there in the factory.

I later found out that some of the work the foreign company offered to villagers in Ban Jai was not on a permanent or regular basis but tended to be temporary construction or agricultural work as needed. The village headman went claimed that because there was not enough work to do, villagers have time to drink Lau Lao. The village headman goes on to discuss the need for employment in relation to shifts in rice cultivation in the village:

The amount of paddy is small, there are many poor people, and they have to go look for money. More than one hundred families have enough rice but many families do not have enough for the year, before there were not so many families that did not have enough. Now about fifty families do not have enough rice. After six or seven months many don’t have rice left. For example, in my family there are five people and in one year if we eat 500 kg of rice each, that is a total of 2,500 kilograms. But if you have a family with ten people in a household and they only produce 2 tons of rice then it is not enough, “bo khum pii” they are not rice sufficient for the year. Here two hectares of paddy produces 2 tons of rice, and that is when the paddy is good quality. In Vietnam three or four tons are produced for one hectare. One hectare is not enough, it produces only about 1,500 to 2,000 kilograms.

According to the 2005 census, a total of 272 tons of wet rice was produced on 181 hectares of land (Table 3.3) or an average of about 1.5 tons per hectare which is below the provincial rate of 3.5 tons/ha (UNDP 1996:40).\textsuperscript{52} Unfortunately, the census does not indicate how many households cultivated paddy or swidden, however, the amount of swidden produced is much lower at only 23.4 tons. Such figures need to be treated cautiously as villagers may under-report swidden cultivation to appear to follow the Lao government policy to restrict swidden cultivation. This policy may also have increased the pressure on families to rely solely on paddy

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\textsuperscript{52} The author of this report, however, suggests that official yield estimates are high compared to field observations, possibly due to an underestimation of the area. The report also claims that lower yields would be expected given that fertilizers are virtually not used (UNDP 1996).
cultivation or look for other sources of income. Provincial swidden yields are generally reported as lower than wet rice (UNDP 1996) but this is not entirely consistent for figures in Ban Jai, which could be an indication that wet rice yields have declined. One middle-aged woman explained that in her childhood villagers used to cultivate more swidden because they preferred the flavour of the rice.

In his discussion, the headman explains how household rice shortage is related to issues of land ownership. According to village oral histories, every household had access to paddy and on average cultivated between one to two hectares per family. The village nai ban explained that an increasing number of families no longer have rice fields for a variety of reasons.

In some families, the parents died, the children have no house, no rice fields. In some cases, parents did have land but did not get enough rice or parents sold the land so the children do not have. Some villagers get loans, have to sell land, and do not have money. Forty-three families now have no land, all are Lue. In some cases parents did have land but didn’t get enough rice or parents sold land so that the children don’t have any. There are also families who have many children and not enough land so some did not inherit.

The village nai ban also describes how it is only within the past decade that some families have begun to sell their land.

Eleven families sold land. Six families sold to sixteen Phu Noi families who arrived in 1993/94 and all bought land, about 13 hectares. They had money from raising buffalo. They came from Phongsali province where it is very difficult, from the mountains where there is no road and there are problems with the weather, too much rain or not enough and rice dies. They bought paddy land and learnt how to cultivate lowland rice from other villagers. Then five years ago four families sold seven hectares to Lao Soung from Xay, they bought the land but the villagers do the farming. The owners get one-third and the labourers get two-thirds share of the rice they produce.\(^53\)

Some disparity has always existed within the village, particularly due to lack of labour related to opium addiction, and there have always been some villagers who have “rented their labour” to other village households. The more recent pattern has also led to villagers selling their labour as well as their land to outsiders who do not themselves reside in the village.

\(^{53}\) The headman does not explain who the eleventh family sold land to.
Along with the process of economic diversification, market transition involves processes of differentiation (Rigg 2005). The national average incomes in Lao also tend to be relatively lower than neighbouring countries and differentiation has been identified particularly in relation to upland, ethnic groups which do not have the same access to markets and economic opportunities as well as being historically and politically disadvantaged (Goudineau 1997, Rigg 2005). Although Ban Jai is considered a “middle-income village” this is relative term within the Lao context and particularly northern Lao where the majority of the population have been upland shifting cultivators. It does provide an interesting context to examine how the process of differentiation and the tensions this produces occur where villagers do have access to markets and may benefit from new opportunities. Census data for 2005 suggests that not all villagers have equally benefited from market integration (Table 3.1 and 3.2). Village incomes range from 1.50 $US to 41.40 $US per capita per month, and the average annual per capita income is 145.16 $US. Almost twenty percent of the 1,528 village population are designated as poor. Of the total 281 households, 54 (19.2%) are designated as poor and 32 are designated as rice insufficient, compared to 23 households in 1990. A breakdown of the villagers by ethnicity reveals a pattern that does not fit the general pattern of differentiation within the Lao context where it is commonly upland, ethnic minority groups who are disadvantaged when they move to join a lowland village (Rigg 2005). In Ban Jai 16.5 percent of the total 19.8 percent of the poor is Lao Loum which predominantly consists of the Lue, while the upland ethnic groups make up a much smaller proportion of the poor within the village (Table 3.2). Given that the village headman claimed that all of the families who sold paddy land were Lue this raises the question of whether there is any correlation between those who are considered to be poor and those who are landless in the village, and how might this be related to processes of differentiation and diversification which occur in the context of market transition.

4.6 Conclusion

Since 1990, a general pattern of economic diversification has taken place in Ban Jai. At the same time, there has also been an increase in the proportion of households which are officially considered poor and rice deficient. Another pattern has emerged over the past decade where for the first time households in the village are landless. Along with these changes, the structure of the village economy has also shifted from a hybrid form which involved all households in the same activity of production and trade, to a more diversified and multi-
occupational one. The general increase in diversification is consistent with the findings of Rigg (2005) in other areas of Lao. The data does suggest that within Ban Jai, the processes of social differentiation demonstrated by Rigg are less consistent and predictable. Where Rigg (2005) found that newcomers and ethnic minority groups tended to be economically marginalized and had less access to land when they resettled in lowland villages, this was not the case in Ban Jai. The dominant lowland Lue group in Ban Jai tends to be the poorest in terms of the overall proportion of the village population, as well as making up the households which are selling land.

It is less clear from the statistical data to what extent this diversification is distress-based or a result of new opportunities produced by market integration. Regardless of the causes of diversification and differentiation, such processes also produce tensions (Rigg 2005). If villagers are no longer involved in the same pattern of a hybrid household economy, what kinds of tensions are produced by increased diversification and differentiation? I suggest that an examination of the role of development interventions by IAI projects which were implemented in the village provide some insight into how such tensions unfolded in Ban Jai.

A key event that occurred during this period was the construction of the Small Scale Irrigation Project which according to villagers, officials, and former project workers failed to provide irrigation. Villagers explain, however, that it also disrupted their pre-existing indigenous irrigation system. The statistical data presented here does explain how such a disruption correlates with the increase in overall wet rice production between 1996 and 2005, however, these figures must be considered in relation to the increase in village population. What is evident is that there was a dramatic increase in swidden cultivation between 1990 and 1996. This could be an indication of the immediate effect of disruption to the irrigation system, but the extent of the long term impact is less clear, since wet rice production reportedly continued. One would need to investigate if such production relies on rain-fed or irrigated paddy and how this production is distributed. It may be that disruption of the indigenous irrigation system occurred unevenly and that disparities have developed based on this. This data also does not reveal who has continued to cultivate paddy, but an indication of increased disparity would be if fewer households began to own more land and hire labour to undertake cultivation. Rice production continued, but it is not clear to what extent villagers were able to re-establish the indigenous system or have come to rely more on rain-fed cultivation. Further investigation is needed to examine how rice production is now divided, who has discontinued it and why. The statistical
data is limited in terms of explaining how economic disparities have emerged. For example, to what extent did the disruption of the indigenous irrigation system and the failure of the SSIP lead to diversification that was distress-based, or have villagers diversified their livelihoods because they were able to take advantage of new opportunities provided by projects? What is more readily revealed by ethnographic data, however, are how the effects of development projects have intersected with economic diversification in Ban Jai. I ask what role these projects played in relation to the tensions produced as diversification and differentiation unfolded and undertake an analysis of these dynamics in Chapters Five and Six.
## Figure 3.1 Village History Timeline

<table>
<thead>
<tr>
<th>Year Range</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1546? - 1800</td>
<td>Village established – salt production and trade</td>
</tr>
<tr>
<td>1898 – 1945</td>
<td>French Protectorate - corvee labour; opium addiction</td>
</tr>
<tr>
<td>1950s – 1975</td>
<td>Indochina Wars/ Bodboi – liberation period</td>
</tr>
<tr>
<td></td>
<td>- village is repeatedly bombed</td>
</tr>
<tr>
<td></td>
<td>- soldiers are recruited to join revolutionary movement</td>
</tr>
<tr>
<td></td>
<td>- Revolutionary forces are based within the village</td>
</tr>
<tr>
<td>1975</td>
<td>Lao People’s Democratic Republic</td>
</tr>
<tr>
<td></td>
<td>- command economy established</td>
</tr>
<tr>
<td></td>
<td>- villagers trade with State markets and shops (salt, produce, weaving)</td>
</tr>
<tr>
<td></td>
<td>- village rice collective only functions for three years</td>
</tr>
<tr>
<td></td>
<td>- villagers employed as salaried government workers</td>
</tr>
<tr>
<td></td>
<td>- road built</td>
</tr>
<tr>
<td>1986</td>
<td>New Economic Mechanism</td>
</tr>
<tr>
<td></td>
<td>- salt trade begins to decline → shift to rattan furniture production</td>
</tr>
<tr>
<td>early 1990s</td>
<td>Small Scale Irrigation Project</td>
</tr>
<tr>
<td></td>
<td>- new irrigation system unsuccessful; old system disrupted</td>
</tr>
<tr>
<td></td>
<td>- introduce pig-raising</td>
</tr>
<tr>
<td></td>
<td>- first commercial production of rice whiskey</td>
</tr>
<tr>
<td></td>
<td>- road upgraded to all season use</td>
</tr>
<tr>
<td>mid 1990s</td>
<td>APB revolving fund – increase in rice whiskey production</td>
</tr>
<tr>
<td></td>
<td>Pu Noi Families move to village; villagers sell land</td>
</tr>
<tr>
<td></td>
<td>Emergence of landless households</td>
</tr>
<tr>
<td>1997-99</td>
<td>Microfinance project</td>
</tr>
<tr>
<td></td>
<td>- increase in rice whiskey production</td>
</tr>
<tr>
<td></td>
<td>- rattan furniture production declines</td>
</tr>
<tr>
<td>1998-2000</td>
<td>Government institutions move to village → pipes installed (water ↑)</td>
</tr>
<tr>
<td>2004-5</td>
<td>New foreign enterprises established in village → pipes installed (water ↓)</td>
</tr>
<tr>
<td></td>
<td>- migrant workers arrive</td>
</tr>
<tr>
<td></td>
<td>- drinking venues, food and dry goods shops begin to open</td>
</tr>
<tr>
<td>2006</td>
<td>Families rent land to cultivate rubber seedlings</td>
</tr>
<tr>
<td></td>
<td>Water For Life Project</td>
</tr>
</tbody>
</table>
Table 3.1 Ban Jai Distribution of Monthly per Capita Income (2005)\textsuperscript{54}

<table>
<thead>
<tr>
<th>Monthly Income ($US Dollars)</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 2$</td>
<td>0.35</td>
</tr>
<tr>
<td>2 to 5</td>
<td>2.8</td>
</tr>
<tr>
<td>5 to 10</td>
<td>31.3</td>
</tr>
<tr>
<td>10 to 15</td>
<td>33.4</td>
</tr>
<tr>
<td>15 to 20</td>
<td>14.5</td>
</tr>
<tr>
<td>20 to 25</td>
<td>8.9</td>
</tr>
<tr>
<td>25 to 30</td>
<td>6.4</td>
</tr>
<tr>
<td>30 to 40</td>
<td>1.4</td>
</tr>
<tr>
<td>Above 40</td>
<td>0.71</td>
</tr>
</tbody>
</table>

\textsuperscript{54} Source – Data on Ban Jai from 2006 Census, Xay District Department of Planning
Table 3.2  Breakdown of Ban Jai Population Designated as Poor (2005)\textsuperscript{55}

<table>
<thead>
<tr>
<th>Category</th>
<th>Population</th>
<th>Percent\textsuperscript{55}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Poor</td>
<td>303</td>
<td>19.8</td>
</tr>
<tr>
<td>Male</td>
<td>145</td>
<td>9.5</td>
</tr>
<tr>
<td>Female</td>
<td>185</td>
<td>12.1</td>
</tr>
</tbody>
</table>

By Ethnic Category:

<table>
<thead>
<tr>
<th>Ethnic Category</th>
<th>Population</th>
<th>Percent\textsuperscript{55}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loa Loum/Lue</td>
<td>253</td>
<td>16.5</td>
</tr>
<tr>
<td>Male</td>
<td>113</td>
<td>7.4</td>
</tr>
<tr>
<td>Female</td>
<td>122</td>
<td>7.9</td>
</tr>
<tr>
<td>Lao Toung</td>
<td>38</td>
<td>2.5</td>
</tr>
<tr>
<td>Male</td>
<td>20</td>
<td>1.3</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>1.1</td>
</tr>
<tr>
<td>Lao Soung</td>
<td>12</td>
<td>0.78</td>
</tr>
<tr>
<td>Male</td>
<td>8</td>
<td>0.52</td>
</tr>
<tr>
<td>Female</td>
<td>4</td>
<td>0.26</td>
</tr>
</tbody>
</table>

54 Households out of 281 households (19.2\%) are designated as poor.

32 households are designated as rice insufficient, compared to 23 households in 1990.

\textsuperscript{55} This is the percent of total village population of 1,528 in 2005.
### Table 3.3 Changes in Rice Production in Ban Jai

<table>
<thead>
<tr>
<th>Year</th>
<th>1990&lt;sup&gt;56&lt;/sup&gt;</th>
<th>1996&lt;sup&gt;57&lt;/sup&gt;</th>
<th>2005&lt;sup&gt;58&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population</td>
<td>1071</td>
<td>1427</td>
<td>1528</td>
</tr>
<tr>
<td>Households</td>
<td>185</td>
<td>230</td>
<td>281</td>
</tr>
<tr>
<td>Wet rice (Ha)</td>
<td>149</td>
<td>117</td>
<td>181</td>
</tr>
<tr>
<td>- Produced (Tons)</td>
<td>177</td>
<td>n/a&lt;sup&gt;58&lt;/sup&gt;</td>
<td>272</td>
</tr>
<tr>
<td>Irrigated paddy:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Indigenous system (Ha)</td>
<td>92.7 (139T)</td>
<td>10</td>
<td>n/a</td>
</tr>
<tr>
<td>- SSIP system (Ha)</td>
<td>n/a</td>
<td>80 (dry season – 49)</td>
<td>n/a</td>
</tr>
<tr>
<td>Swidden rice (Ha)</td>
<td>45</td>
<td>99&lt;sup&gt;59&lt;/sup&gt;</td>
<td>12.9</td>
</tr>
<tr>
<td>- Produced (Tons)</td>
<td>38</td>
<td>n/a</td>
<td>23.4</td>
</tr>
<tr>
<td>Households cultivating rice:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- paddy</td>
<td>n/a</td>
<td>230</td>
<td>n/a</td>
</tr>
<tr>
<td>- swidden</td>
<td>175</td>
<td>205</td>
<td>n/a</td>
</tr>
</tbody>
</table>

---

<sup>56</sup> Source – Data collected by SSIP, Oudomxay Department of Agriculture.

<sup>57</sup> Source – Data collected by the UNDP Integrated Rural Accessibility Project (IRAP)

<sup>58</sup> n/a – Data not available.

<sup>59</sup> The IRAP data states that there is a decreasing trend in swidden cultivation, but this seems inconsistent if the figures from 1990 are compared with those of 1996. Data regarding swidden cultivation need to be treated cautiously since they may be skewed in order to appear to reflect government policy to reduce swidden cultivation.
Table 3.4 Crop Production in Ban Jai (Not Including Rice)

<table>
<thead>
<tr>
<th>Crop</th>
<th>1990</th>
<th>1996</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market gardening</td>
<td>60</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Gardens</td>
<td>n/a</td>
<td>220</td>
<td>n/a</td>
</tr>
<tr>
<td>Garlic</td>
<td>n/a</td>
<td>80</td>
<td>5 ha (5 T)</td>
</tr>
<tr>
<td>Vegetables</td>
<td>n/a</td>
<td>230</td>
<td>n/a</td>
</tr>
<tr>
<td>Peanut</td>
<td>n/a</td>
<td>150</td>
<td>5 ha</td>
</tr>
<tr>
<td>Fruit Trees</td>
<td>65</td>
<td>50</td>
<td>n/a</td>
</tr>
<tr>
<td>Vegetables – industry/processing</td>
<td>n/a</td>
<td>10</td>
<td>n/a</td>
</tr>
<tr>
<td>Cardamom</td>
<td>n/a</td>
<td>500</td>
<td>n/a</td>
</tr>
<tr>
<td>Trees -eucalyptus, teak etc</td>
<td>n/a</td>
<td>170</td>
<td>33 ha</td>
</tr>
<tr>
<td>Sugar cane</td>
<td>n/a</td>
<td>n/a</td>
<td>2 ha</td>
</tr>
<tr>
<td>Corn</td>
<td>n/a</td>
<td>n/a</td>
<td>4.5 ha</td>
</tr>
<tr>
<td>melon</td>
<td>n/a</td>
<td>n/a</td>
<td>.5 ha (12 T)</td>
</tr>
<tr>
<td>peppers, eggplant</td>
<td>n/a</td>
<td>n/a</td>
<td>.5 ha</td>
</tr>
<tr>
<td>rubber</td>
<td>0</td>
<td>0</td>
<td>4 ha</td>
</tr>
<tr>
<td>sesame</td>
<td></td>
<td></td>
<td>4 T</td>
</tr>
</tbody>
</table>

---

60 hhds- abbreviation for the number of households; the IRAP survey did not provide figures for the amount produced unless otherwise indicated.

61 The IRAP data does not specify if gardens are for self-consumption or trade.

62 The SSIP data does not specify if this is the number of households or hectares.

63 Another section of the IRAP survey gives 150 households cultivating fruit. The IRAP survey lists the top five food crops in Ban Jai as: 1st rice, 2nd garlic, 3rd vegetables, 4th peanut, 5th fruit.

64 The census does not specify whether this is land rented from villagers to cultivate seedlings or if it is outsiders who own land in the village and have begun to cultivate rubber. For example, one Lao NGO worker who lives in Xay town but is not from Ban Jai has bought village land and has started to cultivate rubber. To my knowledge, during the period of fieldwork villagers had not yet begun to cultivate rubber themselves but the District had plans for them to do so the following year.
Table 3.5 Livestock Production in Ban Jai

<table>
<thead>
<tr>
<th>Livestock</th>
<th>1990</th>
<th>1996</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Households:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- raise large livestock</td>
<td>114</td>
<td>89</td>
<td>n/a</td>
</tr>
<tr>
<td>- raise pigs</td>
<td>123</td>
<td>200</td>
<td>n/a</td>
</tr>
<tr>
<td>- raise poultry</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>- fish</td>
<td>50 ponds</td>
<td>25 hhds</td>
<td>39 ha</td>
</tr>
<tr>
<td>Total Numbers Raised:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>cattle</td>
<td>64</td>
<td>78</td>
<td>80</td>
</tr>
<tr>
<td>waterbuffalo</td>
<td>297</td>
<td>286</td>
<td>480</td>
</tr>
<tr>
<td>pigs</td>
<td>224</td>
<td>220</td>
<td>680</td>
</tr>
<tr>
<td>poultry</td>
<td>1473</td>
<td>n/a</td>
<td>2125</td>
</tr>
</tbody>
</table>

Table 3.6 Income-generating Activities in Ban Jai (1996)

<table>
<thead>
<tr>
<th>Activity</th>
<th>No. Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rattan</td>
<td>150</td>
</tr>
<tr>
<td>Rice Whiskey</td>
<td>20</td>
</tr>
<tr>
<td>Small enterprise</td>
<td>7</td>
</tr>
<tr>
<td>Tailoring</td>
<td>12</td>
</tr>
<tr>
<td>Weaving</td>
<td>10</td>
</tr>
<tr>
<td>Grocery shop</td>
<td>1</td>
</tr>
<tr>
<td>Tuk Tuk</td>
<td>1</td>
</tr>
<tr>
<td>Passenger Pickup</td>
<td>1</td>
</tr>
</tbody>
</table>
Table 3.7 Income-generating Activities in Ban Jai (2005)\textsuperscript{58}

<table>
<thead>
<tr>
<th>Activity</th>
<th>Households</th>
<th>Annual Total Village Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rattan</td>
<td>4</td>
<td>n/a</td>
</tr>
<tr>
<td>Weaving</td>
<td>5</td>
<td>300 $US</td>
</tr>
<tr>
<td>Rice Whiskey</td>
<td>n/a</td>
<td>5000 Litres</td>
</tr>
<tr>
<td>Salt</td>
<td>n/a</td>
<td>20 Tons</td>
</tr>
<tr>
<td>Rice mill</td>
<td>n/a</td>
<td>780 $US</td>
</tr>
<tr>
<td>Textiles</td>
<td>n/a</td>
<td>150 metres/ 225 $US</td>
</tr>
<tr>
<td>Small retail</td>
<td>16</td>
<td>5,700 $US</td>
</tr>
</tbody>
</table>

Other sources of income:

Mechanic – 1
Self-employed – 24
Government workers – 66

Overall village production figures for 2005\textsuperscript{65}:

Agricultural – 2,232,675 million kip
Industry/manufacturing – 22,800 million kip
Business/service sector – 94,800 million kip.

\*The 2005 census does not record all the crops cultivated or forms of income-generation which I observed in the village. Nor does it indicate how many villagers are employed in wage labour.

\textsuperscript{65} The exchange rate at that time was 10,000 kip = 1 $US. The census does not specify whether or not these figures include production by foreign enterprises or rubber contractors. Nor is it clear if small retail is included in the overall figures for the business sector. The census is in Lao and categories are according to my interpretation.
CHAPTER FIVE
EARLY INTERVENTIONS

5.1 Introduction

Rice production in the country is subsistence-oriented. It is produced mainly by small farm households that have an average farm size of less than 2 ha. Although rice production is the single most important economic activity, accounting for 39% of agricultural gross domestic product, very little rice is currently marketed. (ADB 2006:1)

With the end of the war much of the international aid was mobilized primarily from the Soviet Union, Vietnam and other Comintern nations. After 1986 with the introduction of the New Economic Mechanism facilitating the transition from a command to a market economy, and the decline of Soviet support, there was an increase in the influence of international aid and donors from the “West.” The UNDP was one of the first multilateral organizations to extend its projects to Oudomxay and by 1989 had finalized plans to begin a series of small scale irrigation schemes throughout three northern provinces. The first phase of this programme was called the Small Scale Irrigation Scheme Project (SSIP) and two villages were chosen as sites of implementation in Xay district. Ban Jai was one of these villages and the project began its implementation in 1990. As such the village began its engagement with international development and a set of new actors at an early stage of the transition process. A primary goal of the new socialist government in 1975 was to attain rice self-sufficiency within the country (GOL 1987). Policies turned towards market integration and the commercial production of rice which the SSIP was designed to promote. Within the village by this time, another important shift in the household economy had taken place with the decline of salt production and trade and the introduction of rattan furniture production. Rice cultivation for self-consumption continued to be a primary source of production in this hybrid household economy. Ban Jai like most Lue villages is a lowland village but situated at the edge of a valley it also has access to nearby upland slopes. By 1990 about one-third of village rice production was based on swidden rice cultivation (45 ha) and two-thirds was paddy (92.7 ha) irrigated by an indigenous or “traditional” system of irrigation (Table 3.3). The SSIP was to increase the production of paddy by constructing a new irrigation system that would allow villagers to increase wet season production and to begin to cultivate a dry season of lowland wet rice, thereby, facilitating market integration by providing a surplus of rice to be sold. A baseline survey was conducted in 1990 followed by construction of an access road
within the village and land preparation for the new irrigation system. Construction of the dam and irrigation canal took place between 1992 and 1994, followed by upgrading of the road to Xay. The estimated cost of the project was $US 472,424 with most of the funding provided by the UNDP and the United Nations Capital Development Fund (UNCDF)\(^6^6\). The project anticipated adding 107.3 ha of new irrigable paddy in the village. A survey conducted by a different UNDP project\(^6^7\) in 1996, records significant but perhaps unexpected shifts in rice production in Ban Jai (Table 3.3). The production of rice using the pre-existing indigenous system went from 92.7 ha to 10 ha while the survey records 80 ha of wet season rice and 49 ha of dry season rice production under the new irrigation system. According to these figures only about 32 ha of additional paddy was produced. Unfortunately the 1996 survey does not provide data for how much rice was actually produced but it does record that all 230 households in the village at that time cultivated paddy. What is also significant is that the production of swidden increased from 175 households to 205 and an increase in area cultivated from 45 ha to 99 ha between 1990 and 1996. Villagers informed me that when they are unable to produce enough paddy they turn to swidden cultivation and this increase during that period raises questions regarding what effect the new irrigation system had on paddy production. According to what villagers, officials and former technicians told me, the project never achieved its intended outcomes and after two years of constructing the new irrigation system the canal no longer retained water. As one villager explained the water was “ow pai tim” (taken away and wasted), so that only 4 to 5 ha of land continued to be irrigated, benefiting just six families. Village leader also say that no one has produced dry season rice crops since then either.

A former project technician, who by 2005 was a senior provincial official, admitted that there were problems with the project.

\(^6^6\) Total national and provincial government contributions were estimated at 3,463 $US. “Population” contributions are given as 53,641 $US but are broken down in terms of labour and material with no indication of cash contributions. This information is taken from a breakdown of costs between January 1991 – August 1993 found in the only documentation I could access on the project.

\(^6^7\) The survey was conducted by a nation-wide UNDP project called the Integrated Rural Accessibility Planning Project (IRAP) which collected data from every village throughout the country to guide local planning of infrastructure. The data was intended to be used by the Provincial Department of Planning and Cooperation.
We cannot explain the results of the project; big funding came to this village but was not used one hundred percent. We tried to clarify, to check the funding that came to the village, up to now nobody knows. There were big funds but what was the impact?

The former technical attributes some of the problems with the project to the functioning of the water user groups as well as a lack of organization and project planning.

During implementation of the project, there was organisation of the water user groups, they collected money; they collected per hectare and contributed either by rice or cash. It was divided fifty per cent for administration and fifty per cent for the Revolving Fund. For example for the dam and the channel, they used the money for repairing. The villagers had to provide the money. We asked for a Water User Group chief. The water user groups were not functioning. There were problems with no long term organization and project set up. Before, when the project started, the labour contribution for the project was very good. After it finished, civilization came to this village. If need contributions then, labour is very difficult to get because everything changed, people go outside to sell labour and trade.

This quote suggests that at the beginning of the project it was not difficult to mobilize villager labour but that afterwards this changed because of economic diversity related to increased village accessibility. It is not clear in this later context, however, if he is referring to labour contributions to new project activities, labour to maintain the irrigation system or labour exchange within the village in general. I discussed the project individually with three other former technicians, all of whom also now hold senior level government positions in different departments, and all concurred that the project in Ban Jai had not been successful. The issue of the water user groups and weak leadership was also a recurring theme but none of these individuals mentioned problems of a technical nature or with the construction of the irrigation system itself.

The villager who was nai ban in 2006, at the time I conducted fieldwork, does identify the problems as technical ones and suggests that it was not a lack of accountability on the part of villagers to maintain the system as much as it was a refusal to take ownership of a problem that they did not cause.

Now some land does not have enough water. SSIP when it built the canal, it did not have depth, when they poured the cement, they didn’t do it right and water was lost in several places. The canal did not restrain or regulate the water. It would have been better if it had controlled it, but it did not control it, it lost water
where the sluice gate was attached to the canal. Problems began two years after
the project stopped, the company and the Xay Department of Agriculture were
responsible, but they never came to fix it. They set up groups to care for the
system but they were not effective. They were not responsible because they were
not responsible for the water not being replaced or being enough.

Despite acknowledging that there were problems with the project, the former technician
reiterates that after the project finished “civilization came to this village” referring to the second
phase of the project, renamed the Eco-Development and Irrigation Project (EDI):

SSIP finished in 1996 and then changed its name to EDI, and handed over the
project to the district. The road was built by Xay District to [a village several
kilometres beyond Ban Jai], it was the EDI UNCDF’s contribution. Because the
project built the road, the impact of the project was that infrastructure came,
electricity, telephone came after the project.

The EDI project extended the road from Xay town in the late 1990s but road construction had
already begun to take place in the initial SSIP phase, partly with village labour and contributions.
Villagers explain that the project had upgraded the existing road, which was more of a track built
by the District government after the war, into an all weather gravel road. Upgrading the road not
only facilitating expanding infrastructure and services, but also increased the mobility of
villagers themselves and brought the townspeople of Xay closer to the village. Within a decade
the village had become increasingly peri-urban in nature, in the sense that the everyday life of
villagers was intertwined with that of the town; village students, workers and traders now
commute to the town, some on a daily basis. Likewise, people from the town and elsewhere
have also begun to arrive in the village for work and pleasure; some on a regular basis to drink in
the evenings and weekends, others such as traders come more sporadically. The road has also
become a thoroughfare through the village passing on to more remote areas of the district. As
the road winds through the centre of the village, it brings not only transport vehicles but also
lorries and machinery headed for the forests to harvest timber and NTFPs for export, kicking up
a layer of fine red dirt which coats the houses lining either side of the road.

68 The former technician states that the EDI project built the road, but when villagers refer to the road
upgrade they say that it is SSIP which built it. The SSIP document which I was able to obtain includes
two phases of road construction in its budget; the first for village access (villagers are listed as
contributing labour and finances) and the second for district access. Not all funds and activities were
completed during the implementation of the SSIP. The remaining funds were carried over to the EDI
project for completion.
Such early interventions set the course of the trajectory of development in Ban Jai. My focus is not on how or why such interventions succeeded or failed, rather it is on the effects they produced, how these intersected with processes of market integration, and contributed to the tensions produced by such processes. I will demonstrate that these interventions were significant for a chain of effects that set in motion changes, which exacerbated and hastened market integration in a way that disrupted the village economy and social relations. Projects in this sense shaped the process of market integration and played a specific role in contributing to tensions that accompanied transition to a market economy. In this chapter, I focus on an examination of how such tensions were produced during and after the implementation of the SSIP within this context of chain effects that also intersected with larger structures of change leading to increased livelihood diversification and differentiation.

5.2 Restructuring Systems of Production

Running through the centre of the village, hidden in between rows of houses, is a narrow concrete canal which spans the length of the village’s north-south axis. What is most striking about the canal is that for most of the year it is completely empty and dry. Even during the rainy season it merely has a trickle of water flowing through it. The canal was constructed between 1992 and 1994 by the Small Scale Irrigation Project (SSIP) which was conceived in 1989 and began implementation in 1990, not long after the introduction of the New Economic Mechanism in 1986. Villagers often refer to the period immediately after 1975 as the time when the village began to develop and up until then most activities were carried out between the district and the villagers, such as the construction of the school. The short-lived rice collective had also been managed by villagers themselves. The Small Scale Irrigation Project (SSIP) funded by the UNDP/UNCDF was the first international development project implemented in the village. As such it not only introduced new approaches to development but new actors into the process which affected the process of decision-making and management of the project.

An outside company was contracted to construct the irrigation scheme, consisting of a canal system and one dam which diverted water from a mountain stream. The stream is the village’s main water supply and was also the main source of the pre-existing indigenous system of irrigation. With the construction of the new SSIP irrigation scheme, the stream was divided into two branches at the point before it reaches the village. From there both branches flow on
next to each other to border the row of houses that line the western edge of the village, dividing them from the paddy rice fields that surround the village. At the southern edge of the village a rough dirt path follows the direction of the stream as it flows down from the distant mountains. Walking along the path going uphill, it cuts through rice fields and fish ponds as it opens out to a view of the distant mountains where several more tributaries can be seen flowing down the mountain side. It is not long before one loses sight of the stream as the path enters the surrounding forest. The path eventually opens up to a view of the concrete dam constructed by the SSIP. Water from the stream flows over the dam and is retained in a large reservoir below. Visiting it one day in mid-January accompanied by a young village woman we found the level of the water in the reservoir was quite low. My village guide explained that the level of the water is never as high now as it was a decade ago, when during her childhood, she and other children came to swim in the reservoir. When I ask about this in the village, no one seems to be able to give me a clear answer as to why the water levels have gone down. The dam is larger than I expected for a “small-scale” irrigation project and the large reservoir indicates the sizeable expectations the project design had. Despite the time of year, in the middle of the dry season, the dam and the irrigation system should have been providing enough irrigation for villagers to cultivate a second season of wet-rice crops. Returning to the village we follow the canal as it snakes through the entire length of the village, cutting through the row of houses that form the heart of the village proper to end at the northern edge of the village where it comes out at some rice fields behind the primary school.

The villager who was nai ban when the project was implemented in the early 1990s, sums up the end result of the Small Scale Irrigation Project as “incomplete, unsuccessful, and it had no accountability.” When I asked other villagers about the state of the village’s irrigation system after SSIP they also agreed that the problem was that the water had not changed or flowed and that they could not irrigate their fields.

The irrigation canal was constructed incorrectly and did not retain water, this caused water to be lost, and to escape as it entered the channel outtakes. Secondly water did not flow at the location of the original irrigation system which villagers had developed over time and which allowed water to pass to the rice fields according to nature. (Former Village nai ban)

In building the new system the project had dumped rocks and sand at a site near the entrance to the old canal, obstructing and reducing the flow of water down the slope and into the
indigenous system. Some villagers also claimed that the construction company had dumped cement into the water, polluting it, and that villagers had become ill afterwards. In constructing the dam the river was restructured beneath the dam to form two narrow tributaries which also affected the flow of water. The original system could no longer retain water as before and the flow of water to village paddy fields was altered. The result being that neither the traditional nor the modern system functioned properly. As the former nai ban explains “the new system was not constructed to change the flow of the water current so that it would be of benefit and it was not able to conduct the water over to the rice fields.” Villagers repeatedly requested the project to repair both the old and the new system. The response from the project was that there were no other options to improve the modernised canal, and so from the villagers’ perspective it remained unfinished. As for repairing the damage caused to the indigenous system the nai ban explained that “the expert was not able to help, [repair the system] because it is free, it has no cost, belongs to indigenous, belongs to local ethnic group, it is not usual, normal.” The nai ban expresses how the pre-existing system is devalued by the project by its association with what is “ethnic” or “traditional” and therefore not as efficient as the “modern” solution offered by the project.

In building the modernised system the project had restructured the flow of water that supplied the indigenous system and in turn fundamentally affected the method of irrigation management that villagers were most familiar with. The most devastating effect was that the project either assumed the old system would not be essential after “modernisation,” did not recognise its value in the first place, or did not anticipate the effects that damaging the system would have. Local knowledge and the “traditional” system were sacrificed for modernisation. To add insult to injury the UNDP international “expert” did not rectify the problems since the traditional system was of “no value” and upgrading it was not within the project budget, despite the large amounts of expenditures the project had in the end. Ignoring and devaluing local knowledge would have yet another unanticipated effect.

Former government project technicians blame part of the failure of the project in Ban Jai on poor village leadership and the inability of the village maintenance group, which was organised by the project, to maintain the new system. This model of management was limited to begin with, but even the later EDI project which was to set up an even more sophisticated system of village management in other villages had limited success.
Water User Groups (WUGs) have been set up. However, these do not appear to have led to significant improvements in water management or to commensurate increases in yields or irrigable area. WUGs have taken responsibility for routine tasks such as clearing channels of debris and vegetation, however, they have not taken responsibility for maintenance of the engineering works.

(UNCDF 2001:17)

In building the new system the project had also taken control of the irrigation system out of the hands of the villagers. The indigenous Lue irrigation system was overseen by the nai ban but had functioned according to an individual household system that required each family to maintain the section of the system that irrigated their individual paddy fields. Decisions regarding the construction of the weirs and the dam were made by the project and the private construction company. Moreover, ill feelings developed when the outside construction company contracted to build the system failed to pay a smaller village company sub-contracted to do work for them. The company left and the village sub-contractor was never able to locate them to demand payment, nor did he receive any compensation from the project, contributing to the feelings of a lack of accountability.

Villagers felt that the project had been in vain and that there were problems with the organisation of labour. According to the former village nai ban:

The project did not have good results, villagers felt that the way they had joined together in order to work was not usual…The outside labourers who came to work did not perform in the usual way, were careless, made mistakes. They felt like success was lost, they felt like giving up, and abandoning the mistakes the project had made.

The design of the SSIP project was described as a “policy experiment” and received a critical evaluation for being problematic in copying and exporting external methodologies. As one project evaluation report states:

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69 Land distribution in Ban Jai was relatively equitable with an average of 1-2 ha per family, but production was affected by the quality of the soil and access to labour. Since the end of the war, improved healthcare and in-migration had led to an increase in the village population, land was further divided through inheritance, and village youth began to leave the village for schooling or jobs. These factors have also contributed to disparities in rice production. Villagers also point out that the Lue families which had first settled in the village, and their descendants, had taken up the most fertile fields so that villagers who came later were left with the less desirable land.
Project strategies/concepts were developed mainly by external consultants…the role of the project management appears to be one of ‘passive acceptance.’ It seems that strategies/concepts were brought almost exclusively from outside the country. (UNCDF nd: 12)

The technical goal of the SSIP project was to provide an irrigation system to facilitate the introduction of commercial rice production, enabling farmers to produce a dry season crop of irrigated wet-rice and move beyond the current subsistence farming practiced. According to a project report, “the northern provinces had many small-scale traditional irrigation systems with 15-30 hectares watering capacity, which required tremendous efforts to be maintained in a usable condition. Being renovated the schemes serve farmers with higher quality” (UNCDF nd: 9). The use of the term “traditional” implies that the intent is to modernise the village irrigation system. In the case of the SSIP this involved the construction of a large dam which village leaders did not request or agree to. Commenting on the size of the dam built in Ban Jai, another former government project technician (also now a senior official) rhetorically exclaimed, “this was a small project?” An evaluation later critiqued the “modernisation” scheme for its inefficiency which in the second phase approached costs of US$ 5000 per hectare.

The project designer and consultant, on the other hand, critiques Lao government policy for using the project to carry out their own programme of resettlement.

Government strategy, at the same time of the “Small Scale Irrigation Project” in Northern Provinces, was based on irrigation development as a major option to re-settle uplands populations in the lowlands and to convince them to abandon the destructive shift and burn cultivation system, as well as opium growing in some areas. When this first project results were evaluated, it was found that irrigation alone could never be a workable solution for such a goal, unless being completed by far reaching actions to change the land use system in the uplands and other slopes to diversify local economy. (Lazarev 1999: 7)

The evaluation report does not criticize the policy of re-settlement itself nor the claim that “shift and burn” cultivation systems are destructive. Baird and Shoemaker (2007) demonstrate that it was the UNDP which first initiated and encouraged village re-settlement. Since then, implementation of the policy has come under attack by the international community and by 1997 the UNDP itself was refusing to work in villages that had been resettled.
Ironically the implementation of the irrigation component of a second project called the Eco-Development and Irrigation Project (EDI), formulated in succession to the SSIP, also went on to repeat many of the organisational failings of the Small Scale Irrigation Project (UNCDF 2000). The evaluation report points out that “micro-management by the former UNCDF Programme Officers and UNDP Country Office70, while not providing quality supervision and guidance regarding substantive and strategic aspects, resulted in implementation delays and brought some confusion in terms of responsibilities and accountability” (UNCDF 2000:27) The EDI project evaluation reports acknowledge the deficiencies of the SSIP project and include a “consolidation” of the SSIP irrigation systems by: strengthening the management systems; finding ways to tackle problems related to the function and the development of structure that cannot be handled technically and materially by villagers; improve or modify certain points of the irrigation scheme” (UNCDF 2000:28). The Ban Jai scheme, however, was never included in this later consolidation.

Project cycles and evaluations in UNDP offer little scope for results outside of specified objectives and even less for examining the impact in specific villages, particularly when one project targets a large number of villages. Projects are bound not only to repeat mistakes but often do not take into account how previous projects construct a context that could affect future projects. Alternatively, what may be “mistakes” or outright failures, as in the case of the SSIP, may contribute not to “poverty eradication” but to constructing the conditions that favour market integration.

