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Frontier capitalism and the expansion of rubber plantations in southern Laos

Pinkaew Laungaramsri

This article examines the recent expansion of large-scale rubber plantations in border areas of Laos and argues that this phenomenon as well as the attendant land concession controversy must be understood from the perspective of resource frontiers. While transnational Vietnamese investment in rubber plantations represents one form of land capitalisation, their establishment in southern Laos has been part of the turbulent political economic transition in Laos. Collaboration between frontier states which often bypasses central governance, chaotic boundaries between what is recognised as ‘used or productive’ and ‘unused or underproductive resources’, and regulatory disorientation of resource control allow what I call ‘frontier capitalism’ to proliferate.

In May 2006 local district officials along with representatives from the Dak Lak Rubber Ltd Company of Vietnam arrived at Ban Samakkisai (Lak 19), Bachieng District, Champassak Province, and announced to the village head that the village land had been granted to Dak Lak as part of a concession area for a rubber plantation. The officials explained that the aim of giving the land concession was to bring prosperity to ‘backward’ and ‘poor’ areas of Bachieng. In all, 48 hectares of land owned and cultivated by 27 Brao households¹ were handed over to the company for this

Pinkaew Laungaramsri is an Assistant Professor at the Department of Sociology and Anthropology, Faculty of Social Sciences, Chiang Mai University. Correspondence in connection with this article should be addressed to: pinkaewl@yahoo.com. This article draws on findings from a collaborative research project on the Socio-economic and Ecological Implications of Large Scale Industrial Plantations in the Lao People’s Democratic Republic (PDR) between the Centre for Information and Research on Land and Natural Resources, National Land Management Authority, Office of the Prime Minister, Lao PDR; the Foundation for Ecological Recovery, Bangkok, Thailand; and the Faculty of Social Sciences, Chiang Mai University. The fieldwork was carried out between July 2007–March 2008 in six villages in Bachieng District, Champassak Province, and Lao Ngam District, Saravane Province, respectively. The research was funded by the Thailand Research Fund. I thank the research team, particularly Pornpana Kuaycharoen, Rebecca Leonard and Sinakhone Soukhavong, for their hard work and assistance. The analysis here, however, remains my own.

¹ A Mon-Khmer language-speaking group, the Brao people live in the Ratanakiri and Stung Treng provinces of northeastern Cambodia, and Attapeu and Champassak provinces in southern Laos. This ethnic minority comprises a number of different subgroups, the most prominent being the Kreung, Brao Tanap, Umba, Kavet, Lun, Hamong, Ka-nying and Jree. About half of the approximately 60,000 Brao live in Laos while the rest reside in Cambodia. The Brao were swidden agriculturalists, combining their upland livelihood with fishing, hunting, and the collection of non-timber forest products until the past few decades, when some have taken up the cultivation of lowland wet rice and other cash crops. Ian Baird, ‘The case of

purpose. In February 2008, as the compensation negotiations were still underway, the district officials returned to the village again, this time with another group of Vietnamese investors, the Dau Tieng Rubber Company, requesting even more land for rubber plantations from the villagers. A similar rationale of poverty alleviation and the development of unproductive land were recited to justify the land expropriation and villagers had no choice but to allow the company to take over more of their land.

The case of Ban Samakkisai represents just one among hundreds of villages similarly affected by the national Lao strategy to 'turn land into capital' through the implementation of a land concession policy. Since the 1990s, granting land concessions has been seen by the government of Lao People's Democratic Republic (PDR) as an effective way of achieving at least three interrelated goals: to eradicate 'shifting cultivation', which is often regarded as a backward and damaging practice that underutilises the capacity of land; eliminate opium poppy cultivation; and to bring the upland ethnic minorities and their traditional ties with swidden livelihoods into 'civilisation'.² While land capitalisation has been seen as the key engine to reorient the country's economy from subsistence to market, it has been made possible by the conspicuous rise of China's industrialised economy and the rapid expansion in the demand for rubber by the Chinese automobile industry. Soaring Chinese demand for rubber has also driven growth in investment in the production and marketing of natural rubber in neighbouring countries such as Vietnam and Thailand, which in turn have looked to Laos with its lower land costs.

A newspaper report in 2009 stated that more than 1,000 companies, of which 398 were foreign owned, had received land concessions in Laos.³ Up to 75 per cent of the investment in rubber in Laos has been made by foreign companies. A survey by the Ministry for Commerce in 2007 found that there were 40 foreign companies growing rubber in Laos in a total area of 182,900 hectares.⁴ The largest rubber concessions are to be found on the southern border province of Champassak where swidden cultivation is widely practised (see Figure 1). Transnational investors in this province came from several countries, including Thailand, Vietnam, Korea and Japan.