5.3 Project Tensions

One immediate impact of SSIP project organisation resulted in dissension among villagers. The project had required that each household make a labour contribution toward the construction of the irrigation scheme as well as financial contributions to the WUGs and a revolving fund. The revolving fund was part of another project component to establish income-

70 The United Nations Capital Development Fund (UNCDF) provided the funding for the project while the United Nations Development Programme (UNDP) carried out implementation. This was somewhat of a novel approach and produced some tensions between the two programmes.
generating activities but according to villagers, much of these project funds were not used and were later carried over to the EDI project. The project did establish a revolving credit-fund using the interest from the villagers’ contributions which were then dispersed among families interested in undertaking pig-raising as in income-generating activity. The former nai ban explains villagers who did not participate in pig-raising, but had contributed to the fund, felt that they received no value from their contributions, and this became a point of contention among villagers. What was more of an issue was that villagers felt that both their monetary and labour contributions were wasted because in the end there was no irrigation, and their funds had not even gone to repairing their original irrigation system. After the project ended, water levels in general decreased and the flow of water dried out altogether in some fields.

Tensions appeared not only around the issue of how contributions were shared and who did or did not benefit, but began to affect labour relations among villagers. Such tensions were discussed in relation to the project and confusion over village leadership. One village elder described this as a problem specific to their village, and he explained that “we did not have a direction to follow together, we did not have the way to agree…we do not join together to unite, villagers quarrelled and failed to work.” It is not clear precisely how such tensions around leadership evolved but one possible explanation is that the role of the nai ban shifted through the course of the project. The indigenous irrigation system functioned with each family responsible for maintaining the section of the system that supplied their own paddy lands and it was the nai ban’s role to ensure that the system functioned properly by monitoring and coordinating these tasks (the village is also divided into sub-units and so that some of this work can be delegated to the head of these sub-units). The SSIP introduced a new system of management with the organisation of the WUGs which was problematic in itself, and led to confusion. As mentioned, earlier training of the WUGs was inadequate so villagers also did not feel responsible for the

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71 Project records estimate a total of 173 pigs in the village, an average of .86 per family, and only 23 families without pigs by the end of the project, but it is not clear if these are just projections. These figures do not seem to correspond to the village nai ban’s explanation that only a minority of families were able to take up pig-raising, but could reflect pig-raising initiated by the district after the project ended, which was funded by the APB. Also during the time of fieldwork I did not see such a large number of households raising pigs, although I did not carry out a survey. Another issue is the sustainability of the activity, some villagers discontinued pig-raising because it was not profitable.
mistakes that were made by the project and this influenced their reluctant participation in the WUGs. I suggest, however, that the process of constructing the new system limited the nai ban from decision-making and control over the design of the system. The nai ban also had limited control over the behaviour of the construction company, and this could have compromised his credibility, eroding his leadership position in the eyes of the villagers. In discussions of the SSIP project another theme that became apparent beyond the problems of restructuring of the local irrigation scheme was that it has contributed to what one villager describes as a problem particular to Ban Jai “we have no guide to lead us.” The former nai ban at that time explains that the lack of cooperation extended beyond just the management of the irrigation schemes and began to affect farming labour and that individuals were not fulfilling their obligations.

They do not want to participate in their duty, if they do not do it correctly the reaction is that others do like them…we have this special problem; we need the group to lead equally, to divide the work. (Former Village nai ban)

Every family had contributed to the original fund to build the new irrigation system but only six households benefited from having their land irrigated, and this lasted for only a few years after the project. One villager who has no other occupation and describes himself as “just a farmer” responded to my question asking what the results of the project were, saying it was “sia hai, sia hai” (lost swidden land, lost swidden land) suggesting that he had lost access to swidden land because more villagers had to shift from paddy to swidden, “there is land, those who grow paddy have land but do not have water. Before the project they planted paddy, now they plant swidden.” The current nai ban for social affairs also confirms that villagers “divided the hai (swidden), they did not have naa (paddy), the water was not enough, if they planted naa, they could not eat.” This nai ban explained that two hundred families were affected and that the project result was “only mostly that we lost, we lost money.”

Another source of tension that has developed since the end of the project involves some villagers selling plots of communally held land. The former nai ban explained that now “families with land which the SSIP blocked water flowing to, are selling land.” The land referred to is communally held forested village land which has not yet been cut or cultivated and although the former nai ban uses the term “selling” it technically means transferring rights to the land since legally all land belongs to the state and held in trust for the population. Such an act disregards both customary rules of land use as well as the state’s legal ownership of communal
land. The former *nai ban* says that he does not understand how they are able to do this but that it was resulting in even more friction among villagers. The former *nai ban* explained that individuals involved in selling communal land were doing so out of necessity, because they were no longer able to produce as much rice and they now needed to find sources of income to buy rice. It appears that villagers are able to do so because of the ambiguities produced in shifting from customary rights to the privatization of land introduced by IAI driven legal reforms. These ambiguities are due to a variety of new land title documents which are not ownership deeds, but are being treated as such by villagers and possibly local officials. For example, the tax registration document is one such document which I heard many individuals refer to as a deed.

The nation-wide land-titling project which is facilitating the implementation of these reforms had not yet reached northern Lao and it was having limited success where it had already been introduced.  

The tensions produced by a disregard over customary land rights also intersect with shifts that are taking place at a structural level, in particular policies to reduce swidden cultivation so that land can be opened up to industrialize agriculture and land registration programmes which have been introduced in order to facilitate the privatization of land. With increased population pressure, and a reduction in the size of family plots, paddy rice production is becoming less viable. This has been exacerbated by the poor soil quality and lack of irrigation in some areas of the village. Families with less paddy turn to *hai* (swidden) cultivation, but this is also an alternative under threat as the policy to eradicate shifting cultivation reduces forest available for *hai*. Villagers also rely on the forest to gather food and non-timber forest products, for example to produce local medicines which they sell in Xay town. The political implications for their exclusion in decision-making is perhaps all the more threatening because it challenged both legal frameworks and customary relations, leaving villagers wondering what recourse they may have. In the past, when villagers expressed *kadkan* (disagreement) most notably with the state introduction of cooperative farming, the experiment had been short-lived, lasting only a few years in the village. They may have felt that there was some response, even if they knew there

72 Previous attempts have also been particularly disadvantageous to women, whose inherited land was often registered in their husband’s name. Among ethnic Lao and Lue inheritance follows bilateral patterns (Viravong 1999).
were other factors involved in the decision to stop the cooperatives and as the village director of the rice collective explained “the government stopped it because it did not produce enough rice.”

Theoretically all land belongs to the State and individuals are understood to have long-term rights to land use. In Ban Jai, villagers observe customary rights of inheritance with regard to paddy lands and have tax registration papers which are ambiguously used as evidence of “ownership.” Even according to customary rights if a family is not cultivating dry season crops on their paddy lands, other villagers may obtain permission from the owner to use the land during the dry season. Included in the communal land, that has become controversial, are much larger holdings of land and forest usually reserved for swidden cultivation. Customary use of this land has followed usufruct rights on a first come first serve basis which did not involve any form of land registration. As individuals shift from subsistence swidden cultivation to commercial crops there may be pressure to register these lands to enable the local government to collect taxes and to regulate production. The process of legal and land-titling reforms which agencies such as the UNDP have promoted have not yet been fully implemented and in the interim have produced a number of different kinds of registration documents for different purposes, but which are not well understood by the local population and are open to interpretation. The effect is that although a discourse of “ownership” has preceded the actual distribution of land-titling documents, what are deeds for tax registration purposes are taken by some to be land titles. This produces a loophole that individuals can manipulate but also a danger as other reforms, particularly the introduction of foreign ownership make it more confusing regarding what kind of land is “leased” and what is “owned.” It is less clear how communal land falls into this ambiguous position and as the former nai ban explains, he cannot understand how an individual villager is able to “sell” land without any documents. In referring

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73 The individuals who expressed kadkan, which included the collective’s director, were families who had somewhat more wealth and had to contribute property such as buffalo and machinery to the collective. These villagers did not object to contributing their land, unlike the findings of Evans (1995). The collective’s director also admits that the collective was of benefit to families who had less land, or less labour, and in particular where there were elderly and children since they received a set amount of rice without having to work.

74 In 2006 foreign ownership was not yet possible and land was leased on a long term basis, but by 2010 a new law was introduced to allow foreign ownership (Vientiane Times 2010).
to families who are no longer able to rely on wet rice cultivation the former nai ban also ties this to changing labor patterns: “I am afraid that as families stop rice production, villagers will lose hope, and start to rent their labour to rubber producers.” This concern was one that I also heard other villagers express.

The tensions that villagers are experiencing over issues of labour and land use also raise questions about how the system of rice cultivation is shifting in relation to economic diversification. Other villagers complained that they no longer had enough labour to harvest their rice because family members were no longer present in the village. In some cases this is because children have “married out” of the village, are working in other districts or provinces, or are attending post-secondary education elsewhere. The nai ban responsible for social and cultural affairs, for example, had a son and daughter studying out of province. She took up lau lao production and raising pigs in order to raise the income needed to pay for her children’s expenses, but without the labour they provided she also could not continue with wet rice cultivation and decided that year that she would stop altogether. Instead she was renting out her hectare of paddy land for 1,000,000 Kip/ha ($US100) for one year to a company that would grow rubber seedlings. She was also applying for an individual microfinance loan to allow her to raise more pigs. I would often stop by the home of the nai ban for economic affairs to find she had returned from working in the field, tired and dishevelled she lamented that there was no one to help her and her husband in the field. When it came time to harvest she was able to pay the school to send students to help her, but not everyone is able to afford to do so. Since her family are descended from one of the original Lue families (she is also related to the hereditary line of nai bans), they have managed to hold on to some of the better paddy land near the village, and she is able to cultivate some surplus rice to sell. Her income is supplemented by a small shop she runs in front of her house and her husband owns and operates a lotdoisan (transport vehicle). That year she also began to cultivate watermelon during the dry season but recruited relatives to help her, this included a cousin who is a government worker and lives in Xay who still commutes to Ban Jai every afternoon after work to cultivate her own garden.

Not everyone is able to rely on extended family or has access to income to hire labourers. According to another villager, who I spoke to while he was harvesting the small plot of paddy across the road from his house, his family was finding it increasingly difficult to harvest their rice, which was now taking twice as long and producing less due to a lack of labour. In the past
he had six buffalo but now only two remain since he had to sell the others because “bo mi ngeun, kai kin kao” – I have no money, I had to sell to eat rice.” Five immediate family members were helping to harvest, but the villager observed that “before people helped each other but not now, this changed ten years ago, now they do ekalath (independently), “bo mii samakigani” (there is no mutual solidarity). The villager invited me into his house to meet his elderly mother who used to contribute to the household income through weaving but showed me a stack of the characteristic red, white, and black Lue textiles, which she was now finding harder to sell. A decade ago such weaving was commonly found in the old market of Xay town but this was no longer the case in the new supamaket. Life was better now than in the past, the son explained when he had lived through times of hardship, having to dig up tubers or during the war when it was difficult to farm because they were always running to the forest as bombs attacked their village. In the immediate post-war period he proudly explained he had been a model farmer, but now he lamented that producing enough rice just to feed his family was difficult because there was less samaki than in the past. Another woman invited me into her home one morning and proceeded to tell me how she was having difficulties harvesting enough rice, her paddy field was not producing enough and she had to resort to swidden cultivation. Her husband had died as a soldier during the war, and she had two sons, one was no longer living in the village. Her other son, in his early twenties, lived with her and helped but was unable to find work. As he listened to his mother talk of his hardships, he turned to me and expressed his feelings by saying “Lao people are poor.”

The tensions expressed in relation to the SSIP also reflect how changes introduced by the project intersect with wider structural shifts. The process of market integration in Ban Jai appears to be a differential one, and some villagers are positioned more favourably than others are. Differentiation in other areas of Lao has been shown to be related to ethnicity and gender, favouring lowland villages. In cases where late-comers, often from the uplands, move to a lowland village they only have access to the most marginal lands (Rigg 2005). In Ban Jai such patterns seem less predictable and changing. As I discussed in Chapter Four, data indicates that the poorest families are lowland Lue whereas the most recent upland Phu Noi arrivals have not been allocated marginal land but this is because they were able and possibly had to, buy land in order to move into the village. One hypothesis is that the SSIP contributed to processes of differentiation in how households were affected by disruption to the original indigenous system.
The former nai ban claims that individuals who lost access to irrigation directly through SSIP’s effect on the indigenous irrigation system have turned to selling communal village land. I propose that those households where irrigation declined and whose land was not as fertile, or did not produce much through rain-fed irrigation, may have been disadvantaged. As these families turned to swidden cultivation this may have put additional pressure on those families who already relied on swidden because they had less access to paddy lands. Some of the older Lue families whose paddy fields had better access to irrigation have managed to continue rice production and even have some surplus to trade, but also find it difficult to access family labour for harvesting. Project effects intersect with and exacerbate other processes of market integration to position villagers differently. The hybrid system of household production involved a balance between rice production and salt or rattan-furniture production and trade; the former was disrupted by the effects of SSIP whereas the latter declined due to market forces and changes in supply and demand. I suggest that as this pattern of household production shifted, households with access to capital were able to diversify more successfully than others. I hypothesize that in this regard the project may have contributed to exacerbating existing disparities. Some households have managed to diversify, taking on other entrepreneurial activities, and are able to hire labour and maintain their hold on the land. Some other households have not diversified as successfully, or have not diversified at all and are not able to afford to hire labour. If they cannot access adequate labour, for example because children have moved away, and there are high demands for cash such as school fees, health or funeral expenses, they may begin to drop out of rice cultivation altogether. In some of these cases, villagers have turned to renting their land for rubber cultivation and in other cases family members have attempted to find wage labour outside of the village. Historical circumstances such as the war also need to be taken into consideration, for example in cases where some women and their families lost male members and potential labour resources. As households diversify and villagers leave the village to work or study, access to labour has shifted within and between households. I also hypothesize, based on village discourses of changing samakigan (mutual solidarity), that the disruption to the system of irrigation and cultivation by the SSIP project contributed to tensions reflecting social relations within the village. In the next section, I take a closer look at the tensions produced by shifting from a hybrid economy to a more diversified one, and the implications this had for relations that the villagers refer to as samakigan (mutual solidarity)?
5.4 Discourses of Samaki

Ratner and Rivera Gutierrez (2004) demonstrate the erosion of institutions previously responsible for irrigation maintenance in Guatemala. They argue that state and market forces have undermined traditional institutions of local governance, and that community needs to be treated as a network of social interactions that are continually remade, based not on general identity but on shared interests. In the case of Ban Jai I hypothesize that disruption to the indigenous irrigation system and village leadership influenced the way social interactions were remade and shifted shared interest. The disregard for customary rules regarding communal land ownership suggests that the social relations that underpinned “traditional” institutions in Ban Jai have been undermined. Here I explore how the shared interests that social interactions are based on are affected by the tensions produced by disruptions to leadership. Such interests were often expressed in terms of samaki (solidarity) in Ban Jai.

Throughout the course of my fieldwork in Ban Jai a consistent theme emerged; villagers often justified their everyday practices in terms of samaki (solidarity), at the same time they also expressed the sentiment that relations of samaki were changing, particularly in terms of communal obligations. For example, during the first village meeting I attended on my first day in the village the issue of villagers not contributing the daily meals required to feed the monks at the village temple was raised. During the end of lent Buddhist festival, at the village temple, an individual observed that there were fewer villagers attending than in the past. In the case of funeral expenses, the contributions made by villagers to help offset feeding guests for the customary three days and nights they keep watch at the home of the deceased are insufficient to avoid incurring debts when a family member dies. Tensions over the results of the Water For Life project which were based on some villagers being able to afford to extend pipes into their own compounds while others could not was associated with a lack of samakigan (mutual solidarity). Villagers complained that it was difficult to find enough labour to harvest their rice and said this was because there was not enough samakigan. At the same time the everyday discourse and practices of villagers were interspersed with discourses of solidarity, such as “kin samaki” (eat/drink solidarity) when people gathered together to eat and drink. Villagers also associate samaki with what they say is a village custom of “ton hap” or welcoming outsiders. I suggest that this can be traced back to the village’s history of trading salt.
Villagers say that the most important thing about their village history was that they produced and traded salt. Salt trade did not involve villagers having to leave the village and travel to markets, rather traders and the rural population from within the region came to the village itself, to trade with individual families. Buyers of salt belonged to various ethnic groups suggesting that these different groups were not as isolated as many accounts imply, and that interethnic relations existed. Ban Jai elders speak of these relations in terms of *samaki*. The village expanded not only among its original Lue inhabitants but as people from other ethnic groups came and settled into the village and became integrated. I suggest that the significance of salt trade was not only in economic terms but in how villagers came to develop relations of *samaki* with outsiders.

Villagers also state that the period of greatest *samaki* was during the war, which ended in 1975, a time of conflict and major disruption to the everyday life of villagers. Village elders refer to the anti-colonial revolutionary period (*bodboi*) in terms of *samaki* with the Pathet Lao soldiers that came to live among them. I suggest that for villagers of Ban Jai, relations of solidarity were also shaped by their role in the anti-colonial liberation struggle and the post-war mobilization required in the project of nation-building. It may be that such interethnic relations of *samaki* were an important factor in building the liberation zone and mobilizing the movement in northern Lao, where ethnic Lao are in the minority. In northern Lao, the site of the liberated zone where the revolutionary Pathet Lao, now the ruling Lao People’s Democratic Party, formed its operations and carried out political mobilization much earlier, it is perhaps not surprising that villagers relate *samakigan* to their experiences of the war and anti-colonial struggles against the French and then during the American “secret war.” Joining villagers as they celebrated during religious festivals or took time to relax having picnics in the forest, drinking and eating in *samaki*, it was common for someone to start a round of singing and this would often include nationalistic songs from the revolutionary period praising the peasants in their participation in the liberation struggle. An important element of Lao villagers’ understanding of solidarity is that it is not restricted to relations of solidarity based on a notion of the bounded village (High 2006) and in Ban Jai it is extended to relations with “outsiders” be it traders, revolutionary soldiers, or more recently migrant labourers. High (2006) examines the question of village solidarity in a lowland village in southern Lao and finds that it is called upon as part of current state and development strategies of “decentralisation” and “participatory” development. She suggests that villagers may
at times evade such calls to solidarity and at other times invoke it as a way to avoid other activities, such as military conscription.

How might the divergence in practice and discourse of samaki in Ban Jai be related to tensions linked to the disruptions of the indigenous irrigation system? Within the context of economic reform particular development interventions may generate conflict as much as consent (Watts 2001). It may be too extreme to suggest that the confusion and tensions created during and after the construction of the SSIP irrigation system led to conflict, but the attempt to replace the “traditional” system with the “modern” irrigation system can be understood as a form of development practice which involves the ‘disabling of old forms of life by systematically breaking down their conditions and constructing in their place new conditions so as to enable…new forms of life to come into being’ (Scott 1995:193). Did the SSIP contribute to bringing new conditions and forms into being, which have contributed to a disregard of customary laws as in the case of “selling” village communal land? I suggest that one way in which the construction of the SSIP irrigation system is implicated in the creation of new conditions was by contributing to processes of displacement in which people become marginalized from participation in decisions affecting resource access and management. Displacement here is broadly defined to “include the loss of access to the means of livelihood, economic activities, and cultural practices without the necessity of geographic movement…” (Vandergeest et al. 2007:16). This is a broad definition of displacement that emphasizes both indirect as well as direct forms of displacement to encompass the diverse destructive processes of development. All development produces displacement according to Vandergeest and people may be displaced, for example, when they lose access to some local resources important to livelihoods and identities – water, forests, fisheries, grazing land. From this perspective villagers in Ban Jai became marginalized in their ability to manage and access their village irrigation system. Such displacement which “points to the sense of loss that accompanies the deprivation of the means and resources through which to continue those livelihoods” (Vandergeest et al. 2007: 26) may also explain the erosion of shared values where this sense of loss also leads to individuals’ loss of a sense of mutual responsibility and obligation. In Ban Jai, the effects of SSIP contributed to such a displacement in relation to the access and management of the irrigation system and disruption of existing forms of organisation and leadership. I suggest that introduction of the WUGs using external methodologies and forms of organisation as well as the
outside construction company’s lack of accountability for its destructive actions, which the *nai ban* had little control over, affected processes of decision-making and leadership. Not only did the *nai ban* have difficulty in mobilizing villagers to maintain the new system, but since the indigenous system was disrupted and some households shifted to swidden cultivation it would be difficult to mobilize families to maintain the pre-existing system.

What kind of long term impact did this have on leadership structures within the village and was the *nai ban*’s role undermined? Previous *nai bans* have all belonged to the same hereditary lineage descended from an original Lue family that founded the village; this continued to be the case even after 1975 with the introduction of elections. Since the SSIP, for the first time in village history, the chief *nai ban* is no longer from this lineage (although the two other *nai bans* are members of the extended kinship network). During the course of my fieldwork I heard the two women *nai ban* complain that the chief *nai ban* was not carrying out his duties or that they had to do some of his work for him. At one point tensions increased when the *nai ban* himself was believed to have disregarded the customary law and “sold” communal land. It may be difficult to directly link such tensions to the SSIP but it does appear that new tensions in relation to leadership have occurred since the project. Are tensions related to displacement in terms of access to management and decision-making which are reflected in the contradictory practices and discourses of *samaki*? Village leadership and management of the Water For Life project produced such contradictions; on the one hand villagers quickly mobilized financial resources to make the project possible, on the other hand tensions were produced when these resources were not seen as benefiting everyone equally. During one meeting of the Water For Live project in 2006, the issue of how household financial contributions were organised in relation to the way pipes were installed became contentious. Every household made the same financial contribution to the project which went towards constructing a system of pipes supplying thirteen communal taps. By the time the project finished, however, several households also had pipes and taps installed directly into their own homes. Villagers felt this was unfair and that every family should also have a pipe and tap extending to their house. They claimed that the project would not be finished until this occurred. This was despite the fact that the cost of the taps extending into individual homes was covered by the families themselves and not the project, although labor was provided by other villagers. The equal financial contributions were organized according to the NGOs project plan but the extension of pipes to individual
households was not, although it was an arrangement made with the approval of the village leadership. It seems significant that during the meeting it was not the acting nai ban who addressed the issue, but the former nai ban who had been responsible during the time of the SSIP. Now a village elder, the former nai ban stood up in the midst of a heated discussion to address the agitated group of about seventy villagers that filled the meeting hall. The former nai ban proposed that families who were wealthier should make a larger contribution to the project so that pipes could be extended to every household, and on an admonishing note finished by exclaiming “bo mii samaki” (there is no solidarity). Tensions around this project may have reflected what villagers perceived where inequities related to disparities in the village. I propose that it may also reflect underlying tensions related to the shift away from the pattern of household production, where everyone was involved in the production of the same commodity and had shared interests in the distribution of resources and in maintaining the household economy. For some households the installation of pipes and the supply of water was a matter of convenience, but for others it was more importantly a resource they depended on in the production of lau lao and directly affected their productivity. With increasing diversity of incomes and only about ten percent of households involved in this new form of production, one could hypothesize that on the one hand there was less shared interest among villagers in ensuring that lau lao production be sustainable, and on the other hand increased tension due to some households consuming more than an equitable share of water resources. As I will demonstrate in Chapter Eight, such tensions are heightened when outside pressures on such resources increase.

Bloch (2005) argues that in the 1990s of post-Soviet Siberia the nostalgia evident in Evenk women’s accounts of the Soviet collective suggests a protest against the shifting ideologies and economic circumstances of the present, and that reference to collectivity offer a critique of increased disparities and market integration. Bloch’s analysis treats these constructions of collectivity as a form of resistance and a “diagnostic of power” (Abu-Lughod 1990). Treating the contradictory discourses and practices of solidarity in Ban Jai as resistance could indicate that villagers struggle to negotiate the erosions of solidarity-based social organization but given how samaki has been integrated into relations of village trade it could also point to how power is shifting within the dynamics of the pattern of the household economy. I suggest that the contradictory discourses of samaki could also express the tensions villagers experience as shared interests have shifted along with the shift from a hybrid household economy
to a more diversified one. Villagers may invoke discourses of *samaki* in their social gatherings where economic relations are not at stake, and in doing so attempt to deflect some of the new tensions that are produced where previous relations that structured trade are shifting and new actors are appearing. One possible avenue to explore such questions is through an examination of another activity which was an indirect effect of the SSIP. An unanticipated spin-off of the SSIP project was that some of the women raising pigs began to produce rice whiskey, as a by-product of the rice fermented from pig feed, in large enough quantities to sell commercially. The production of alcohol along with the extension of solidarity as a village custom of “*ton hap*” (welcome) began to attract men from the town, and since then the village has developed the reputation as a popular drinking site. With the recent arrival of the government institutions and factories to the village a new demand for services was created and another household economy had evolved. Noodle stalls, drinking venues, and shops continued to appear throughout the course of my fieldwork. In 2000, another UNDP/UNCDF project established microfinance groups and up to seventy women all began to produce rice whiskey as an income-generating activity. In Chapter Six I take a closer examination of how the project shaped this new household form of production and trade and how it differentially positioned women within a context of diversification. The expansion of this trade not only challenged women in their engagement with the market but also produced further tensions and I ask if villagers attempted to negotiate such tensions by re-working their relations of solidarity.

### 5.5 New Sources of Production

Walking through Ban Jai it is not difficult to tell which households are producing the rice whiskey called *lau lao*. Rows of round black plastic tubs filled with fermenting rice can usually be seen lining the outer walls of such homes. Villagers originally only produced the rice whiskey for self-consumption, usually when needed for ceremonial purposes or for occasions such as religious festivals and weddings. It was with the SSIP project that one woman who took up pig-raising began to produce *lau lao* as a by-product of fermented rice for pig-feed and began to sell it. It would be almost ten years by the time seventy women took up *lau lao* production as

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75 Villagers say that they have a custom of “*ton hap*” to welcome outsiders which they also speak of as a form of *samaki* and refer to in their past relations with traders coming to the village, and Pathet Lao soldiers staying in the village during the war.
an income-generating activity, in response to the introduction of another UNDP/UNCDF project. I outline how the commodification of *lau lao* evolved out of the SSIP in order to demonstrate that it reflected a shift in the pattern of the household economy.

After the SSIP ended, there were still some funds remaining which were transferred to the Eco-Development and Irrigation Project (EDI). These funds were used to send a group of eight women on study tours on pig-raising and to receive some training in tailoring. When the women returned, however, they were not able to put this training to use since no capital or resources were provided to enable them to start their own income-generating activities. The SSIP’s pig-raising component only benefited a few families, and a kindergarten had been built but left unused because the village could not provide the salary to staff it. The project did have one unintended outcome which eventually led to what is now a major income-generating activity – the production of *lau lao*. This would not take full effect until the introduction of the MF project and at first it was only a few individual women who began to produce the whiskey, not for self-consumption or for festivals, but to trade.

The SSIP project arrived just four years after the introduction of the NEM and the shift to a market economy. The village production and trade of salt which had been an important means of supplementing the household economy also came to an end with improved transport systems and the availability of commercially produced salt from Vientiane. Villagers had continued to produce and trade salt after the war, but within the context of a planned economy they were then selling to state stores. Just as traders had come to the village before the war, now government staff came to the village to buy the salt. The household level of private salt production was not altered or collectivized but was sold through the state market. Women who spoke of this time period said that it also opened up new opportunities for them to weave and sell textiles to the state stores. As the demand for Ban Jai salt declined because of access to commercially produced iodized salt, the local government attempted to promote the village economy by encouraging villagers to take up the production of rattan furniture. Following the pattern of household salt production, all households turned to producing sets of rattan chairs and tables, 76

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76 The Xay District Department of Agriculture would later introduce another Agricultural Promotion Bank revolving-fund, but this was unrelated to either the SSIP or MF projects.
with both men and women sharing the labour. Now the rattan chairs which were readily available in local shops in Xay town are replaced by plastic chairs. Only two families continue to produce the furniture and it is becoming harder to collect the rattan which can now take up to a three day trek through the forest to find. The loss of irrigation also occurred by the time salt production had declined and was replaced by rattan furniture production but it is not possible to suggest how this affected the balance between the latter as an additional source of income which might have compensated for the shift in rice production within the hybrid form of the household economy. It is also not clear if the outcome of the SSIP put additional pressure on villagers to seek alternative means of income-generation, however, a diversification of economic activities did appear to take place after the project was finished. Some village women took the opportunity to shift to lau lao production in what appears to be an attempt at diversification of household production. This also began to mark the end of what had been the hybrid form of the household economy. Unlike salt and rattan production, and government work in the immediate post-war era which supplemented almost every family, rice-whiskey production has not been taken up as universally by households and it is also an activity associated with women. Yet as an economic activity it is significant and worthy of analysis for highlighting the effects of market integration and how villagers themselves have attempted to negotiate this shift. On the one hand, examining the unfolding of rice whiskey production reveals how women from Ban Jai have become positioned in the market place. On the other hand, the contradictions and tensions produced by the way this income-generating activity was situated within the context of development projects, reveals how village women attempt to negotiate market forces by re-working the very relations of samaki that elders fear are disappearing. Did such a shift to increased diversification produce new tensions and forms of differentiation? Were some villagers positioned differently to benefit from such diversification? How these changes proceeded occurred both within the context of regional integration and the introduction of another project intervention.

77 There may also have been a decline in demand with the importation of readily available mass produced plastic chairs and folding tables and a shift away from traditional wooden houses to more modern concrete houses that could accommodate modern furniture. Such mass produced tables and chairs are also in high demand for social events such as weddings.
5.6 Conclusion

The SSIP project was the first international project implemented in Ban Jai and as such was part of a larger programme to introduce decentralisation and a shift from subsistence to market integration within the province. Today, evidence of the current irrigation system consists of an empty concrete canal that runs the length of the village. When there has been water in the canal it has been more useful for dousing household fires than for irrigating the nearby rice paddies. The villagers explained that even after initial completion it never properly provided the anticipated irrigation or rice fields. The SSIP scheme in Ban Jai planned to add 107 hectares of irrigable area to the existing 92 hectares of irrigated land. Project records are somewhat inconsistent but they give a projection of a total of 140 ha of wet rice land under irrigation by the end of the project. The villagers’ account of the project tells a different tale; that the project failed not only to increase irrigation but prevent water from flowing to rice fields that had previously been irrigated. At most, a small handful of families had fields that received some of the water directed by the irrigation scheme. In the case of the implementation of the SSIP in Ban Jai, despite its failures, no attempt was ever made to correct the mistakes or even at project follow-up. Even with the shift in approach using “eco-development” the second project component ignored the impact of SSIP and instead used the remaining funds to send a small number of villagers for some training in tailoring which they could not make use of since they did not have any capital to begin activities. Nevertheless, the project was significant for how it was to set the long-term has had a much more profound effect on the entire community.

A closer examination of what happened during and after the project was implemented, reveals that it began a chain of effects that would extend beyond the technical aspects of the project. On the surface these effects appear unrelated to the construction of the irrigation scheme, but I suggest that they are tied to larger issues that have begun to produce tensions within the village. Ban Jai was considered to be relatively inaccessible before the project, and this may be one of the reasons it was chosen to be included in one of the first project interventions. Upgrading of the road, a project outcome, did make the village more accessible and in the context of increasing mobility contributed to making it even more of a target for more recent phases of intervention, not so much by international development projects which now claim to prefer to work in remote villages, but by foreign investors and the private sector.
CHAPTER SIX

THE MICROFINANCE PROJECT

6.1 Introduction

One unanticipated effect of the SSIP was that women began to produce rice whiskey as an income-generating activity. This occurred as the household economy was shifting from its earlier hybrid structure to an increasingly diversified form. The number of lau lao producers increased to about twenty households with the aid of an APB revolving fund. A few years later, the introduction of yet another UNDP project was to shape the direction of village lau lao production and trade. The MF project provided loans so that the number of households involved peaked to seventy but it never became as widespread as salt or rattan furniture production, representing the end to the previous structure of household production and trade. In this chapter I examine how the MF project produced a particular context for the production and trade of lau lao and how this intersected with processes of diversification and differentiation. For instance, did the MF project involve new forms of differentiation? I also ask if women tried to replicate the hybrid household economy by replacing rattan furniture with lau lao production and trade or did a shift to new and diversified forms of a household economy occur, and if so what kinds of tensions were produced by such a shift.

A decade after the SSIP, the UNDP and UNCDF returned to Ban Jai to implement the Microfinance Project. Aimed at the “poorest of the poor” the stated technical project objective was to provide small loans to enable individuals to carry out income-generating activities as a strategy to eradicate poverty. The project came to Ban Jai in 1999 but had already been established in Oudomxay in 1997 and I argue reflected the UNDP’s institutional transformation and new goals to create an enabling environment for the private sector. The MF project was part of an attempt by the UNDP to facilitate the decentralisation of project implementation from national to local level. MF was one of four new projects that the UNDP was, for the first time, attempting to implement through provincial government partners, rather than through national level agencies. At the national level, the project also had a larger component to reform the national financial system in the Lao PDR, by instituting a nation-wide private finance institution, which would carry on the work of microfinance lending once the project was phased out. This would be part of larger legal reforms to the national financial system. On another level, the
project also facilitated further local engagement in formal financial institutions. As such, the project not only needed to lay the foundations for a standardized MF institution throughout the country, but it had to ensure that the institution would survive and be sustainable. The overall goal of producing a sustainable nation-wide financial institution dictated the terms of loan disbursements and high interest rates. I suggest that what was actually feasible for the borrowers became secondary to this goal.

The project’s long-term financial sustainability depends on charging an interest rate which: (a) covers operational costs (including the cost of loan defaults); and (b) covers the cost of capital including interest on borrowed capital and the cost of inflation on owned capital. Successful Microfinance operations worldwide charge higher than market rates. (UNDP 1997:9)

The long-term strategy was for the institutionalisation of Microfinance to shift borrowing from public institutions such as the national banks and the Agricultural Promotion Bank to independent institutions that operated in the private realm. Once the project was completed, the MF offices established by the project were disbanded and the government partners no longer remained involved. The established loan groups and the collection of outstanding repayments continued under the auspices of a new and independent Microfinance Office, although at this phase it would still have to report to the provincial finance department. Sustainability of the MF Office after the project ended relied on loan interests and as well as continuing to form borrowing groups. Loans were also extended to individual borrowers. The new MF Office could be seen as a precursor for what is referred to as non-profit private businesses (ADB 1999). By 2006 this shift coincided with a more general shift to allow local not-for-profit institutions to operate, although these were still not legally acknowledged as NGOs.78

78 Up until that time, no legal framework existed in the Lao PDR for a local non-profit sector. This was why only international NGOs operated in Lao and there were no local NGOs, which was one reason why critics claim that no civil society exists in the Lao PDR. In 1995 international NGOs working in the country had attempted to become more formally organised by establishing an NGO Forum which the government shut down. This was also around the time that a large World Bank hydro scheme project was being criticised by the NGO community. By 2004 another NGO Forum groups was established but there were still no local NGOs, however, a small number of local organisations had been established, essentially doing the work of NGOs but calling themselves “educational” non-profit organisations. These organisation are not recognised as NGOs but as non-profit private businesses (ADB 1999).
I propose that institutional survival took priority over the UNDPs larger objective of poverty alleviation. Project documents and earlier studies and reports that directed the formulation of the MF project state that interest rates must be kept high in order to ensure the sustainability of the national MF institution. At the local level, borrowers were subjected to interest rates and terms that made it difficult to repay on time, or that forced recipients to incur more debts. I argue that the success of the borrower’s income-generating activities and the ability to earn profits was secondary to other objectives intended to ensure institutional sustainability, including the need to introduce new practices of borrowing particularly in a context where engagement with formal financial institutions is not high. This perspective of the UNDP is reflected in the publication of the Lao National Economic Research Institute (NERI):

Lao people like to keep the money they earn in non-financial items, such as livestock or precious metals. According to a 1996 UNDP/UNCDF survey conducted of 3,000 rural households regarding Micro-finance in rural Lao PDR, only 7 percent of rural savings were saved in the bank. This means that 93 percent of the total is not utilized in the economic system. This is one reason why the Lao PDR is considered a Least Developed Country.

(Chaleunsinh and Soukhamthut 2002:13)

The survey found that while the banking system was underutilized, only 0.2 percent said they would approach a moneylender, and 11 percent of respondents said they would approach family and friends for loans (UNDP/UNCDF 1997).

The UNDP/UNCDF nation wide survey was conducted as part of the process to introduce “microfinancial intervention in rural Lao” (UNDP/UNCDF 1997:1). The head of the UNDP directs the Foreword of the survey report to the Lao Government stating that “microfinance has the potential of becoming one of the major pillars of rural development and poverty reduction in Lao PDR…We are now at the stage of starting up the first major Microfinance programme in this country. After a period of study and consensus building it is now time for Action” (UNDP/UNCDF 1996:i).

I follow with an examination of the structure of the MF project which involved the formation of lending groups and I examine how these may have contributed to a process of differentiation by affecting the success of lau lao producers. The structure of the loans and the repayment schedule made it more difficult for some members than for others. Group members
who already had some capital and collateral to begin with may have been at an advantage and did not necessarily fall into debt or have as hard a time to pay back loans. The formation of groups tended to have some groups which disregarded the project rules about not needing collateral, and self-selected to have ‘safe’ member. Other groups which were made up of households which did not have such collateral, and were economically more stressed, were at a disadvantage, not only because they did not have as much capital to begin with, but they also lacked previous experience in lau lao trade and production. Women who had begun the activity through the earlier APB revolving fund already had this experience, giving them a competitive edge.

MF projects in other Asian contexts have been shown to create social tension and affect relations of solidarity as well as introduce new subjectivities particularly with regard to gendered relations. Such processes and the kind of tensions produced by the project in Ban Jai are less easily identifiable. One difference is that in Ban Jai women have been relatively more active in the public sphere and have experience in trade. Some tensions within the household do seem to appear as livelihoods increasingly become diversified and as men shift out of household production and into other spheres of entrepreneurship and wage work. This also intersects with increased mobility and the changing context of Xay town. I examine how women attempt to negotiate or mitigate the tensions produced in the context of the MF project through an examination of how they construct household production and trade of lau lao in Chapter Seven.

6.2 Project Context

In this section, I outline the perspective presented through project documents of the project objectives and structure. Project reports consistently recorded high repayment of loans and relative to other formal financial institutions, the interest rates appear very reasonably. This perspective was not consistent with the perspective offered by the women borrowers in Ban Jai.

The UNDP/UNCDF “Microfinance and Sustainable Livelihoods” Project generally referred to as the Microfinance Project (MF) began in September of 1997 and was completed in 2002, operating on both national and provincial levels. The overall project budget was
7,137,388 US$ and the Oudomxay provincial component was approximately 1,000,000 US$.\textsuperscript{79}  

At the national level the project included the following components: 1) it created a MF Task Force to advise the Government and coordinate the financial sector, 2) legal recommendations to the Government and the Bank of the Lao PDR or regulations regarding the establishment and monitoring of non-bank intermediaries and 3) establishment of a training facility aimed at the main microfinance Project stakeholders at national and provincial levels with the expected output of “at least 20 new professional Lao non-bank intermediaries capitalized” (UNDP/UNCDF 2000: 8).

The 2001 Annual Evaluation Report states that there is competition from sources of subsidized credit but does not list these sources. One of the goals of the project is to train other NGOs that provide credit in the Accredited Agents methodology in order to bring their lower interest rates in line with that of the MF project. One of the national components of the project included establishment of a Microfinance Training Centre in Vientiane for this purpose. The Centre included an outreach component to provinces where the project had not yet established local offices and had trained 230 people from various NGOs between 1999 and 2000 (UNDP/UNCDF 2001).