Interestingly, the strategic location of land capitalisation often takes place at the 'frontier'. This is no coincidence. Anna Tsing, in her analysis of the complex processes of global connections, calls attention to the interstitial spaces of frontiers where the confusion of boundaries between law and theft, governance and violence, usage and destruction, public and private, and discipline and wildness facilitate capitalist proliferation — a situation Tsing defines as new 'resource frontiers'.⁵ For Tsing, the

the Brao: Revisiting physical borders, ethnic identities and spatial and social organisation in the hinterlands of southern Laos and northeastern Cambodia', in *Recherches Nouvelles sur le Laos, Etudes thématiques*, No. 18, ed. Yves Goudineau and Michel Lorrillard (Paris and Vientiane: École française d'Extrême-Orient, 2008), pp. 595–672.

2 Cor H. Hassen, 'Lao land concessions, development for the people?', paper presented at the International Conference on Poverty Reduction and Forests: Tenure, Market and Policy Reforms, Regional Community Forestry Training Center for Asia and the Pacific Bangkok, 3–7 Sept. 2007.

3 *Vientiane Times*, 19 June 2009.

4 Ministry of Industry and Commerce, www.moic.gov.la.

5 Anna Tsing, *Friction: An ethnography of global connection* (Princeton, NJ: Princeton University Press, 2005), p. 28. As Tsing explains, made possible by 'Cold War militarization of the Third World and the growing power of corporate transnationalism, these resource frontiers grew up where entrepreneurs and

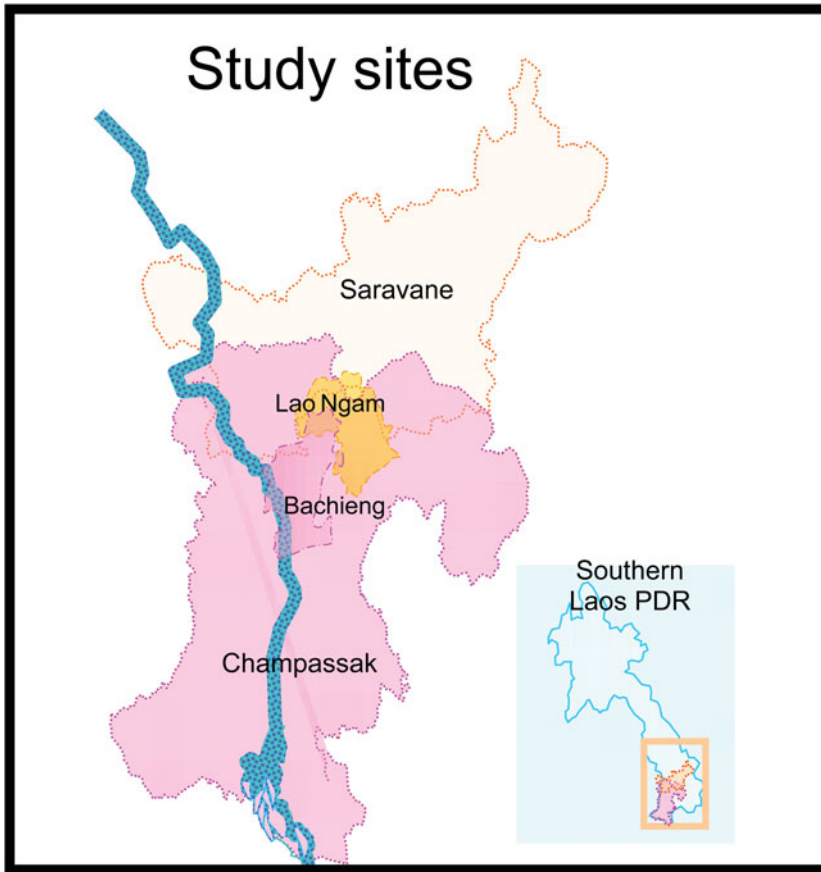


Figure 1. Study sites in southern Laos

frontier is not a place or even a process, but an imaginative project capable of moulding both places and processes, creating wildness so that some and not others may reap its rewards. Through such processes, ‘resourcefulness’⁶ is then turned into frontier. The expansion of resource frontiers throughout the world since the late 1990s thus represents the product of the growing power of and collaboration between corporate transnationalism and bureaucratic/army forces to turn local resources into industrial raw materials.

This article examines the process of rubber expansion in southern Laos. I argue that the land concession controversy,⁷ and the spread of large-scale rubber

armies were able to disengage nature from local ecologies and livelihoods, “freeing up” natural resources that bureaucrats and generals could offer as corporate raw materials’ (p. 28).