At the provincial level the project objective was to have “sustainable financial institutions in place to ensure at least 15,000 households within the project period” (UNDP/UNCDF 2000: 9). The majority of clients targeted were women, and in Oudomxay about 97% of borrowers were women. The first two provinces that the project operated in were Oudomxay and Sayaboury, where the project established offices in 1997, in order to obtain commitment of key stakeholders (Government, financial sector, mass organisations, NGOs) and to supervise and monitor the provincial government partner. A project manager and deputy manager were seconded from the Oudomxay Provincial Departments to manage the provincial MF project with the assistance of an international expert or Chief Technical Advisor. The project then trained Accredited Agents (AAs) to set up Credit Savings Groups (SCGs), disburse and collect the microfinance loans. The actual extension of loans at village level began in 1999. The AAs

\textsuperscript{79} This is based on figures from the project’s 2001 Annual Report. I was unable to obtain the 2002 annual report of the Final Evaluation Report UNDP/UNCDF 2001.
collected the first savings in August and disbursed the first loan in September 1999. As the groups moved into the loan phase they were referred to as Village Solidarity Groups (VSGs). The average loan size was “approximately 30 USD for six months with a flat interest rate of 4% per month” (UNDP/UNCDF 2000: 26). A project questionnaire given to randomly selected clients in different villages from both provinces asked how the methodology could be improved to better suit their needs. The top priority listed in the response by 44% of clients was to lower the lending interest rate (UNDP/UNCDF 2001: 42).

The extent of loan services in Oudomxay province in the first two years is as follows:

**Table 6.1 MF Project Loan Disbursements in Oudomxay**

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Villages</th>
<th>No. of SCGs</th>
<th>No. of Members</th>
<th>No. of Borrowers</th>
<th>Savings(^1) (Kip)</th>
<th>Loan Disbursement (Kip)</th>
<th>Loan Outstanding (Kip)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>16</td>
<td>112</td>
<td>659</td>
<td>298</td>
<td>13,121,500</td>
<td>70,290,000</td>
<td>47,269,000</td>
</tr>
<tr>
<td>2000</td>
<td>22</td>
<td>105</td>
<td>652</td>
<td>522</td>
<td>8,251,317</td>
<td>418,916,300</td>
<td>197,757,700</td>
</tr>
</tbody>
</table>


According to the project Annual Report for 2000:

In March, the first batch of loans disbursed in September 1999 were paid back in full by borrowers, and the second cycle of 400,000 kip maximum for 6 months to eligible clients who had paid the first cycle loan in full, with no delinquency in their group. In September the third cycle loans of 2,000,000 kip maximum were disbursed to eligible clients in several of the project’s oldest villages.

(UNDP/UNCDF 2001: 25)

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\(^{80}\) The sample size was relatively small with only 25 clients from both Sayaboury and Oudomxay provinces. Standardized questionnaires were used and clients were selected randomly from four districts and 18 target villages, serviced by five different AAs. No information is given about which villages were surveyed.

\(^{81}\) UNDP exchange rate of December 2000: US$1 = 8,240 kip
The structure of the loan cycles and the amounts disbursed are reflected in Table 6.2 below.

Table 6.2  MF Project Loan Cycles in Oudomxay (2000)

<table>
<thead>
<tr>
<th>Loan Cycles</th>
<th>Amount of Loan (Kip)</th>
<th>Amount of Loan ($US)</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Cycle</td>
<td>60,000-300,000</td>
<td>7.00-36.00</td>
<td>6 months</td>
</tr>
<tr>
<td>Second Cycle</td>
<td>60,000-500,000</td>
<td>7.00-61.00</td>
<td>6 months</td>
</tr>
<tr>
<td>Third Cycle</td>
<td>60,000-1,000,000</td>
<td>7.00-121.00</td>
<td>6 months</td>
</tr>
<tr>
<td>Fourth Cycle</td>
<td>60,000-2,000,000</td>
<td>7.00-243.00</td>
<td>1 year</td>
</tr>
</tbody>
</table>

Source: UNDP/UNCDF 2001: 26

The MF project did not require collateral but women had to contribute to a credit saving fund prior to receiving loans and loan repayments began only two weeks after the first loan was disbursed. I suggest that the size of the loans restricted women to income-generating activities that did not need large investments. The project also had an expectation that women would already have some capital to qualify, but this varied among women borrowers in Ban Jai where some borrowers were better positioned than others. Interest rates were four percent a month and every borrower I spoke to complained that the rate was too high. The interest rates and a very quick repayment schedule, which began within two weeks of receiving the first loan, made it difficult for women to make payments and at the same time invest enough funds to begin and maintain an income-generating activity (IGA). Such terms of borrowing were stricter than the terms offered by revolving fund, for example among NGOs yet the project attempted to extend and normalise these terms to other organisations by establishing AAs through the institution of a national microfinance programme. One of the techniques used to obscure such unreasonable

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82 The third loan cycle was size was increased to 2,000,000 to “reward clients for perfect credit performance” and there was an “added option for a year loan term for clients in their third cycle to create flexible loan terms” (UNDP/UNCDF 2001: 23)

83 According to the UNDP/UNCDF (1996) survey interest rates in Lao banking institutions and the APB range from 7% to 10% for long and short term loans respectively. The 1997 financial crisis and inflation rates also affected these rates (UNDP 2000).
terms is the way that women borrowers are organised into groups, obscuring the burden of the loans on individual women. While such groups are hailed as “enabling” by allowing women to share their burden of debts, an examination of the effect of such group loans in Ban Jai brings to light how they may also become onerous.

6.3 MicroFinance - A Context for the Evolution of Lau Lao Production

The shift to producing lau lao as a commodity in Ban Jai took place in the mid-nineties when funds left from the SSIP were used to encourage pig-raising. The project sent about eight women on a study tour but did not provide any capital, so with the cooperation of the Agricultural Promotion Bank (APB), the district agriculture office set up a revolving fund. About thirty families undertook pig-raising, and women began to produce lau lao as a by-product of processing the rice used for pig feed. These women had also been selected because they could provide collateral, and on average may have been financially more solvent than some of the women who joined the MF project. The women who had started earlier were also more experienced and had the benefit of a few years to improve on the art of producing the lau lao; taste which was key to successful sales, could be affected by several factors such as temperature, cleaning of tubs, the kind of yeast used and other factors. I was told that for women who had started trading at the time of the APB revolving fund, competition was not a problem. Since lau lao production followed a fourteen day cycle, women went to sell at different times. With the introduction of the MF project in 1999, close to seventy women took up lau lao production and trade. Not only was there a large increase in the number of traders, but several other changes took place which increased the risks of trading and incurring debt. Unlike the earlier APB revolving fund, the MF project did not require collateral. The revolving fund was replaced by the Village Solidarity Groups (VSGs), a credit saving fund was imposed, interest rates were increased, and the repayment schedule forced the women to change their behaviour in trading. More women began to go to sell at around the same time, just before the bi-weekly meetings to make loan repayments.

The terms of the MF project loan repayments dictated how women structured their income-generating activities. The small amount of the loans, which in Ban Jai amounted to

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84 Collateral was in the form of land. The bai ti din, is a document used for tax registration.
about 500,000 Kip or just under 50 $US at the time, restricted women to activities that did not need large investments. Women also had to contribute to a credit savings component before loans could begin, which tied up capital they could have used as start up funds, and loan repayments began only two weeks after the first loan was disbursed. Most of the women borrowers in Ban Jai undertook lau lao production but the frequency of repayments, every two weeks, made it difficult to accumulate enough earnings in such a short period of time to make the payments. As the loans increased, women began to use the loans to make repayments that were still outstanding.

The VSG model or “solidarity group” was derived out of a South Asian context where VSGs function in contradiction to the principle of “solidarity” by relying on techniques of control and isolation (Karim 2008). In Ban Jai, women borrowers I interviewed said that sometimes there were problems within the group when they could not repay a loan, but they did not complain about a lack of samaki. One government worker who was originally from Ban Jai but lived in Xay town, and had worked on a different UNDP project at the time, told me that she had given a loan to a relative who participated in the MF project and could not meet her loan repayment. She claimed that several women in Ban Jai were forced to request loans from other relatives who they were accumulating debts with to repay their MF loans.85

The one consistent complaint that women voiced about the project was that the project interest rate was too high.

This interest is high, usually we watch television, the bank in other places like the Agriculture Promotion Bank interest is low and for requests to receive, we have results…this they [MF] do not do it like that, if they did it that way there would be many traders who would join…but it is already difficult. (Project Borrower)

The Agriculture Promotion Bank is a state bank that gives loans to the rural population but requires collateral which the MF project did not, since the model relied on members of the VSG to serve as collateral. Nevertheless, in some groups women did not follow this rule and self-imposed other forms of collateral: in order to join their group members had to own land. In this way they self-selected group members who “we knew we could trust, would help each

85 A former MF worker who conducted a survey in several other villages had found that women who participated in the project had stopped using moneylenders.
other.” None of the women I spoke to could understand why the MF interest rate was so high, nor were they offered an explanation by the project. According to project documents, the interest rate was four percent per month, which was the rate considered to ensure institutional sustainability. When villagers requested the project to help them, by lowering the interest rate, they perceived that “there was no expert” who could help.86

We asked them to lower the interest many times, they did not lower, I don’t know why. They say the money does not belong to the government, it belongs to the project. If have a one million kip loan for up to one year, we will lose 80,000 Kip in interest. (Project Borrower)

References to the state Agricultural Promotion Bank and to the money not belonging to the government suggest that the project cannot be held as accountable as the government. This may be why the role of the foreign “expert” is seen as needed. In the case of government accountability, there is a formal administrative system and hierarchy that villagers are familiar with, as well as using informal social networks to approach officials. In the case of projects, the LWU or government project workers cannot effect change since it is the foreign project which is perceived as owning the funds and making decisions. In terms of UNDP discourse regarding “good governance” and holding local governments accountable, it becomes rather ironic that the project is perceived as less accountable than the government.

Former project workers also cited the high interest rate as a major problem. Despite project evaluation reports which claimed that the project attempted to improve by “adapting to the local conditions” interest rates were not lowered, even though women requested it. Villagers said they did not understand why the interest rates were so high and although they may not have understood or become aware of the reason for these rates, the project documents are quite clear, as are accounts in the literature. “High rates are common among MF projects because they alone fund the administration of the system and ensure its sustainability” (UNDP 1999). It must be asked if the conditions of the loans made it difficult for women to earn significant profits. While some women may have used loans for purposes other than income-generating activities, or evaded repayment, borrowers also claimed that when it was time to make repayments they made

86 This is reminiscent of the SSIP, when villagers had requested help from the project to repair the indigenous irrigation system which it had damaged.
an attempt to “go and find the money.” More than half the women stopped their activities producing and trading lau lao and for most who continued to do so they do it as petty traders who sell about ten bottles twice a month at the market.

6.4 The Village Solidarity Group

Most MF projects, including the ones conducted in the Lao PDR follow the model of the Grameen Bank started in Bangladesh, which the UNDP/UNCDF project also copied. The project included a study tour to Bangladesh as part of the training for its local lending association partners. Project documents also replicate the UNDP discourse of “human sustainable development” which states that its objectives contribute towards efforts of poverty eradication. Project participants claim that they were told the project “would help them earn an income.” A UNDP guide on Microfinance methodology replicates what has become known as the Grameen model based on the Grameen Bank started by Nobel Prize winner Yunnus Mahammad and widely promoted by the World Bank and Hilary Clinton. Part of its lauded success rests on claims of extremely high loan recovery rates grounded in a shift in development discourse that promotes social capital as the solution to poverty (Rankin 2004).

This guide is based on the solidarity group model, in which five to fifteen individuals pursue their own microenterprise activities and provide joint guarantees for each person’s loan…Access to credit for any member in the credit group depends on all members being current. No member may receive additional loans until the group resolves payment problems. A clear delegation of responsibility places tasks primarily on the shoulders of those who will personally bear the consequences – the group members. The rewards are high for good performance and the costs are immediate for poor performance.

(UNDP Microstart Guide 1997:9)

This model was the basis of the MF project implemented in Ban Jai. Although project documents also claimed overall high repayment rates of 90 percent, a former project worker recollects that in Ban Jai the project failed. “In Ban Jai most of them cannot pay back, they had default and delay of payment, late payment. They were able to pay 500,000 Kip.” Groups first had to contribute to a credit savings fund for three weeks which was collected by the MF project, after this the first loan could be disbursed and the first round of loan repayments would begin
two weeks later. Repayments were required every two weeks, but some women told me they also met weekly. The former project worker explains how with each loan repayment the interest on the loan doubled.

In the second round it was one million kip, but they couldn’t pay. In two weeks cannot get so many profits. If they could keep the payment they could [repay], but they use money for other purposes. It seems that at the first meeting get loan and the second, third no problems to pay back, use loan to pay back but after that slowly have problems with late payment. They start using money for other things, not for IGA. I think they pay money for food because [if the loan is] one million have to pay back more than 100,000 for one meeting, if not then next meeting its 200,000, double, double. They had problems when all got loans, some meetings no one could pay

(Former MF Project Worker)

According to the project worker, the lack of property as collateral affected enforcement of repayments: “since there is no property its taken time to get guarantee and don’t have expert to follow up late payment.” Once the groups ended, borrowers with outstanding debts had to repay their own loans on an individual basis, so that they were in effect abandoned by the group and did not manage to act in solidarity to ensure that repayments for every member were made. Women who received loans early on were able to benefit while those who received loans later, which were defaulted by the group, were left to carry not only the debt burden but also interest accrued, on their own. For example, in a group of five, equal amounts of loans were disbursed to two members at first and then to the rest if repayments for the first two loans were made.

The Microstart Guide ominously observes that “the costs are immediate for poor performance” but does not clearly state what these costs are beyond the group not receiving further loans. Not only did the high rewards not seem to materialize for the borrowers in Ban Jai but the lending group strategy appeared to have its social costs as well.

The group guarantee is if two get and can’t make payment, the others don’t get and have to help each other. It’s a problem because when they couldn’t help, for small amounts they can help, but for one million they can’t help each other. I don’t know how they trust each other.

(Former MF Project Worker)

87 Different sources gave inconsistent rates for the credit savings, some claimed it was 5% and others that it was 10%. Sources included a former project worker, the current manager of the MF Office and MF project documents.
As the former project worker explains such costs were not limited to only financial debt but to relations of trust. The project worker’s observation “I don’t know how they trust each other” questions the fundamental premise of the methodology that social capital or social solidarity can function as a guarantee.

According to Karim (2001:124)

The loan recovery tactics of NGOs weaken, and at times break, existing social and kin relations, often pitting kin members against each other to recover the loans. This happens because the Bank/NGO ties individual behaviour (the ability to pay off the loan) with group responsibility. Through this application of social pressure, the NGO separates the individual borrower from the group/community by isolating the individual as a contract breaker. In such situations, the individual is isolated from the group and stands in opposition to group interest. Through this process, personal interests have become privatized; the group represents market behaviour, and the individual borrower is isolated as a consumer against the collective force of the group (market).

But it is less clear how rigorous loan recovery tactics were in Oudomxay, and in Ban Jai the Accredited Agency (AA) assigned to disburse and recover the loans was the Lao Women’s Union (LWU). As I discuss below, the role of ‘contract breaker’ may not have the same relevance in the Ban Jai context. The former project worker also links the problems of group guarantee and failure of repayments to there being no “expert to follow up late payment.” The “experts” referred to were from an American NGO called PACT.

The staff also don’t have experience to follow-up this case, PACT was gone already and left AA staff to do. There was no follow-up by PACT or UN. They transfer all to government and province finance department takes over. The method, try to follow-up closely with family and try to mobilize group to help each other. They refer to loan agreement, but it doesn’t work, its quite difficult to ask money from poor when we know they are poor. Not sure that they collect money back, try to continue activity to save small amount of money.

PACT was contracted by the UNDP to provide the methodology and training of Accredited Agencies for the project. According to their website

PACT was founded in 1971 as a membership organization of U.S. private and voluntary organizations (PVOs) to facilitate the distribution of small USAID

88 My emphasis.
grants to PVOs working in relief and development assistance. From the beginning PACT had as a goal for its members to empower local organizations in order to attain sustainable development…We are a non-profit, mission-driven organization delivering support to those most in need while building the technical skills and capacity of those people to help themselves. We are a different organization…PACT believes that the best assistance leaves behind knowledge, expertise, and a framework for people to pull themselves out of poverty… Last year PACT assisted more than 12,000 organizations in 62 countries around the world - with those groups reaching millions more with vital support. (www.pactworld.org/cs)

PACT’s involvement with the MF project did not involve distributing small USAID grants, but presumably their experience in capacity building qualified them in the training of AAs to disburse and collect loans. Yet as the project unfolded the role of PACT began to create tensions within the MF project office in Oudomxay when the Lao project director felt that PACT was making decisions that were not within its mandate, and in general taking control of the project at provincial level. One reason for the blurring of roles was that PACT was not awarded the contract based on a competitive process following UNDP regulations, but was a result of cronyism among three of the individuals involved with UNCDF and PACT. This was rather ironic given how in awarding the contract to PACT the UNDP disregarded its own National Execution Modality (NEX) regulations which it was attempting to impose on the national and provincial government counterparts through its projects at that time.  

PACT spent many hours attempting to recruit from the Lao Women’s Union, the Agricultural Promotion Bank, and international NGOs to organize and train the AAs. In 1999, as UNDP Liaison Officer, I was invited to observe some of the training workshops given by PACT. One such workshop was on the Village Solidarity Group (VSG) model and another one on gender training, which focused on exercises demonstrating that rural women spent more hours carrying out labour tasks than their husbands did. Despite the focus on training, it appears that PACT was not so successful in its claim that it “leaves behind knowledge, expertise.”

89 NEX is the UNDP’s detailed system of regulations that structure project management and implementation which government partner’s are expected to follow. I suggest that NEX could be analyzed as a mechanism of governmentality to ensure good governance, transparency and accountability. Since then, NEX has been “nationalized” and is no longer simply a UNDP project instrument but has become a part of the national government’s own self-monitoring system.
Project evaluation reports conformed to the expectations of high repayment rates for the MF method and presented an optimistic picture of loan repayments of around 90 percent with no indication of the kind of failure to repay that occurred in Ban Jai. The former project worker could not explain to me why the borrowers in Ban Jai should be any different in their ability to make loan repayments than in any other village. Project reports also indicate tensions and the continual need to “adapt to the local situation” but this had less to do with the concerns related to borrowers as it did with problems such as the tensions between government partners at the provincial level and PACT or with larger issues of project structure.

It seems that the training of the VSGs at village level by the AA was not so rigorous. One former project worker explained:

It was simple training, members know rules of group and period of loan and how much payment for meeting and loan interest and saving interest. Rules [such as] group guarantee, if two get and can’t make payment, the others don’t get and have to help each other.

One borrower, however, said that in her group they did not understand the rules and each woman I spoke with said that they could not understand why the interest rates were so high. Another borrower from a different group said that they had not had any training workshops and the project had not come to help them.

In the case of PACT, its methodology constructed a formal, bureaucratic, and legalistic relationship. AA behaviour was constructed by testing individuals with “exams” on how ‘trust’ and self-selection is to be formulated so that self-selection in itself had to conform to certain criteria. One technique of enforcement was the legalistic form of the contract used to obligate women to conform to the terms of the project. Working with an NGO in a rural district in central Lao in 1997, I observed how a major source of tension was produced by the lack of relevance that the contract between the NGO and the district had for the vice-governor who was responsible for the programme. My impression was that the legal contract did not hold much meaning or obligation for the local officials involved, not to mention the very limited resources or mechanisms of accountability. My impression regarding the meaning of legal contracts was

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90 Although there were far more women than men in the project overall, report statistics show that repayment rates were higher among men than women. In Ban Jai all the borrowers were women.
later confirmed by an American, teaching law in the country at the time. With the MF project such accountability came with the refusal to disburse the next allotment of loans if repayments could not be made.

In Ban Jai the contract did not seem to carry sufficient force to ensure loan repayment. Once the loans reached three million kip the women failed to make the repayments. The women themselves stated that they could not earn the money needed to make the repayments every two weeks and one woman said that in her group, interest was collected every week. Borrowers also resorted to “searching” for money by other means such as borrowing from relatives. Yet Ban Jai as a village is not “poor” and many of the women in Ban Jai are not as destitute as women in studies elsewhere, which have found that women were forced to make repayments (Rahman 1999). It seems that in Ban Jai women were not as compelled by the contract to force each other to repay. Some women simply quit the group, stopped going to meetings, or in at least one case could not to be found in the village when collectors came for the repayments, because she had left to take up trading in Vientiane. Half the groups had unresolved issues of payments and eventually all the groups were disbanded. The nai ban (economic affairs) claimed that the project did not work because the women did not “need” the loans. Some women also did not use the loans to invest it in an income-earning activity. Some used the funds to pay for education or health costs but some families used it to buy non-essential items. Other women, however, did give the reason for joining because they did have a “need”.

Whereas in Karim’s analysis women were isolated as individuals by the blame that the group placed on each member under the pressure to make repayments, here in a reversal, women were isolated and the burden was eventually shifted to the individual because the group failed to exert the coercion needed to force each other to meet repayments. The coercion needed should have come out of techniques already existing in the social body for women to police each other. But the conditions for self enforcement in other cases have relied on existing hierarchies of gender, caste and class (Karim 2001, 2008). It is less clear what hierarchies existed that would ensure enforcement in Ban Jai.

The former project worker highlights that there was no “expert” to follow up on loan repayments. On the surface this need of an expert (experts were never Lao) suggests that the AAs had not yet attained the capacity in collecting loan repayments, in which case part of the
failure was due to PACT’s unsuccessful completion of training. Another explanation, however, is that the LWU was not willing to facilitate the techniques of surveillance and control that Karim claims the VSG model relies on. Project documents do not suggest that the failure to collect loans was widespread in other villages, however, this may be an unreliable indication of what actually took place. Former project workers I spoke with pointed out that the weakness of the project was its high interest rates, but also did not say that the failure to collect loans occurred in all villages. The current MF Office claimed that while the groups in Ban Jai were no longer functioning, there were other villages where loan groups still continued. The failure of enforcement raises the question whether or not the particular context of Ban Jai played a role in the failure of the project methodology in exerting the necessary techniques of control to force repayments. Taking Karim’s governmentality analysis of MF which rely on techniques that already exist in the social body one could ask if such necessary techniques “already exist in the social body” in Ban Jai.

6.5 Tensions and Relations of Social Solidarity

Karim has argued that one outcome of MF projects is the loss of social solidarity and the making of market subjects, based on assumptions of reciprocity that tie richer and poorer peasants together following the concepts of Scott’s moral economy and subsistence ethic. Karim’s analysis applies to a context where older women monitor the conduct of younger women and strictly enforce notions of honour, shame and purdah within the household. Karim suggests that these existing patterns of social roles played by women are appropriated by the NGOs for their self-perpetuation.

The NGO ties the destiny of individual members with collective destiny. In this technique of social control, the group becomes responsible for individual behaviour. By doing that the NGO introduces new levels of stress into existing relations and the women borrowers police each other to ensure timely payments.

(Karim 2001:115)

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91 While it is beyond the scope of this study to examine to what extent the concept of the moral economy can be applied to Ban Jai, Grant Evans (1995) has argued that lowland Lao resisted collectivisation because it violated principles of the existing moral economy.
The peer group (also called a target group) paradigm rests on the idea of social cohesion and collective help. Karim turns to Foucault to examine how the micro-politics of group dynamics work. Referring to Foucault’s study of prisons and asylums, which reproduce disciplinary mechanisms already existing in the social body, Karim documents how the target group approach simulates the isolation of individuals in prisons or asylums. “Women targeted by the NGOs are separated from the larger community in specific ways that allow the increased domination and control of these women. In this respect, one could think of the group as a micro-prison of the self. Peer monitoring is a euphemism for the policing of women by women” (Karim 2001:216). Karim demonstrates how the targeted women take on the role of guards and enforcers for the NGO, and participate in a form of group policing. “The prison…is also the place of observation of punished individuals. This takes two forms, surveillance, of course, but also knowledge of each inmate, of his behaviour, his deeper states of mind, his gradual improvement; the prisons must be conceived as places for the formation of clinical knowledge about the convicts.” (Foucault cited in Karim 2001:117). Microfinance projects not only produce the conditions of surveillance through the formation of target groups but also knowledge about the women themselves. Intersecting with discourses of development that construct the object of development as “poor” and as “third world” women needing to be empowered from their confinement to the private sphere; such knowledge attempts to construct the behaviour of MF recipients as “more reliable, nimble, industrious” and therefore more likely to repay back loans than men are. This would suggest that the knowledge produced constructs women as subservient enough to the project rules to police each other in order to ensure that group loans are repaid.

Karim’s study is set in the context of Bangladesh and the disciplinary mechanisms she demonstrates reproduce those “already existing in the social body” but how does such an analysis translate to the Southeast Asian context where gender hierarchies cannot be assumed to be the same? Other critics have also demonstrated that another effect of microfinance projects are that they exacerbate existing inequalities, particular gendered inequalities since projects target women (Rahman 1999). Most studies of MF have focused on societies with patriarchal relations where women have tended to be limited in their engagement in the public domain. It has also been argued that women are targeted because they are more docile as subjects and easier to manage. Studies in Bangladesh have demonstrated that women clients who are not usually
responsible for household finances are often forced to hand over their loans to husbands, but bear the sole responsibility for debt (Rahman 1999).

In the context of Southeast Asia it has been argued that women in general have a greater degree of participation in the public sphere (Yasmeen 2008), dominance in commerce in the case of Vietnam (Luong 1998) and that control over household incomes gives them a greater degree of equality than women elsewhere (Ireson 1996). In the context of Thailand, Yasmeen argues that such trade is limited to petty trade, and that the dichotomy of public and private spaces/spheres is problematic and blurred. Walker (1999) has shown that in the Northern Lao context some women have been able to participate in long-distance trade. The case of Ban Jai also suggests that women have at least had a presence in the public domain given a history of managing household finances and involvement in trade. How much power this gives to women is debatable and women’s participation in the economic sphere does not seem to translate to other spheres, particular the political (Yasmeen 2008). Karim’s examination of micropolitics sheds light on the gendered nature of power by revealing the disciplinary techniques already present in the social body. An important technique was social isolation used to discipline women to repay loans. Such a technique does not appear to have operated in the context of Ban Jai, if anything the women’s decision to undertake the same income generating activity, lao lau production had the opposite effect. Women trading together in the marketplace explained that their trading together was samaki (solidarity).

The former MF worker makes two relevant observations: the LWU as AA itself could not impose the kinds of pressures required to enforce repayments, and she asks “how could the borrowers trust each other?” PACT’s training of AAs involved examinations that tested AA knowledge not only of rules and regulations but also defined the required elements of “trust.” One borrower explained that the group selected members who are “good, have knowledge, have responsibility with money.” Karim found that relations of trust and solidarity, particularly with

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92 The term ‘equality’ as it is used in development discourse and how it is defined is problematic and is also debated within feminist literature. Development agencies seem to follow a western liberal definition of equal access in the public sphere, eg equal numbers, equal pay, rather than a more critical analysis that demands the need for restructuring gender and capitalist hierarchies. This becomes even more complicated within more recent rights-based approaches to development that promote conformity with International Human Rights definitions.
regard to kinship, were disrupted by the governmentality of the loan group. In Ban Jai, women’s relations with kin operated not only within the VSG but also in the context of producing lau lao. It is in this private realm where women relied on relations of reciprocity and shared their secrets of production. In the case of one group where both mother and daughter were members, the daughter chose not to produce lau lao and eventually quit the group altogether because the meetings took up too much of her time. But it may be that leaving the group was preferable to remaining and risking tensions developing with kin. Without the enforcement of the LWU, outside “experts,” or the techniques of surveillance from within the society to exert pressures on the group, quitting and evasion were possible options for women in Ban Jai. Since most women relied on the same activity to earn the income needed to repay the loans, it is not enough to just look at how their relationships operated within the VSG alone. A closer look at how women did manage the parallel activities of the lending group and their trading activities, suggests another possibility, that women negotiated the contradictions between these activities and mitigated the potential isolation techniques of VSG methodology by applying relations of solidarity in their engagements with the market.

6.6 Creating Debtors – as a Means to Market Integration

Unlike most other studies, which have examined MF groups while they are still operating, my examination takes place five years after the project in Ban Jai ended in 2001, and the groups were forced to stop because they were not able to make loan repayments. Both of the female nai bans had participated in the project, and when I first began fieldwork they had raised the problem of outstanding debts and high interest rates during our informal conversations. During formal interviews I asked if the projects had any jud dii (good points)\(^\text{93}\) since both women were also Lao Women Union representatives, and the LWU had been involved in the project they may have felt obligated to point these out. For example, the nai ban (social affairs) stated that the jud dii of the MF project was that it had provided women with capital. The personal experiences of both nai bans also illustrate that they were willing to continue to take out loans. During the time I was conducting fieldwork, the nai ban (social affairs) was in the process

\(^{93}\) International projects and government discourse often use the terms “jud dii” (good/stong points) and “jud awn” (weak points) when they survey participants as part of project monitoring and evaluation exercises and all the women I interviewed were familiar with the use of these terms.
of submitting an application for an individual MF loan from the new MF Office established after the project ended, and at the time she was the first and only one in the village to do so. She needed the loan because she had also started to raise a few pigs, and her husband was planning to expand this to buy one hundred sows. In 2006, the nai ban (economic affairs), was still making loan repayments from the project, which ended in 2001. She had also started to accumulate other debts, making payment instalments on the modern lounge set she had bought from a company in Vientiane. The company had a travelling salesman who went from village to village with a binder that displayed furniture and appliances, selling for double the prices at the supamaket in town. Despite the debts she was accumulating, she described the project as beneficial for changing women’s behaviour and suggests it has taught them how to borrow.

Before, women did nothing, they were kikan (lazy), after the project they are diligent and have many activities...now they have responsibility to follow the method. Suppose the bank comes to release funds, they care for the money to save it and can carry out activities to get money to give to the bank.

(NaiBan, Economic Affairs)

By the time I arrived to conduct fieldwork, the independent MF Office in Xay town, which had been instituted after the project ended, was now also giving loans to individuals in addition to group loans. This actually moves away from the Grameen model of MF but it could be argued that the group loans were a first step in preparing borrowers to “care” for money and to introduce practices that would facilitate different kinds of borrowing and debt habits. MF projects in other contexts have been cited as imposing entrepreneurial and neoliberal subjectivities (Karim 2008). The nai ban’s analysis of the project might give the impression that women were changing their behaviour and becoming better borrowers or more entrepreneurial but it is less clear that they are doing so in a way that conforms to neoliberal subjectivities. Other MF borrowers in Ban Jai stated that they would not seek future loans and had no interest in joining another group or MF project. While the MF Office continued to lend to VSGs in other villages, they informed me that the groups in Ban Jai were “pak pon” (on a break or resting) until all outstanding loans could be repaid. The groups in effect were disbanded because they had not behaved as good borrowers and none of the women in Ban Jai that I spoke with gave any indication of a desire to re-institute them once debts were cleared. From the point of view of the UNDP’s financial reforms, since the institution’s sustainability depends on payment of interest, outstanding loans which continue to accrue interest could be beneficial, if the loans with interest are actually eventually paid for.
Once groups become *pak pon* members must continue payments individually, and as some of the women in Ban Jai illustrate, they are still making payments after five years with increasing interest. The question of introducing new subjectivities is premised on the governmentality of MF projects, which has been demonstrated to operate in other contexts, which rely on techniques of control “already existing in the social body” (Karim 2001). In the context of Ban Jai, the success of the MF project to impose subjectivities is less clear and needs further analysis. A closer look at how women engage with the market may offer some indications. For example, when I ask women why they sit together at the market to sell *lau lao* they respond it is *samaki*. In the next chapter I explore this further to understand if women rework relations of solidarity in the way they negotiate market relations and at the same time mitigate the potential control of the VSG model and the tensions it produced. The MF project produced an increase in the number of *lau lao* producers, but over half of these women either were not able to succeed or chose not to continue and turned to other income-generating activities. *Lau lao* production did not prove to be an alternative primary source of income that would continue the pattern of a hybrid household form of production. Within the context of the project, it appears to have marked an increased shift towards the diversification of household livelihoods as well as differentiation. Some women were able to become more successful in taking advantage of this shift and began to open small shops. Others dropped out of *lau lao* production, but turned to activities that were even less profitable such as growing and selling green onions because they did not have the capital to start something else, or were still making loan repayments. Another important form of differentiation in the context of market integration in the Lao PDR is based on gender (Rigg 2005). In the next section I examine how the shift towards diversification intersects with other aspects of market integration such as increased mobility to produced tensions related to gender differentiation.

### 6.7 Tensions of Gender Differentiation

Microfinance schemes are also a way of shifting the flow and control of money from the household and informal economy to the formal system of banking institutions, representing a shift from the private sphere where women have had some power, to the public sphere where women have less power (Yasmeen 2008). The MF project targeted primarily women and all of the borrowers in Ban Jai were women. The gendered nature of the project specifically encouraged women to become borrowers and take responsibility for income-generating
activities. In other contexts such as Bangladesh this has had implications for shifting power within the household economy, particularly where women have taken on a debt burden but have been pressured to hand over their loans to male members of the family who do not use it for income-generating purposes (Rahman 1999). Such implications cannot be readily assumed in the Lao context where women have not been confined to the private sphere. Women in Ban Jai in particular have played the role of traders and controlled the household finances. What, if any effects, did the MF project have on gendered relations within the household economy? I am unable here to offer an analysis of how the project may have contributed to restructuring such relations but focus on some of the tensions produced. I also suggest that there is a need to examine not only how women may be losing some control over financial management but that diversification and new opportunities can also shift the position of men in the household economy. Under the hybrid pattern of the previous household economy men and women worked together, dividing and sharing tasks jointly in the production process of salt and rattan furniture. With increased diversification, men and women in the household may be individually undertaking different income-generating activities.

In Ban Jai, women say they have always done the trading and that it is not men’s work. Asking one group of women why men do not trade lau lao they laughed, saying “men are shy” and would relate how a certain man had tried to trade salt after his wife died but had not been good at it because he did not know the techniques of measuring. Among the women borrowers whose husbands or male relatives were young enough to make the transition from being a farmer to finding other sources of income, there seems to be a shift. The woman mentioned above who had quit the group was one of the first entrepreneurs in the village. Using the money she received from her wedding she had opened the first shop in the village. Of the five million kip she received in wedding gifts, she spent two million on goods bought from China. She then took up long-distance trading with her mother, hiring a truck with other traders they travelled to China many times, usually once per month to three different locations, between 1996 and 1999. At that time there were not yet Chinese traders in Xay she explained, but once the traders began to arrive from China both she and her mother stopped their long-distance trading. She joined the MF project but rather than producing lau lao she re-opened her village shop. By 2006 she no longer had the shop because she and her husband had built a new house which was the largest and most modern house in the village. Their roles had reversed and her husband had become a trader
travelling to different villages in the district selling clothing.\textsuperscript{94} My understanding was that he had gone to Vientiane where he had promised to invest money for several people but had swindled them. Apparently the couple thought that no one knew but everyone in the village was aware of this.

Another woman who was still paying off a MF loan had taken up \textit{lau lao} production along with everyone else in her group but eventually dropped out because she found the time it took to collect firewood, water, and go to the market took her away from her children. She eventually turned to growing and selling green onions, even though it is less profitable. When I asked how she was paying her loan off she responded that she received money from her husband who worked in construction, outside of the farming season, and earned ten million kip in three months building houses. The \textit{nai ban} (economic affairs) who was also still paying off her MF debt had taken up both pig-raising and \textit{lau lao} production for a couple of years and then opened up her own shop, but said that she used the loan to buy her husband a \textit{lot doisan} so that he also became an entrepreneur. Although she said that they made all decisions together equally, his ability to earn an income meant she had less control over the household finances. Her husband’s new found mobility and income allowed him to \textit{“sok pu sao”} (look for girls) which created tensions, that she claims her parents never had in their marriage. Both of these women were in their thirties and younger than most of the women who remained in the \textit{lau lao} trade and their husbands were not originally from Ban Jai. Another borrower who was older and widowed ended up working for her son, who opened up the largest drinking shop in the village. Her son worked for an organisation, which promotes the use of and distributes condoms during the week, and taught English on weekends, so that she managed the shop for him.

In all of these cases tensions appear to be produced over the changing roles of men and women in the household economy. On the one hand, the shift away from the hybrid form of production is also associated with men finding other sources of income. On the other hand, this shift also no longer guarantees the women’s role as traders. It may not be clear that there is a shift in the relative control that women had over the household economy, but such tensions also

\textsuperscript{94} A relative informed me that the money used to build the house was earned dishonestly by her husband but I was not able to substantiate this.
raise questions regarding the role of women’s debt. In other cases MF projects have been found to exacerbate existing gender hierarchies and women have often been forced to hand over the loans they receive to their husbands, who then use them for purposes other than income-generating activities.\(^{95}\) Women find themselves in a bind where they were held responsible to repay the loans but do not have control of the loans and were not able to earn the income to make repayments (Rahman 1999). This does not seem to be the case in Ban Jai, probably because women already had control over household finances and were active in the public sphere as traders, nevertheless, the gendered relationships within the family appear to be changing in relation to market integration. These changes lead to ambiguous positions for both men and women. Therefore, as men have moved further into market integration, the control that women had over the household economy may also be diminished. Ironically, the new service economy appearing in Ban Jai relies on this very dynamic which allows men to go to the village to spend money on drinking.

An interesting indication of the ambiguities of change is reflected in women’s complaints about men drinking and practices of *sok pu sao* (search for girls) and how this creates new tensions. In the past, when income was from household trade, it may have been more easily controlled by women. As men have taken jobs as government workers, in business, construction, transport and as labourers, they continue to hand over their earnings but they have become more mobile and may also spend or withhold some of those earnings before they make their contribution to the household. This may be even more the case where a man does not have a fixed salary, or a government worker receives a per diem which he may use at his disposal. In the case of the *nai ban’s* husband who drives a *lot dosan*, I have seen him hand over his earnings to his wife and on other occasions requesting his wife for a small amount of cash to go buy a banana. She claims that they make economic decisions jointly but what he does with the income he collects outside of the home is not necessarily entirely controlled by his wife. This was revealed when she caught him in the act of “*sok pu sao*.”

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\(^{95}\) In Bangladesh, it has been demonstrated that MF projects exacerbate existing gender hierarchies and that male MF workers used to collect repayments were found to be coercive when women borrowers were not compliant (Rahman 1999). While I did not find evidence of this in Ban Jai, MF loans are currently collected by men working out of the new MF Office and not by the LWU.
The other female nai ban (social affairs) indignantly related to me how in the past her husband had twice brought home younger women, and these two different mia nois (minor wives) had each lived separately with her for a year. When I asked why she had agreed to such arrangements, she responded that “the mia nois are women like me, they are not the problem, the men are.” On another occasion this nai ban had explained that samaki was different among men and women, because women worked together. Despite her indignation, it appeared that her husband’s arrangements were not altogether without benefit to her as well. Asking what the young women did when they lived with her, the nai ban responded that they did viak ban (village/house work) just like she did. Since the nai ban often mentioned that the lack of family labour was a problem for her, having the mia nois work with her may have provided an important source of extra labour. With their absence now along with her children going out of province for post-secondary education, the shortage of farm labour had made her decide to stop cultivating rice and rent land to a rubber company to cultivate seedlings for the following year. It may also have been preferable to have these women live with her because it gave her more control of the finances, rather than having her husband support the mia nois elsewhere, without her being able to have a say in how much he spent. Power may have appeared to shift as the nai ban’s husband shifted from being a farmer to having his own construction company and his own independent source of income. Such gendered dynamics, however, are too complex, ambiguous and shifting to be able to simply determine this. Differentials here are not only gendered but also constructed between the different wives in the household, and the success of the husband was not to last, coincidentally enough affected by the outcome of the SSIP.

The nai ban had explained this story in an angry tone, as her husband sat with bowed head in the back of their daughter’s shop and made no attempt to defend himself. His demeanour was in stark contrast to our encounters when I first arrived in the village. In speaking of his past, the nai ban’s husband told me he had been a soldier during the war and proudly displayed photographs of himself standing next to prominent officials, beside a military helicopter. After the war he told me of how there were articles in the newspaper congratulating him as a model

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96 It is not clear what happened to the two mia nois, neither one was present during the time of my fieldwork, but one of the nai ban’s daughters once told me that her “other mother” had worked in a restaurant which the family had in Xay town in the past. This woman may have had less power in the household as a mia noi but it may also have provided her with new opportunities.
farmer, and then of the construction company he had and how he built seven statues. In the mid-nineties, he had been contracted by the government to construct statues of Kaysone, an early leader of the Pathet Lao and first president after 1975, in several different districts. This would have given him the opportunity to travel and meet the women, both from different districts, who he brought home as mia nois. He also spoke of how he had developed a relationship with the French head of SSIP who he said had liked him and had even brought his parents who were visiting from France to see him. The overall impression was that he had been proud of his successes, so that having mia nois may have also brought him status and was a display of his wealth. This success seemed to come crashing down with the SSIP when he was sub-contracted to work on the dam and then was not paid. At the time of my fieldwork he no longer had his construction company and pointed to all the materials and equipment that lay unused under a large storage shed next to the house. During one festive occasion of drinking he retold the tale of how the large company hired by the project had come to the village, and after he had done all the work they had subcontracted him to do, they just disappeared to Luang Phabang, and never paid him. He consoled himself in front of the large group of family and friends by turning his story into a morality tale, pointing out that what was more important than the money he lost was that at least he knew he was a man who was honest and had integrity. With the decline of the husband’s success, the role of the nai ban has shifted as well as she too engages in more diversified forms of sources of income, including lau lao production, pig-raising and renting her land to rubber companies. While such diversification may no longer be a choice and is relied upon for economic survival, it is also associated with risks, costs and social tensions.

Many studies of MF have focused on the South Asian context where there are divisions of caste and class which intersect with the structure of gendered relations. Interviews with women who participated in the project do not reveal, for example, forms of control or self-policing techniques (Karim 2001) or the humiliation and coercion practiced by male project workers (Rahman 1999) found in Bangladesh. Women in the South Asian context were subjected to pressures from the project or NGO, in particular male loan collectors, as well as pressures from their husbands. Given the contrasting contexts where women in Ban Jai have

97 Grant Evans (2002) saw these statues as an attempt to cultivate a cult of Kaysone which he argues was not very effective.
historically controlled household finances and participated in the public sphere while women studied in Bangladesh have not, and larger gendered structures embedded in relations of marriage, kinship and caste where women are relegated to the private sphere, this could account for why women in Ban Jai are not subjected to this treatment. Women in Ban Jai conceivably did not face such pressures since loan collectors were not men since the LWU acted as the AA. Another factor may be that the women in other studies have been in relatively more dire circumstances given the different economic structures of class and landlessness, and that their husbands often forced them to participate in projects and accept the loans. Women borrowers in Ban Jai, at the time of the project, would not have been landless and in some cases the groups self-selected members with land as collateral. Given more equitable inheritance rights and control over household finances, the village social structures do not appear to be as unfavourable as they are for women in South Asia. Since the project ended, however, individual loan repayments were being collected by a male worker from the new MF Office rather than the Lao Women’s Union AA. Women in Ban Jai often relied on the loans and the subsequent income, not for subsistence needs but to meet the demands of a cash economy such as post-secondary school fees. A few women also took the loans and did not use them to start an income-generating activity but to pay for medical expenses.

MF projects in general, have been cited as increasing disparities rather than empowering the poorest as they claim to. While it is not possible here to determine if this was also the case in Ban Jai the project did intersect with processes of differentiation and the structure of the MF loans contributed to how some women could only afford to undertake lau lao production while other women were able to expand beyond this activity or drop out of it altogether, to undertake more individual enterprises. A related question would be to examine if such differentiation affected relations of solidarity and its meaning in the village. A decade later it would appear that some villagers who have managed to open drinking venues and shops have benefited from the position of women who have remained petty traders. They could be said to profit from the position of the petty traders who produce the lau lao, which attracts the male clientele. Without

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98 At the time of my fieldwork, the nai ban (social affairs) had told me that the head of the Oudomxay LWU was a relative. While I did not explore such connections during the period of the MF project, given the large number of villagers that worked for the government it is not inconceivable that kinship relations may have played some part in the way the LWU may have carried out its role as an AA.
that production the service economy in the village would not have emerged or continued based on its reputation of producing a “pure” quality of alcohol.
CHAPTER SEVEN

THE SOLIDARITY OF LAU LAO TRADE – NEGOTIATING MARKET FORCES

7.1 Introduction

This chapter examines how villagers negotiate the tensions of a changing household economy as it becomes more diversified in the context of market integration, and specifically in the engagement in the market economy through Lau Lao production and trade. The number of villagers who undertook this activity increased with the MF project. I suggest the project contributed to shaping the context in which women attempted to situate themselves in order to compete at a time when the pattern of household production and trade shifted, producing new opportunities for some but not for others.

Development projects in Ban Jai have produced a series of effects, over a span of fifteen years, which have shaped the context in which the interconnected system of trade and subsistence production have evolved in the village. At the same time, market integration has seen the shift of trade from salt to rattan furniture and more recently to lau lao production within Ban Jai. With each shift in trade villagers also appear to become more restricted; salt had extended to several districts within the province, rattan-furniture production catered to the markets in Xay town, and with lau lao trade women have found themselves positioned on the periphery of the marketplace.  Here, the average lau lao trader manages to sell between twenty to thirty bottles of whiskey per month at 5,000 kip a bottle, earning a profit of 1000 kip per bottle or 0.10 $US. In other words, a monthly income of about 2 $US to 3 $US. Traders may spend anywhere from 300,000 to 500,000 kip (30 to 50 $US) on distilling equipment as well as transport costs. Another shift is that with salt and rattan furniture production every household was involved, whereas with lau lao trade, even at its peak only about one quarter of village families participated, and only about half as many continued to trade by the time I conducted fieldwork. A smaller number of households have shifted from production and trade to begin a fledgling service sector in the village, opening small, house-front shops, stalls, a pharmacy, and one of the first medics trained during the war has set up a barber’s chair literally on his front door.

Some women sell within the village but they sell to other villagers individually, or to entrepreneurs who have shops, but the lau lao traders have not opened their own drinking venues.
step, while his wife sells noodle soup a few feet away. Somewhat more profitable are a number of small restaurants and drinking venues that were opening during the time I was conducting fieldwork, catering to the migrant labourers working in the factories, the government workers from the institutions established in the village, and men who would come out from Xay town just to drink. There were seven such venues that I was aware of by the time I left, but it seemed like every month a new one would open. Since some of these were located within the space of homes there may have been some that were less visible or that I was not aware of. Within household compounds, it was also a common occurrence to come across gatherings of mostly men, but also women, drinking and socializing together in the afternoons, particularly during the period after harvesting was completed. Such occasions often involved families hosting visitors who had come to enjoy the village lau lao. As one young male government worker from town had informed me, Ban Jai’s lau lao was well known for being “pure” and no matter how much you drank you wouldn’t feel the effects the following day. Such purity guaranteed that there were no dangerous chemical additives of the kind that were sometimes added to the unregulated rice alcohol produced in rural areas.  

So although lau lao production and trade were not as widespread a household economy as salt trade and rattan furniture production had been, it still played an integral role in the economic and social life of the village. It is within this world of the lau lao household economy that particular relations of samaki have developed, which highlight how women have attempted to negotiate the contradictions of market integration. An analysis based on opposing dichotomies of gift exchange and commodity exchange, or moral economies and market economies would predict that with increasing market integration, relations of reciprocity and samaki might be threatened by market engagement. Yet an examination of the lau lao household economy challenges such clearly bounded dichotomies. An examination of the lau lao household economy also reveals the limitations of project effects and the way villagers exercise their agency, by mitigating the controlling techniques of the VSG and negotiating their shifting position within the market.

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100 Individuals also like to add other natural flora and fauna, such as herbs to already produced alcohol, and elsewhere I have seen snakes and giant centipedes added to bottles to give it “strength.”
The significance of the VSG model is that it is based on a form of self-regulation which relies on members themselves to enforce loan repayments. VSGs have been found to function through coercion, based on techniques of control that already exist in the social body. MF has been shown to destroy relations of solidarity in other contexts, and as a form of governmentality, imposes neoliberal subjectivities (Karim 2001). The MF project in Ban Jai failed to meet its technical objectives because not all borrowers repaid their loans, and it could also be asked if this is an indication that this model of coercion was limited in its effects.

Failure of the MF project in Ban Jai could in part be attributed to the lack of success in loan collection by the Lao Women’s Union. A former project worker blames this on a lack of training, but this would not explain why they were able to collect repayments in other villages. Outstanding loans continue to be collected by male workers from the current MF Office and this may also introduce a different dynamic. The current MF Office, now an independent non-profit organisation, but still accountable to the Provincial Department of Finance, continues to operate in twenty villages, with 73 active groups which have all continued from the original project. In addition to these groups, 17 groups are “pak pon” (stopped temporarily) and 46 were permanently discontinued after the project ended. This would suggest that close to half of the groups have not continued for one reason or another. Groups that stopped completely may have paid their loans off and just decided not to continue. Groups like those in Ban Jai are pak pon because they still have outstanding loans and are perhaps a better indicator of VSG ineffectiveness.

The ineffectiveness of the VSG to enforce loan repayment also suggests that women were not completely subject to the effects of the project. Was there anything in the context of Ban Jai (and possibly the other villages with outstanding loans) that could explain why the MF project VSGs in Ban Jai failed to force women to make loan repayments and resulted in the groups being disbanded? I suggest that what might have been unique is that most of the women borrowers in Ban Jai collectively chose to undertake the same income-generating activity, a choice that was not built into the MF model used by the UNDP. The choice of MF participants in Ban Jai to undertake the same income-generating activity appears to be counter-productive because it increases the level of competition and works against the principles of supply and demand (migrant labourers and government workers had not yet arrived in the village). I argue that this choice provided an important way for women to mitigate the effects of isolation, which
is one of the potential techniques of control demonstrated to operate in other MF projects. A closer analysis of how the women in Ban Jai engaged in lau lao trade may offer a way to understand how they negotiate and resist the contradictions of the VSG in the context of market integration by constructing their own meanings and practices of samaki. In this chapter I begin by examining how women who continued to produce and trade lau lao after the project ended, apply such practices as they are engaged in the market economy, to understand this construction of samaki. Contradictions appeared when the MF project produces a multivocal discourse of solidarity and women must compete against each other. I explore such contradictions by reconstructing how women manage the context of the MF project through an examination of the lau lao production process.

7.2 Selling At the Market

In Chapter Two I described how Chinese investors had taken control of the public space of the new supamaket. The market space represented a “mapping” out of positions within the larger society (Gell 1982). Within this more regulated space of the new supamaket the women from Ban Jai were not allowed to trade in the market proper, relegated to a precarious position on the edge. On the other hand, they also chose to take up the position, directly under the sign that read “Selling Prohibited, Danger Vehicles.” No time during the course of my fieldwork was I aware that the warning on the sign was enforced or that the petty traders were chased away. The women crouched on the hot concrete, engulfed by the noise and vehicle exhaust spewing from incoming tuk tuks and the traffic of the main road. With very little cover except some umbrellas, they were exposed to the elements and had to endure the heat of the sun all day long. Yet they also persisted in choosing to find a way to engage in the market and not be completely removed from the space as traders.

Various kinds of traders spend more or less time in the market, and have variable access rights linked to what they do (Clark 2008). The Ban Jai traders, given that they do not pay rents of any sort, would appear not to have any rights. They are also mobile and transient, their appearance depends on their schedule of production, the anticipated demand for an upcoming religious celebration, the weather, and if there is too much competition, or sales are slow, individual traders may decide to move to a different location. But on almost every day one can count on finding a group of women huddled in front of the market, waiting for potential
customers, surrounded by containers of rice whiskey. Their position can also be interpreted as an act of resistance to the private regulation of the market and an attempt to insist on their rights in the market space, a right they would have had more access to when the market was under public control.

One Saturday morning, after making my way through the rows of women selling produce, I went over to greet a group of women from Ban Jai. There were about seven or eight women that day and they commented on how it was usually harder to sell when there are so many of them, but since it was the weekend they expected that they could still sell more than usual. It was mid-morning and the women did not appear too busy. A couple of the women knew me and invited me to sit down and join them. The nai ban’s wife was there selling, as was a woman whose husband had died in a motorcycle accident that year. In February I had spent an afternoon at this woman’s home watching several men build a pasaad for her husband.\textsuperscript{101} This was during the week long preparation for the annual Bun Pasaad, held to pay respect for any villagers who had died during the year. The event involves a colourful morning procession of all the pasaad’s to the temple, where they are kept for two days and family members, usually the elderly hold vigil and make offerings to the monks who give their blessings. In the evening each family who has built a pasaad hosts a gathering with food and dancing. During the Bun Pasaad the village swells in size as many of the relatives living outside of the village return for the festivities, which embody relations of reciprocity and redistribution. The widow had invited me to come back to her house during the Bun (festival) when she promised we would enjoy ourselves dancing. She had hosted a large party during the Bun organised in much the same manner as a wedding, and had handed me a formal invitation enclosed in an envelope.\textsuperscript{102} Such

\textsuperscript{101} The pasaad is a small, wooden house that is decorated and carried to the temple in a procession during an annual festival to commemorate those who had died that year. One pasaad is built by each family for the deceased relative and the entire village takes part in a week long process of preparation. The day I visited passed with extended family members coming to help make preparations and at the same time eating and drinking together.

\textsuperscript{102} Upon receiving such an invitation the guest is expected to return the envelope with money in it when they attend the party. At the entrance to her compound there had been a large heart shaped decorated box to deposit the envelope. I only saw one other family that also used the envelope invitation during this festival and it appears that they have adapted this from recent wedding customs, and I’ve seen it also used for housewarming celebrations. The other nine families who had built a pasaad for a family member who
invitations are also a way to initiate reciprocal relations since one is obligated to keep exchanging the invitations on future occasions in order to maintain relationships. The party the widow organised could help her pay off debts she had incurred from her husband’s funeral, depending on how many invitations were accepted and the amount she collected from the envelopes returned to her. Selling lau lao was also contributing to her debt repayments.

I got down to discussing some hard facts with the trader whose husband had died. How much did she sell a bottle for? Five thousand Kip ($US1 =10,000 Kip) she told me. The contents of one bottle would be poured into a plastic bag for the customer to take away. She showed me that she had two larger containers, one held the equivalent of about 25 bottles and another about 15 bottles. This trader had been selling for about two to three years, and now that they could get peng chin (Chinese yeast) she could produce lau lao in only seven or eight days, rather than the fifteen it took with Lao yeast. Many of the women seemed to be switching to using yeast from China but one of the older traders told me that the alcohol tasted better using Lao yeast. The widow said that she would stay and sell all day, but that it was hard and tiring, and the sun was hot. I asked if she paid any taxes on the lau lao she sells and she said about 2,700 Kip. Asking if she had planted rice this year she said she had but would only harvest the following week, and that she only has one daughter at home to help with the harvest. Two of her children had died of fever when they were young. I later found out that she has so much debt from her husband’s funeral that one of her daughters had gone to Vientiane to work in a factory. A son was studying art in Luang Phabang. She pointed out that the tourists like pictures, suggesting that there was a tourist market for such art, however, she anticipated that when her son finished his studies, he would return and find a job with the government in Oudomxay.

We continued to discuss lau lao production which the widow said takes all day, and since she does not buy firewood she has to go look for that as well. She also used to go to collect

103 The bags are bought at 10,000 for 100 kip.
water from the village well (about a fifteen to twenty minute walk in total) but the new pipes
installed by the Water For Life project now helped, since it takes less time to carry water and do
other work. Women told me that in general it is they who carry the water and so it has made it
easier for them all, although I often saw children carrying water as well. Asking if other villages
also produced lau lao she said that women from two smaller Lue villages sold along with those
from Ban Jai, but that the neighbouring village did not because they are Lao Teung and do not
make lau lao. The buyers are Lao Teung and Lao Loum but not Lao Soung she said, because
the latter do not drink lau lao and it was only Lao Loum who make lau lao.

I eventually joined another woman I knew sitting closer to the road with three other
women, while another woman was sitting a few feet away to the side by herself. Although the
women occupied the same site their relations of samaki were not necessarily inclusive and there
seemed to be smaller groups of friends or women who helped each other within the larger group.
I joined the group of four women and they asked me to taste some of their lau lao. I tried
samples from two different women, and found that one was stronger than the other. This
comparison in tasting was important when it came time to compete for customers. As I sipped I
heard the other woman say “kin samaki” (drink solidarity). It was a phrase I had often heard
people use, as a toast, or enticing others to come to eat or drink. Inevitably, when I asked women
why they were together at the market selling lau lao they responded “samaki!”

104 Lao Tueng such as the Khmuu ethnic group are also known for drinking lao hai which involves
communally drinking the alcohol through long straws out of a pot which contains fermented rice, while
water is poured into the pot as the drinking is carried out. Lao hai is sweeter but its effects can be just as
strong.

105 Another villager, who is not Lue and originally from Luang Phabang, later told me that ethnic Lao do
not make lau lao, because they follow Buddhist precepts. This didn’t make sense to me since Lue are
also Buddhist but surprised me even more since rice whiskey is consumed just as much by ethnic Lao and
I had seen this in other provinces where there is not a strong Lue presence. The distinctions become
blurred since both Lue and ethnic Lao fall into the category of Lao Loum (lowland Lao); Lao Teung
(midland Lao) include the Khmuu which are one of the most prevalent groups in Oudomxay; Lao Soung
refers to the upland Lao of which the Hmong are one of the most common (and also the most recent to
migrate from China).
Around noon, three of the women invited me to go eat lunch with them. We went around to the *lot doi san* queue, where it was shadier, along the length of a side road, next to a fence that separated it from the market. This fence also carried a sign that read “Selling Prohibited, Danger Vehicles.” The women used to position themselves here before they moved to the front of the market. This position is even more peripheral since it is completely outside of the boundary of the market, but it also had the advantage of being close to the large numbers of passengers who came and went, and waited for transport. I asked the women, why had they moved from here to the front of the market? The women explained that they moved to the front of the *supamaket* from their previous position next to the fence after a lorry had crashed into a waiting *tuk tuk*, killing its driver, who also happened to be from Ban Jai. The new site that the women had moved to may not have been much safer, and it was under a post with a similar sign to the one attached to the fence at the previous site that warned “Selling Prohibited, Danger Vehicles.” Despite the potential danger of the new location where vehicles also drive up next to them, the market has the advantage that it attracts individuals who specifically come to shop. The new location is also right on the main road and makes it ideal for selling to potential buyers who pass by. The women bought a few plastic bags of local “take away” food and sticky rice to share together and we spent some time eating and talking. The women had left their containers of *lau lao* behind, with some other women who remained at the market trading site. We began to discuss our ages, all of the women were in their forty’s and as I had noticed among other villagers, whenever individuals are the same age they point this out, saying they are sendiowgan (one and the same). To be sendiowgan implied a special relationship, not necessarily restricted to kinship ties and a way to extend social networks. Many of the women who had remained in *lau lao* trade were between forty and sixty, and these ties of sendiowgan were ones I had heard this generation often relate back to relationships formed during their youth and the liberation period. In the village men had also made a point of telling me that friends were sendiowgan when they introduced me to outside guests who came to visit, and who they had been soldiers with during the war. Since I was also sendiowgan with these women, it was not surprising that I was to spend much of my time with them, particularly on social occasions when women and men who were sendiowgan would arrange to gather to eat and drink alcohol together. Some of this age group of women, particularly those in leadership positions were just as involved in social drinking as the men, although they complained if their husbands went off to drink outside of
these gatherings. Women of this age also have more time devote to income-generation since most of their children are older (Sexton 1986).

I asked why it was only women selling lau lao and not the men and one trader laughingly replied that “the women sell and the men drink.” I had seen that men did also help their wives during the production process. I asked if this was hidkong (custom) and one of the women replied that it was but didn’t give an explanation when I asked her to explain. Another woman said that it is not the natii (duty) of men to sell and that they go to work in the fields, or to go to forage food in the forest, and the women do work at the house. Another common response I had heard from women, however, was that “men are shy.” When they produced salt it was also the women who did the selling to traders who would go to individual homes, because there were no markets nearby at that time. Once the war was over and state stores were established, agents would come and trade in much the same way.

Another older woman who appeared to be selling at the fence, but had not joined us for lunch, now came over to chat. She was originally from Hua Pan Province but had been living in Ban Jai for twenty years; her husband had been a soldier from Ban Jai stationed in Hua Pan and she had come back with him. The post-war period had produced much mobility, not just in terms of internal resettlement, but out of relationships formed like this. I found that there were many women who had married into the village, whereas it seemed that with the generation born after the war, it was the women who were marrying men from outside the village. This woman seemed to know more about selling salt than the younger women who said they had made salt just for self-consumption. By the 1980s villagers could no longer compete with the commercially available salt and now there are only a handful of elderly couples who still produced it for their own use. I asked if they had made salt in other surrounding villages and she replied no, that only Ban Jai had. They also said that Ban Jai salt was lighter than salt from Vientiane, explaining that one basket of Vientiane salt weighed ten kilograms while the Ban Jai salt weighed only six kilograms. As the women sat around they chatted about a variety of things, ranging from the personal to sharing information about prices.

The morning had been slow and I could see that at times the women spent the time sitting and waiting. Talking and eating together had reminded me of the kind of gatherings I had joined in the village. The atmosphere seemed amiable, the women also seemed to enjoy each others’
company and it was easy to forget that what they were doing here was business. The importance of sociality, among market women in general has been noted (Seligman 2001) and in Northern Lao in particular, Walker (1999) has shown that sociality plays a key role in the success of female long-distance traders.

As with the other traders in the market, one might have expected the lau lao traders to sit patiently and wait for a customer to come over and inspect the goods they had to offer, perhaps after sampling a few, choose the preferred bottle, and complete the sale with some polite haggling. This was the kind of transaction I had experienced in almost all market places during the four years I had lived and travelling around Lao. I was all the more surprised then, when the relaxed and sociable manner of the women was instantly transformed, once a potential customer arrived. In a highly competitive and even aggressive manner, the women would quickly jump up and surround the customer, at the same time each woman pushed a bottle of their own whiskey into the patron’s face, calling out “sim, sim” (taste, taste). To me it looked quite intimidating for the customer, (they seemed nonplussed and knew what to expect) with all the woman jostling to get closer and crying out as each was intent on having her bottle sampled. The unpredictability of who would get chosen first, also appeared as confusing to the sellers as it did to the buyer, for it was not necessarily the first bottle to be sampled that got sold. A successful sale seemed to depend on the taste more than anything, but I was told it is not the first taste that is good but the second taste, so that a trader had to play a game of getting noticed, but not sampled first. This was not a hard and fast rule, however, as in the case of one man who stopped, tasted the first bottle that was closest and bought it on the spot, but he informed me that he was in a hurry.

As the afternoon wore on, it started to get busy with a slow but steady stream of customers. Whenever someone Lao Teung walked by, one of the women would call out to get their attention. The older woman from Hua Phan called out to a man to come over to where she was sitting but he did not respond. Individual aggressive behaviour outside of the group

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106 The one exception to this is a market I visited in 1999 in Muang Sing on the border of China and Luang Namtha. This town catered to the tourist industry, particularly backpackers who came and went across the border. Arriving at the front of this market, tourists would be surrounded by women in colourful ethnic dress eager to sell items they had woven.
formation around customers, however, was not well tolerated. Another woman appeared to be more aggressive in trying to attract the attention of someone passing by on the road and almost chased a potential customer away. At one point when she did this the others complained that she was scaring them off, and told her to stop. It was only once someone approached the group and gave a clear indication of wanting to buy that the women would quickly jump up and scramble into the foray in order to get her bottle sampled, some were more persuasive than others. A couple of the women sometimes did not bother to go over and compete. Unlike other Lao trading contexts, there was a noticeable lack of bargaining, and everyone consistently charged the same price. Earlier, I had asked one woman if she ever lowered the price and she said she would negotiate if someone was buying larger quantities such as 10, 20, or 30 bottles for a wedding. Otherwise there was none of the type of bargaining I usually saw in Lao markets. In one case a couple of men walked by and asked how much the lau lao was, they tried to bring down the price and when none of the women would offer a lower price the men left, refusing to buy. None of the women broke rank to compete and make a sale.

When I first saw all the women rush over to a customer I could not help but think how competitive this was. As the day wore on, it seemed that being in a group was also important, that the most aggressive sellers or the ones who were more willing to go find or bring in the customers, were not necessarily the ones who would sell, and that the quieter women would also benefit if they were able to get their bottle tasted. Women were also able to leave their bottles and go off to do other things or to search for potential customers.

Not all women joined equally in this group solidarity. For example, when the other women who were sitting around had invited me to eat, the nai ban’s wife never joined in. I had also noticed this within the context of the village, that she rarely joined the social drinking gatherings with other men and women, who as well as being sendiowgan also tended to have some kinship ties within the older Lue family networks. Her husband, the nai ban was usually present at such occasions; this could have been due to both his leadership role and being sendiowgan because no one in the group ever indicated to me that he was kin. Individuals usually pointed out such connections, especially upon first meeting, just as they enquired what my age, marital and family status was. It seemed that most of the leadership positions were taken by individuals in this group. The only time I ever saw villagers call out for the nai ban’s wife to join them was on one occasion when they were mocking the nai ban. This occurred during the baci
the villagers had organised upon my leaving, and she had been with some other women outside, preparing food for the gathering. I had the impression that the invitation for her to come inside and join the group had more to do with adding to the nai ban’s humiliation rather than an attempt to be inclusive. The group had related to me how during the war, the nai ban had been a soldier and had to leave his fen (girlfriend) behind, only to return to find she had married someone else. The memory seemed an unhappy one, perhaps more so since the former fen was present. Yet as the drinking proceeded the group continued to laughingly taunt the nai ban, who was visibly uncomfortable, with this story. This incident it seemed to me was a way to socially isolate and put the nai ban in his place for having sold ten hectares of communal land to the Malaysian company, without the consent of villagers. It seemed all the more significant that this took place at the baci festivities, a practice that exemplifies the spirit of samaki, perhaps more than any other.

Here too, in the market, Kit the nai ban’s wife, seemed to be positioned somewhat apart from the others, further from the road and closer to some hydro poles where she sat with another younger woman I did not recognize. Most of the other women relied on passers-by for their sales and although Kit would also compete with them, she had a more individualistic approach. At one point a woman came by and bought about half a large 18 litre container from her and it looked like this had been pre-arranged. Some of the others said the customer had already tasted the lau lao and knew who she wanted to buy from. The customer did, however, sample several different bottles of Kit’s lau lao, tasting and then spitting out, before deciding which ones to take from. Kit spent more time standing and was also a lot more physically active than the others. Rather than sit around waiting with the other women for potential customers to come by, she went in search for them. For the most part the lau lao traders seemed quite segregated from the rest of the market and did not seem to interact with other sellers. Kit it

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107 The baci is a commonly held practice often held during events such as weddings, or when someone is about to travel. It is based on the belief that each individual has 32 sukuan or souls which are may wander off causing illness or bad luck. During the ceremony everyone present ties strings around the wrists of the individual to be blessed, invoking the bad spirits to leave and the good spirits to enter, along with different wishes for good health, prosperity, safe travel, or as on one of my first Baci’s, to find a good husband.

108 pseudonym
appeared had cultivated relationships within the market and would also go off to talk to other sellers. I had previously heard her speaking to a woman who was one of the Chinese traders in the market. The nai ban’s wife was not originally from Ban Jai and her husband told me that she was “Jin” and had come from Phongsaly province. I had the impression that she was able to use this to make connections that the other women could not. However, at one point she went off with one of the woman I had been sitting with, going to the edge of market, it turned out they were looking for someone who was supposed to buy lau lao from them both for a wedding. So it appeared that her connections could be useful to the other women as well. I later learned that during the production process she also assists her sister-in-law, another woman who married into the village, who was ethnically Lao from Luang Phabang. Kit may also have been able to use her position as the nai ban’s wife to advantage to extend her networks. When a couple of German development workers I knew happened to walk by and came over to us, Kit called out to them inviting them to come and visit Ban Jai. Most official visitors to the village would arrive at her home to meet with the nai ban and may be offered some of her lau lao to drink. Kit also seemed to be much more successful than the other traders. When I first arrived she told me that she had already sold most of her lau lao and just had one container left. While most women produced and sold lau lao on a bi-weekly basis, Kit had turned it into a full time occupation. On another occasion I passed the market, and saw only two women selling lau lao, when I greeted them I asked why there were not many women that day and they said that people were harvesting rice. Kit was one of the traders there that day, pointing to at least five large empty containers tied together she informed me that she had already sold most of her lau lao, and just had one bottle left to sell. There was still a row of full containers and bottles lined up a few meters in front of the women, which belonged to the other trader. Despite the lack of competition, the other woman was not as successful as Kit.

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109 Jin is the term locally used to refer to people from China, I had heard it used to apply to Han as well as Lue from Yunnan. Kit was fluent in Lao but I never discovered if she was Lue or Han.

110 There was no office for any of the nai bans to conduct their official village work, so that when someone had to meet with a nai ban they would go to see them at their homes. The house of the nai ban for economic affairs was always the venue for project related lunches or social gatherings.
Even though Kit often appeared to be working on her own initiative, her ability to move around and make use of her connections to pre-arrange larger orders relied on the presence of the other women, who were able to keep an eye on her containers of *lau lao*. Selling as a group, the women had the flexibility to leave the market and do other things. This also extended to arrangements to sharing the costs of transport as women would barter together as a group to hire a *tuk tuk* to travel back and forth from the village. This would involve some organisation since different women would go to the market on different days, and their decision could change from week to week depending on a variety of factors. There was only one woman I heard of in the village who did not take advantage of this, who apparently preferred to walk the ten kilometres to town rather than spend her money on the *tuk tuk*. Yet, I was told that she produced and sold more *lau lao* than any other woman in the village. On this afternoon a *tuk tuk* driven by a man from Ban Jai arrived with a couple of women already in it, they sounded like they were from one of the neighbouring Lue villages and invited me to go visit them because they said I had not yet been to their village. The roof of the vehicle was already packed with so many empty plastic jericansthat no more could have been tied on. Kit sent an empty one of her containers back with the driver although she herself remained at the market.

By 2:00 pm another one of the women I had been sitting with began counting her earnings. She had already made about 150,000 kip ($US 15) that day, which is about what other women told me they often made in one day. Since this was a Saturday women may have been making a bit more that usual. The demand for *lau lao* also increased during specific periods, since this was harvesting time, volunteer work parties were often rewarded with food and drink, the wedding season and festivals such as the Lao New Year and the Rocket Festival in April also tended to be busier, but preceded the quieter weeks of Buddhist lent, during the rainy season.

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111 I found that in addition to family labour exchange, students might be organised to help a teacher harvest or junior staff member would do so for senior staff, particularly in government offices.
7.3 Contradictions of VSG and Lau Lao Trade

Given the importance of sociability identified among other traders in Northern Lao, and the discourse of *samaki* among the women from Ban Jai, the rather aggressive nature of *lau lao* traders in competing for customers presents a contradiction. This appears all the more so when I asked women why they sell *lau lao* together in the marketplace. The answer was “*samaki.*” Not all women sold at the *supamaket*, some chose to go to quieter locations at key intersections or smaller markets where there were fewer customers and less competition. One of the *nai bans* would sometimes leave town altogether, to go to a more remote rural market where she used her connections with kin. It also seems that the women who are more successful are not necessarily the most aggressive or competitive ones but those who use other resources such as networks to search for buyers in other ways. As the group reprimand of the one woman who was being too aggressive in trying to attract customers illustrates, this behaviour is prescribed and controlled to some extent. The contradiction between the discourse and practice of solidarity becomes further complicated in the context of MF where the project introduced yet another meaning and practice of solidarity in the operation of the VSG.

One woman, who took up *lau lao* trade in the context of the Microfinance project, and was still trading, told me there was no *samaki* in the production or selling of *lau lao*, only in the repayment of loans. This reflected how her group limited its activities to loan repayments while the women undertook *lau lao* production independently, this did not preclude getting help from other experienced women outside the group, and this woman was older and had access to other resources. Her experience contrasted with the perspective of another woman who had discontinued trading, and was still re-paying outstanding loans. She told me that within her VSG they had also carried out the income-generating activity together, helping each other to learn how to produce and trade. This woman was somewhat younger and lived in what was a row of the oldest and poorest houses in the village. Since groups had formed geographically among neighbouring households, and neighbours were often also kin, it may have made more sense for these women with fewer resources to help each other.

When I asked borrowers if there were problems within the VSG they responded that they could help each other but there were problems if they could not make the loan repayments. “We argued only a little, and went to search for money.” Groups also did not strictly adhere to the
project methodology and different groups met with different frequencies, one borrower whose
group met weekly, instead of every two weeks as prescribed by the project, told me she quit
altogether, because meetings took up too much time and prevented her from doing other
things.\footnote{Development-related meetings, I found, could use up much time and resources from villagers,
particularly when project officials and staff must be hosted. For example, after every Water For Life
Project meeting in Ban Jai, the \textit{nai ban} for economic affairs hosted a lunch for the project which often
took up most of the afternoon and involved the preparation of plenty of food, and servings of \textit{lau lao} and
beer since most of the village leaders would also be invited. Development workers often complain of this
social aspect, particularly viewing the drinking as problematic, but do not seem to appreciate the
resources it uses up for villagers who may feel obliged to act as considerate hosts, and may also feel that
the socializing is important to form a relationship with project actors and the agency.}

Eventually more than half the women dropped out of \textit{lau lao} production altogether.

The difficulties within the VSGs tended to arise with each successive loan repayment, as
they started to increase in size as debts and interest charges accumulated. Once the amounts
owed began to reach above one million kip, groups stopped making loan repayments. Other
studies have found that VSGs succeed in making repayments through group coercion. Ban Jai is
not considered a poor village and as previously mentioned, some women turned to relatives using
personal debts to meet loan repayments. One would expect that if coercion was taking place
women could have been forced to gather enough money from such sources to repay all of the
loans, yet this did not happen. One woman, for example, used her loan to buy non-essential
consumer items for her family, other members of her VSG were relatives and could presumably
have pressured her, or felt pressured themselves, to lend her money to pay back the loan. At the
time I was conducting fieldwork five years after the project ended, she still had not repaid her
loan, even though she had successfully taken up long-distance trading with someone in
Vientiane. This also allowed her to evade the MF loan collector as she usually returned to the
village just once a month. Her husband had taken on the task of caring for the family, and during
the time I was there he had received two mobile phones from her, the latest model had a camera
and the joke was that this was so that his wife could keep an eye on him. This woman was also a
relative of the village Lao Women’s Union representative as well as several other village leaders,
any of which might have been in a position to pressure her to repay, had coercion been operating.

This contrasts with self-initiated lending groups found in other contexts where
meetings are important not only for sociality but for accomplishing other tasks (Sexton 1986).
The contradiction of the VSG operation and the choice for women to undertake the same IGA was that this put women in the position of having to act in “solidarity” in terms of MF ideology within the borrowing group while at the same time, competing with each other in the realm of trade. Unlike the experience of women who began trading lau lao before the MF project began, women who started trading when they joined the MF project found it competitive; women I interviewed describe how when women were selling they argued with each other.

If we intermix, we argue with each other, ‘you sold too much, you sold too little,’ we angrily argued together, if we sell at the place of samakigan, we go get and return. Suppose I have seven containers, this one five containers, this one three containers to sell, those of the person who sells quickly can sell much, person who cannot push to the front, cannot sell much. We all had disputes, but the price was the same.

(Project Borrower)

This woman ended up dropping out of lau lao trade altogether and said that she did not like to “push” herself to the front to trade. She did use her loan successfully, went on to raise pigs and started a shop, but the group did not manage to force her to repay her loan, which was still outstanding when I was there. I suggest that solidarity within the groups operated not in terms of ensuring that payments were made (the project definition), rather women redefined solidarity in terms of not enforcing repayments. Groups simply stopped paying instead of employing coercion.¹¹³ One explanation of the contradictions between discourse and practice then, is that the term samaki took on a multivocality; on the one hand referring to samaki as locally practiced, and on the other hand, representing Microfinance ideology in the formation of “solidarity groups” which women in turn reworked in their own terms. When the project approached women, one of the nai ban’s explained, it had encouraged them to “come raise chickens and pigs that you can sell.” While some women did do so individually, it was the women themselves who chose to undertake lau lao production as an income-generating activity, and thereby extending relations of samaki outside the realm of the VSG, and shifting its meaning from the project’s ideology. In other contexts, VSGs used social isolation as a form of coercion if women did not manage to repay their loans, this would be difficult to do when women needed to depend on each other as they traded lau lao. This also produced another source of contradictions, however, as

¹¹³ I hesitate to apply a popular but somewhat essentializing conception often found in the literature in the region, that this could be explained as an avoidance of conflict.
women practice *samaki* in the market place it has its own potential for coercion and self-regulations in a realm of competition.

As I observed among *lau lao* traders at the market, if a woman was too aggressive in chasing a customer, she was reprimanded by others and forced to stop. While women did say they argued and had problems they did not complain of coercion within the VSG meetings; tensions were developing within their marketplace interactions instead. Some women stopped selling altogether, saying they are “reserved” (shy) and did not have the personality to approach buyers in the aggressive manner of the other traders. Others found production was too labour intensive, or they had young children and could not spend the time away from their homes to go to town to trade. Unlike the production process of *lau lao*, which took place in the private sphere of the household compound, selling in the marketplace in groups, facilitated forms of surveillance where sellers could “know each other” in the “*bon samaki*” (place of solidarity) at the group’s gathering site in the marketplace, where they know who is selling how much, whose whiskey tastes the best, and who might need more or less help. This was not so much coercion as a process of developing forms of self-regulation as women worked out how to position themselves in the larger market economy. This was also not a matter of imposing an entrepreneurial subjectivity as Karim found within the VSG. Rather the self-regulation of *samaki* functions to sustain the viability of the trade itself. The price of *lau lao*, for example, was fixed and no one negotiated this price unless it was for a discount on a relatively large order. To my knowledge the women have not organised themselves into a formal association of traders, so that such self-regulation is all the more important. Selling in “*samaki*” was not only a way to help each other but was also a way to regulate the behaviour of the traders. Unlike the VSG, in the context of selling *lau lao*, conformity was not to any group *per se* as it was to a generally accepted behaviour which promotes the *lau lao* household economy itself.

Whereas the surveillance that occurs within most MF lending groups in other contexts has a destructive effect on group relations, I suggest that by shifting surveillance to the actual trading activities, women attempt to use it to negotiate market forces by forming an oligopoly, controlling prices, and attempting to ensure that all traders are able to at least sell some of their product. From the perspective of the women this can be seen as a way to attempt to resist or manage the controlling techniques of the project. From the perspective of the MF project, it was a lack of success since several women had outstanding loans and the groups had to be disbanded.
This also has serious consequences for the sustainability of the permanent MF Office, which was established after the project ended. Its operations rely solely on the interests they collect from borrowers, and since almost half the groups stopped functioning, the MF Office in Oudomxay also had to reduce its size, going from a staff of fifteen to eight.

The lau lao household economy involves another arena of competition which is less likely to overtly challenge relations of sociability – this is in the process of the whiskey production itself. The production process is just as important to the success of a trader, if not more so, since it is the taste that often determines the success of a sale. In the next section I examine how women in Ban Jai produce lau lao. The production process demonstrates a kind of samaki that is restricted to kinship networks and allows individual women to be highly competitive at the same time. Part of this is because production occurs in the private sphere of the home. Relations of solidarity have usually been associated with the private realm, and competition to that of the public realm of market relations, for example within discussions of gift exchange versus commodity exchange (Browne and Milgram 2009). In this case, women reworked the public realm of the market to be “a place of samaki” and limited relations of samaki within the private realm of household production, where there were no forms of regulation imposed, and they could be competitive in a way that did not threaten larger group relations. In the next section I illustrate this process of competition by looking at how women use it and kinship relations of mutual help to produce lau lao. I focus on particular households that have managed to successfully continue to produce and sell lau lao even after the VSGs disbanded, and as such these traders do not represent the average lau lao trader but are the more competitive individuals.

7.4 The Art of Lau Lao Production - Competition in the Private Realm

Kit, the nai ban’s wife is one of the few women who produces and sells lau lao on a full time basis. One morning I went looking for the nai ban, found that he was not at home, and ended up spending several hours watching Kit distilling rice whiskey instead. The process of distilling is laborious and time-consuming, requiring constant attendance and made me realize why the women leaders had mobilized so quickly to undertake the Water For Life project. As the nai ban (social affairs) had pointed out to me during my first week of fieldwork, “bo mii nam, bo mii viak” – if there is no water, there is no work. Kit told me she started distilling at
6:00 am and went on until 5:00 pm. Since the project had installed the pipes, having easier access to the water helped. Before the project, she had to carry water from the stream or well, which was about a ten to twenty minute walk. Now a pipe connected to a tap was installed in her compound just a few feet away from her whiskey still. For a one 10 kilogramme bucket of fermented rice mash she needed to add one bucket of water, and then consecutively pour five buckets of cold water into a large cylinder that sat on top of the still, to ensure condensation and distillation. From time to time she would have to remove the already warmed water which she very efficiently scooped out and threw into another large tub. This water was reused for washing tubs, or mixing with fermenting rice. Care must also be taken even in washing the tubs, since the taste of the alcohol produced could be affected if the water was not clean. The discarded water from the top of the still was then replaced with fresh cold water. The entire time, water was coming out of the tap which was just a few meters away, pouring into a very large pail, and as this filled Kit would transfer water from it into the smaller buckets. In addition to the largest pail that would get filled, many other buckets of various sizes were strategically placed and ready to be used. To distil fifty kilograms of rice Kit would need to use thirty buckets of water. Before the Water For Life project had installed the pipes she had to make at least fifteen trips to the stream, carrying two buckets on a pole across her shoulders.