6 Ibid., p. 30.

7 Large-scale land concessions have been hotly debated within the government since 2005. While the Committee for Planning and Investment strongly supported the policy to lease land to foreign investors as an economic development strategy, other government sectors, especially the Prime Minister’s Office, were concerned about the impact of this policy on local communities, the forests and land conflict. In

plantations, particularly in southern Laos, must be understood in the context of resource frontiers. Following Tsing and other scholars within border studies, I define the frontier as a zone of varying width that stretches across and away from state borders.⁸ The frontier is also a dynamic process of spatial interaction within which diverse sources of power are negotiated. Notably, the rubber plantations established by transnational Vietnamese investors represent one form of land capitalisation made possible by collaboration between 'frontier states', in this case, bureaucrats in Champassak Province in Laos and the Dak Lak Province in Vietnam.

Central planning in Laos never fully materialised and the weak infrastructure linking the provinces to the capital allowed provincial governors to determine party policies at their own discretion; hence provincial governors often control access to power and wealth.⁹ As Bounlonh J. Soukamneuth points out, economic collapse in the late 1970s followed by the central government's demand that the provinces be self-sufficient led to a greater degree of provincial autonomy.¹⁰ As a result, provincial authorities have engaged in widespread transboundary and joint economic enterprises, particularly in the peripheries. Such collaboration, which often bypasses central governance, with chaotic boundaries between what is recognised as 'used (or productive)' and 'unused (underproductive)' resources, along with unclear regulatory control, allow the growth of what I call 'frontier capitalism'.

As Tsing succinctly suggests, the frontier is not natural or indigenous, and its peculiar form of capitalism is a complex construction. This article looks into the complex web of one such construction. In southern Laos, frontier capitalism arrives with the support of various layers of desires and practices — the national dream of a shortcut to prosperity, the provincial authority's construction of a 'backward' area, and the will to civilise the ethnic other, bringing them into order. Within the discourse of bringing progress to the frontier, unregulated land grabs, arbitrary compensation for damage to livelihoods and ecological destruction, and the quasi-commodification of people through casual labour on the rubber estates are tolerated, while the need for national accumulation of capital has been made imperative. Within the rapid transition of Laos's political economy, frontier capitalism has thus developed through the complex relationship of transboundary socio-economic collaboration as well as a particular discursive practice/strategy towards frontiers and the people who inhabit them.

The persistence of frontier capitalism is, however, not without cost and question. The unplanned market-driven land management policy and the reckless transformation of rural landscapes and economies into foreign commodities place the central state in a constant governance dilemma. How can land use be fully optimised without jeopardising ecological fertility and local integrity? How can transnational capital be disciplined without chasing it away? Will tighter bureaucratic rules be the way to

2007 the Lao government decided to suspend issuing concessions to revise the existing regulations and implementation (<http://hrdme.wordpress.com/2009/06/17/govt-resumes-land-concessions>).

8 Hastings Donan and Thomas M. Wilson, *Borders: Frontiers of identity, nation and state* (Oxford: Berg, 1999), p. 15.

9 Bounlonh J. Soukamneuth, 'The political economy of transition in Laos: From peripheral socialism to the margins of global capital' (Ph.D. diss., Cornell University, 2006), pp. 79–81.

10 *Ibid.*, p. 79.

control frontier power without undermining it? These questions represent the ongoing development predicament confronting the Lao state in its path towards land commodification and regional economic integration. To tackle these questions, however, would require proper governance, which the Lao state is still ill equipped for. Meanwhile, the unprecedented pace of de-peasantisation and the new geography of foreign rubber empires have come to characterise the contemporary life and landscape of the Laos rural south.

Post-socialist Laos and the return of rubber plantations

Rubber was once a lucrative colonial crop in the Mekong region. French Indochina was the fifth biggest producer of rubber in the world in terms of land area, with the fourth largest export volume, and it was the top rubber producer per unit of area. Rubber never took off in Laos, however. Rubber cultivation experiments began in the south of Laos, but these trials did not result in the extensive investment in rubber¹¹ seen in Annam (Central Vietnam) or Cambodia. There are many reasons why the French did not invest in rubber in Laos.¹² France's policy toward its Lao colony related to French perceptions about low population density, implying a shortage of labour, and dated from its annexation of Laos in 1893. France did not see Laos as a prefecture or a state unto itself, but as part of Vietnam or the hinterland of Indochina. The French hesitated before investing in rubber estates in Laos, as such investments required high levels of capital, secure trading routes, as well as control over labour.