The still consisted of a cylindrical base which served as the “stove” and into the bottom of which firewood was pushed. On top of this sat another slightly higher cylindrical container that contained the fermented rice and near the top of which on one side, a pipe fit through an opening. The pipe was attached to an indented, wooden paddle that collected the condensed alcohol leading it to drip into a container. On top of this was the curved-shaped condensing pan, which held about one and a half buckets of cold water. When a fresh batch of rice was put into the stove it would take about ten minutes or more before alcohol would start to slowly drip and then turn into a steady stream.

The distillation process requires someone to be present the entire time since the bottles (sometime larger jerricans are used) being filled and the water in the condensing pan have to constantly be replaced. At the same time Kit also added water to one of the fermenting tubs of rice; it was the seventh day of fermenting. When she added the water she said it had to be covered again quickly, otherwise it would not be sep (delicious). I counted about ten tubs that were covered and fermenting. Kit said that she makes fifty litres in one day using just the one
still. As we sat, it was eventually time to add a new batch of rice from the black tubs, each one held ten kilograms of rice which produced ten bottles of lau lao.

By mid-day Kit continued to work without stopping for a break or to eat. During this time Kit’s sister-in-law, who lived nearby would come and go, bringing or taking items that they shared with each other. Following her to her compound she turned out to be more talkative than Kit, who responded to my questions but never initiated conversation or chatted while she worked. Kit’s sister-in-law recognised me from the market, in the mornings when I went to find a tuk tuk going to Ban Jai, she would help point them out to me. Unlike Kit she only goes to the market two times per month and usually sells 50,000 Kip worth each time. Each time that she does go it is with the same friends. She had even more tubs of fermenting rice in her compound than Kit had and I counted about twenty. Her daughter, son and husband were also helping her; for each tub her husband mixed in the yeast and she rinsed the rice that was to be fermented. They also had a tap with water which was at the other end of the compound but had a long hose attached to it which emptied into a large container nearer the still. At the risk of sounding judgmental, it was hard for me not to compare her organization as less efficient and more wasteful than Kit’s. When the water would start to overflow she would call out to her daughter to shut it off. Also when she had to replace water in the condensing pan she would scoop out the water and throw it onto the ground near a fence, instead of reusing it the way Kit did. Since Kit had no one helping her, and she produced alcohol on a regular basis, perhaps she had to be more efficient. Kit’s sister-in-law pointed out that the water was low or that there wasn’t any in the late afternoons, because people were using it to irrigate the paddy rice fields. Even though Kit worked mostly on her own, as the day wore on, both women would at times go over to the other’s compound if called upon, to help, or to lend or borrow something.

Another woman who produced lau lao was the nai ban for social affairs. Her operation was set up close to the stream which bordered the end of her compound. She never seemed to have any help from family or relatives but occasionally paid another woman to come to help her. She also raised about a dozen pigs and her husband had told me that he hoped to expand this to raise one hundred pigs. The nai ban not only did not have help with producing lau lao but had stopped paddy cultivation that year because she did not have enough household labour, and was renting out her land to a company, to plant rubber seedlings. It appeared that she had dropped out of reciprocal labour exchange and did not help others in harvesting. Even when the nai ban
for economic affairs, who was her cousin, complained during harvesting time that she did not have enough labour the other nai ban did not help her. The nai ban (economic affairs) had to resort to paying others to help her harvest, included children from the local school, who came as a group to harvest. The money went to the school and not the individual children and would be used to feed everyone.

Although the nai ban for social affairs also went to the supamaket in town to sell with the other women, when sales were not going well or there were too many women, she would venture out on her own to travel to a market at lak 32 (kilometre 32) which is 32 kilometres out of Xay town on route 13 heading south towards Luang Phabang. This road winds through the mountains and is lined with small upland villages and all traffic heading north or south would pass this point. She was able to utilize connections with relatives who live in a village two kilometres away from the market. When the nai ban goes there to trade she stays overnight sleeping at her relative’s home. On one occasion I met the nai ban at the supamaket in the morning and she told me that she would be there all day but would go to Nam Bak at lak 15 if she had no luck selling, and would return in the afternoon by about 4:00 pm. In explaining how village samaki was different from that among Lau Loum she explained that in Ban Jai, outsiders would be welcome to sleep in their homes, but that when she went to trade in these other villages this was not the case.

The nai ban also had secrets to the production process that she explained allowed her to make lau lao that was more sep (delicious). During one visit she showed me a special thermometer that she used to ensure that the tubs of fermented rice were maintained at a particular temperature. This may also have been why Kit said it was important to cover the tub of rice quickly after adding water to it. The nai ban had bought the thermometer from Vietnamese traders, but when I asked if the other women also had such thermometers she said they did not and that she was the only one who knew about using the thermometer. Although the nai ban usually kept to the fourteen day cycle of rice production there were occasions when the price of rice increased and she would not produce the lau lao. Since she was not growing any of her own rice that year she was at a disadvantage in having to buy rice. But some other women who still cultivated their own rice would prefer to consume it and would rather use bought rice to produce lau lao.
The income that the nai ban made from selling lau lao went towards the education of her children. One of her daughters had just finished her studies as an English teacher at a teacher training college in Luang Phabang. One son was attending the agricultural college in the village and she had another son studying in Vientiane who she needed to send money to. There was also a younger son still attending primary school in the village who would also need to be educated. Most of the women producing and selling lau lao tended to be women in their forty’s and fifty’s with children in high school or post-secondary institutions, although some younger women had also ventured into lau lao production when they joined the Microfinance project.

Access to firewood was another factor that affected production and profits. Some women could afford to buy firewood while others chose to gather their own to reduce costs. One elderly woman who produced about sixty litres per week would use three to four bundles of firewood per week, although some of this wood was also used for household cooking. She said that she would go to the forest to collect wood, two to three times each month. It was not clear to me why she would need to go this far to collect firewood; it may have been that the forests surrounding the village were protected. One sign near the village stated that cutting trees was prohibited. During the first week of fieldwork I went with a villager to the boundary of the village lands bordering a small neighbouring Khmu village just one kilometre away. The Nam Fen stream that provided Ban Jai with water cut through the rice fields to flow into the forest and mountains beyond. On the other side of the stream were some Ban Jai suan (gardens) where villagers grew green onions, garlic and other vegetables for both self-consumption and to sell. To reach the gardens we had to cross the Koh River edging our way over some thin logs of bamboo, with another line of bamboo strung up as a hand rail. Here we met two women, standing next to several large piles of firewood. The two women from the neighbouring village had been collecting firewood from the forest for six days, and had collected sixty bundles, which they would sell. One of the women said she was sixty years old and sounded very proud to say

114 The daughter had wanted to remain in Luang Phabang to find work but her mother insisted that she return to Oudomxay. The nai ban told me she was afraid to allow her to live there and it was not safe for a single woman. The nai ban managed to obtain a job for her daughter as a translator with the Lao Women’s Union (LWU) through a relative who is the head of the Oudomxay LWU. The daughter appeared quite satisfied and the job gave her opportunities to travel, she had already gone on a trip to Chiang Mai, Thailand within a few months of working. During the week she lived in government housing in Xay town and returned to the village on weekends.
that she had been able to collect all this firewood and carry these heavy loads. We were suitably impressed to see how much work they had done, the strength this required and the agility they had, to cross the flimsy logs of bamboo carrying their heavy loads. I assumed that some of this wood was sold to women from Ban Jai but later learned that the Malaysian company also bought certain kinds of wood that these villagers collected.\footnote{This wood was supposed to be restricted to wood that was foraged and not cut.} This could also explain why women from Ban Jai needed to go further to forage for their firewood.

Another woman who undertook lau lao production was Nan,\footnote{Nan is a pseudonym.} a woman who was the wife of the former village rice collective director in the post-war period. Nan also raised a few pigs and produced lau lao on a more sporadic basis, although most of her children were grown and married with children of their own. One of Nan’s daughters had just built the largest house in the village, and had a large housewarming party, inviting several officials from Xay town to attend. For some, such invitations were becoming increasingly more competitive as a means to develop relationships with individuals who held status or senior government positions and seemed to reflect how disparities were developing. In Xay town I was told that during the wedding season individuals would often receive eight to ten invitations to attend an event on the same day and the choice of which invitation to accept might involve several factors, such as the status of the person who extended the invitation and the guest’s desire to reciprocate. This was more so for those who were better off rather than the poor. It was not unusual for a family to send out several hundred invitations with the understanding that not everyone would attend, although envelopes with cash would still be returned even if a guest did not attend. In the case of my guesthouse owners, when their daughter married they sent out 700 invitations and 300 guests came. For lau lao producers, the increasing competition and size of weddings could also be an important source of income, although the more expensive commercially produced beer is increasingly being offered by hosts who can afford it.

On an earlier occasion I had gone to visit Nan just as she was going to see a cousin (who was sendiowgan) nearby who also produced lau lao. She explained that they helped each other
and Nan was going to borrow fermented rice which she did not have at the time, but wanted to make lau lao to sell that week. On another day I again arrived at the home of Nan, to find that she and another cousin were just leaving to go to help her daughter-in-law distil lau lao. As we walked past the house of the nai ban (social affairs) she called out to ask where we were going and Nan replied “pai lin” (go play/visit) to the distillery. Unlike Kit and the nai ban whose operations were more solitary and work oriented, on this day producing lau lao took on the appearance of an afternoon gathering as much as it did an entrepreneurial activity. We spent the time at her daughter-in-law’s socialising and Nan did not actually help very much with the lau lao production.  

We arrived to find Nan’s daughter-in-law sitting next to two stills. Another woman also came to help the daughter, but Nan said her daughter-in-law paid a relative to help; she received 1,000 kip (.10$) per ten kilogram tub of rice that was distilled.

Nan’s daughter-in-law’s two stills each brewed ten kilograms of rice, and she would distil a total of 90 kg from each during the day. Ten kilograms of rice would produce ten bottles and she would sell each bottle for 5,000 Kip. It looked like they only had about five tubs of fermented rice, but she explained that she distilled every ten days, or three times a month and sells it all at once, or if she wasn’t able to sell it all, she would leave it with a relative in town and then return the next day to sell the remainder. Later on, Nan calculated that the overall profit would be 1,000 kip per bottle. The initial costs for the stills were 130,000 kip and the tubs for fermenting rice were currently selling at 25,000 kip. The tubs and the stills all came from Vietnam.

Here another technique was revealed, if not enough peng (yeast) was added then the lau lao would be kome (bitter). The women started to talk about another woman who they said made the most lau lao in the village and would distil 100 kg at a time. This was the woman who they said would save money by walking to town and carry lau lao rather than take a tuk tuk. She had started out small and eventually built up her production. I asked how much lau lao had been produced before the women in Ban Jai had started trading it commercially, and was told that in the past they would distil about 50 Kg of rice for occasions when they had a bun (festival,

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117 This could also be because I had accompanied the women.
wedding) in the village. When they first began selling lau lao, before the MF project, Nan said they had learned from each other and helped each other. Nan’s cousin, who she cooperated with, had also slowly built up her trade. When I was introduced to her she indicated her success by proudly pointed to her two story house and said that she had built it herself, her husband, smiling said he happily assisted her. For some women, particularly older ones whose husbands solely engaged in rice farming, lau lao trade made them the primary cash income earners. This was also the case for the one long-distance trader, whose husband told me that “I’m just a farmer…I stay home and take care of the children.” He explained that if he could he would like to find work but that he just had not been able to. For men of this generation, who had remained subsistence farmers and were not young enough to easily be hired for factory or construction work, this was a dilemma as their lives became more integrated into a cash economy. Since these men were “too shy” to trade, the income earned by their wives was all the more important in contributing to the household finances.

The process of lau lao production as illustrated by these women is complex and requires a level of knowledge and skill they have developed over several years. Despite the discourse of samaki that operates in the market place among traders, women behave in a more competitive manner in the private space of production. In their households they carefully guard the secrets that will allow them to produce lau lao that is sep (delicious) and sud (pure). While they do share their knowledge, and help and rely on kin in reciprocal fashion, samaki does not extend to the group of traders, in the sphere of production. During the time I spent in the village, the term samaki continually came up in everyday conversations, yet when I spent time with women or had conversations with them in relation to whiskey production, I never heard the term samaki spoken, even in relation to kin, it tended to be “suaigan” (we help each other). It seemed a strange reversal to find the discourse absent in this private space and so visible in the public space of the market.

I suggest that one way the women deal with the contradictions of samaki and market competition is that they perform relations of solidarity in the public domain of selling and ‘hide’  

\[118\] Samakigan is translated as mutual solidarity while suaigan is translated as mutual help.
their competitiveness in the private domain. It is in this private space where the secrets of production allow some women to benefit more than others, giving some a competitive advantage over others. In some cases production also results in the hiring of labour, and in all cases the access to water is an important factor. Women who are more experienced or talented in the production process can also choose who they share their experience and knowledge with, often restricting this to family or close networks. A few women have managed to develop it into a full time occupation or major source of income, but for most it is a supplementary income. The private domain is also where women can escape the level of scrutiny and surveillance they experience in the public market spaces of trading.

Tensions are produced by the contradiction of project solidarity imposed on MF borrowers who at the same time compete with each other in the marketplace. Tensions in the market place increased when the number of women more than doubled in the context of the MF project, yet the women’s choice to all engage in lau lao trade was also a way to avoid the social isolation that is one of the controlling techniques that enable MF projects to enforce group repayments. Restricting the competition to the private realm of production allows women to negotiate such contradictions by shifting tensions away from the marketplace where women can construct a “place of samaki” that allows them to control a small niche market.

7.5 Conclusion

Dichotomous models have portrayed Lao traders as uncompetitive and not profit-seeking because they come from a primarily subsistence-based culture which explains what appears like a “copycat business” system due to an apparent indifference to competition, and a way to ensure that “everyone gets a share of business” (Rehbein 2007: 54). The household economy of Ban Jai may look like it conforms to this image, but its history of trade also complicates this analysis. Did most of the women decide to produce lau lao just as a “copycat business”? I argue that it played a more important role not as a pattern of “copycat business” but as a way to avoid isolation. Rehbein’s claim that this functions to ensure that everyone gets a share of business did not work within the MF context where many women eventually dropped out of lau lao production, either because they found they did not like the competition or project interest rates did not make it viable as an income-generating activity. Over half of the women who joined the MF project, had no experience in lau lao production and the formation of some VSGs provided
an opportunity to learn from the women who had prior experience. Some of the women had already tried other forms of trade such as small shops, or long-distance trade, and dropped out of lau lao production to take on other enterprises. Engaging in the same income-generating activity did replicate the patterns of household production and trade that involved earlier salt and rattan furniture. The women could have attempted to undertake a more collective form of production as other self-initiated lending groups have (Sexton 1986) but despite some groups helping each other to learn how to engage in the enterprise, the production and trade of lau lao, was still essentially an independent household-based activity. Lau lao production itself may have been a wiser choice because it meets a local need that competing traders from China would not displace. Unlike previous patterns of trade, women adapted to the changing economic context by selling in groups and extending relations of samaki outside kinship relations. The construction of samaki in the context of MF in Ban Jai also raises more questions about the governmentality of MF projects in different contexts. One could hypothesize that the kind of controlling techniques required which already exist in the social body are absent or limited in effect in certain contexts, or that local actors are able to find ways to resist replicating such coercive control.

The contradictions of the most recent household economy of rice whiskey production reveals how village women responded when the Microfinance project attempted to impose neoliberal subjectivities and debt practices. The project challenges local hybrid forms of trade that engage relations of solidarity by introducing a new layer of competition in the way that debt repayment is restructured. Taking a closer look at how women engage in the production and trade of rice whiskey reveals that they attempt to negotiate tensions produced by the project, by extending relations of solidarity to the public sphere of trade but limiting it in the private sphere of production. This can be seen as a form of agency that tries to buffer the increasing debts introduced by the project to, not by withdrawing from market relations, but by limiting the disparities that come with increased competition. This challenges the perception that relations of solidarity exhibit behaviour that lacks an understanding of market exchange or the desire to seek profit. It also points to the limits and contradictions of both market relations and relations of solidarity. Women who remain in this trade find themselves repositioned outside of the marketplace while the production of alcohol leads to new opportunities for the operation of individual drinking venues. The success of such venues relies on the reputation of the alcohol produced within the village for being “pure” so that the marginal position of one group of
women benefits the success of other individual entrepreneurs. A further contradiction, however, is that the emergence of this new service economy within the village caters to the migrant workers hired by the new factories. In other words, despite the conflicts that have emerged due to the presence of the factories, villagers also rely on their presence to engage with the market economy. In the next chapter, I examine how a shift in development policy facilitated the arrival of these new factories and the kind of tensions this produced as Ban Jai was incorporated into a new industrial zone. Some of these tensions threatened the household economy of lau lao trade at the same time introducing new opportunities which led to an increased diversification of livelihoods.
CHAPTER EIGHT
DEVELOPMENT AND THE PRIVATE SECTOR

8.1 Introduction

By 2002, the national MF project was completed along with the six other UNDP projects that had been implemented in Oudomxay. This not only marked a diminished presence of the organization in the province\(^{119}\) but also represented UNDP’s changing mandate to move away from technical projects to increase its role as advisor in effecting government reform programmes. Since then another United Nations organization, the International Fund for Agricultural Development (IFAD) in partnership with Lux AID and the World Food Programme had taken up a prominent position as IAI actors in the province, with the implementation of the Community Initiatives Project. Ban Jai was not selected as a target village for the project, and when it expressed the desire to be included in the WFP school feeding programme, the response was that it did not qualify because it was not a remote village. Ironically, the increased accessibility that came with the road upgraded by the UNDP projects now excluded the village from certain IAI interventions. This accessibility, however, did bring new forms of intervention and market integration associated with a shift in policy towards agricultural industrialization. In particular, the village’s access to a road made it attractive to the location of foreign enterprises and rubber contractors. This chapter examines the shift in development strategy in relation to the role of the private sector. I begin by outlining how private investment is integral to the province’s policy shift to industrialization but also has the potential to weaken the negotiating power of local officials. The new policy involves the formation of new industrial zones and Ban Jai is chosen to be incorporated into one such zone. I examine the impact of this shift in relation to the arrival of new foreign enterprises and migrant workers which officials see as bringing new opportunities but also produce tensions.

\(^{119}\) The UNDP continues to fund some activities implemented by UNIDO.
8.2 Neoliberal Policies

In the past only the national level [government] did programmes. Now this has changed, we have more, now we have 111 priority projects for country development. Since 2000, we have focused in the provinces on the Planning and Budget Unit and the Village Implementing Unit.

(Provincial Official)

This observation by one provincial official reflects the shift towards neoliberal policies such as decentralisation within the Lao PDR. Several of the senior provincial department directors I met with to discuss recent development policies had previously worked within one of the seven UNDP projects implemented in Oudomxay in the late 1990s. Four of these projects had been unique in that they represented the UNDP’s attempt to promote decentralisation by shifting implementation from the national level of partnership to the provincial level. I wondered how several years of the experience of UNDP work culture had influenced the senior officials I met with now, and how had they viewed the neoliberal policies and agenda promoted by the UNDP. I expected to hear them outline general policy and programme initiatives that would affect the village, but what I had not expected was the level of detail and personal familiarity they had with Ban Jai. As it turned out, several of these officials, earlier in their careers had also worked as technicians with the Small Scale Irrigation Project. These two aspects of previous development experience made it all the more interesting to find how these officials constructed a discourse to justify a shift in policy to introduce industrialisation, which would have a major impact on Ban Jai.

After just over a decade of IAI focus on rural development, the local government has shifted its attention to industrialisation; it does so while balancing its relations with the IAI and attempting to construct relations with foreign investors and the Chinese State. Although IAI agencies are promoting industrialisation, for example UNIDO and UNODC 120 have begun projects focusing on this that include Oudomxay, the provincial government also had its own initiatives with neighbouring governments and foreign investors. Some of these initiatives involved obligations of debt to the Chinese government, which are negotiated under different

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120 UNIDO is the United Nations Industrial Development Organisations and UNODC is the United Nations Organisation on Drugs and Crime.
conditions than those required by IAI debt repayment structures for soft loans. For example, a Chinese dam built in Oudomxay during the late 1990s was paid for through logging agreements. In the current context provincial actors also seem to be looking for ways to manage outside interests so that they may be complementary to the province’s own agenda. The provincial government of Oudomxay is drawn into regional market and political forces that are symptomatic of all of Northern Lao affected by the increasing influence of China, but how it manages these changes, and how villagers are implicated is not as predictable.

One official from the provincial governor’s office, responsible for supervision of the provincial administration of the State’s Rural Development and Poverty Reduction Programmes, explained the current national policies and the changes in structure and organisation behind these policies. Since this individual had worked in senior positions with the previous UNDP projects, he related the issue of decentralisation back to the period when we worked with the UNDP, and how the National Rural Development Office at that time had since been disbanded under IAI pressures to decentralise the public administration. At that time, the UNDP had begun the early phases of its public administration reform at national level, which has now evolved into the Governance and Public Administration Programme (GPAR), and has been extended to the provincial level. Under the heading “Decentralization, Local Governance and Rural Development” the UNDP describes GPAR as:

UNDP’s flagship Governance and Public Administration Reform (GPAR) programme is helping parts of the Lao civil service to become more efficient and better able to deliver services to the poor. It assists the government in developing basic policy and legal systems, as well as develop essential skills needed by those in key central agencies and ministries, including the Prime Minister's Office.

(UNDP Lao Website)

The Oudomxay rural development official describes the latest targets for poverty reduction which are in line with the Millenium Development Goals advocated by the UNDP. Meeting such targets are important for the Lao Government in order to meet their own goal of “graduating” out of the lowest rank of “least developed country” (LDC) status. Such ranking is used to determine the kinds of loans, aid and conditions placed on countries by IAI agencies. The UNDP Lao National Human Development Report, entitled “International Trade and Human Development” identifies economic integration and trade as key to shifting Lao country status.
The Report shows that under the right conditions, increasing international integration and trade in the Lao PDR could play a vital role in the realization of the MDGs and in the country’s graduation out of Least Developed Country status by 2020. (UNDP 2006: vi)

Although this report gives 2020 as the date for achieving the MDGs, these target dates keep getting pushed back. The policy targets that the rural development official described are based on similar but earlier targets. He explained that

The government places a stress on Poverty Reduction because in 2001 the Prime Minister’s office issued the Poverty Reduction Decree Number Ten to reduce poverty by 2010. It is also government policy to stop opium cultivation by 2005\(^{121}\), and basically to reduce shifting cultivation on *hai* [upland swidden lands], local farmers are not allowed to cut trees on forested land. This is in addition to the earlier Decree Number One which was a decentralisation policy that gives power to districts.

The policy on Poverty Reduction is a response to the IAI designation of Lao as a LDC which the government desires to cast off (Pholsena 2006) and the decentralisation policy conforms to GPAR goals. Some of the policies, such as that of opium reduction, are a reflection of international demands by donors such as the United States. The policy on shifting cultivation is closely tied to the resettlement programme initiated by the UNDP (Baird and Shoemaker 2007), as previously discussed. The UNDP plays a role in shaping such policies through its advisory role and the significant number of reform programmes it implements, which have increased in number since 2000. The UNDP is, however, part of a more coordinated effort by several IAI multilateral agencies, in particular the World Bank (Goldman 2005) which work to introduce neoliberal policy reforms in the Lao PDR.

The official relates the government’s new focus on industrialisation to a need to decrease government deficits and expenditures. “The situation in Lao now is that we have a budget deficit and a large budget that’s not appropriate. Now we focus on industrialisation, farming and factories.” This reflects neoliberal policies aimed at making the public sector more efficient, one of the goals of GPAR. Lao government policy has always maintained the goal of self-

\(^{121}\) While I was conducting fieldwork, the Lao Government officially claimed that opium production had been eradicated. Development workers I met who were working in upland areas were less optimistic.
sufficiency in rice production but the new policy reflects a shift away from subsistence farming, to the promotion of the private sector and industrial commercial crop production. The need for such a shift identifies subsistence rice farming as outdated and inefficient, an attitude that reflects the World Bank’s “green neoliberal logic” (Goldman 2005). \(^{122}\)

How many migrate and the impact to local people and the problem of selling land? Why? Reasons like lack of labour, farming rice. Old technology is not appropriate because they need more labour, maybe if they go to work they can get 10,000 kip/day (1 $US). If they work with old farm technology, and not enough labour, there is a low yield, too low.

(Rural Development Official)

The Rural Development official went on to say that when people move to the factories “they will leave their land only for the old people.” The lack of technology and inadequacy of subsistence farming to provide an income is given as an explanation for why individuals choose to leave farming and migrate to find wage labour. This not only simplifies the complexity of multiple “push” and “pull” factors that shape Lao migration but it also obscures how the effects of development projects such as SSIP in Ban Jai have contributed to the unravelling of labour exchange relations that subsistence rice production depends on. This official goes on to explain how the private sector will help to provide the solution by creating new sources of incomes and jobs, rather than providing aid to farmers.

Our policy is to help people, also to promote handicraft and Small and Medium Enterprises (SMEs) or some food processing in the family and also individuals. Tree planting, we now start rubber tree planting, also animal-raising. This activity can be supported by the private sector, like animal-raising and cash crops. The private sector provides jobs because they don’t believe in providing funds for individual farmers. (Rural Development Official)

What was not stated, however, was that much of this private sector was foreign-owned, and that it potentially competed with the local SME’s the government wished to promote. It also became apparent that the expectations that influenced the negotiations between the private sector, local government, and farmers were not necessarily consistent with the observation that the private sector is distinguishable from the public sector because it “does not provide funds” and that these

\(^{122}\) The World Bank currently plays an active role in Oudomxay through several loans negotiated since the 1990s.
actors attempted to engage the private sector in different ways. In Ban Jai, for example, villagers were able to get the Malaysian owned Company to aid them in building their village meeting hall. As I demonstrate later, local government actors use the request for development activities from the private sector as a strategy to negotiate contracts.

8.3 Negotiating Rubber Contracts

Oudomxay was not one of the first provinces in Northern Lao to establish rubber tree cultivation but has followed the lead of other provinces such as Luang Namtha. By 2007, the national official English language newspaper, The Vientiane Times, was highlighting how rubber production was expanding in Oudomxay. One such feature entitled “Chinese Company to Grow More Rubber in Oudomxay” describes the scale and terms of the industry in two districts in Oudomxay.

The Zhien Da Ly Company of China is planning to extend its rubber plantations to more than 3,000 hectares in Namor district, Oudomxay province… A technical staff member of the Planning and Investment Department in Oudomxay province, Mr Thanouxay Leuangsavath, said more than 1,000 families in Namor district would benefit from a new scheme to grow and sell rubber to the Chinese company… Mr Thanouxay said the company signed a contract with Oudomxay provincial authorities last year to invest around 289 billion kip in planting rubber trees on an area of more than 2,000 hectares in Houn district. The work will be carried out under a 40-year contract between the company and the province, in which villagers must sell the liquid rubber they produce to the company after they harvest it. Mr Thanouxay said the Chinese company will invest the same amount as in the previous year and will provide the necessary capital, saplings, fertiliser and agricultural techniques. He said local farmers will sell 70 percent of their crop to the company, and can keep the remaining 30 percent…This is not the first foreign company to grow rubber trees in Laos, as others have done likewise, including the Sino Company. The Planning and Investment Department has given permission to seven such projects in the province since 2003, now covering more than 4,000 hectares in total. (Vientiane Times 2007)

The Vientiane Times provides an underestimate of the total amount of land contracted for rubber cultivation based on the figures given by a Provincial Official who claimed that: “the main sector now is rubber, a total 20,000 ha, we have signed about six contracts: in Namo District for 3000 ha, two contracts in Xay District for about 8000 ha, two contracts in Hun Distirct, and will have a new contract in Beng district.” When I asked what the reason was for promoting rubber cultivation he explained that it was because the Lao government had established that up to the
present much land had become deforested and people were getting no income from the uplands, whereas rubber cultivation would bring in 22-25 million kip per hectare.

In Oudomxay there are 1.5 million ha, but we only use 61,000 ha, four percent of this is for agriculture and not more than 15,000 ha paddy, and so far opened up 11,000 ha, the rest is upland. The rubber is planted on slopes over a 15 degree angle and lower slopes are for crops, we do not allow planting rubber on less than 15 degrees, and not supposed to plant on paddy, but they can plant rubber seedlings because it is only for two to three years. (Provincial Official)

This again reflected the policy to reduce shifting cultivation. The significance of the slope is important in determining which hai (swidden) lands will remain under subsistence cultivation and which may be used for rubber cultivation. In Ban Jai this may have the potential to lead to further disputes over land use where families with no paddy land may be coming to rely more on swidden cultivation. This is all the more a concern since the Provincial Agriculture and Forestry Office (PAFO) informed me that the slope angle for rubber is between two to eight degrees, and land less than two degrees is reserved for short term crops such as watermelon, while land more than eight degrees is designated for large livestock and industrial trees. This may be another reason why the Ban Jai nai ban was able to “sell” land to the company.

While rubber has been taken up on a large scale and offered as a solution to poverty, the provincial official admits that rubber is not the best solution but it is what they have for the time being:

We expect a low price, but in 2000 it was 1,200 $US per Ton and now [2006] it is 2000 $US per Ton. One tree can produce 10 kg per year, if one family plants 100 trees they will get 1 Ton … with upland rice, over 200 days and they would get only 1 million kip/ha since they only produce 1 Ton of rice. Rubber is not the best solution or alternative but up to now...

Rubber may not be the best solution not only for economic reasons but also because of its irrevocability. Once farmers shift from rice to rubber cultivation, if the latter is not successful they most probably will not be able to return to rice cultivation, and it is not clear that they fully understand this. If the initial logic of reducing “slash and burn” cultivation was justified out of environmental concerns, to replace it with rubber is now also raising concerns among the international community in the Lao PDR for the unpredictable impact it may have. As one NGO worker who specialized in forestry explained to me, the particular species of rubber that companies cultivated was not only unsuccessful in Yunnan, but it depleted the soil there. Of
more concern is that no one knows how it will thrive in Lao conditions since China has not allowed outsiders to examine this particular rubber tree variety. Although widespread cultivation began several years ago, it takes six to eight years before latex can be tapped from the trees, and no one can predict the quality of the latex. If it does not meet company standards they could refuse to buy the latex, just as other companies have refused to buy maize. This problem has already occurred in other provinces and according to the official: “in the Northern provinces, we have not met more than two percent of the need of China. In one year their need is for 1,000,000 Tons. The main problem is the quality of harvesting, because they [local farmers] didn’t collect in the right way.”

The Provincial Official acknowledged that rubber is indeed very bad for biodiversity, so they must try to do land use planning regarding conservation areas but he did not elaborate on what that might involve. When I asked if the rubber decreases soil quality he responded that he thinks they could still plant pineapple on this land afterwards, but he admitted that even in China the rubber had a negative long-term impact.

In China they planted rubber on all forests, 1,537,000 ha, but here there will not be more than 30,000 ha. China says Lao is lucky because we do it after them. It’s a problem in China, because if they cut trees they will cut 1 million hectares. When we cut the first crop then the following year can replant.

Cutting the first crop of trees usually takes place after thirty years when the trees no longer produce latex. Although the official says that “here there will not be more than 30,000 ha” at another point he says that they have signed contracts for up to 20,000 ha, and I was later told by a senior agriculture official that they had plans to plant 15,000 ha of rubber by 2010.

The following excerpt illustrates the terms and growing pains of contract negotiation which the provincial official admits the local government has not had experience undertaking.

Xay district was the first district to have a contract so we didn’t have the experience to negotiate. Now if farmers and Xay authority are not happy then they can negotiate later. We have just started so we have not seen anything… During implementation there was difficulty with Chinese investors, they say they can do everything but after signing the contract they don’t. It’s very difficult to work with them.
The rubber and maize contracts with the Chinese companies are the first such large scale commercial crop ventures within the province. With regard to companies from China the province was negotiating with five different companies and each one had different policies and the official admits that despite signing contracts, the companies do not honour the terms they have negotiated. The lack of experience that local officials had in negotiating contracts with foreign investors also resulted in contracts that were not the best of terms for the local farmers, although this changed with successive contracts in other districts.

We have very bad contracts only in Xay District. After plantation only give 50% that farmer take care, and the company takes care of 50%. In another district it is 30/70% of total product, in Namo it is 40/60% for the farmers, in Hun 30/70% of product can sell after harvesting, 70% income that farmers get. Divide by product in other districts but in Xay by tree. We will discuss this with the company in Xay District.

The ratios settled in the contracts indicate the proportion of latex that the company is committed to buying, so that in the Xay district contracts the company would only have to buy fifty percent of the latex harvested and farmers would be left on their own to find a market for the other fifty percent. Although contracts improved, up to seventy percent in favour of the farmers, none of the contracts completely guaranteed marketing one hundred percent of the crop. The agreements are not just limited to the companies but are also with the government of China. Despite the poor negotiations, the official compares their terms favourably to those in the southern provinces of Lao.

Still it’s better than in the South because there they give the land to rent for twenty years. It’s given to Foreign Investment to rent land and villages have to move, but in Oudomxay we do not allow that...We have thirty year contracts because rubber can be harvested for up to 35-40 years. The trees will belong to the government and farmers. We will allow farmers to cut only what they plant and not from the forest. To produce all of the furniture, they now take hardwood and it is only allowed on shifting cultivation and cannot cut rainforest. We see the experience from China, mainly from Yunnan.

123 The Lao military has been involved with logging on a large scale (Walker 1999) but none of the officials I spoke with mentioned their involvement in these negotiations. As partners with joint ventures such as the Malaysian company which also has plans to cultivate rubber, it was not clear to me on what scale the military may be involved with rubber cultivation.
The other aspect of the contract is referred to as the province’s “three plus two” policy. This stipulates that the companies provide “money, technical assistance, and the market, while the farmers provide the land and labour.” But as previously mentioned, the companies despite signing the contracts, have not always kept their commitments. The terms also do not seem to be very rigorous or clear, for example, the farmers are supposed to provide the labour and I was told that not more than ten percent of labour is provided by the companies. The official admits, however, that it is difficult to strictly adhere to this policy due to illegal labour migration.

We only need technicians and not Chinese labour, and will charge a high tax of about 300 dollars per person. They should mainly use farmer labour and plant not more than two hectares per family. They will move tree by tree, for instance take today and leave for three days. The problem is that Chinese come on tourist visas, then stay, try to marry and stay and do other activities.

During fieldwork one of the nai bans mentioned to me that Chinese men had come to Ban Jai looking for wives. Another official, from the provincial Foreign Affairs office also admitted that they did not know how many migrants from Yunnan were actually in Oudomxay since they come into the county on tourist visas and then stay illegally once the visas expire. As the NGO forestry expert pointed out to me, harvesting rubber latex was far more labour intensive than rice cultivation. If sufficient labour exchange was already a problem in Ban Jai, and was forcing farmers to drop out of rice cultivation, what would farmers do when they could not supply the labour needed to harvest rubber? A potential concern is that companies could claim the farmers were not meeting the terms of the contract and bring in their own labour. Since swidden land use is based on usufruct rights this raises further questions regarding ownership given that legal reforms have recently introduced foreign ownership.

The province has also attempted to improve contracts by not only marketing raw materials but also setting in place the added value of processing. However, the length of time required before latex can be harvested also requires the companies to provide funds which the farmers will eventually repay, and could lead to further debts should the venture not be successful.

Investors have to provide funds, techniques, and the market. We also promote factories, so as not to allow to sell raw material, we have to do value added, and we state this in the contract. If we just collect and sell the rubber only the company benefits more. During year one to six or seven can get income before that, have to support farmers with crop production and when get income will pay
back. We will establish rice banks, maize, soy bean, and peanut crop production.  
(Provincial Official)

Since one of the reasons for turning to the private sector was to reduce the international 
debt load the government faced, the private sector could potentially involve creating a new set of 
debts that would be directly passed on to the rural population.

Yet while the official attributes the unfavourable terms of rubber contracts to a lack of 
experience negotiating, a senior agriculture official reveals that through such terms, local 
governments are able to shift the implementation of development activities onto the private 
sector. This official explains that the share of profits between the companies and the farmers 
varies in contracts, and that undertaking development activities are used as an incentive to give 
increasing shares to the companies.

Some contracts are 50/50, 40/60, 30/70. It depends on investment because some 
companies invest more, for example infrastructure, schools, health, education. Some companies invest more and then the terms are 70/30 or 80/20 [in favour of the companies]. For example, after selling rubber, if it is 100$US then the farmer gets 50 percent, and the company gets 50 percent.

Although the government has attempted to learn through its experience in negotiating 
with foreign investors and the private sector, there is a local distrust among the population of 
Chinese companies, particularly because they perceive the latter as reneging on their contracts 
over maize. As the provincial official also admitted, the companies do not necessarily honour 
their contracts and have been adept at negotiating terms more favourable to them. The case of 
rubber contracts raises questions about how the increasing role of the private sector has the 
potential to shift power away from local government actors. It also remains to be seen what role 
the government of China plays in these agreements in order to support its own companies and 
industries.

The introduction of external actors have been shown to potentially have a negative impact 
and costs to the rural population in the Lao PDR within processes of market integration (Rigg 
2005). Recent studies also suggest this to be the case with rubber plantations, for example local 
farmers have complained that Chinese companies have appropriated land that rightfully belongs 
to them (UNDP 2009). While the District of Xay already had large scale plans to introduce
rubber cultivation in Ban Jai, these plans were not scheduled to begin until the year after I completed fieldwork. One could expect that rubber cultivation will have a significant impact on the household economy of Ban Jai. Even before such plans were implemented, however, signs of tensions and disputes over issues of land and water were beginning to appear just within a year or two of the arrival of foreign enterprises in the village.

8.4 A Changing Landscape

The ten kilometre stretch of road from Xay town to Ban Jai begins a slow ascent as it leaves the town heading out of the valley and towards the mountains. Running parallel to the road is a river that follows the rim of foothills, and in the distance, nestled next to one hill, the tranquillity of paddy fields is abruptly disrupted by the sight of corrugated tin roofs covering the newly constructed buildings of a Chinese factory. Some say it will produce tractors and other say it will assemble motorbikes. The village nai ban believes it will employ 200 villagers but he was not sure if any of the workers would be from Ban Jai. The site of new factories like this is becoming more common on the outskirts of Xay town.

The road continues to climb, leaving rice paddies behind as it enters the forest. The trees on the side of the road are covered with a thick layer of gritty, brown dust thrown up by the convoys of lorries that also pass this way. After several more kilometers the road dips and rises coming to a small hamlet called “Ban Jai Noi.” A side road cuts through and leads to one of the sites of the Malaysian operation hidden behind the hamlet. Several of the factory labourers from the village come from Ban Jai Noi, but even more of the local labour comes from a village closer to town, eight kilometers down the road. The road continues to rise a couple of more times through the forest and eventually cuts into the hillside, where on the top of a jutting slope is a side road that leads into another part of the Malaysian operation. Mostly hidden by forest, what can be seen from the road looks like the entrance to a sawmill but is referred to as the “furniture factory.” It was common to see a long queue of up to ten lorries sitting at the bottom of the entrance, each tightly covered and tied down with black tarp, making it impossible to see what they held. The truck cabs were often occupied by both men and women, some may be

124 Literally meaning Little Ban Jai, it was formed by a dozen families from Ban Jai who decided to move closer to their outlying paddy fields but administratively still belongs to the larger village.
married couples. The village Lao Women’s Union representative, who seemed impressed by these women explained that wives drove as well, taking turns with their husbands. The lorries would be carrying their cargo on long hauls, as I was told much of the furniture made by the factory is exported to China.