The return of rubber into the Mekong region began in the late twentieth century with the rise of China as economic metropole. The rapid expansion of its national car industry and road transport infrastructure has made China the biggest buyer of rubber in the world.¹³ This has shifted the global marketplace for rubber from the United States and Europe to China. Apart from buying the raw materials for processing, China also plays an important role in supporting the expansion of rubber plantations throughout the Mekong region. The spectacular growth of the car industry in China has had an impact on rubber-exporting countries such as Thailand, and other countries with a rubber industry, such as Vietnam. To supply China, these countries have increased the acreage under rubber cultivation to unprecedented levels, and have also invested in plantations in third countries with ample land resources and cheap labour, such as Laos.

In the postcolonial era, the strategic area for rubber growing in the Mekong region is no longer Cochinchina or even Cambodia, however, but Laos. Rubber

11 The French experimented with growing rubber in Bachieng, Champassak in 1930. They did not undertake any serious expansion of the four half-hectare plots, however. Villagers in this area refer to rubber as *caosu*. Sounthone Ketphanh, Mounamai Khamphone and Phoui Siksidao, 'Rubber planting status in Lao PDR', National Agriculture and Forestry Research Institute (n.p.), p. 3.

12 Although coffee did take off, as the *Commerciale du Laos* company invested in the Haut-Mekong (Upper Mekong) and Bolovens from 1922. Martin Stuart-Fox, 'The French in Laos 1887-1945', *Modern Asian Studies*, 29, 1 (1995): 111-39.

13 From 2001 onwards, China became the biggest processor of natural rubber in the world and in 2003, China was consuming 1.8 million tonnes of rubber. However, China only produces around 35 per cent of its own domestic consumption, which has increased at a rate of 12 per cent per year on average since 2003. Pornpana Kuaycharoen, *Rubber and its products in China* (Bangkok: Foundation for Ecological Recovery, 2006), p. 4.

fever has turned Laos from a once disregarded hinterland, as the French colonialists viewed it, into an area that has the potential for competition, as a playing field for capital from three countries: Thailand, Vietnam and China. Since Laos did not have a strong industrial and economic base, under the New Economic Mechanism started in 1986, the post-socialist Lao state decided to turn to land, their primary economic asset, offering cheap rates of land lease for agricultural and industrial investment.¹⁴

Rubber plantations and land concessions were identified as the key strategies to transform the economy from its traditional subsistence agriculture base towards a market-oriented one. These two commodities, when combined, were and are believed to simultaneously assist the country to achieve several development goals. The National Growth and Poverty Eradication Strategy launched in 2003 set a target for eliminating shifting cultivation by 2010 and halving the number of households below the poverty line by 2020. Rubber plantations have therefore been seen as the perfect replacement for the vast upland swidden fields, one which would bring to an end the rotational farming practices of the ethnic minorities there. Rubber growing and sedentarisation were tied in with the policy to increase forest areas, and provide a stable permanent allocation of land to the farmers under the Land and Forest Allocation Program. Thus, rubber was promoted as a means of increasing forested areas, though what has actually been afforested is by no means natural forest, but monocropping rubber plantations.

It is important to note that the pattern of rubber expansion in Laos differs markedly in the north and south. In the north, companies from Yunnan Province, China, prefer to use a contract-farming model with smallholders, while in the south, Vietnamese investors tend to launch large-scale plantations under land concessions and take full control of production. The contrasting systems have had different impacts on local farmers. Through contract farming, northern Lao farmers are still landowners and able to maintain their decision-making. The image of rubber in the north of Laos tends to be positive, as it generates income for smallholders, as many research reports have observed.¹⁵ However, the large-scale land concessions and rubber plantations in the south have dramatically turned upland farmers into landless labourers.

14 The fee for land concessions in Laos was US\$6 per hectare per year — the lowest in the Mekong region — until May 2009, when the Prime Minister's Decree on State Land Lease or Concession adjusted the rate to US\$30–50 per hectare for a 10-year rubber concession.

15 See Thongmanivong Sithong and Vongvisouk Thungtong, 'Impacts of cash crops on rural livelihoods: A case study from Muang Sing, Luang Namtha Province, Northern Lao LDR', in *Hanging in the balance: Equity in community-based natural resource management in Asia*, ed. Sango Monhanty, Jefferson Fox, Michael Nuse, Peter Stephen and Leslie McLees (Bangkok: Regional Community Forestry Training Center for Asia and the Pacific and East-West Center, 2006), p. 110. Several case studies were of the spectacular success of Hat Yao village in Luang Namtha in northern Laos, where a conjunction of favourable conditions led to a boom in the price of rubber. V. Manivong and R.A. Cramb, 'Economics of smallholder rubber production in northern Laos', paper presented at the 51st Annual Conference of Australian Agriculture and Resource Economics Society, Queenstown, New Zealand, 2006, pp. 13–14. The farmers in Hat Yao earned 4 million kip per household in the first year and 8 million kip in the third year. This led to the widespread expansion of rubber cultivation in other villages and consequently stimulated the state's interest in rubber as an economic crop for the country.

'Turning land into capital': (But does anyone know how to do it?)

The Government of Lao has attentively improved the investment promotion policy, the regulation and law, as well as the investment permission procedure. More importantly, Laos has [a] stable political system that is peaceful and safe. Besides, the country also has vast undeveloped land that is suitable for agricultural production. Labour wage in Laos is cheap and the income tax is also low.¹⁶

Access to cheaper inputs is, therefore, just as important as access to widening markets in keeping profitable opportunities open. The implication is that non-capitalist territories should be forced open not only to trade (which could be helpful) but also to permit capital to invest in profitable ventures using cheaper labor power, raw materials, low-cost land, and the like. The general thrust of any capitalist logic of power is not that territories should be held back from capitalist development, but that they should be continuously opened up.¹⁷

The Lao government's support for rubber investment has stirred an influx of international companies into Laos. Tax exemptions are provided as incentives, e.g., where there is no pre-existing economic infrastructure, tax is exempted for seven years, after which, there is a tax of 10 per cent of the profits. In areas where there is some economic infrastructure, the exemption period is five years, after which there is a tax of 7.5 per cent for three years, and then full tax at 15 per cent. Where there is good economic infrastructure already in place, there is a tax exemption of a period of two years, and the tax will be collected at a rate of 10 per cent for a period of two years, after which, the tax will be charged at 20 per cent. Since 2000 foreign investment has intensified. Most of the investment has been concentrated in the central and southern regions, in Bolikhamxay, Khammouane, Savannakhet, Champassak and Saravane provinces. According to the Committee for Planning and Investment, the total area of land concessions which the Lao government has authorised to foreign companies throughout the country, for monocrop plantations and cash crops, amounts to approximately 167,000 hectares, the target being to plant 80,000 hectares of eucalyptus and 46,600 hectares of rubber.

In southern Laos, five large Vietnamese investors — Viet-Lao, Dak Lak, Dau Tieng, Quang Minh Rubber Production Joint Stock Co, and Quasa Geroco Joint Stock Rubber Co — who ironically run their estates in similar fashion to the large French colonial plantations, have agreements to invest in and plant rubber over an area of more than 30,000 hectares, in Champassak, Saravane and other southern provinces.¹⁸

16 Remarks made by the Deputy Chair of the Committee for Planning and Investment at the workshop on Lessons Learned from the Land Policy for Tree Plantation, 15 Feb. 2007, the National Land Management Authority (NLMA), NLMA conference room, Vientiane.

17 David Harvey, *The new imperialism* (Oxford and New York: Oxford University Press, 2005), p. 139.

18 In 2005 Dak Lak Rubber was granted a 50-year land concession on 10,200 hectares in Champassak, Saravane, Attapue and Sekong provinces and the Viet-Lao Joint Stock Rubber Co. was granted a 50-year concession on 10,000 hectares in Champassak. In 2007 Dao-tien was granted a concession of 10,000 hectares for 50 years in Champassak, Quang Minh Rubber Production Joint Stock Co. was granted 3,000 hectares of land in Attapue, and Quasa Geroco Joint Stock Rubber Co., 8,650 hectares, in Savannakhet. Viet-Lao Joint Stock Co. was the first to establish its rubber business in Laos and has the largest concession. The Vietnamese investors plan to expand their plantation areas up to 58,600

Land concession as the key engine of resource capitalisation can be seen as a strategic means to facilitate what Marx called 'primitive accumulation', the process of divorcing the producer/peasant from the means of production whereby the social means of subsistence and production are turned into capital. As Ernest Mandel suggests, this process needs to be seen as not only historical, but an ongoing component of the uneven and combined development of capitalism on a world scale.¹⁹ In order to overcome industrial backwardness in a world economy already dominated by the industrial goods of the advanced countries with which they could not compete, some developing countries focus their investment mainly on agriculture and the extraction of minerals for export, or reaping benefits from leasing land, as in the case of Laos. The outcome, as Mandel puts it, is half-industrialisation with an economy which does not serve the needs of the local population. The role of the state is significant in facilitating this process of capital accumulation, either by using extra-economic force (legal or otherwise) to expropriate resources and exploit labour, or to strategically intervene by creating the necessary conditions for capital to reap optimal profits.