Several more kilometers up the road and the quiet of the forest is broken by the incessant noise of the drone of a sawmill as the road passes by the Vietnamese factory. As one reaches the entrance to the village proper, the noise gets louder like the sound of a steady stream of rushing water, and it is the noise of the Chinese maize processing factory. A new sign sits at the edge of the roadway announcing that the factory is a joint venture with the Lao military. The maize processing factory was initiated by the Provincial Agriculture Office, which constructed it to use the maize intended for export to China but which had not been bought, despite contracts companies had signed with farmers in the district. A few more metres up the main road is a turn-off that leads to the police school, but before that, opposite the Chinese factory, another side road lined with teak tress, branches off heading into the forest towards the river and the old site where salt was produced. The provincial policy and administration (political) school sits on one side of the road and directly opposite are three noodle and drinking shops and a few houses. A few more metres up the road are the agricultural school and student residence. The houses in this part of the village are newer, built as the population increased and the village expanded. Walking through the field behind these houses one can see a large area where the forest has been cleared, stretching perhaps a kilometre it reaches back to the Malaysian factory. From the main road this clearing is hidden within the forest and closer to the factory are what look like agricultural plots, and a newly constructed pig-raising facility. Over the course of just a couple of years, this end of the village no longer bore any resemblance to the idyllic image of rural life depicted in the mural of the PAFO office as the landscape was transformed by the arrival of the three factories, in addition to the three government institutions.

One day I arrived in the village to find the female nai ban responsible for economics speaking in hushed but heated tones with a small group of women. They were all very upset
because the male nai ban had they said “sold”¹²⁵ ten hectares of land to the Malaysian company, without the knowledge of the other nai bans or consulting the villagers. This land was communal forest land reserved for the use of about seven families and it was land suitable for paddy cultivation which was becoming scarce within the village. The women said that no one agreed with the nai ban’s action, and that they felt kadkan (opposed). One of the other women said that in the last year people had been very upset over the nai ban’s behaviour. When I asked why they had elected him she said that the previous nai ban was old and they had wanted to try someone new. The nai ban (economics) said with resentment that the company had given him a mobile phone.

The Malaysian company (Lao-Syen Development Co.) is often associated with a casino resort sixty kilometres north of Vientiane. Their website explains that its name means “a place in heaven” and refers to it as a “mega eco-tourism resort” on “lake Geneva of Asia,” its main attractions are a casino and golf course catering mostly to tourists from China. The resort may have suffered somewhat from a Chinese government ban on tourists travelling to the region to gamble. In Oudomxay the company had also planned to build a resort next to a local waterfall but these plans had not yet come to fruition. In 2005 they were building a large hotel in the centre of town, and rumour had it that this would also become a casino. Less conspicuously, on the website is a link to Laowood Sdn. Bhd. which states that it “has been setup very recently to consolidate marketing activities for the … Wood Company… We are looking for regional dealers for our products, kindly contact us.” The website describes one operation:

Our factory is located about 60km north of Vientiane, Laos. The factory has a land area of 50 acres and built-up factory area of up to 16 acres (approx. 700,000 sq. ft.) and is equipped with saw milling machinery, dry-kilns, impregnation plant, and wide variety of moulding machinery. We currently employ about 400 employees. Our products are produced with the objective of providing our customers with best quality product. At Laowood we have a wide range of products to suite your needs: Sawn timber species & properties, floor board,

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¹²⁵ At that time, it was not possible for foreign companies to own land, so when villagers said “sold” it may have been a long term lease they referred to. In general, when individuals claim to “own” land and refer to land titles, it is the right to use the land that is transferred. It was not clear what happened to the funds received by the nai ban for the land “sold” to the company.
furniture, solid doors, carved items, skirting, beading, handrail, wall panelling, other general moulding products on customer’s demand.

The contact details given for LaoWood Sdn. Bhd are in Malaysia. No mention of any of the company activities in Oudomxay are listed but it seems clear from the website that the company is actively expanding. How extensive would their plans be in Ban Jai? An employee had said that they were planting rubber for lumber and according to villagers the Malaysian company also had rubber seedlings they were planning to sell to them. Another villager who worked for the government later told me that the company was planting one million rubber seedlings. Would more land intended for rice farming eventually be converted to raising rubber, I wondered. Perhaps the ten hectares “sold” to the company were to be used to plant rubber seedlings, and the present forest that would need to be cut would conveniently supply it with timber needed for their furniture factory. These ten hectares would be in addition to the fifteen hectares of village land, also previously suan (garden) forest, which the company leased from the province. A District official had explained to me that the local government had problems with not having enough funds because they cannot collect enough taxes since incomes are low. I asked if companies paid taxes and he responded that “yes, they pay the same way that Lao people do.” With decentralisation the responsibility for tax collection was increasingly shifted onto local forms of government. For districts in Oudomxay, populated by mostly small, rural villages one of the benefits of attracting private industry is for this tax revenue. According to the village nai ban the company was renting the land for fifteen years, “after that they will either make a new contract or if don’t want to stay then give the land over to the people.” The Malaysian company, it appeared, had access to twenty-five hectares of forested land in the village. The Vietnamese saw mill and the Chinese maize processing factory were also located on village land but were smaller operations that did not involve such intensive land use.

Further plans to develop more village land were revealed to me by another senior provincial agriculture official, informing me of a new proposal to grow mantone (cassava) in the district in cooperation with China. He explained that they “planned to send the company to Ban Jai because the village still has some land, and because the company only likes land close to the road, not in the mountains because it is easy for them. I don’t know exactly if this will happen because it will depend on the village.” The company would pay 15,000 kip/ha in taxes ($1.50) but would not pay any money for leasing the land. He explained “the government does not
approve foreigners to rent land, and our law doesn’t approve but we have cooperation, but don’t say it’s renting.” Since all land is technically owned by the state, “ownership” refers to long-term leases. In 2010 new laws were in the process of being introduced which would allow foreign ownership.

It was with irony that I remembered an earlier conversation with the husband of the nai ban responsible for social and cultural matters. He had been looking at the booklet which contains the national laws on forestry and land use, and he claimed “I am the only one in the village who knows this law, not even the nai ban [political] understands them.” Had this been an oblique way of hinting at the controversial actions of the nai ban? In Xay town, a government worker I knew, connected to the village by marriage, had also dropped hints when he advised me to ask villagers about how land was being sold. At the time he said this, I had not yet discovered the nai ban’s actions and had thought he was referring to the increasing number of families selling their land. The women’s conversation also reminded me of an incident that had occurred several months earlier. The Sunday afternoon after the week long Lao New Year and the Rocket Festival celebrations I was having lunch at a restaurant in town when an acquaintance joined me and asked if I knew which families in Ban Jai still made rattan furniture. He wanted to have a table and chairs made. I could not help him but another mutual acquaintance eventually appeared and said that he was very familiar with Ban Jai, and knew the two remaining families who continued to make the rattan furniture. He suggested going to the village right then and there, inviting me to join them, and we jumped into his landcruiser, picking up another acquaintance who we passed walking along the road. Instead of going in the direction of the village, however, we headed towards the supamaket. Parking at the entrance in front of the gold and jewelry shops our guide said he would be back in a moment and quickly returned carrying an extremely large and bulging sack of kip currency notes. When we arrived at the village, he took us to one of the families who still made rattan furniture, only to be told that they were not making any at the moment. We then went to the house of another family and there an elderly

\[126\] When I asked him to elaborate, he said he could not say more ‘or else they would…” and finished the statement with a motion of his hand cutting his throat.

\[127\] It turned out that his familiarity may have been related to the fact that he was connected with the Malaysian company operation.
man agreed to make the furniture. He complained that there was no rattan left near the village and that he would have to go further into the forest, sometimes he had to walk as far as three days to find rattan. As this conversation was taking place, our acquaintance said he had to go see the nai ban and left us to make arrangements. When he returned, the sack of money was conspicuously missing. Now the women’s discussion led me to speculate if the sack of money had anything to do with the nai ban’s negotiations with the company and the village land. It also seemed suspicious that soon after this incident the nai ban had also begun to build a new house, although he claimed that it was his son who was building it. This reminded me of how when I had previously worked on development projects, there was often speculation whether project funds had been accessed when an official working with a project built a new house.

The overall area of village territory was 337 km² according to a district census conducted in 2006. The head of the district agriculture office informed me that in Ban Jai there is a total of 5,866.86 hectares of forest land including lands used for cultivation, but theoretically all land belongs to the state. To understand the significance to villagers of the loss of even ten hectares of potential cultivable land entails looking at how pressures on land ownership have changed over the past decade. According to the nai ban, forty-three families did not have access to naa (paddy) land and he claimed that these were all Lue families. In total, eleven families had sold their land. Sixteen Phu Noi families (an upland ethnic group), from Phongsali province to the north, had moved to the village between 1993 and 1994 and had all bought land from villagers.¹²⁸ In this case the Phu Noi families had the funds to buy land from selling water buffalo they had raised while still in Phongsaly. When I asked why they came, the nai ban said that it was very difficult in Phongsaly, “for the Phu Doi (mountain dwellers) in the mountains there are no roads, there are problems with the weather, and when there is too much rain or not enough then the rice dies.” It is also likely they had moved down from Phongsaly because of the government policy to reduce shifting cultivation, although they had moved on their own initiative after one or two families came first to find land and the rest eventually followed. Six Lue families had sold about ten to thirteen hectares of land to the Phu Noi families, and another

¹²⁸ This appears to be a reversal of some previous findings regarding resettlement, which have found that when highland ethnic groups are moved down and consolidated with lowland villages, land is not forthcoming for the newcomers or disputes arise over land use and ownership (Ireson and Ireson 1991, Goudineau 1997).
four families had sold seven hectares to some Hmong families who came from another village in the district. A number of Hmong families had left for Bolikamxay province in the south because the land here was not of good quality, but some families did not want to go and remained in Xay. Unlike the Phu Noi families, the Hmong landowners do not live in the village, nor do they farm the land themselves, rather villagers from Ban Jai cultivate it. The nai ban did not mention who the eleventh family sold land to, but from what other villagers told me, Xay townspeople had also recently started to come to the village to look for land, including residential land to build houses on. Whereas in 2000, the price of land was 800,000 Kip per hectare, by 2006 villagers could sell it for as much as ten to twenty million kip “if the land is ngaam (beautiful)”.

Land and forest use is regulated by a complicated system of categories. According to the Xay District Agricultural Office, the 5,866.86 hectares of village land in Ban Jai included 124 hectares of paddy land, 56 hectares of suan (garden) or land used to grow a variety of vegetables and trees, and 161 hectares of land previously designated as hai (swidden) land. The rest of the surrounding forest falls under four different designations, one of which includes 3,436 hectares that are protected. Although land belongs to the state, naa (paddy) land use follows customary usufruct and inheritance rights. Hai land is not inherited or “owned” by any individual family. Anyone from the village can, each growing season, choose hai land on a first come basis to work on, according to their needs. Some villagers who had little paddy land left, told me that if they could not produce enough paddy rice they would rely on hai cultivation. It is the most marginalised villagers that depend on hai land. If large-scale rubber tree cultivation does away with the little hai remaining in the village these villagers could become even more marginalised. Would families who were already rice deficient have no hai left to rely on, and would their options be to become hired labourers for rubber producers or to work in the factory? Some of the latter apparently already were in that situation. Even villagers with paddy find that due to declining soil quality and access to labour the amount of yield is decreasing and the time to harvest is taking longer. One nai ban had stopped rice cultivation altogether that year, complaining she had no labour to harvest, and had decided to rent her land for one year to a company which intended to use it to cultivate rubber seedlings. It seemed possible that more villagers could eventually turn to rubber as rice production becomes more difficult.

Although it is government policy that rubber not be planted on paddy land, an agriculture official admitted that it was done. But the land that the nai ban had sold and which the villagers
were upset over was not *hai* land, it was forest lands held in reserve for several families to use as paddy, and which had previously been used as *suan* (gardens). I never found out what precisely the Malaysian company was planning to do with this land. One villager, a government worker in a relatively senior position with the district town planning department told me that the company was planning to plant one billion rubber seedlings, which villagers could buy to raise. He thought that “rubber will have a good impact because those without land can *jang* (rent) their labour, and families could plant trees and have them for when their children are grown.” He, however, was not planting rubber because he would have to wait five or seven years for any results. He seemed knowledgeable about what was involved, saying that you would have to get up at 3:00 AM to tap rubber, and that about three members in one family were needed to work about two hectares of land. If there was not enough labour then the Chinese company would provide the labour but he didn’t seem to think they would be labourers from China. I asked if villagers would “*kid hod paa*” (miss the forest) and he replied that they would still have trees around their homes and gardens, as he pointed out how he himself grows teak and eucalyptus trees around his home. But he also admitted that those who could no longer go to cultivate *hai* must go to forage for food in the forest. “Now families have to buy rice, because they don’t have enough.”

8.5 No Water, No Work

My first impressions of Ban Jai were formed during the rainy season of 2004 on a preliminary fieldwork trip. Like the PAFO mural of the model village I described in Chapter Two, the village looked lush and green, and water appeared to be everywhere, with an abundance of fish ponds, a river, and streams nearby. I was to discover the deceptiveness of this image. Running roughly parallel to the SSIP canal, less than a quarter of a kilometre east of it, two branches of a stream flow side by side past the outer row of houses forming a perimeter to the village proper. The stream is the villagers’ main supply of water. The inner branch is considered by villagers to be the unclean branch since it is also used for defecation. The outer branch is clean water used for everyday household use but in the rainy season it sometimes becomes
contaminated if there is an overflow from the unclean branch. The division of the stream into two branches did not exist prior to the SSIP and the original stream was channeled by a pre-existing system of irrigation to supply water to paddy fields. With the existing stream, the two branches join about a kilometre upstream to form the one larger stream and it is now only at that point where water can be channeled to irrigate adjacent paddy fields. Even before I arrived to begin fieldwork in the village itself, officials informed me that one of the problems in the village was the water. One district official, who was eager for me to live in Xay town so that I could rent one of his houses, stated that the lack of water supply was one reason why I could not sleep in the village. On the day I arrived in the village to start fieldwork, village leaders themselves explained that there was a problem with their water supply. Attempting to unravel what the problem was revealed a complex history of several different interventions to the water supply and irrigation systems. By the time I left I discovered that there had been three different outside interventions affecting the sources of village’s water source in addition to the project that was implemented while I was conducting fieldwork. SSIP had been the first intervention in the early 1990s which had restructured the stream and the irrigation system. Almost a decade later two systems of pipes and taps were installed as a joint effort by villagers, the district, and the police and policy schools. In 2005 one system of pipes were installed by the Malaysian enterprise without the permission or consultation of villagers. In 2006 an NGO partnered with a national governmental agency to improve the supply of water by implementing the Water For Life Project, at the request of villagers. When I first arrived in the village I was to find that it was the actions of the Malaysian company that villagers were the most concerned with.

The first morning I arrived in Ban Jai to begin fieldwork during the winter of 2006, village leaders explained that their biggest concern was with their water supply. Later that morning a visiting district worker, stopped to greet the small group of villagers I was sitting with, and he also told me that water was the “first problem” in the village, but it was not clear to me what specifically the problem was. The village had one large deep well and the village stream nearby so that they did not have to spend hours collecting water, the way more remote villagers

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129 Another issue raised was that only twenty out of almost 300 families had latrines.
are often depicted doing. Some villagers claimed that over the past decade the level of water had actually gone down. The two women nai bans guided me to the southern edge of the village where the branch of a stream coming from the irrigation dam constructed by SSIP filtered through a concrete pressure tank, from where some of the water was diverted to the irrigation canal, and away from the stream that flowed alongside the perimeter of village houses. Also jutting out of the tank was a tangle of pipes that followed the stream for a few meters before eventually disappearing underground. The women led me around to some other sites where portions of the pipes could be seen next to the road and where they told me the pipes were leaking and in need of repair. Three different sets of pipes had been installed, and it appeared that these pipes were the source of frustration for the villagers. It was not clear to me why, but despite the system of pipes there was a shortage of water in the village. Following the route of the canal, through the centre of the village, a number of public stand pipes and taps could be seen. A small number of households also had their own standpipe and tap. One set of the pipes had been installed in 2003 as a joint project by the village and the policy school, and another set of pipes were installed by the police school. Some families I visited living near the west end of the village, not far from the police school, showed me the standpipes they had in their compounds and explained that the police school had helped them by providing them with water. Despite this joint effort I was later told that the water they had from the pipes would dry out so villagers stopped taking care of it. Now the taps and standpipes did not have enough water and villagers had to return to using water from the one deep well and the stream. A small number of families had attempted to construct their own wells but with limited success because the water table was too low.

I was then shown a third set of pipes installed in 2004. One of the nai bans pointed to it and angrily exclaimed that the “furniture factory” had installed this pipe without the consent of villagers. The furniture factory referred to the Malaysian company, and appeared to be the major source diverting the water supply.\textsuperscript{130} Despite the tensions between the company and the villagers over the water supply, a complex relationship had formed, and it may have been that

\textsuperscript{130} The Vietnamese company operation was also called a furniture factory, but was actually a sawmill. Although not evident, rumours suggested the Malaysian operations also included a sawmill. The latter was involved with far more than just producing “furniture” and out of the three companies operating in the village, it was the most extensive.
villagers could not afford to get openly angry with the company. For one thing, villagers had expected the factory to become a source of employment. Not as many villagers were hired as expected, but the few that were, tended to be from families who had sold their paddy land and could no longer rely on subsistence cultivation. According to the village nai ban there were a total of 150 employees including Lao, Chinese, Malaysian and Vietnamese migrant labourers working at the factories. The presence of the factories was also producing another form of economic interdependence as migrant workers created a growing demand for the household noodle and drinking shops that continued to appear in the village during the course of my fieldwork. It was only towards the end of my fieldwork that I discovered the extent of the Malaysian operation in Ban Jai which was also a joint venture with the Lao military.

I eventually learned that the extent of Malaysian company’s activities in Ban Jai were larger than what the nai ban had described\textsuperscript{131}. The factory also had a sawmill and used local woods to produce “very beautiful furniture”, which the hotel in Xay would use once it was finished. The furniture and lacquer carvings (for example, in the shape of exotic animals) were also produced for export to China. The company employed 240 workers, about 80 were Lao including some from Vientiane province, some workers were from a neighbouring village closer to Xay town, and only fourteen were from Ban Jai. One employee I spoke with admitted it was difficult to know exactly how much Lao labour was used, since it varied depending on the activities occurring at any given time, and local village labour was hired temporarily and only as needed. At the time, villagers from Ban Jai were called in to help with constructing the pig-raising facilities. Chinese technicians were hired for the furniture production, and to supervise the pig-raising operations. There were another forty technicians who were from Malaysia, Indonesia, China, Vietnam, and Laos. These technicians were involved in the agricultural production activities as well as part of the construction team at the pig farm. There were also plans to raise other livestock such as cattle sometime in the future. A variety of produce and commercial crops were being cultivated and some of this was sent to the company’s hotel in Vientiane. It was also planting rubber seedlings, not only for the purposes of tapping for latex, but to cut after nine years to supply lumber for use in future furniture production. Among this

\textsuperscript{131} I obtained this information through an employee and from visiting the pig-raising facility as it was being constructed; it had not yet been completed by the time I left.
list, one of the employees mentioned in passing and without elaboration, that there was also a factory which produced *nam deum* (drinking water). His discussion had quickly moved onto an enthusiastic critique of the Vietnamese factory which he claimed was not observing logging quotas and that this was unfair to the Malaysian company which he claimed was adhering to quotas. It seemed reasonable to assume that the *nam deum* operation could be the reason that company was diverting the villagers supply of water, particularly since the site of the company’s operations were next to the Koh River itself.

Some villagers told me that years ago they used to be able to drink and fish from the Koh River, but that this was no longer the case. They did not know if this was related to the company’s operations which were next to the river. Although it may have been polluting the river, it seemed to me that the source of contamination may have predated the new factories. Some villagers also claimed that chemicals (possibly agent orange) had been dispersed from the air during the war. More recently, a Chinese battery factory had also been dumping chemicals upstream into the Koh River, on the other side of Xay town.

Despite the *nai ban’s* expression of anger over the pipe installed by the Malaysian company, villagers did not say they wanted to have the third pipe removed or that the company should stop taking water. The company may have even shown some good will by contributing cement to build the village meeting hall. The solution the villagers desired was to have more pipes installed to increase their own supply and that they wanted the water supply to be nearer in order to decrease the amount of time and effort needed to carry the water from the nearby stream or well.

I began to understand that the frustration over the need for water was more complex and urgent than it would be if it were just intended for household consumption. One of the women *nai bans* stated that if “there is no water, there is no work.” The reason for her anxiety became

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132 After seeing the size of the pig-raising facilities, I was more concerned that this would be another source of pollution if waste was being dumped into the river, although the employee I spoke with claimed they would not be doing this.

133 This seemed contradictory in a way, since more standpipes could increase water use, and decrease supply.
evident when I visited her one day and found that one of her major sources of income rice whiskey (lau lao) production. Once I was able to observe how labour intensive and time consuming the production and marketing of the lau lao was for these women, I could appreciate the sense of urgency and organisation they had put into implementing the Water For Life project. \(^{134}\) Ironically, the Malaysian company was a contradictory source of opportunity but also tension as it threatened the production of lau lao which had been key to the village’s reputation for producing good quality rice whisky and for the establishment of drinking venues, yet these relied on the presence of the migrant factory labourers. In the following chapter, I examine how officials construct discourses that obscure the tensions produced in Ban Jai with market integration and industrialisation, by identifying household economic activities in terms of “culture” which is blamed for the failure to produce disciplined factory workers.

\(^{134}\) Every household contributed 5000 Kip and labour to the project.
CHAPTER NINE
OFFICIAL DISCOURSES

9.1 Introduction

Arriving in the national capital Vientiane in 2006, one of the first sights to greet the visitor as they drive out of the airport, is a row of large billboards boldly displaying commercial advertisements. While the prevalence of such advertising is often taken for granted, this was a relatively new phenomenon in the Lao PDR, perhaps one of the few countries where the landscape has yet to be marked by the golden arches of McDonalds. Leaving Oudomxay in 1999, I realized how unaccustomed I had become to consumer culture, when soon after take-off on a Canadian Airlines flight from Bangkok, we were assaulted by a succession of advertisements, something that had been absent from the daily landscape of life in rural Lao. While some commercial advertising was visible in Vientiane by then, what billboards had existed outside of the city were colourfully painted murals promoting Lao state ideologies of nation-building. Although not as prevalent now, they continue to survive in rural provinces such as Oudomxay. Such murals are now also adopted by international agencies such as the Asian Development Bank to promote their projects. The increasing prevalence of capitalism cannot be refuted, yet I found that alternate ideologies were not entirely displaced.

Returning to the Lao PDR in 2003, to conduct MA fieldwork I found the vibrancy of the western market’s presence in the streets of Vientiane: most every shop front was marked by bright orange signs advertising the coming of a new mobile telephone, Lao versions of “Pepsi for a New Generation” had appeared, and even the walls of simple noodle stalls which used to be decorated with calendar photos of Beer Lao Girls, or the Thai royal family were replaced by posters of Britney Spears. Youth culture and a vibrant music scene were evolving with groups emerging that took western names and incorporated elements of pop, hip hop and rap as opposed to the popularity of lam vong a decade earlier. It would be misleading to imply that western capitalism had just arrived. While the transition to a market economy had already been underway for almost two decades, these new markers of transition continued to co-exist alongside state and religious meanings that seemed contradictory to the introduction of neoliberal ideologies.

In 2005 I spent most of the year living in the capital city of Vientiane. In the streets the
evidence of commercialisation and a growing consumer culture continued to thrive but I also witnessed another kind of transformation, as banners and flags appeared to compete for attention, inspired by nationalistic sentiment. Festooning light posts, hanging from private and public institutions and homes, the National Flag was prominently displayed in anticipation of the thirtieth anniversary of liberation and the victory of the Lao People’s Revolutionary Party. If this was a nation undergoing a “post-socialist” transition the appearance next to each national flag of yet another flag, the “hammer and sickle” would seem puzzling. The hammer and sickle had once adorned the national flag itself but was removed from it a few years after the introduction of the NEM in 1986. Ironically, giant versions of these flags now draped the facade of an international private bank, itself a symbol of global capitalism. On the major boulevard that runs through the centre of the city both flags hung from every street lamp. In front of one of the largest high schools they fluttered next to a large billboard advertising mobile telephones. The advertisement was specifically targeting youth and pictured several happy teens being lifted up into the clouds by blue heart-shaped balloons covered with the logo “We Fly” and the caption beneath proclaiming “New Freedoms For Teens,” both written in English. The message of the billboard seemed to challenge the ideologies represented by the nationalistic flags. The billboard itself represents a convergence of market ideology and that of western democratic freedoms and civil society in a context where the latter is considered to be absent by the IAI. Nevertheless, the juxtaposition of the billboard and the “hammer and sickle” not only appear to signal the co-existence of consumer capitalism and contradictory political ideologies, but represents a context whereby public-private partnerships are reshaping the landscape.

I present the above scenario to offer a sense of how in the national context market and political ideologies intersect, and to illustrate that despite market transition, the political context cannot easily be called “post-socialist.” In this chapter I examine how local officials adopt a multivocal discourse, drawing on elements of state “socialist” ideologies of nationalism and IAI ideologies of neoliberalism to interpret policies that appear to favour the objectives of the UNDP, in particular that of promoting the private sector, but do so with some unexpected effects. This involves looking at how national policies and IAI imposed neoliberal ideologies have been reworked by local senior officials, in proposing their plans to transform Ban Jai from a rural village into a site of industrialisation. This effect is ironic in the sense that the implicit objectives of the IAI to promote privatisation and neoliberal policies appear to be adopted by local
governments, but at the same time officials apply a discourse to the IAI as less favourable than the private sector. This discourse mirrors the kind of discourse that neoliberal ideology has used to argue for privatisation, claiming that the state is less efficient than the market in providing services. Local government discourse turns the argument on its head framing the IAI as less sustainable than the private sector. This is also used to justify the shift to Chinese investment which in turn is producing a new set of problems. Local governments may find it preferable to find alternatives to the IAI given their pressures to downsize the public sector instituted by neoliberal reforms. Turning to China and the private sector, however, may pose new threats to the power of local governments. This discourse also obscures the economic effects of the projects in shaping the village economy and instead blames the problems related to foreign investment on local “culture.”

9.2 Industrialisation in Ban Jai

The current promotion of the private sector in Oudomxay involves attracting factories, livestock production, rubber production, and other short term commercial crops. Foreign investors have started to operate factories but the province has plans to create industrial areas. The factories are seen as providing the benefit of potential local employment but will also be a direct source of revenue for the government. The income tax on labour and land rental from the government is twenty-five dollars per hectare.

The idea is in that area it should be an industrial area in [names three villages including Ban Jai.] They should also have a market in future and construct a good road. Now [we] mobilize funds from the Chinese, already sent a mission for a feasibility study and maybe will start next year. It is already urban. We will negotiate pig-raising farming, and soon will construct water supply system in the next year or two. (Provincial Official)

While Ban Jai is clearly still a rural agricultural community, despite the presence of the new factories, the lives of villagers have been increasingly entwined with that of Xay town. Defining it as “already urban,” however, also has other implications particularly for which agencies and what kind of development activities could take place there. By defining the village as urban it no longer neatly fits into the category of a “target village” for international development agency projects which prefer to work in “poor” and “remote” villages. Its increasing accessibility and proximity to Xay town also disqualifies it from certain projects, because it is not remote enough or not considered an ethnic minority village. The reference to
constructing the water supply system also highlights how this is in negotiation with the company rather than a development project. Like the provincial official, the rural development official also defines Ban Jai as urban but points out the problems associated with this. He suggests that the village became less remote after the SSIP constructed the road to the village. He claims that “in the case of Ban Jai there is something quite difficult” alluding to the situation that villagers are turning away from farming because they can no longer produce the yields they used to, although he makes no mention of the failures of the SSIP irrigation scheme.

If land is abundant, with good soil, they would still work with land and get high yield production. It depends on the economic situation. Ban Jai belongs to urban area but technology, equipment used by people like mobile phones, motorbike, if they want to buy these things maybe have to sell land, to send children to school. Started with education with middle level, finish secondary and have to study college, vocational, university and need more money than when as rural area. During SSIP it was a rural, remoter area because the project constructed [the] road to Ban Koy and Ban Jai and now not rural. They also located the government school and vocational school about four to five years ago.

(Rural Development Official)

He thinks that the schools were placed in the village because the location is quiet and it is a large area. No doubt the proximity to the town facilitated by the road access was equally important, allowing many of the government staff attending the government political school to commute each day. In addition to these two schools a police training school was also located in the village. The “quiet” location would also provide a certain amount of seclusion for the security conscious government. Another provincial official, however, attributes the development of the village to the presence of the government institutions.

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135 Ban Koy is the pseudonym for a village which is located on the outskirts of Xay Town. It is a consolidated village and the SSIP also constructed a dam there.

136 Fatal attacks have previously occurred, usually on a particular stretch or the highway between Vientiane and Luang Phabang. These attacks have been publicized in the international media because foreigners have been involved, but other unreported incidents of insurgency attacks also occur throughout the country. This may also be one reason why the date and time of Party and government meetings would not be revealed in advance. This practices rubbed up against the UNDPs bureaucratic organization of scheduling meetings and government workers and officials would sometimes be absent from scheduled project meetings, or meetings would have to be cancelled at the last moment.
If the government institutions are not there then it goes very slow, they would not have water and electricity, so we expand the urban area. In future there should be a small town in that area. They will have many factories in the future. But nobody takes a leading role, we need to take initiative, so villagers don’t know what to do. If organize women groups, try to link, think of how to do coordination between LWU and Ban Jai. The women don’t have alternatives so they produce and trade *Lau Lao*.

(Provincial Official)

The official’s perception of villagers’ lack of initiative seems to disregard their success at rattan furniture production or the women’s participation in the MF project and the debts they incurred. In the next section I examine how the image of villagers is constructed in a particular way to suggest the need for the private sector based on villagers’ lack of success in development.

If the road had provided new outward mobility for the villagers, the government institutions brought a substantial number of individuals into the village. The rural development official had linked national policy to Ban Jai in terms of its construction as shifting from a rural to urban space. He explained that proximity to the town of Xay brought with it consumer desires, but at the same time as a predominantly farming community, these desires still could not be met. This is problematised in terms of “old farms” and techniques. The provincial official also frames the village in his interpretation of policy and planning as “old” but draws on a different narrative of culture and gender.

9.3 Ban Jai – A “Public” Village Not Ready For the “Private” Sector?

The provincial official critiques villagers from Ban Jai for their failure in providing the factories with compliant labour, he frames this in a discourse of the village as “old” rather than modern and blames local “culture.” The reference to Ban Jai as “old” and therefore unsuccessful may also be a way to point out the success of “new” villages which are resettled or consolidated and engineered by the government. The following is the official’s account of how he perceives Ban Jai villagers. His narrative of the village eventually turns to a critique that favours foreign investors and the private sector. Ban Jai is classified in the Xay District census as a

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137 The term consolidated refers to joining villages together, for example in the case of an upland village which is moved to join a lowland village. The government may also prefer to use this term because they have been criticised by the IAI for undertaking resettlement.
middle-income village but the picture that this official constructs gives the impression that villagers are unsuccessful, without ambition, and waste their resources in unproductive ways.

Ban Jai is a medium village, if compare with the potential, its poor because it can be better. Villagers need money to support the family in an emergency, hospital, education, construct new house or buy bike, tractor, etc, TV, CD or open some business. Mainly it’s a very old village and many families promote children for education. If compare it to my village, it’s rich because villagers go for business but Ban Jai has more government workers.¹³⁸

(Provincial Official)

The village is labelled as “old” in relation to the expectation that villagers should take up a modern lifestyle that is based on integration into a cash economy and having consumer desires. This picks up the theme that the rural development official refers to when he said “Ban Jai belongs to the urban area but technology, equipment used by people like mobile phones, motorbike, they want to buy these things maybe have to sell land, to send children to school.” Here, in contrast, this official’s interpretation suggests that villagers have already developed these consumer desires but at the same time they also desire to educate village youth. The pressure to sell land, therefore, is identified with the desires of villagers, rather than the negative effects of the SSIP project. Although education is usually identified with modern aspirations and is an MDG goal, in the case of Ban Jai it is seen as a hindrance to economic integration and entrepreneurship. The assumption made is that villagers attain education so that they may be able to become government workers, which is associated with a lack of ambition or motivation.

Mainly it is the poor and medium income who are interested in working for the government because they can’t assist themselves so they need assistance. If someone is very rich and also wants to work it is because they want to be a political man… Most [villagers in Ban Jai] work in different line departments, but is difficult for them to access the bank and get funds to do IGA, they are mainly police, army and not in the banking sector.

(Provincial Official)

Not having access to the bank implied that government workers from Ban Jai did not work for the Ministry of Finance or other departments. I interpret this too suggest that the official was implying that they were not in departments where there would be opportunities to gain

¹³⁸ Ironically I heard rumours that this official and his family are rich through corruption of international project funds.
promotions or not likely to work with projects that had potential benefits such as per diems. The official suggests that Ban Jai villagers do not have political ambitions, rather they take up government work because they cannot help themselves. This dependency is also associated with the village’s past. Promoting education is related to the village as “old” in relation to its history in the liberation period when many villagers were educated. Several of the women I interviewed in the village also became teachers and worked until they married and began to have families. Ironically the villagers’ participation in the revolutionary movement, which was rewarded with government jobs, is identified as one of the reasons for their lack of entrepreneurship.

In the past Ban Jai had better education than any other village because during the war many participated in the revolution because it is a very old village, and organisations stay nearby Ban Jai, because it is far from Xay town. There was no road but had a school and health centre near Ban Jai during the war. For the new generation they are not so interested in working for the government in Ban Jai, it is only the last generation that was motivated to work [for the government].

(Provincial Official)

Ban Jai not only welcomed Pathet Lao soldiers into their homes and sent their own sons to fight during the war, but played a role in the liberation zone where the new government set up a primary school and clinic to serve the surrounding villages. The patriotic efforts of the villagers no longer seems to be valued, rather it is associated with being “old” and not moving forward to participate in the new market economy.

The importance of education was an issue that women in Ban Jai often raised, saying they needed to “somseuy” (support, promote) their children to ensure that they received an education, particularly a post-secondary education. The term somseuy was used to describe the obligation that parents felt they had towards their children. Villagers also spoke of government somseuy in their duty and obligation to support villagers, an expectation which may have even more relevance in Ban Jai based on their experience of being rewarded for their participation in the liberation struggle.

139 I was also told by outside sources that there had been a “re-education camp” nearby after the war.

140 Much of the literature often focuses on the obligations that children have towards their parents, particularly in relation to gaining Buddhist merit.
The discourse of officials was completely silent about Ban Jai’s history of trade, which villagers themselves emphasized was important. While a lack of entrepreneurial motivation was associated with government service, here the lack of productivity is related to social and cultural factors associated with pre-revolutionary customs, such as polygamy and religious ceremonial expenditures, that were discouraged by the ruling Party either because they did not fit in with socialist ideology or were not seen as part of the modernization process the new government wanted to promote. Such “old” customs were also identified with “ethnic minority” culture which others have argued were subject to a policy of “Laoization” (Pholsena 2006).

You can see the number of men and women remarry often.\(^{141}\) This is a special case in Oudomxay. In Ban Jai they are happy with what they have and don’t want to be better. Can see that one family constructed a new house for 2-3 million kip and they spend 1 million to celebrate the new house [housewarming baci]. Why pay more money on drinking than on education of the children? Why don’t they do dry season crops? Why don’t they grow and bring to sell, why go to buy in market? Ban Koy has better vegetables and chickens in the market, Koy is a new village with many places…Ban Jai is very old.

(Provincial Official)

Ironically the reference to the elaborate religious *baci* ceremony held to celebrate the construction of a new home is something that has evolved with increasing conspicuous consumption and modern aspirations rather than “tradition.” This case also refers to just one family in the village which finished building the largest house in the village while I was conducting fieldwork and this kind of individual splurging on ceremonies was not that widespread in the village. However, the official may also have been referring to more communal celebrations such as the annual festival *Bun Pasaad* which is held to commemorate the villagers who have died in any given year. The *Bun Pasaad* has evolved into a large festive gathering that attracts many from outside the village, although most are relatives who now live in Xay town, it is also beginning to attract other townspeople in general. The entire village is transformed as each household who had a family member die that year hosts what resembles a local wedding, with food, drinking and dancing. In 2006 ten households hosted the event but I was told it is usually more than this and that that year not as many villagers had died. The official asks “Why pay more money on drinking than on education of the children?” appearing to contradict his

\(^{141}\) Outside the village I was also told that serial monogamy and divorce was common in Ban Jai.
earlier claim that “many families promote children for education.” It is his reference to drinking that becomes relevant to the critique of custom and village culture which the official eventually draws a connection to the failures of development and the lack of success in “disciplining” villagers as factory labourers. This also parallels the association of villagers as government workers, with the inefficiencies of the public sector, and their lack of productivity in the private sector.

The provincial official traces some of these failings back to the SSIP project which he blames on weak village organisation, and again attributes their slow rate of development to the village being “old” or rather that things do not change and people are not interested in being productive.

In 1990 they constructed a big irrigation scheme in Ban Jai. Up to now the water group was established but it still does not work. After the irrigation construction the yield did not increase, and they still do one crop yearly and not twice. The village organisation in Ban Jai is quite weak, very slow change if compared with other villages because Ban Jai is a very old village. You can see the houses, and many things not so changed and people mainly want to take rest. The family does not take so much care about their children? How to do better?

Again the official presents the village as unchanging and the villagers as not wanting to be productive. He also contradicts both the village mothers’ discourse of somseuy and his own assertion that families want to promote their children’s education. The questions raised here, however, disregard the failure of the SSIP to provide irrigation for villagers to produce the dry season crops, which this official is well aware of since he worked as a technician on the project. Comparing Ban Jai to the neighbouring village of Ban Koy is significant because it is “new” in the sense that it is a village formed by the consolidation of two villages under the government’s resettlement scheme. This comparison is also ironic because Ban Koy is less rural and has become more like a suburb of Xay town, however, its rice fields are on soil that is more fertile and better irrigated than that of Ban Jai’s. The official then goes on to connect a lack of motivation in current activities to the negative influence of the SSIP project.

In [the Malaysian factory] they use a very small plot of land, and can do agriculture and many villagers have learned already but in Ban Jai they are not so motivated. They have ways to earn money, can see businessmen mainly go to
Ban Jai to take a *mia noi* (minor wife).\(^{142}\) Families do not promote children in the correct way, every month these people can give money to them. It has happened since the UNDP constructed the irrigation. For one and a half years, it was very expensive and spent 400 million kip. This was not a “small” project. The company had money and started to pay money to the farmers.\(^{143}\)

The official goes on to associate the presence of *mia nois* with drinking and compares the effects of development interventions with a large Australian mining company called Sepone Gold which operates in southern Lao.

In Sepone Gold, they have very good organisation, they do not allow labourers to go drink. They open accounts for the wife and husband but have no *mia nois* even with 4,000 labourers. They asked them wants? To protect the environment and social situation, organise village activity because people give land, and [Sepon] supports them with IGA.

What he does not mention in the case of Sepone Gold is that the company has trained women in the community as lorry drivers because the men were drinking and unreliable. Women are therefore earning incomes as drivers and have less need to become *mia nois*. More interestingly, foreign private investment is compared to the UNDP development project as more effective in providing development, and as a more socially responsible organisation. While he alludes to the fact that “people give land” no mention is made of the criticisms that have been made of such ventures in reference to the displacement of local populations (Goldman 2005).

[We] can see in the Lao company, first priority is to have *mia noi* for many and after the project they marry. Mainly family support, can say that’s a tradition. The Chinese company subcontracted a Lao company, the labourers were Lao. In the future if have a big project we have to think about the social.

Here the Sepone Gold mine is compared to Lao companies in the context of the SSIP project, which he implies had a negative social aspect, unlike the foreign company which prohibits “traditional” practices that would make its operations less efficient. The official identifies villagers’ lack of motivation to work as factory labourers with “culture” which he identifies with the *mia noi* or “minor wife” of a polygamous relationship. He claims that this explains why

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\(^{142}\) *Mia Noi* refers to “minor wife” but as I discuss later the official uses it in a way that blurs its meaning.