In the neo-liberal era, the language, forms and mechanisms of land expropriation revolve around promoting efficient commercial agriculture and attracting foreign investment. The state-constructed image of abundant unproductive land thus provides the rationale for forcing open new territories, not only for the markets, but also in search of investment sites. According to Harvey, this process, which enables capital to exploit new or sometimes old sources of wealth can be political and forceful, involving the enclosure of land, expulsion of a resident population to create a landless proletariat, and then releasing the land into the privatised mainstream of capital accumulation, a process he calls 'accumulation by dispossession'.²⁰

However, accumulation by dispossession can also be unplanned and unexpectedly tumultuous, which at times paradoxically undermines the rationale and legitimacy of the accumulation itself. For foreign investors, frequent amendment and issuance of laws and regulations regarding land concession have made investment in Laos unpredictable and sometimes risky.²¹ At the same time, the costs of land commodification can also unexpectedly be incremental. In the case of the Vietnamese rubber companies operating in the south, the promise of abundant free land

hectares. They will begin to pay the concession fee at the rate of US\$9 per hectare per year in the eighth year of the concession. Centre for Research and Information on Land and Natural Resources, National Land Management Authority, Office of the Prime Minister, Lao PDR; Faculty of Social Sciences, Chiang Mai University; Foundation for Ecological Recovery, Bangkok, 'Summary report on research evaluation of economic, social, and ecological implications of the south of Laos PDR' (n.p., 2009), p. 8; henceforth 'Summary report'.

19 Ernest Mandel, *Late capitalism* (London: Humanities Press, 1975), pp. 84–5, 312–16.

20 Harvey, *The new imperialism*, p. 159. In expanding Marx's primitive accumulation concept, Harvey defines accumulation by dispossession as a politically driven process that occurs simultaneously with capital accumulation. This process operates in a variety of ways, including the commodification and privatisation of land and the forceful expulsion of peasant populations; conversion of various forms of property rights into exclusively private property rights; suppression of rights to the commons; commodification of labour power and the suppression of alternative (indigenous) forms of production and consumption; colonial, neo-colonial and imperial processes of appropriation of assets (including natural resources).

21 Personal communication with representative from the Birla Lao company, 14 July 2007.

(to save on compensating landowners) has turned out to be misleading. Upon arriving in the countryside, what they found instead was that most of the available land was already occupied by villagers. Both Dak Lak and Dau Tieng companies reported such difficulties. In total, Vietnamese companies have been given approval to conduct their operations to plant rubber in an area totalling 42,050 hectares.²² However, in reality the amount of land obtained under their various concessionary agreements does not amount to even one-third of this. It remains unclear as to how the remaining concession area will be found. More importantly, some of the land allocated to companies by provincial officials is cultivated land, which requires that compensation be paid to the farmers who have to give it up.

For the state, the degree to which the land concession policy would contribute to the national economy remains troubling; in particular, when weighing yet-unknown profits against the incurred social costs, the question becomes economic as much as political.²³ Increasing cases of inappropriate land grabbing, overlapping concession areas and forest encroachment by rubber companies have been repeatedly reported by the media and non-governmental organisations. Concern has also been raised by local coffee businesses as rubber plantations spread into areas where coffee is already well established.

Similar to the situation encountered by the French colonial administration in Cochinchina when they sought to regulate the alienation of native lands and their sale to overseas investors, the government of Laos in its path towards land capitalisation has to struggle to cope with conflicts between different interests.²⁴ As former Lao premier Bouasone Bouphavanh remarked, referring to Lao-Ngam and Bachieng districts, both in the Bolovens Plateau, which were afflicted by land disputes, and had fertile soil suitable for crops other than just rubber, 'We can generate a lot of money from the plateau, if only we diversify from rubber tree plantations, for which we only get five or six dollars per hectare in land tax. This doesn't add up to much over a year.'²⁵ It also became clear that the land conflict was due in part to the weak and confusing mechanism of the Land Laws. As then Minister within the Prime Minister's Office, Khamoan Bhoupupa admitted in February 2007:

The granting of land for plantation was not carried out according to the land concession law and regulation. It was done without prior processes of detailed or clear survey, classification, and zoning of land use. This has led to the seizing of dense or natural forest to make way for tree or other industrial crop plantation. As a result, forest was destroyed

22 'Summary report', p. 8.

23 Between 2007–2010 a variety of seminars and conferences on land concessions were organised by the Lao government. While government agencies were concerned about how to calculate the proper rate of concession fees so as to reflect the real value of land, various social and environmental issues and problems were raised by non-governmental organisations and international agencies working in the areas affected by the land concession policy. Among state agencies, opinions regarding land concessions also diverged. The Committee for Planning and Investment is a strong proponent of the policy, but the Minister within the Prime Minister's Office who oversees the NLMA inclines towards an alternative approach to land capitalisation.

24 See Mark Cleary, 'Land codes and the state in French Cochinchina c.1900–1940', *Journal of Historical Geography*, 29, 3 (2003): 356–75.

25 'Govt suspends land concessions', *Vientiane Times*, 9 May 2007.

which affected natural ecology and environment. Land concession or land lease for tree plantation was permitted in large area while the concession period was too long. This has led to social and environmental problems. People were to be resettled or their cultivated land expropriated, resulting in the loss of everyday livelihood and their usufruct right in the long period of time.²⁶

The state is finding itself in a governance dilemma. Striving to maintain both national economic growth and social integrity, the central state has sought a systematic mechanism that would guarantee a socially and environmentally accountable capitalist practice without thwarting its expansion. As Noupnan Mahaphan, Director General of the National Land Management Authority's Department of Land Policy and Land Use, stated during the National Land Meeting in May 2008, 'our government is always concerned about protecting the rights and interests of local people, with a focus on investment projects that will be beneficial to people in the area'. On 8 May 2007, Bouasone Bouphavanh declared a moratorium on the granting of new land concessions of over 100 hectares. The objective of the moratorium was to allow the government to reassess its policy of granting large-scale concessions and to develop a system that would take into account the weakness of its previous land policy implementation. However, during the moratorium, rubber plantations continued to expand into some areas.²⁷

In June 2009, the government promulgated a prime ministerial decree on state land leases and concessions that allows local and central administrations to resume approval of land concessions of more than 100 hectares. New conditions of land survey prior to concession permission had been added in order to identify land categories and suitability, as there were different types of land in Laos and each was suited to a different form of development.²⁸ Moreover, land concession allocations would now have to conform to different levels of administrative mandates, depending on their size. Investors who request a concession on an area of more than 150 hectares must make an agreement with the National Land Management Authority (NLMA). For land that is less than 150 hectares in area, permission must be sought from the provincial land management authority. It should be noted that the decree itself would not retroactively apply to the previously granted concessions and thus would not provide any means to solve ongoing land disputes and other social and environmental damage. It also remains unclear as to how the decree would be carried out in practice to prevent the problem of overlapping authorisation of land concessions among different government agencies, particularly at the provincial level where cross-border ties between frontier states and transnational investment flows often seep through or bypass the central state. It is to this politics of the resource frontier that I now turn.

26 Khamoan Bhoupna, remarks made at the Workshop on Lessons Learned from the Land Policy for Tree Plantation, NLMA, Vientiane, 15 Feb. 2007.

27 The actual land acquired by the companies was often far less than the amount granted in the contract. Despite the government's moratorium, many provincial officials continued to seek land to fulfil the leases.

28 Ekaphone Phouthonesy, 'Govt resumes land concessions', 17 June 2009, <http://hrdme.wordpress.com/2009/06/17/govt-resumes-land-concessions> (last accessed 20 Mar. 2010).

The fictive frontier

Bachiong is the most miserable district of the province. Most of the land has been claimed by local people but without any use. Previously, the government used to promote economic development such as pig raising but was not really successful. The cause of this misery is due in part to the fact that these people are tribal, leading traditional livelihood.

Bachiong district official²⁹

In the past, people often used land dispersedly. It had already been 30 years after the liberation, but nothing has improved. The government then decided to allow the concession companies to come in to help alleviate this [poor] land use condition. People were still miserable, with insufficient rice. Some had to engage in begging. After having granted land concession [to the companies], the government managed to recollect the scattered land from people, recollected tax from those who never paid it. The tax income has increased. The information regarding land occupation became accurate ... People's perception about land use has changed towards more efficient land utilisation, changing from the previous thinking that focus only on subsistence to seeking for more income. Those who have made claim to the land would inevitably lose their right. This is because they did not have right to retain that land. These people used to practice slash and burn cultivation or claiming land for speculation. [This kind of practice] has obstructed the country's development.

Bachiong District's NLMA official³⁰

The unusual characteristics of the people is negligence. [They] cultivated as they pleased, roaming their cattle anywhere they wanted to. This [rubber] project was meant to train these people to know how to preserve [land].

Champassak provincial official³¹

The three projects [of the Vietnamese companies] also contributed to other kind of development such as road and school building, and bringing in electricity. They did according to the government's request. [Their projects] helped stimulate local people to be enthusiastic, diligent, and to become entrepreneurial in the future.

Committee for Planning and Investment provincial official³²

The above narratives are official statements recited at a meeting I attended in 2007 that reflect government officials' attitudes towards upland villagers and their livelihoods. According to the Champassak provincial report, Bachiong was identified as among the 47 poorest districts in the country, a 'backward' town needing immediate rescue. As the narratives from provincial and district officials suggest, the district's poverty is threefold: 'savage quality', out-of-market economy, and 'nomadic' agricultural practices. These qualifications push Bachiong into the periphery of national prosperity, as an undeveloped frontier.