\(^{143}\) A private company was hired to construct the dam. My recollection is that he said the labourers threw money at the women. At the time of project implementation 1 US$ = 700kip; 4 million = 600,000US$. 
individuals in Ban Jai are “not so motivated” to work or provide disciplined labour since they have other “ways to earn money.” He then goes on to associate the lack of disciplined labour in Ban Jai with drinking, which is another aspect of “culture.” “We have problems with the company and have problems with the private sector because of culture…In Ban Jai and Lao culture, they drink and do not go to work.” After identifying mia nois as a problem the official suggests that the problem is not only contained within the village but claims that the young women themselves go to nightclubs in Xay town: “in Ban Jai we have the main problem of young women going to restaurants, night clubs, very high.” What is implied is that the young women are becoming involved with commercial sex, and that male drinking behaviour is associated with the presence of women in drinking establishments, which in turn contributes to the problem with a lack of disciplined male labour. Within the context of the village itself, this has become further complicated by the arrival of male migrant labourers and the opening of drinking venues. Village women become identified in their relations with men as mia nois who “earn money” blurring the meaning of the term to imply that it has become commodified. What is more, I was to find that Ban Jai itself had become identified with an image of the mia noi not only within official discourse, but in the public imaginary.

The provincial official uses the term mia noi in reference to women as he claims men working on the SSIP “had money to spend on villagers” but when the company disappeared, presumably the women were left behind. What he refers to here when he uses the term mia noi is not the customary meaning of the “lesser” or “minor wife” in a polygamous marriage. Whereas in relation to SSIP he identifies this as a problem that began with the male labourers he does not mention the much larger male labour force working in the factories but shifts the problem on to the behaviour of the women, and locates the site of such relations outside of the village itself. His implication that the kind of relationships women in Ban Jai enter into, are not simply the “lesser wife” becomes stronger as he goes on to articulate the issue of “young ladies” from the village going to nightclubs. I suggest that the references to “young ladies” and that of mia noi produce a discourse where the meaning of the mia nois becomes blurred to serve a particular purpose in the more recent neoliberal context where it shifts from referring to kinship relations to being included in a range of activities that make up a continuum of the commercial sex industry. This contributes to obscuring the possibility that it is the industrialisation of the village that could be the source of both economic and social problems that might be occurring in
Ban Jai. In the next section I go on to examine how such representations of the mia noi become relevant in terms of governmentality, development discourse, and more recent rights-based approaches to development.

9.4 Constructing the Mia Noi as Subject

The official’s discourse faulted villagers for their lack of success in adapting to the new era of free enterprise and generating wealth, either in terms of contributing economically as entrepreneurs or as labourers. His discourse constructs the village as “old” implying that attitudes were “traditional” and attributes problems to drinking as a part of “culture” and customs such as polygamy and the presence of mia nois. At the same time, more recent behaviours of the “young ladies” from the village going to night clubs in Xay town is also a problem. After discussing the issue of mia nois, the official goes on to discuss another problem associated with women in Ban Jai, claiming that six out of ten women in the night clubs are from the village. The “problem of young ladies” is one that has been associated with modernisation, desires related to consumer culture, urban life and mobility and a growing commercial sex trade in the region. Ironically, he suggests this problem in Ban Jai could be solved if such young women would take up income generating activities such as weaving “traditional” handicrafts.

While government and IAI reports liberally use the term “prostitution” in discussing issues of commercial sex and human trafficking, I rarely heard the term in everyday discourse. The term sawpenni (prostitute) was also rarely mentioned but what was more common to hear was that men sok pu sao (search for young women). In relation to Ban Jai it was not only the provincial official who made references to mia nois. While I spent ten months in Vientiane, I met acquaintances who had worked in or travelled to Oudomxay, and was surprised to find that at the mention of Ban Jai, not only were they aware of it, but told me that the village had many mia nois. Upon my arrival in Xay, I found that this representation of the village was consistent with the discourse of local townspeople as well. Individuals living in the provincial capital, who were not originally from Ban Jai, would also comment that the village had many mia nois. As I visited government offices I often found that male government workers knew the village well because they went there to drink. On one visit to a government office, one of the staff exclaimed “they should rename Ban Jai to Ban Mia Noi.” It became evident, however, that the discourse of the village as a place with many mia nois had less to do with villagers’ own relations of marriage
and kinship than it did with the changing economic context of the village. Not only were women producing and selling alcohol, but commercial venues catering to government workers and migrant labourers had begun to appear within the village. These new sites were becoming associated with the image of the mia noi. An examination of the popular representation of women in Ban Jai as mia nois and its blurred meaning which overlaps with commercial sex was inconsistent with government policy which clearly distinguishes polygamy from prostitution.

In this section I examine the significance of both official and unofficial discourses which construct Ban Jai as a place of mia nois. The discourse of the provincial official does not simply frame the problems of village progress in terms of “culture” but it is also gendered. The official’s association of the mia noi with “culture” reflects government and IAI discourses but also the view that there are many mia nois in Ban Jai, which is one that is more generally expressed among the populace in Xay town itself. Within the scholarly literature, and in government and development reports, the prevalence of polygamy in the Lao PDR is considered to be rare, so that the perception that many mia nois exist in Ban Jai constructs it as somewhat exceptional.

I suggest that the discursive constructions of the “mia noi” and the blurring of its meaning serves a purpose as the subject of the mia noi comes to represent the anxieties produced by the social impact of the industrialisation policy which is becoming particularly evident in Ban Jai. This anxiety is reminiscent of how the Lao pu sao and congai (concubine) came to symbolize anxieties under French colonialism. I examine such anxieties in relation to the contradictions between the opposition of the “modern and traditional” and the “west and other.” While villagers’ discount this image they explain that this perception is due to the increase of drinking among village youth and their familiarity with outsiders which started with the arrival of migrant labourers to work in the village. The unofficial discourse of the townspeople which identifies Ban Jai in this light, serves to express the fears, uncertainties and negative consequences of rapid economic liberalisation. The official discourse, in contrast, serves to silence such uncertainties by obscuring the potential increase of commercial sex behind the euphemism of the term mia noi. On the other hand, the discourse of IAI projects has the potential to intersect with such official discourses to produce new subjectivities and forms of governmentality.
9.4.1 The Shifting Context and Representations of Mia Nois

The commonly held view found in both government policy and among international scholars is that polygamy is uncommon in Lao today. According to Ireson (1996:226) there are four reasons for the decline of polygamy: 1) a government-initiated campaign to end polygamy in 1978, 2) the decline of opium addiction among men has enabled more men to be effective fieldworkers, making a second wife for farm labour less necessary, 3) having multiple wives advertised a man’s wealth under socialism when it was politically inappropriate to be wealthy and, 4) young people are now included in consultations about their future spouse and are more likely to be satisfied in their marriages. If such observations are correct and polygamy is not common in the contemporary context, what is the relevance of the perception that Ban Jai has many mia nois, as the “lesser wife” of polygamous marriages? The provincial official identifies Ban Jai as an “old” village implying that it is still “traditional” and not yet “modern” so that the mia noi appears to be associated with customs of the past. His view also reflects official government policies which identify certain aspects of “culture” that are not in line with either local political ideologies or international conventions promoting the rights of women. While both the official and the townspeople construct Ban Jai as exceptional for its apparently large number of mia nois, other sources suggest that the occurrence of mia nois are in fact becoming more increasingly common, particularly in relationships among middle-class, urban men. The observation of one Lao journalist in a state newspaper highlights the difficulties of the more than 20,000 students who finish their studies, or are unable to complete them and struggle to find employment.

These people understandably don’t want to do farming because of the low income and heat in a paddy field. They prefer to find work indoors in exchange for a salary or wage without having to stand in a farm and bear the heat. Some girls decide to become prostitutes or a minor wife of wealthy men, known locally as mia noi because they don’t have a job and they want to be able to feed themselves, not because they are starving for sex as some people think.

(Souphaphone Mixah cited in Pholsena and Banomyong 2006: 172)

Although government and IAI discourses clearly delineate between prostitution and polygamy, as this account suggests, in everyday unofficial discourse such distinctions become more blurred. The journalist explains both the position of the prostitute (pu sao) and the mia noi in economic terms and attempts to refute “cultural” images that are ground in orientalist constructions of an
indolent Lao with its “easy women.” I propose that the current figure of the mia noi reflects the intersections of a global economy, international human rights regime, development interventions, and a growing foreign sex tourism industry. In order to understand the complexity of how the meaning of mia noi is being constructed, it is necessary to examine how current discourses draw on the shifting position and representation of the mia noi as economic and political contexts have changed over time.

Historically, the presence of polygamy signified different meanings for different strata. The perception portrayed by foreign travellers in the nineteenth and early twentieth centuries, which is also reproduced by Halpern’s observations during the war time era, was that “the practice was never wide-spread, however, and was limited largely to the elite. The former king had a number of wives, while the present king has but one wife, as have almost all high-ranking officials” (1964: 61). Halpern wrote his account of life in Laos after the end of the French colonial period when rule by the Royal Lao Government, was then contested by the socialist Pathet Lao. This association of the mia noi seems to be one that fades away with the disappearance of the monarchy itself and which the Pathet Lao considered part of the decadence of the colonial “puppet regime” that they wished to remove. This shifting image and presence of the mia noi appears to reflect the shifting of power and is a re-occurring pattern. Foreigners writing a century earlier refer to the mia noi as a concubine, usually one of many. The figure of the mia noi then takes a back seat to that of the pu sao and congai in later French colonial accounts. The figure of the congai is a mistress or “concubine” but its representation relative to the mia noi becomes differentiated within the racist categories constructed under colonialism at the time, so that the mia noi refers to women’s relations with indigenous men while the congai

144 This orientalist representation continues to be portrayed today in reproductions of “The King and I”. The most recent, elaborate and costly Hollywood production was banned in Thailand as it was considered disrespectful. The term mia noi is used in both Lao and Thai.

145 In historical accounts written in English the term mia noi is usually translated as concubine, unlike the Lao terms pu sao (single woman) and congai which are both retained in the French vernacular and came to represent relationships with the colonizer. According to Cooper (2001) the term Congaï was originally used in Vietnam for the mistress or concubine of Vietnamese men but then shifted to refer to the mistress of expatriate men, which was used throughout French Indochina.
comes to be associated with the male colonizer. French colonial representations of Laos involved an obsession with the *pu sao* and *congai* which portray a colonial desire to subjugate a feminized and exotic other (Askew et. al. 2007, Evans 2002). I suggest that the absence of the *mia noi* in French colonial accounts is just as significant, as a way of constructing the diminished power of the “native” male ruling elites.

The *congai* became a central figure in the orientalist trope of a savage, decadent, and exotic *Indochine* which needed to be pacified and subdued through the French *mission civilatrice*. While the *congai* represented French domination of a feminized indigenous population, it also came to represent the anxieties and dangers to the colonial order of indigenisation by “going native” (Cooper 2001) and the taking of a *de facto* Lao wife, coined *encongaiment*, was more of a concern in Lao than perhaps any of the other colonial territories in Indochina. The seduction of the coloniser was particularly a danger in Laos where “some officials…really loved Laos; but it was they who had been ‘colonized.’ They had been contaminated by the native indolence…and easy women” (Askew et. al. 2007:87). In Indochina the *congai* was seen as a common feature of “lapsed behaviour” and threatened boundary anxieties or the fear that threatened the physical and biological integrity of the Europeans by refusing to maintain a proper distance between the colonizer and the colonized (Cooper 2001). As the fictional account Sao Tiampa describes the fate of the protagonist: “Lao is in his veins like poison…the Asiatic wiles…of the *phu sao* symbolize and encapsulate so well. And still, like me, you love this Laos, you are its conquest, its prey, and you come back to it.” Such exotic fantasies mixed notions of the female, the Orient, and the other. Since Laos was considered economically peripheral and few resources were directed its way it was considered a dead-end posting among the French within the larger colonized area of Indochine. The boredom of life for the French posted to Laos was diverted by “the joys of feminine society” and opium addiction. A recurring image of Laos develops as the “land of the lotus –eaters,” a “Shangri-la” and “earthly paradise…causing all the French who had been stationed there to affect ever after a vaguely dissolute manner” (Lewis cited in Askew et. al. 2007: 73). The portrayal of Laos and its indolent lifestyle prevailed and is a view that continues to persist in tourism literature today (Askew et. al. 2007). While the figure of the *congai* appears to have disappeared along with the end of colonialism, a nostalgia for the phantasm of *Indochine* has resurfaced, both in French popular culture and within the tourism industry (Cooper 2001, Norindr 1996).
As the French colonizer is replaced by the American, the congai also disappears, to be replaced by the prostitute, with the introduction of a sex trade that accompanies the American military and is linked to sex tourism in Thailand today. As American aid during the war was funneled to support a local, urban Lao elite the mia noi also once again becomes visible as represented by the following account by Mayoury Ngaosyvathn:

Sexual strife was unbridled in the former regime...During these years, there were disputes in the beauty salons and in the market, and even mediums were mobilised, and magic potions and amulets used to try to bring husbands back... A succession of scandals drove Lao men to abstain from having as many legitimate wives as before...even if polygamy is legal in Laos, there are not many men who had legal wives for they were terrified of the conflicts that can erupt in the family...Instead of legally having many wives, some men preferred village girls removed to the provincial capitals by high-ranking government officials to serve as temporary concubines until they ceased to amuse their patrons. Such stories are extremely common place in Laos. (Ngaosyvathn 1993: 87)

During the 1960s-1970s a commission for the reform of the legal code proposed a draft on polygamy saying that some Lao ethnic minorities were not yet ready to abandon it. This introduces a shift in perception that is later taken up which associates polygamy as practised predominately by upland groups, such as Hmong rather than among ethnic Lao. Having many wives is seen as a source of prestige for ethnic Lao elites, but is contrasted within other ethnic groups in remote areas as a pool of manpower where “women are considered more a work horse of work than anything else, and the more of them there are, the more they produce for men” whereas “in traditional Lao culture, the majority of people in urban, as well as rural areas led a life of sobriety. They were not rich and did not have the means to pay for a second wife” (Ngaosyvathn 1993: 83). This view reflecting the difference between ethnic Lao and ethnic minority groups is one that contributes to how “national culture” as distinct from ethnic minorities becomes constructed within official discourses and later is reformulated within international human rights discourse. According to Ngaosyvathn, polygamy was abolished in 1975 but it was only in 1989 that monogamy was enforced. While this may be the case in terms of state law, most accounts claim that very little actual enforcement has occurred. With the end of the war a campaign to rid the “social evils” associated with the West and colonialism sent prostitutes to re-education camps but no mention is made of the mia noi. Ngaosyvathn observes that with the introduction of market reforms with the NEM in 1986 not only is there a re-appearance of mia nois but the role has been extended to take on new forms.
In Laos, with the opening up of the country to the west, there are more opportunities for men to have subordinate wives. Before the country became more open most married women counted on the vigilance of the mass organisations to which they belonged to put leash on their husbands. This was successful, because extra-marital relations were rare. Since 1988, the old fashioned ideas have steadily made a comeback. Many families have broken down, because of a new form of secondary wives known as ‘mia keb’ (hiding wife), or mia xaol (hiring wife) or mia bolikan (agencing wife).

(Ngaosyvathn 1993:88)

During the course of my fieldwork I never heard mention of these other forms of wife, only references to mia nois. I suggest that in the contemporary context of Oudomxay the one term has come to encompass such other forms as well as possibly other relationships which elsewhere would fall into the sphere of commercial sex. The provincial official, after discussing the problems of mia nois in relation to development then brings up the problem of the “young lady” but he refrains from using the term pu sao. Although village women complained of men going to sok pu sao in Xay town, I never heard anyone use the term sok pu sao implying sex trade in reference to Ban Jai, rather townspeople would consistently remark that there were many mia nois in Ban Jai. There appears to be the implication that there is the potential for these young single women who attract the men to the village to drink to possibly become a mia noi, and that is their desire. One assumption I heard made was that mia nois do not want to do viak ban (village work). When I asked villagers if there were mia nois in Ban Jai I was told there were no more mia nois in Ban Jai than in any other village, and that outsiders just did not understand, that it is just that village youth were no longer shy with outsiders. “They speak badly but it is not the reality. Before, our youth don’t know how to drink alcohol. Vietnamese and Chinese come, have restaurants and youth drink now, before didn’t have. In the village, youth were shy before, the factories came, have places to play, han ahaan. 146 They come and like sao (young women), drink alcohol.” One explanation may be that the young women of the village are perceived as potentially becoming mia nois. It may also be that because the drinking venues in Ban Jai do not overtly take on the variety of activities that make up the continuum of local commercial sex practices and that the term mia noi is taking on a new meaning to reflect these new kinds of drinking venues that are appearing in the more private spaces of the village. As

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146 Han ahaan usually refers to restaurants but here he uses it to refer to a variety of venues, including beer shops and noodle stalls which have begun to appear in the village.
Lyttleton et al. (2004) have observed in Luang Namtha, the commercial sex industry has taken a variety of forms where it is associated with trucking, increased commercial activity and business men. Lyttleton notes, however, that there has also been a shift in the commercial sex industry from towns to roadside villages as men prefer to go to places not so close to home. The rationale being that men from the town prefer to go to more discreet venues some distance from their homes. This shift also brings the form of social interaction right to the doorsteps of many villagers (Lyttleton et al. 2004). In Ban Jai the opening of drinking venues and the engagement of youth with outsiders was related to the arrival of migrant labourers working in the factories, but many of the men who go to drink in the village are also government workers from Xay town or who work at one of the three government institutions located in the village. It is not clear that the drinking venues in Ban Jai are necessarily becoming sites of commercial sex in the way that is described in and around Muang Sing, but the larger significance of the discourse around the *mia noi* is how it may be reflecting anxieties that this may be the case. In the next section I discuss how official policies and the influence of international human rights produce the context for introducing new subjectivities of the *mia noi*.

### 9.4.2 Official Policies and International Human Rights

Among the course of my fieldwork I never met a woman who referred to herself as a *mia noi* and at the time, the possible existence of *mia nois* in the village seemed peripheral to the main focus of my research. There had been about ten women who had gone to work in Vientiane over the past decade. I had initially thought that this was the reason the village may have been included in a national survey on trafficking conducted by UNICEF but it may have been chosen because of the village’s reputation for having *mia nois* and the perceived problem of young women going to the nightclubs in Xay town. UNICEF followed up on its national survey with an anti-human trafficking project which was also implemented in Ban Jai, although the *nai ban*

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147 Of the two cases I was aware of, both *mia nois* were involved with Lao men from Vientiane. In one case the relationship resembled a marriage where the husband is required to pay taxes to marry into the village. In the customary relationship the husband is also required to pay a dowry as he would for his first wife. The second case involved a government worker from Vientiane who had lived in Xay town for three years but then returned, presumably ending the relationship. Relatives blamed the break up of his marriage on his having a *mia noi*. 
began a project workshop by claiming that trafficking in the village was not a problem. The UNICEF project reflects a broader process of how the introduction of international human rights law is introduced at the local level and represents a shift to rights-based approaches to development. I attempt to demonstrate how the discourse of government policy is produced in tension with the demands of an international human rights regime within the framework of rights-based approaches to development and how it is reformulated in unexpected ways. My discussion examines how this process intersects with the shifting representations of the mia noi discussed previously to produce contradictions between what is “modern” and “tradition.” The distinctions made between polygamy and prostitution in official policies also provide a context where the blurred meaning of mia noi obscures how the rise of commercial sex is implicated within the neoliberal economic context and at the same time makes a space, which could potentially produce new subjectivities.

Several practices embedded in systems of kinship and marriage have come to be defined as instances of gender violence by the international violence against women movement. In many contexts, such practices are typically described as “cultural practices” which are seen as socially desirable acts that constitute moral and modest behaviour for women and are designed to restrict and control women’s sexuality. The scope of gender violence is continually changing and has been expanded to include the trafficking of women as sex workers. Sally Engle Merry (2005) observes that violence as a cultural construct, however, is a slippery concept not limited to physical violence but includes assaults on personhood, dignity and the sense of worth and value of a person. Conceptualizing violence against women as a human rights violation often demands changes in local cultural practices concerning sexuality, marriage and the family. Conventions on the rights of women require ratifying states to change cultural practices which subordinate women. This becomes problematic when violence against women is framed as the opposition between culture and rights which fail to acknowledge the contested and variable cultural support

148 I was told by the Lao UNICEF office that project input would be very low at village level since they were using the project to get into the villages to “do other things.” No explanation was given as to what these other things were, but I later found out that UNICEF was also responsible for administering the Gates Foundation vaccination programme, which has been criticized for directing most of the funds to pharmaceutical companies. The “low input” in Ban Jai was a half day workshop on the rights of the child, and a survey which was to be conducted to identify who is “vulnerable” to being trafficked in the village.
these acts receive in different social groups. Such a view assumes that all of these actions are part of “culture” and that there are no debates within a society about their acceptability (Merry 2009: 89). Customs that have been criticized as harmful traditional practices include polygamy. Unlike many of the practices which are seen to be nationally defended in other contexts, the Lao government does not defend polygamy as a “cultural practice” to be preserved and officially appears to come in line with international conventions. Instead, official Lao policy constructs polygamy as an “ethnic” practice prevalent among minority groups and denies its presence in mainstream “Lao culture” associating it with “backward” and negative aspects of culture that need to be eliminated. By appearing to conform to international conventions protecting women’s rights, this discourse effectively contributes to the discrimination of ethnic rights. Yet despite having made polygamy illegal, in actual practice there is very little enforcement and its prevalence seems to shift. Given that it is assumed that polygamy is uncommon, it became heatedly contested during the initial drafting of the Lao Constitution. The issue of polygamy in general receives relatively little attention but when it does the following excerpt is often cited and demonstrates the gendered nature of the debate where women challenge the male construction of polygamy as “ethnic.”

During the Constitution debate, the issue of monogamy versus polygamy generated the most controversy from the village to the National Assembly. Women clearly wanted the former, men the latter. During final passage, many National Assemblymen spoke in favor of polygamy, claiming the monogamy clause would be insensitive to ethnic minority cultures. The handful of Assemblywomen countered by using a LWU study which indicated almost all women in Laos, regardless of their ethnicity, oppose polygamous practices. They pointed out that men from all ethnic groups, including the majority ethnic Lao, practice polygamy by taking “small wives” and “secret wives”, often against women’s wishes. In the end, the monogamy clause was endorsed with the proviso that established polygamous relationships could continue and additional wives could be taken only with the explicit consent of the previous wife or wives. …The LWU claims the monogamy law has reduced substantially the number of polygamous relations in many areas. At the same time, most women claim overtly extra-marital relations seem to be increasing, primarily as a result of the opening up of the society under the reforms. Still at a disadvantage are poor, uneducated rural women who, even after learning about their new rights, must overcome fears of spouse revenge and feel confident that local authorities will enforce the law. (ADB 1996, Chagnon 1996, Pholsena 2006)

Since then, the proviso that polygamous relationships could continue with consent of the first wife has remained, so that while illegal there is some ambiguity over the actual practice and
enforcement of polygamy. \(^{149}\) While polygamy was initially contested, the perception that it is predominantly practiced by “ethnic minority” groups continues to be perpetuated within IAI and government discourse. For example, the 2004 Asian Development Bank (ADB) Country Gender Strategy report cites yet another ADB report, the Participatory Poverty Assessment (PPA) written by an anthropologist, to say that despite these provisions in the Family Law, recent surveys and studies have documented that traditional norms continue to govern marriage and family decision-making particularly in rural areas. The PPA documented the continuing practice of polygyny in several ethnic groups and found that some husbands had threatened to stop working and smoke opium if their first wives did not consent to a second wife (ADB 2001:134). A United Nations Population Fund study reflects essentialisms and also reinforces stereotypes that identify polygamy as belonging to the “tribal” practices of the past but points out that with economic change it has taken on a class dimension.

Only monogamy is the legal marital practice in Lao PDR. The people are generally conservative. They tend to reject extramarital affairs and behaviour. The Lao women strongly believe in faithfulness to their husbands. In the earlier times, some mountain tribes practised polygamy. But things have changed. The socioeconomic development based on free economy has brought about behavioural and cultural changes to Lao men and women. Trade, tourism and foreign investments have created new forms of entertainment such as drinking bars, nightclubs and discotheques. From this, a wealthy class of people emerged. Unfortunately, all of these opened doors to post-marital affairs especially to those who could afford two wives or “mia noi.” (Ngonvonrarath. 2000: 5)

It is not a coincidence that the provincial official identifies both “young ladies” and mia noi together as obstructing development in Ban Jai. The two terms would appear to be distinct within the discourse of legal frameworks and official policy, where one represents an increasing phenomenon related to a new market economy, and the other with “old” customs and traditions, which has supposedly almost disappeared. On the ground, it would appear that both practices occupy the same newly created space of “forms of entertainment such as drinking bars, nightclubs and discotheques” (Lyttleton 1999). While polygamy is not directly associated with

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\(^{149}\) The 1990 Family Law states that: men and women have equal rights in all aspects pertaining to family relations (Article 2) and guarantees women and men equal rights to marry on the basis of mutual consent (Article 9). The law also establishes monogamy as the governing marriage system (Article 4).
gender violence, the blurred meanings of *mia noi* as it overlaps with the commercial sex trade in the Lao context makes this less clear.

Like the Oudomxay official’s discourse, the national policies of the government, in constructing polygamy as “cultural” obscures the economic causes of women’s marginalization. This position is outlined in the Lao Women’s Union Plan for Development which states that “conservative concepts and ideas influenced by backward traditions and customs still limit women’s advancement. Implementation of equal rights between women and men and the elimination of all kinds of discrimination against women has not yet become a practice in the society” (LWU 1999: 37). The *Development Plan For Lao Women 1998 – 2003* produced by the Lao Women’s Union, with the United Nations Development Fund for Women (UNIFEM)\(^{150}\) and approved by the Government of Lao aims at:

building the capability and promoting the advancement and development of the Lao women of various ethnic groups. It is also aimed at building the capability and promoting the status of women in order to implement equal rights between women and men as stipulated in the Constitution and laws of the Lao PDR as well as to gradually put into reality the UN Convention on the Elimination of All Forms of Discrimination against Women which was ratified by the government of the Lao PDR in 1981. (LWU 1999: i)

The language of the plan reflects the contradictory intersection of Lao government ideologies, market integration, and IAI mandates, particularly regarding international human rights. The report states that “the Lao Women’s Union has called upon all Lao women of various ethnic groups and social strata to participate in the process of protecting the political stability and social order” and for improvement in the “attitudes, conservative ideas, and backwards traditions still obstruct women’s advancement” (1999: 5-9). The target goals of the plan includes developing Lao multi-ethnic women’s capacity to enable them to “become good citizens who are patriots, love the people’s democratic regime, respect law, work hard, and are active in preventing the negative social evils” and to “participate in transforming the natural

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\(^{150}\) The Development Plan for Lao Women consisted of four programmes and a total of nineteen projects with an initial overall budget of $US 20,000,000 of which $US 17,000,000 was externally funded.
economy into the commodity economy” (LWU 1999:10-11). One of the solutions given to reach this latter target is to “support the household economy and promote handicraft production such as the weaving which is the symbol of Lao women” (LWU 1999:10-11). The provincial official’s solution of traditional handicrafts to addressing the issue of young ladies in Ban Jai reflects official policy which brings together economic objectives with preserving “culture.” Here the preservation of culture is constructed as women’s responsibility since “Laos is a nation with unique culture since time immemorial. In society, women are considered the symbol of the nation’s culture” (LWU 1999:16). The construction of a national culture involves precluding the “conservative ideas, and backwards traditions” which obstruct development, but paradoxically economic development and the opening up of the market have also introduced “negative social evils.”

At present the culture from outside has negative influences on the fine and unique culture of the nation. The negative influences can be seen in different areas such as language, lifestyle, tradition and custom, dress, arts and literature etc. At the same time women have an important role to play in taking care of children, and providing education to children, and as the representative of the symbol of the nation’s culture. Therefore, women need to be educated so that they will know more about the preservation and conservation of the fine culture of the nation.” (LWU 1999: 10)

In other words, both the ‘traditional” and the ‘modern” need to be regulated and controlled in order to construct the “nation’s culture” in a particular way. This reflects how both the traditional figure of the “mia noi” and the modern figure of the “pu sao” present a threat and must be controlled; the former is considered one of the “attitudes, conservative ideas, and backwards traditions still obstruct women’s advancement,” while the latter is understood to be related to outside “negative influences” (LWU 1999:37) What gets counted as “fine culture” and is worth preserving is selective. One of the means to attempt this was through a project to promote the “Three Goods” campaign - Good citizens, Good development, and Good cultural family. The project aimed at making women become “qualified human resources” but at the same time identifies “the introduction of market mechanism and the opening of the cooperation with foreign countries, have created some positive and negative impacts on life style and status of women” (LWU 1999:11). The issue of polygamy is never directly referred to, nor the fact that it is not legal, but the monogamous structure of the family is linked with the economic welfare of the family and the nation. One of the objectives is to “build a family with happiness, equity,
unity based on the spirit of one wife and one husband who know how to take care and educate the children, and who have stable occupation and good living conditions.” The Three Goods campaign in general targeted women but was not very successful and was criticized for putting the onus and responsibility for change on the women themselves.

The report illustrates how an earlier discourse which identified “social evils” in relation to the influence of French and American colonial decadence gets reworked in relation to “culture from outside” as a source of negative influences. In the immediate post-war era, the solution targeted women’s behaviour to eliminate such social evils. Women identified as prostitutes were sent for “re-education.” In the neoliberal context this focus on controlling women’s behaviour persists but employs instruments of international law to do so. According to this logic, the emergence of negative phenomena such as rape, prostitution, AIDS, unfair employment of female labor and other phenomenon are caused by “low level of awareness of Lao women of various ethnic groups and all strata on the laws and treaties” (LWU 1999:16). The Plan includes projects with the objective to make Lao Women aware of the Constitution, laws, and treaties relating to women and children. Another project entitled “Project to solve social evil” targets women prostitutes, women with AIDS/HIV infection, victims of drug, rape and sexual harassment, women involved in robbery and gambling, and disadvantaged women and people trafficking in women and children where the objectives include protecting the “fine cultural tradition for the nation” and to promote job opportunities for women suffering from social problems. The solutions offered are vocational skill training, revolving and fixed funds for women and children in difficult circumstances. Other projects focus on poverty alleviation intended to equip women with skills for employment, to increase family income, and to reduce slash and burn cultivation, reduce unemployment and increase the volume of goods in the market are at the same time expected to produce a “change in the image of villages, compared to the period before the project operation” and result in “peaceful villages” and “peaceful family and society” (LWU 1999). Such project descriptions weave in women’s rights, culture and ethnicity, and economic and security concerns without clearly stating how they are tied together. This also reflects the imposition of IAI rights-based approaches to development which presume that the introduction of human rights will lead to economic development. The LWU Development Plan illustrates that the adoption of conventions on the rights of women require ratifying states to change cultural practises which subordinate women. Sally Engle Merry (2009) suggests that
international declarations and platforms condemning violence against women as a human rights violation confront contradictions such that women’s rights to protection from violence often conflict with communities’ rights to self-determination which can mean the reshaping of the institutions of marriage and family. In the Lao context, it appears that official policy makes use of international conventions to circumscribe the rights of self-determination of minority groups but its ambiguity also makes invisible its presence among ethnic Lao and resists responding to how customary relations of polygamy are shifting.

Polygamy in the Lao context is constructed as an “ethnic” and “rural” practice which appears to fit in with what has been considered the state’s attempt at Laoization of minority groups. By restricting the definition of polygamy to tradition which is portrayed as synonymous with non-Lao ethnic groups, the existence of the practice among ethnic Lao becomes invisible. If polygamy is defined in terms of kinship, “it is as though kinship can simply be bundled up and disposed of as part of tradition” where tradition is opposed to modernity and custom is opposed to individual choice (Strathern 2005: 115). The rendering of kinship as part of tradition along with the division between persons and things are Euro-Americanisms, and in the case of the latter the effect is to promote property rights which preclude other forms of ownership. Applying this to the case of polygamy construes the relationship as an unequal one where the mia noi becomes property rather than an agent within a set of broader community relations. Strathern suggests that human rights discourse has no room for relationships as it is grounded in equality between individuals and the obligations of kinship are swept away. The effect of decontextualizing and abstracting from social contexts turns persons into being most thing-like embodying a concept. As “issues are pushed from view” Lao government discourse reworks the logic of human rights to push from view how new relations that involve mia nois among wealthy ethnic Lao and urban men may becoming more commodifed as they intersect with the commercial sex industry.

Official discourse reflects Lao government policies that are political and nationalistic, but must also satisfy external donors which tie national laws to international conventions and IAI development agendas. The ADB Country Gender Strategy states that:

ADB is paying increasing attention to results including rights-based approaches to country and regional programming...These include national targets related to the Millenium Development Goals, the Government’s commitments under CEDAW
and other treaties….For example, Article 2 of CEDAW requires Lao PDR and other state parties to eliminate discrimination against women through various means including changes in discriminatory laws, regulations, customs and practices and the introduction of new laws and mechanisms to protect women from discrimination.”

(ADB 2004:51)

CEDAW is the Convention on the Elimination of All Forms of Discrimination Against Women, which the Lao government was one of the first to ratify in 1981. Many CEDAW clauses form the foundation of current laws affecting women in the Lao PDR (UNICEF 1996:61). In 2008 the Gender and Development Group (GDG), an affiliation of about 20 NGOs working in Lao PDR submitted recommendations to the CEDAW committee on polygamy: “although there is de jure equality between men and women, GDG finds that in practice women are discriminated against in marriage and family relations. For example, despite polygamy is formally prohibited there are in Lao PDR many cases of “mia noi” (minor wife).” In 2009 the concluding observations of the CEDAW committee presented twenty-nine items which it required the Lao government to respond to, including a concern regarding polygamy: “according to page 138 of the report, article 17 of the Law on the Development and Protection of Women… please inform the Committee of the extent of the practice “mia noi” (minor wife) in the state party, despite polygamy being formally prohibited.” The official Lao response was one brief sentence simply stating: “regarding the question of mistress or so-called minor wife, it is illegal under Lao PDR’s Law.” The response does not address the concern regarding lack of enforcement despite the appearance of compliance in official discourse which constructs polygamy as a cultural practice that is not compatible with development and is desirable to eliminate. Almost thirty years after originally signing CEDAW, still no real effort is made to comply. I suggest that the lack of response is a reflection on the ambiguity of the meaning of the mia noi which in legal terms represents a relationship of kinship within polygamy but as increasingly practiced among a growing urban, middle-class, ethnic Lao its meaning has extended to that of mistress, or the more commodified relations of commercial sex.

One reason for this lack of response may be that if relations with mia noi are actually increasing, many of the men involved are not only ethnically Lao but are government workers and officials. Another explanation lies in the blurred meaning between mia noi and the sex worker. Lyttleton (1999) claims that there is a constant slippage away from open acknowledgement and greater definition of commercial sexual relationships at all levels of
discourse produced in the Lao PDR. In other parts of Lao it has been observed that sometimes women working in bars establish serial relations with one man at a time approximating more closely the image of minor wife or mia noi that is found in Thailand. Taylor (2005) makes a similar observation that the Thai historical tradition of wealthier men’s financially supporting minor wives (mia noi) persists but the line between prostitute and mia noi can easily become blurred. Wilson (2004) has described such ambiguity in terms of women’s own agency, by drawing on principles of reciprocity from “folk” or moral economies to shift their position from that of sex worker to longer term relationships with foreigners. The Thai context also plays a role in shaping popular meanings in Lao, particularly as the sex tourist industry has begun to spill over into Lao. I was surprised to find that in on-line internet discussions there are heated debates over the meaning of mia noi between international sex tourists, Thai and Lao men. The figure of the mia noi persists within popular culture, for example a Thai television soap opera which is viewed in Lao stereotypically portrays the tensions between three urban, middle-class, and middle-aged mia nois of a dead husband who live together under one roof.

Just as significant may be the Vietnamese context, which continues to be a training ground for many Lao including government workers, officials, police and military. It is not uncommon for individuals, even senior level officials to be sent to spend a year or more in Vietnam. Thu-Huong (2008) found that there was a prominent presence of a sex market after Vietnam opened its doors to both the market economy and the world, and an emerging class of men and their practices of using sex buying to conduct business. “This was a market in which the flow of materials, capital, and information about the market had to be actively accessed through more personal channels, the personal “hooking up” of economic operators… this practice of business hooking primarily took the form of buying sexual pleasure for the facilitators of business by entrepreneurs who sought such access (Thu-huong 2009:18). The practice of taking one another out to have a pleasurable time became a currency that afforded deniability, secured contracts in sensitive situations, and served as an expression of gratitude. The practice had also become generalized to relationships outside the business realm, although on a much smaller scale. Thu-Huong also sees this “hooking economy” in light of the government’s promotion of entrepreneurial and consumerist freedoms in the market where entrepreneurs must be free to do business. This is the case for both the male entrepreneurs who fraternize with business partners through the consumption of commercial sex and the entrepreneurs who run
establishments that offer sex. While the dynamics and growth of economic transformation in Lao are clearly not the same as in Vietnam, I am also not suggesting that a “hooking economy” has evolved in the same way. However, how it has played a role in shaping the growth of commercial sex in Lao is a question that needs further exploration.

In the Vietnamese context “hugging beer,” is used as a catchall term for places that serve various foods, alcoholic drinks, and invariable pleasure through access to women’s bodies in a range of semi-sexual to sexual services. In the Lao context Lyttleton has found that in drink shops, the beer sold is colloquially termed bia jup, bia gort- kissing beer, hugging beer - and that the cost of the beer includes rights to the young woman's body. As the number of beers consumed increases, these rights are extended, but there is a marked difference from this practice to that found in neighbouring Thailand or Vietnam. For both social and economic reasons, the sexual experience in Lao drink shops is built around expectations of physical contact but not necessarily immediate consummation.  

There are many reasons why the physical contact in the bars does not automatically lead to a completed sexual union including logistics, economics and jural repercussions, and after copious amounts of beer the additional cost of sex is prohibitive for some men (Lyttleton 1999).

In the Lao context, the blurring of the meaning of mia noi could allow it to become a euphemism that avoids the politically sensitive implication, particularly in relation to the practices of government officials, who may be engaging in commercial sex. As villagers in Ban Jai use the term it is less ambiguous in meaning and refers to marriage customs and

151 Lyttleton (1999) suggests that such practices are linked to a system of social prohibition where transgressions on the female body have historically carried with them a series of fines depending on the severity of the transgression. In a parallel fashion, the more beer one pays for in the drink shops, the more access one has to the waitress' body; this is expected and generally followed as a pattern of interaction. In times of increased visibility of the cash economy, the relatively high (but negotiable) fee for sex is explained in terms that relate back to the system of sanctions on sexual transgressions.

152 Discussions with male development workers reveal that drinking and sok pu sao often occur among just government office colleagues and are not necessarily related to facilitating business deals. When it does occur there is a hierarchy where on the one hand the most senior member of the office pays for all the drinks, but a big fuss is made for him to be the first to find a girl.
obligations of kinship. While it is not clear if the young women of Ban Jai ever venture into more commercial forms of sexual relations, the discourse constructing the image of *mia noi* in the village serves to shift responsibility onto the women and away from the effects of industrialisation and the economic context. In the popular imaginary the attention of discourse on Ban Jai may reflect anxieties as the village comes to represent a liminal space between rural and urban, traditional and modern, as its space is reconfigured by industrialisation. The blurred and shifting meanings of the *mia noi* may also be significant within the neoliberal context for the role that government could play in how issues of intimate life are used by public institutions to normalize particular forms of knowledge and practice to create compliant subjects (Berlant 2000:8). In the next section I explore how in the context of Ban Jai local official discourse has the potential to intersect with the rights-based approach of the UNICEF project in an attempt to create such subjectivities.

### 9.4.3 Mia Nois and the Problem of Disciplining Labour

In order to understand why the representation of Ban Jai as a village of *mia nois* was produced and what relevance this had to both the concerns introduced by the IAI and the dramatic changes taking place in Ban Jai, requires recognizing it as a “[place] as milieus or environments in which and through which government occurs” (Inda 2005:11). I have attempted to examine how Ban Jai as such a place has been targeted for transformation. As such the SSIP was the first step in attempting to produce a landscape that moved away from a subsistence “livelihood.” While agricultural officials speak of large scale plans to transform the village into a site of predominantly industrial agriculture, the provincial official sees these plans as producing a site of urbanization, while the rural development official sees it as already urban, based on the consumer culture and daily lifestyle of commuting of its inhabitants. In order for the Province’s plans to succeed it is necessary not only to introduce a physical transformation but a cultural one; the impediments are the “old” character and “culture” of the village which stand in the way of providing a disciplined labour force. The provincial official equates *mia nois* with “tradition” where practises of polygamous marriage are portrayed as problematic rather than economic or

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153 For example husbands are expected to give dowry to the *mia noi’s* parents and to pay the fees to marry into the village as in a legal marriage.
structural inequities and lack of opportunities. The rural development official, on the other hand, recognizes that the change in the behaviour of villagers is related to increased access, mobility and cash incomes, and sees Ban Jai as more of an extension of Xay town. For him Ban Jai no longer fits into the definition of the rural idyll that is represented by the mural on the wall of the Provincial Agricultural Offices. Ban Jai becomes a kind of no man’s land, a liminal space, rural for some, urban for others, not quite rural or not quite urban. This ambiguity also has practical outcomes in terms of who claims it as a place of governance. It no longer falls into the criteria for rural development projects because it is not upland, remote, poor or very ethnic, or for the tourist industry since villagers wear modern clothes and speak Lao rather than being “real Lue.” At the same time the urban development planning that is limited to Xay town has not yet encompassed Ban Jai. This leaves Ban Jai open as a space to be claimed by new foreign investment partners which have different criteria – that it be next to the road and accessible. Within the village, this ambiguity leaves leaders searching for the appropriate government actor who will assist them, only to find that there are none. The district water supply office may have surveyed the village and even has plans, but does nothing because they say the village is too big, again it does not fit the criteria for the typical remote village water supply system. The district may also be waiting for foreign investors to provide such services, which is what the provincial official expects and are the kind of conditions the province now includes in their negotiations with foreign companies.

It is within this context as a liminal space that what the women of the village have come to represent in the public imaginary becomes problematic for local government officials. The provincial official does not restrict his use of the term “mia noi” to the customary meaning of “minor wife” but also uses the term to refer to the behaviour of young women going to the bars in town which is a recent practise. On the one hand, perceived as potential mia nois who attract men to go to the village to drink which is blamed for obstructing the disciplining of factory

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154 “Real Lue” was an expression that one staff member from the Oudomxay Tourism Office used to refer to Lue village’s which had become part of the PTO’s tourism activities. I was told that they were “real Lue” because they still wore traditional ethnic clothes and spoke Lue. Villagers in Ban Jay do continue to speak Lue but this is becoming less so as younger generations have been educated in Lao.

155 Although according to policy, NGOs claim to target remote villages, in reality and for practical reasons they often will implement projects in roadside and accessible villages.
labour even though many of these men are government workers, it seems to imply a general culture of drinking. On the other hand, the blurred meaning of the term associates them with the international sex trade and trafficking which has become a focus of attention by the IAI in the Lao PDR. According to the provincial official, he claims that sixty percent of the women in Xay bars are from Ban Jai. Villagers themselves never spoke of this to me, although I had heard of women who did not want to allow their daughters to go work in restaurants in Vientiane for fear that they could be trafficked.

In Ban Jai we have the main problem of young women going to restaurants, night clubs, very high, if you go to night clubs in Xay town six out of ten women are from Ban Jai. Many young ladies from Ban Jai go to Vientiane, Luang Phabang etc. The government is aware of this, and would like to find IGA [income generating activity] for them so they stop going. Now we also need that traditional handicraft should continue but women think it is a waste of time because it takes two weeks. [The Company] needs labour, but there are very few from Ban Jai Nyai, [they come] from Ban Jai Noi.156

(Provincial Official)

This official critiques villagers from Ban Jai for their failure in providing the factories with compliant labour and does so drawing on the representation of the village having mia nois. He blames the lack of discipline of male labourers on drinking associated with the presence of women. In Xay town bars and restaurants there are often “beer girls” who sit and drink with the men, and may or may not engage in other relations afterwards. The following explanation was given when I asked the official why the Malaysian factory had initially recruited villagers, sent them to Vientiane to be trained but then did not hire them.

We have problems with the company and have problems with the private sector because of culture. They train and give priority to Ban Jai but they don’t follow procedures, for example work hours are 8:00 am to 12:00 pm and 1:00 pm to 5pm. The problem is they go to work late and finish early, even government staff do this… In Ban Jai and Lao culture, they drink and do not go to work, and if they

156 Ban Jai Nyai refers to the village proper, whereas Ban Jai Noi is a smaller unit located about half a kilometre before the rest of the village and just happen to be close to the factory. The Lue families living in Ban Jai Noi moved here from the village proper sometime after the war in order to be closer to their rice fields.
are late two or three times then they are let go. They have to go organise group in village, have to work more but in the village we can see they sit and do nothing and just organize group and drink.

(Provincial Official)

The earlier comparison of Sepone Gold, a foreign, private company was that it is more responsible than the SSIP because it did not allow mia nois. The SSIP as a joint government-IAI project is part of the less efficient “public” sector and is identified as the source of the problem: “in Ban Jai they are not so motivated. They have ways to earn money, can see businessmen mainly go to Ban Jai to take a mia noi...it has happened since the UNDP constructed the irrigation.” This becomes a critique that favours foreign investors and the private sector as a means to resolve the social problems of drinking and mia nois over development projects which he implies are not as responsible in terms of “social impact.” Againironically turning around a discourse that critiques the private sector for not being socially responsible and applying it to development projects.

The provincial official blurs the meaning of mia noi, which villagers do not define in terms of a commodified relationship, with that of the sex trade worker. According to Hudgins (2007) a view of women as victims determines the response to the sex-work problems on an international level. Such a perspective infers that women are brought into the sex industry, not that they choose the industry. Hudgins makes this observation in reference to the annual Trafficking in Persons Report (TIPR) in which countries around the world are ranked according to their efforts to eradicate or prevent human trafficking. Countries which are rated as not taking sufficient efforts are targeted for sanctions, and placed into different tiers which can greatly affect the funding the receive. The movement from second to third tier can result in financial penalties and sanctions. Financial assistance from international institutions like the IMF and World Bank may be withheld and donors such as the US government may withhold non-humanitarian, non-trade-related assistance (Hudgins 2007).

There is an intersection of local and international dynamics within the discourse around mia nois. It may not be that many of the women of Ban Jai are mia nois that concerns officials as much as what they represent, either an obstruction to the formation of a disciplined labour force (which includes migrant labourers who also go to village beer shops) or the potential for
commercial sex associated with human trafficking that could be linked to the reputation of the village.\footnote{157}

For the local population the liminality of Ban Jai as a site with new urban spaces, factories and drinking shops, captures the imagination of the threats of mobility and the arrival of outsiders, mobile populations and migrants. It also represents the disruptions of the urban population where young men from other districts come in search of work at the factories and women come in search of men. This danger intersects with the orientalist constructions of the exotic sex worker that attracts both western and Asian men\footnote{158} and the dangers of men from China who ride through the villages claiming to be searching for wives. For officials the figure of the mia noi holds an altogether different meaning. The official’s discourse conflating mia nois with young women’s behaviour of mobility and the lack of restraint in the village regarding sexual relations and multiple marriages, speaks to the threat of women’s choice. Women who do choose to be mia nois as an economic strategy destabilize the image of women as victims. The danger for the state here is that their presence in the imaginary suggests that the measures needed to control human-trafficking are not meeting the requirements of the TIPR. On another level the mia noi, unlike the “sex worker” is even more problematic because she is not defined in merely economic and legal terms but also as “cultural” and official policies that made polygamy illegal, therefore, the mia nois represents a custom that is criminalized, is a failure at the attempt to introduce modernity. Others have analysed the threat of women’s mobility in Southeast Asia as religious, cultural, and patriarchal.\footnote{159}

\footnote{157} Particularly since UNICEF chose ten Oudomxay villages, including Ban Jai, as part of a nation-wide survey on Human Trafficking and have implemented a project with the Oudomxay Department of Labour and Social Welfare.

\footnote{158} Some studies on human trafficking suggest that Thai men find Lao women more “exotic” and desirable, partly because of their lighter skin colour and partly because of the common image in Thailand of Lao being less developed and more natural (Taotawin 2005).

\footnote{159} Walker (1999) observes how this has extended to the issue of human trafficking. Tannenbaum (1999) has also questioned the reliability of constructions of the patriarchal nature of Buddhism that dichotomizes men as detached and women as more worldly, arguing that these are based on textual analyses and have not taken practices on the ground into account.
Since the *mia noi* is technically illegal, yet occupies the private space of the home and family and cannot be found in the public space of the brothel, she is even more uncontrollable, threatening, and ambiguous. But the possibility that the figure of the *mia noi* can cross over to the sex trade or worse, that she is seen as such in the terms of IAI definitions is problematic for government actors. Lao has been ranked as a sender and not a receiver of human trafficking and government compliance with the very rapid promotion of projects and activities seen to be dealing with human-trafficking may be explained by Hudgins’ observation of the consequences for financial aid if it was perceived that the Lao government was not making an attempt to deal with the issue. If as some villagers claim, there are no more *mia nois* in Ban Jai than in any other village, then what purpose does it serve to construct this representation of the village, or the *mia noi* with such blurred meanings? For the few women who are *mia nois* in the customary sense of the word, their status and those of their children, may potentially lead to unpredictable definitions such as those constructed by the UNICEF project on human trafficking which at the time of fieldwork was going to implement a village survey to identify “vulnerability” which included the “poor” and “orphans” (defined as any child with no parent or only one parent). Since the *mia noi* is not legally recognized and the fathers of their children may live in other villages, towns, or provinces. This could potentially be another area where customary law and legal reforms based on international human rights laws could produce conflicts. Within the realm of the private sector, agencies cannot “rescue” and authorities do not arrest a *mia noi* but projects such as the Unicef survey which intend to identify who is “vulnerable” have the potential not only to regulate sexual behaviour or kinship relations, but the results could be used by government officials for other purposes, such as in aid of ensuring a disciplined labour force in the case of Ban Jai. Agencies like UNICEF may not be concerned with women identified as *mia nois* unless their mobility is seen to extend outside the province, but an unintended outcome might be the power it gives local government agencies.

Aihwa Ong (1987) has demonstrated how young women who left rice-fields to work in factories earn less than a living wage and are among the lowest paid in Southeast Asia. Ong discusses how workers are subjected to legal and social discipline, and Foucauldian forms of surveillance and induced self-control in Malaysian factories. Would-be labourers from Ban Jai have not proved to be very trainable or amenable to disciplined labour, some women who went to work in factories in Vientiane returned, while a larger number recruited to work for the
Malaysian company did not last the training period in Vientiane. The provincial official claims that the problem is that village workers were not disciplined enough to work the hours they were required to, but as one village leader told me, “the conditions were not good and the workers could not afford to remain on the income provided.”¹⁶⁰ If Ban Jai was expected to provide a ready and able labour force they seem less than willing to conform to the discipline or conditions of factory work and wage labour of the foreign companies. Women, who face diminishing opportunities in the household economy and long-distance trade that appeared promising a decade ago, and who resist submitting to factory labour, may be choosing or are forced to choose, to take on the ambiguous roles represented by the figure of the mia noi.

Even if Ban Jai could provide a willing and able supply of labour, this is not the first choice of parents who would rather see their youth educated and working as civil servants, in businesses or other occupations. Nor would this be a large enough labour force to meet the needs of the kind of “industrial zone” that the official implies is planned for the future. The increasing movement of migrants from Yunnan may prove to be much more desperate and willing to be disciplined, not to mention preferred by Chinese companies and the Chinese government who would not want an increasingly displaced population to present any forms of unrest. There is the potential then not only for resettled upland communities, which are often the focus of IAI attention, to be discriminated against but for lowland communities such as Ban Jai to become marginalised. Within the context of regional integration and the marginalisation of trade one can see how women are already being differentiated. Mia nois represent women whom the provincial official may label as resisting disciplined labour. In Xay town people say “they are mia nois because the do not want to do village work” and in the public imaginary they resist village labour. In terms of resistance as a diagnostic of power the mia noi represents how gendered relations are shifting power away from women in its integration with the market economy and the forms of governance that have facilitated this.

¹⁶⁰ I also heard anecdotes from individuals in Vientiane related to factory workers and from other sources that practice among factories in Vientiane lace drinking water given to workers with stimulants so that they will not get tired and work longer hours.
The blurred meaning of the *mia noi* may be the indication of the first step towards constructing and classifying a new kind of subjectivity, an abnormal or delinquent subject in Foucauldian terms. Even state agricultural policies have shifted focus by introducing the family rather than the village as the site of development because “development is at the family level, not the village” (rural development official) while the UNDP and UNICEF focus on legal reforms that increasingly invade/colonize individuals within the family. Projects identifying who is vulnerable, or who owns land, expand the areas of surveillance through “social work”\(^{161}\) to encompass custom and culture. Since I left the field, the UNDP has begun to implement a project to survey customary law which could also have the potential effect of defining old customs as criminal.

Perhaps the irony is that the mobility resulting from past development initiatives have offered options to villagers and women that now prove an obstacle to attempts to introduce industrialisation. On the other hand, this discourse could also be used in the future to justify bringing in foreign labour. Ultimately, this leads me to ask what is the connection between the promotion of foreign investment and industrialisation based on neoliberal ideologies that favour the private sector, and projects of surveillance cast as anti-human trafficking efforts based on international human rights ideology. At the local level the intersection emerges with the parallel shift of focusing poverty reduction at the family level, and legally redefining child rights; both involve extension of public surveillance into new areas of the private realm. Is it by chance that Unicef chose Ban Jai as a target of surveillance, even though the village is far from any border and there is potentially more in-migration than out-migration? In Ban Jai it is the image of the *mia noi* that serves as a metaphor for the village as “old” representing relations that do not fit into western conceptions of monogamous marriage and the nuclear family, and as a site of transgression and economic inefficiency and development failures. It is not clear if there are indeed many more *mia nois* in Ban Jai than elsewhere. Villagers do not deny that there are *mia nois*, but they say that others misunderstand their *hikong* (custom, belief) of *ton hap* (to welcome) and receiving visitors to form relations of *samaki*.

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\(^{161}\) One of the UNICEF project activities at provincial level was to train social workers within the Department of Labour and Social Welfare.
CHAPTER TEN
CONCLUSION

10.1 Introduction

Market transition in northern Lao involves neoliberal development interventions. I argue that the role of such interventions is contradictory, not only for its limited scope in alleviating poverty, but for the way it intersects with processes of diversification and differentiation. The village of Ban Jai is a site where despite the failures of development projects a diversification of livelihoods has, nevertheless, developed. The implementation of UNDP projects in Ban Jai illustrates how rather than alleviating poverty, they produce a chain of effects that contribute to the tensions that result from structural changes to the village household economy that involve diversification. The long-term effects of development interventions are also implicated in processes of regional integration. In Oudomxay, changing strategies of development have involved a shifting role between international development organizations and the private sector, where the role of foreign investment is increasingly affecting development policies and the use of public spaces and resources. Ban Jai highlights how the effects of both agricultural and trade policies converge to produce unpredictable and unexpected consequences. The case of Ban Jai also illustrates how the space of the village has been reconfigured and how the rural population finds itself positioned within market spaces as they increasingly become integrated into urban life.

Within the context of modernization in Southeast Asia, market transition involves deagrarianisation accompanied by processes of economic diversification and differentiation. Such processes are unpredictable and can involve new opportunities, but the market structures these in a differential way, so that not everyone benefits equally. While market integration is occurring rapidly and producing profound changes, the process of deagrarianisation in the Lao PDR has been relatively limited compared to other countries in the region. This can be partly attributed to government policies, which focus on agricultural development as the solution to rural poverty. In northern Lao, such policies have targeted ethnic groups and upland, swidden cultivators. Within this context, it has been argued that such groups are disadvantaged by processes of social differentiation and market integration (Rigg 2005). The case of Ban Jai extends the analysis of how such processes operate in a context where one would not expect such
disadvantages. Ban Jai is not remote, or particularly “poor,” it is at the edge of a valley, not in
the uplands, and farmers cultivate mostly wet-rice but also some swidden crops. In other words
it is not the stereotypical rural, remote, upland village that is often constructed by development
discourse to represent rural Lao. Not only does the village’s long history of salt trade also belie
characterisations of isolation produced by the discourse but recent policies to introduce
agricultural industrialisation have brought migrant workers, traders, and investors which
challenge this image more than ever. If remoteness and isolation have been used to construct an
object of development to justify further interventions, it may become harder for such images to
hold any legitimacy. Recent interventions based on a strategy of industrialisation also rely on
accessible targets. Earlier development interventions have contributed to constructing Ban Jai as
one such target by increasing its accessibility. On the surface, Ban Jai appears to exemplify how
increasing accessibility is accompanied by opportunities for economic diversification. On a
deeper level, it demonstrates the complexity of such processes, which involve intra-village as
well as inter-village differentiation. The case of Ban Jai also demonstrates how tensions
produced by such processes result in structural shifts at the village level and that development
interventions have shaped such tensions in particular ways. In this chapter, I discuss my
conclusions in relation to how such tensions develop at the level of the shifting village household
economy, and in terms of social relations as demonstrated through an analysis of discourses of
*samaki*. Before I do so, I summarize the impact of regional integration to provide the context
that shapes the experience of villagers and their attempts to negotiate the tensions produced by
processes of market integration.

10.2 Regional Context of Integration

The context of transition in northern Lao, particularly within the past decade, is not only a
case of market integration, but also one of regional integration where the latter is under the
increasing economic influence of China. The 2006 UNDP Lao Human Development Report
concluded that “the overall finding is that, on balance, the increasing international trade has
benefited Lao people and Lao development. Recent economic growth has been equitable and
pro-poor. The income distribution has improved” (UNDP 2006: xxii). I propose that the case of
Ban Jai illustrates that the impact of investment and trade with China has produced much more
contradictory effects than such a view would suggest and that the complexity of the issues that
the local population face needs to be more closely examined.
Imports from China into the Lao PDR had risen from $US 39,076,600 in 2000 to $US 102,778,000 by 2004 (UNDP 2006). It is not only commodities that are crossing the border from China into Lao. The Asian Migration Centre estimated that by the year 2000, there were at least 80,000 Chinese workers in the Lao PDR (UNDP 2006), a nation of less than six million. Over the past decade, the rapid growth of the economy in China has also led to the marginalization of segments of the rural population in Yunnan, driving individuals across the border to search for economic opportunities in northern Lao. The easing of border restrictions and provincial policies has also attracted Chinese investors, traders, and migrants to Oudomxay. But as one local official told me, they are unable to keep track of the actual numbers of migrants, since many arrive on tourist visas, and once these expire they stay illegally, simply blending into the local population. In the town of Xay where there are already several generations of Chinese-Lao families, it may be even easier for more recent arrivals to blend in.

Much of the focus on migration in the Lao PDR in both the development and scholarly literature draws attention to Lao labour migration to Thailand, but the impact of the in-coming migration into Lao from China has yet to be determined. The everyday lives of people are affected by the impact of China’s rising economic influence on Lao development policies. Such policies include the increasing role of private foreign investment and the liberalisation of cross-border regulations. The story of the inception of the Chinese supamaket in the heart of Xay town highlights how tensions are produced when foreign investors attempt to make way for Chinese traders and in the process limit access to the market for local traders. The new supamaket was built by Chinese investors and illustrates how the shift from public to private control of this public space has had contradictory outcomes for the local population. The old market which was on state land, made space for local traders who did not have to pay rents. The new market was now on land under long-term lease to Chinese investors whose rents intentionally kept local traders and producers out of the planned market. Clark (2008) maintains that the marketplace is not insulated from the influence of broader structures of inequality. The shifting position of local traders and the manner in which this occurred in the new market suggests that there is a need to examine how broader disparities may be arising with regional economic integration. Alfred Gell

(1982) has likened the market to a mapping of social relations, where an examination of the marketplace reveals interactions that are representative of external factors and values of the society at large. The physical segregation of traders which occurred with the inception of the market represents how the role of foreign and private investors is shaping both the market space and wider market relations. Applying this mapping of the market to examine the ground plan of social and economic relations in Oudomxay highlights processes of differentiation introduced by regional integration. An analysis of how market relations are unfolding in this context also reveal the tensions produced when processes of integration produce new winners and losers where traders from Yunnan have an advantage and market forces are not always favourable to the local population.

When the new market opened it made visible what some of the lau lao women traders had been telling me had begun to occur since border restrictions on trade lifted in 2000 and Chinese goods and traders began to flood the local market. Lao women who used to travel to the Chinese border trade zone of Boten to buy goods and bring them back to sell, stopped doing so. Some of these women had at one time attempted to become long-distance traders, in the same way that other women had made lucrative businesses as cross-border traders buying goods at the Thai border, documented by Andrew Walker (1999). They had hoped to do the same when the border with China opened. Their lack of success in attaining a foothold in what should have been new opportunities in cross-border trade was echoed by other female entrepreneurs I met in Xay town. Women had begun to undertake cross-border trade only to find that while the open border was letting them out, it was also letting many more traders from China in. The success of traders in the earlier context of Thai cross-border trade was facilitated by favourable local government regulations. I propose that the position of Ban Jai traders, in relation to both cross-border trade and the construction of new market spaces, indicate that local government regulations in these contexts are not as favourable to local traders as those which enabled Thai cross-border trade. Instead, shifting some of the control of public spaces such as the market place to foreign and private investors has opened up spaces that favour traders from Yunnan. One of the main differences between the Thai and Chinese borders is the larger influx of migrants and traders from Yunnan which is due to the rapid economic rise in China. Some NGO workers suggested to me that these migrants are being pushed out to seek opportunities in Lao.
The other difference is due to the existence of earlier ties of ethnicity, trade and migrant labour that make it easier for migrants from Yunnan to blend in and avoid being detected.

State intervention, to make space for Lao traders, in response to the tensions produced by Chinese investors, did not extend to the women of Ban Jai who congregate under the sign warning “Selling Prohibited, Danger Vehicles” at the edge of the market. I suggest the physical position of the women petty traders also reflects a larger shift in the village household economy. Villagers express pride in the historical renown they had as salt producers and traders which positioned them centrally within the local network of trade. Although this changed with transition to a market economy they were able to replicate the household pattern of trade and maintain their reputation by taking up rattan-furniture production. Increased diversification has brought new opportunities for some but with the end of the hybrid household economy the traders of Ban Jai no longer hold a place of pride in the market economy. Ironically, as petty traders of lau lao they have also contributed to the less favourable reputation of the village as a site where men go to drink and to find mia nois.

As petty traders the women persist in huddling directly beneath the sign disregarding the steady stream of traffic and the accompanying noise, exhaust fumes, and possible hazards, as passengers and goods are picked up or unloaded. Their physical position outside of the market proper, in a restricted area under the sign, serves to highlight that not everyone has benefited equally in terms of larger market forces and negotiations between private investors and the provincial government. At the same time, this position illustrates that the women find ways to engage with the market and exercise their agency, making a space for themselves and attempting to negotiate processes of differentiation.

For the women from Ban Jai, it was not only the space of the market that was being reconfigured, but within their own village more dramatic changes were taking place. The provincial government had designated the village as part of an industrial zone in line with its policy shift to industrialised agriculture and wide-scale commercial contract farming. This brought three new foreign-owned company operations, which were joint military ventures, to the village in 2004. One of the three factories, a maize-processing facility, was Chinese-owned. The province established it to deal with a large amount of maize that was grown by Lao farmers, throughout the district, for export to Chinese companies. The story of how the companies had
turned around and refused to buy the maize was one I heard repeatedly. I was told by a provincial official that the reason for not honouring the contracts was that the maize was inferior in quality; nevertheless, there was a general sense of betrayal when the issue was related to me by individuals. The second operation was a Vietnamese saw mill and the third and largest operation was owned by a Malaysian company and included a furniture factory, a large pig- raising facility, a range of commercial food crops, and the cultivation of rubber seedlings. Both the Malaysian enterprise and the maize processing facility used migrant labourers from China. The Malaysian company also hired local labourers including some villagers. Only fourteen villagers had been hired, despite a much larger number having been recruited for a training period in Vientiane. Villagers were upset that the company had not hired more of them, and did not understand why. Several villagers, however, did not last through the entire training period they were required to go through in Vientiane, saying that the conditions were difficult and the wages were not enough to survive on.

Of more immediate concern, however, was the company’s move to build pipes taking water away from the villagers’ own supply, without their consultation. This was the first issue that village leaders brought to my attention when I began fieldwork, and as one woman leader explained if “there is no water, there is no work.” I initially assumed she was referring to rice cultivation but it was not until I saw that the distillation process of lau lao requires large amount of water, that I understood why women in particular, were distraught over the company’s access to their water source, which itself had been diminishing over the past decade. At one time there were up to seventy women producing and selling lau lao but by 2006 there were thirty, although this decrease is related to other factors.

The Malaysian operation had already cut a large swathe out of the forest within village boundaries, but during the course of my fieldwork another contentious issue arose when an additional ten hectares of land held in reserve for several families, were allocated to the company. This issue, however, created tensions between villagers and the village headman, who I was told had “sold” the land to the company without consulting the village. As a former headman explained, customary laws regarding land use were no longer being respected.

More unexpectedly, the arrival of migrant labourers within the village itself was producing a local household service economy of noodle and beer shops. Not only had the village
developed a reputation as a popular drinking spot, but even as far as Vientiane I heard accounts of how it had a reputation for having many mia nois. Mia noi is the Lao term for minor wife but its meaning seemed to be blurred to imply new relations of exchange. As one local provincial official claimed, six out of ten girls in Muong Xay’s bars were from Ban Jai. However, he also problematically blamed the lack of success in disciplining villagers to work in the foreign owned-factories on village culture, linking culture to drinking and how this was related to the attraction of young women.

As I was conducting fieldwork, the District Department of Agriculture and Forestry was attempting to convince villagers to take up watermelon cultivation. Some villagers told me that they would not participate because they calculated that the profits would not make it worth their while. The district’s push for watermelon was part of a much larger scheme to introduce rubber cultivation. Since it takes six years before latex can be tapped, short term crops such as watermelon are introduced to give some income in the meantime. The Department of Agriculture had plans to introduce 100 hectares of rubber cultivation on village hai land to begin the following year. Earlier negotiations between the local government and Chinese companies had been less than ideal. As one senior official explained to me, in the beginning they had very little experience with such contracts and they inevitably favoured the companies over the villagers with a larger share of the profits. Although villagers primarily carried out wet-rice cultivation, over the previous decade there had been an increase in the number of families that were becoming landless. Out of almost two hundred and ninety families, about twenty had sold paddy land, which until a decade ago had been unheard of. I was told by different village leaders that villagers who sold land or went to look for jobs in the factories did so because they needed the money. This trend needs to be further investigated to understand if this is related to distress-based diversification or villagers turning to new opportunities. The rubber cultivation had not yet begun by the time I finished fieldwork although about a dozen families had begun to lease their paddy land for companies to plant rubber tree seedlings. For some families this choice involved dropping out of wet rice-cultivation that year, and in some cases I was told this was due to a lack of labour exchange. Policies encouraging foreign investment, agricultural industrialisation and cross-border trade resulted in internal conflicts over land and water resource use within Ban Jai.
The impact of the rising influence of China’s economic expansion in Oudomxay and policies of industrialisation which facilitate it, can be connected to the presence of new factories and foreign investors in Ban Jai and the tensions they produce. I argue, however, that the context produced by previous project interventions contributed to the position of villagers in relation to the shift to industrialisation. Mapping out how tensions have unfolded in Ban Jai in relation to processes of differentiation and diversification presents a complex intersection of economic and social factors and the role of the particular projects undertaken by the UNDP. While this is only a partial and incomplete picture, nevertheless, it is significant in showing that the consequences produced illustrate a divergence in discourse and practice in that project objectives are not met, and nor do they have an effect in alleviating poverty (Ferguson 1994).

10.3 Development Interventions and Diversification of the Household Economy

The experience of villagers in Ban Jai reveals how interventions such as earlier international development projects and the more recent creation of an industrial zone contribute to the tensions that are associated with diversification and differentiation. In the case of Ban Jai this specifically relates to how the nature of the household economy changed with increasing market integration. The intensification of household economic diversification brought alternative incomes and benefits to some villagers but not to all. This process also saw the end of a village economy where all households were involved in the same activity of production and trade. Such a system of household production did not eliminate disparities but Rehbein (2007) suggests that Lao traders do not behave in a competitive manner in order to ensure that everyone gets a share of trade. My analysis has looked at tensions that are produced when market integration challenges the village structure of the household economy; shifting from a context where everyone participates in a share of trade to one with new forms of competition where not everyone is able to equally take advantage of economic diversification.

In rural Lao, development interventions have occurred within the context of market integration. To understand how the processes of diversification and differentiation have proceeded requires an examination of the role of such interventions. Early interventions set the course of the trajectory of development in Ban Jai and were significant for producing a chain of effects that set in motion changes which exacerbated and hastened market integration in a way that disrupted the local village economy and social relations. Projects in this sense shaped the
process of market integration and played a specific role in contributing to tensions that accompanied transition to a market economy.

The tensions expressed in relation to the SSIP reflected how changes introduced by the project intersect with wider structural shifts. The process of market integration in Ban Jai appears to be a differential one, and some villagers are positioned more favourably than others. Differentiation in other areas of Lao has been shown to be related to ethnicity and gender, favouring lowland villages. In cases where late-comers, often from the uplands, move to a lowland village they only have access to the most marginal lands (Rigg 2005). In Ban Jai such patterns seem less predictable and changing. Data indicates that the poorest families are lowland Lue whereas the most recent upland Phu Noi arrivals have not been allocated marginal land but this is because they were able and possibly had to, buy land in order to move into the village. One hypothesis is that the SSIP contributed to processes of differentiation in how households were affected by disruption to the original indigenous system. The former nai ban claims that individuals who lost access to irrigation directly through SSIP’s effect on the indigenous irrigation system have turned to selling communal village land. I propose that those households where irrigation declined and whose land was not as fertile, or did not produce much through rain-fed irrigation, may have been disadvantaged. As these families turned to swidden cultivation this may have put additional pressure on those families who already relied on swidden because they had less access to paddy lands. Some of the older Lue families whose paddy fields had better access to irrigation have managed to continue rice production and even have some surplus to trade, but also find it difficult to access family labour for harvesting.

Project effects intersect with and exacerbate other processes of market integration to position villagers differently. The hybrid system of household production involved a balance between rice production and salt or rattan-furniture production and trade; the former was disrupted by the effects of SSIP whereas the latter declined due to market forces and changes in supply and demand. As this pattern of household production shifted, households with access to capital were able to diversify more successfully than others and in this regard the project contributed to exacerbating existing disparities.

In the case of Ban Jai one could ask if disruption to the indigenous irrigation system and village leadership influenced the way social interactions were remade and shifted shared interest. I suggest that villagers responded to this disruption by diversifying the household economy, a
process facilitated by project activities. Another response by farmers was to temporarily shift from paddy to swidden cultivation. Both responses had the potential to affect social relations and the shared interests that structure the maintenance of labour exchange, land use, and irrigations systems. The disregard for customary rules regarding communal land ownership raises questions over whether the social relations that underpinned institutions such as the indigenous irrigation system in Ban Jai have been undermined and if shared interests are being affected by the tensions produced? Such interests were often expressed in terms of *samaki* (solidarity) in Ban Jai. I also hypothesize that based on village discourses of changing *samakigan* (mutual solidarity) that the disruption to the system of irrigation and cultivation by the SSIP project contributed to tensions reflecting social relations within the village. The construction of the SSIP irrigation system may also be understood as contributing to processes of displacement in which people become marginalized from participation in decisions affecting resource access and management. Such displacement “points to the sense of loss that accompanies the deprivation of the means and resources through which to continue those livelihoods” (Vanderveest et al. 2007: 26). It could be explained by the erosion of shared values where this sense of loss also leads to individuals’ loss of a sense of mutual responsibility and obligation. In Ban Jai, the effects of SSIP contributed to such a displacement in relation to the access and management of the irrigation system and disruption of existing forms of organisation and leadership. I suggest that introduction of the WUGs using external methodologies and forms of organisation as well as the outside construction company’s lack of accountability for its destructive actions, which the *nai ban* had little control over, affected processes of decision-making and leadership. Not only did the *nai ban* have difficulty in mobilizing villagers to maintain the new system, but since the indigenous system was disrupted and some households shifted to swidden cultivation it would be difficult to mobilize families to maintain the pre-existing system. More recent tensions around leadership and related to issues of land and water use in the context of the introduction of foreign enterprises in Ban Jai would need to be further explored to understand if these are connected to how such displacement may have affected control and decision-making in the long terms.

MF projects in general, have been cited as increasing disparities rather than empowering the poorest as they claim to. While it is not possible here to determine if this was also the case in Ban Jai the project did intersect with processes of differentiation and the structure of the MF
loans contributed to how some women could only afford to undertake lau lao production while other women were able to expand beyond this activity or drop out of it altogether, to undertake more individual enterprises. Another aspect of such differentiation is its affect on relations of solidarity and its meaning in the village. A decade later it would appear that some villagers who have managed to open drinking venues and shops have benefited from the position of women who have remained petty traders. They could be said to profit from the position of the petty traders who produce the lau lao, which attracts the male clientele. Without that production, the service economy in the village would not have emerged or continued based on its reputation of producing a “pure” quality of alcohol.

MF projects in other Asian contexts have been shown to create social tension and affect relations of solidarity as well as introduce new subjectivities particularly with regard to gendered relations. Such processes and the kind of tensions produced by the project in Ban Jai are less easily identifiable. One difference is that in Ban Jai women have been relatively more active in the public sphere and have experience in trade. Some tensions within the household do seem to appear as livelihoods increasingly become diversified and as men shift out of household production and into other spheres of entrepreneurship and wage work. This also intersects with increased mobility and the changing context of Xay town.

10.4 The Multivocality of Samaki

What implication did the tensions produced by a process of shifting from a pattern of the hybrid economy to a more diversified one have, regarding relations that the villagers refer to as samakigan (mutual solidarity)? Treating the contradictory discourses and practices of solidarity in Ban Jai as resistance within the framework of a “diagnostic of power” (Abu-Lughod 1990) raises further possibilities for analysis. One could interpret this as the villagers struggle to negotiate the erosions of solidarity-based social organization, but given how samaki has been integrated into relations of village trade it could also point to how power is shifting within the dynamics of the pattern of the household economy. I suggest that the contradictory discourses of samaki could also express the tensions villagers experience as shared interests have shifted along with the shift from a hybrid household economy to a more diversified one. Villagers may invoke discourses of samaki in their social gatherings where economic relations are not at stake, and in
Project effects appeared to challenge village meanings and practices of *samaki*. MF projects, for example, have been found to disrupt relations of solidarity by separating individual borrowers from the community, and isolating the individual as a contract breaker who stands in opposition to group interest (Karim 2001). Focusing on the trade of *lau lao* reveals how village women respond to the Microfinance project’s attempts to impose neoliberal subjectivities and debt practices. The construction of *samaki* in the context of MF in Ban Jai also raises more questions about the governmentality of MF projects in different contexts. One could hypothesize that the kind of controlling techniques required which “already exist in the social body” are different if not absent or limited in effect in certain contexts, or that local actors are able to find ways to resist replicating such coercive control.

The MF project also challenged local hybrid forms of trade that engage relations of solidarity by introducing a new layer of competition in the way that debt repayment is restructured. Women in Ban Jai approached the project by deciding to engage in the same income-generating activity, mitigating the possibilities of techniques of isolation. The way the women engaged in the production and trade of rice whiskey allowed them to negotiate contradictions produced by the project, as new forms of competition challenged meanings of solidarity structured by the VSG and customary ideologies. Women negotiated such contradictions by extending relations of solidarity to the public sphere of trade but limiting it in the private sphere of production. This exercise of agency buffers the increased debts that the project leads to, not by withdrawing from market relations but by limiting the disparities that come with increased competition. This challenges the perception that relations of solidarity exhibit behaviour that lacks an understanding of market exchange or the desire to seek profit. It also points to the limits and contradictions of both market relations and relations of solidarity. Women who remain in this trade find themselves in the positions of petty traders in the market while the production of alcohol leads to new opportunities for other villagers to operate individual drinking venues. The success of such venues relies on the reputation of the alcohol produced within the village for being “pure” so that the marginal position of one group of women benefits other individual entrepreneurs. A further contradiction, however, is that the emergence of this new service economy within the village caters to the migrant workers hired by
the new factories. In other words, despite the conflicts that have emerged due to the presence of the factories, villagers also rely on their presence to engage with the market economy.

Women lau lao traders who come together to sell at the edge of the market say that they do this because of samaki. In the context of MF, the introduction of Village Solidarity Groups produces multiple meanings of solidarity. Villagers have invoked relations of solidarity to negotiate various events such as the liberation struggle and market engagement. Village oral histories demonstrate that the exchange of salt also produced relations of solidarity that extended relations beyond village boundaries. Such relations of solidarity also challenge dichotomous models which oppose moral economies to market economies, and suggest that such models overlook the complexity of hybrid forms of relations which may exist. The case of Ban Jai and how villagers incorporate a discourse of solidarity in relation to outsiders, their economic activity and their identity is usefully thought of as dialogic, and move beyond dichotomies of moral versus market economies.

Local cultures are redefining their identities in the new global context, and in doing so they often appropriate "nontraditional" elements from outside, a situation that gives these cultural identities a "hybrid" appearance… the appropriation of the discourse of the other is not an acritical, mechanical process but a dialogical and creative one in which certain values and propositions are rejected…and others…such as principles of cooperativism, are reinterpreted and revindicated. Dialogue and creative selection are key elements in the process of resistance.

(Castillo and Nigh 1998:144)

It has been argued, elsewhere that a discourse of solidarity is used by the contemporary Lao state to mobilize an unwilling rural population to participate in development activities (High 2006). In Ban Jai the construction of solidarity can also be traced back to liberation ideologies and mobilization for the revolutionary movement. This historical context complicates the way relations have developed between the state and the local people in the former liberation zone and suggests the need to examine a discourse of solidarity as multivocal with multiple and layered meanings. Villagers may also use solidarity to remind officials of the obligations that were accrued to the participants of the liberation movement.

Ban Jai was targeted to become part of an industrial zone with plans for the necessary infrastructure to eventually be put in place. To what extent villagers will have access to this infrastructure will probably be another matter of negotiation. In the past, particularly since the
liberation struggle and the post-war period of reconstruction, their relations with local
government actors were also efforts of samaki. As a village elder explained to me, pointing to
the village primary school “we built it ourselves with the Pak Lat” (the Party/ Government).

Official state discourse continues to use samaki to call upon the population to join in to
support economic development or celebrate its political aspirations. The discourse of provincial
officials reflects how recent neoliberal ideologies are reformulated locally in relation to earlier
IAI engagement and more recent rights-based approaches to development. This is related to how
projects are tied into the way that local policies are formulated in favour of the private sector and
foreign investors. This effect is ironic in the sense that the implicit objectives of the IAI to
promote privatization and neoliberal policies appear to be adopted by local governments but at
the same time officials apply a discourse to the IAI as less favourable than the private sector.
This discourse mirrors the kind of discourse that neoliberal ideology has used to argue for
privatisation claiming that the state is less efficient than the market in providing services. Local
government discourse turns the argument on its head and argues that the IAI is less sustainable
than the private sector. This discourse also obscures the economic effects of the projects in
shaping the village economy, and instead blames the problems related to foreign investment on
local “culture.” Officials, however, do not attempt to completely turn away from the IAI, rather
they are in the process of trying to negotiate a path that attempts to get the most benefits from
both public and private partners.

The contemporary context of neoliberal policies and economic integration with China
cannot be understood without an examination of the outcome of past development interventions.
The outcomes of such interventions are further exacerbated by the growing influence of China on
development policy in Lao. The rapid growth of the Chinese economy has also led to an influx
of migrants and traders into northern Lao which is facilitated by the liberalisation of border
regulations and an increasing presence of foreign investors. While such market integration
appears to provide new opportunities to villagers such as those from Ban Bai, it also leads to new
forms of differentiation that are shaped by the effects of former projects. How the women of
Ban Bai find themselves selling lau lao may be seen as evidence of their entrepreneurial skills,
but I argue that this in itself also reflects shifts in the pattern of the household economy affected
by market integration. According to Gell “in the market people are ‘put in their place’ in a sense
rather stronger than is usually implied by that idiom” (Gell 1982:484). The intended
beneficiaries of projects ironically may find themselves ‘put in their place’ as they are repositioned within processes of market integration but this does not mean that they do not attempt to carve out their own place, in their own way.
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