29 Remark made at an informal meeting between the collaborative research team and local government officials, NLMA provincial office at Champassak Province, 20 July 2007.

30 Ibid.

31 Ibid.

32 Ibid.

The frontier has long been a popular subject in geography. As a concept, it connotes spatial relation, the meeting point between centre and periphery, and civilisation and savagery.³³ Among historians, the notion has been used to understand colonial expansion as well as national delimitation, whereas anthropologists perceive frontiers as territorial zones of varying width which stretch across and away from state borders, within which people negotiate a variety of behaviours and meaning associated with membership in their nations and states.³⁴ As a cultural and ethnic landscape, the frontier often transcends political boundaries while the relationship between state border and local frontier is often complex and dialectic.

The notion of frontier is also helpful for understanding the multilayered social transitions and development trajectories where various interconnected spaces in the global economy, as well as local socio-economic, environmental, and state practices interact and shape each other.³⁵ Keith Barney in his study of the resource frontier in Laos suggests a way to look at frontiers as relational spaces shaped by complex and interrelated forces of new corporate investment in natural resources, state land reform policy, and people's responses to such forces that have transformed their livelihood.³⁶ As he points out, the interplay between a globalised economy, the imaginary power of the resource frontier as available space for resource extraction,³⁷ and state-supported mega-resource investment policies work not only to transform and enclose the resource frontier, but also increasingly marginalises Laos.

The idea that the frontier is fictive and discursive, being constructed to justify the global capitalist intrusion, is useful to understand the ways in which the resource frontier has been made, deployed and governed. However, what is more interesting is the instrumental effect of such a master narrative, especially the way in which the frontier discourse has remade the history of upland economies, rewriting them out of capitalist connections. A frontier might be made 'wild' and its inhabitants portrayed as subsistence farmers, but that does not mean that its economy has never had global capitalist connections. In the case of southern Laos where the Vietnamese rubber plantations have been operating, the upland economy has connections to both the national and global economy in various ways. In the Bolovens area where high-quality coffee is produced, statistics from the Department of Agriculture demonstrate the expansion of the national coffee production area (largely on and around the Bolovens Plateau) from 6,451 hectares in 1980 to 36,624 hectares in 2002. Coffee now represents one of Laos's top exports. Three of the villages in my collaborative research study derived a significant income from coffee production: Lak 19, Oudomsouk in Bachieng District,

33 Frederick J. Turner, 'The significance of the frontier in American history', in *Rereading Frederick Jackson Turner*, ed. John Mack Faragher (New York: Henry Holt, 1994), pp. 31–60.

34 Hastings Donnan and Thomas M. Wilson, 'Introduction: Borders, nations and states', in *Borders: Frontiers of identity, nation and state* (Oxford and New York: Berg, 1999), pp. 1–17.

35 Neils Fold and Philip Hirsch, 'Re-thinking frontiers in Southeast Asia', *Geographical Journal*, 175, 2 (2009): 95–7.

36 Keith Barney, 'Laos and the making of a "relational" resource frontier', *Geographical Journal*, 175, 2 (2009): 146–59.

37 See, for example, a speech by Somsawat Lengsavat, Deputy Prime Minister and Foreign Minister at the Lao National Assembly, 6 Oct. 2010, 'We have abundant land, forests and water resources which are suitable for development projects in line with our market-based economy'; 'NA urges govt to make land policy fairer', *Vientiane Times*, 7 Oct. 2010.

Champassak Province, and Nong Ke in Lao Ngam District, Saravane Province. This information directly contradicts the state narrative about the subsistence nature of upland livelihoods in Bachieng.

While some families among those surveyed first started planting coffee in the late 1980s, the vast majority took up coffee in the mid-1990s. These households expanded their production gradually. The size of the area planted with coffee depends on the availability of labour units in the family. One farmer in Lak 19 reported that it took nine years for him to expand his coffee plantation little by little each year to 2 hectares. Coffee has proven an attractive crop for smallholders here, not only because of the relatively early yield and thus the potential for gradual adoption and expansion, but because of the well-established and increasingly favourable market for the crop. The Dao Rouang company, one of the largest traders in the region, has a depot located in Lak 20, a kilometre up the road from Lak 19.

In 2003, coffee prices were around 3,000–7,000 kip³⁸ per kilo. By 2005, prices had increased and at their peak villagers were earning 10,000–13,000 kip per kilo. The 30 smallholder coffee producers in Lak 19 reported earnings of approximately 5,147,000 kip per grower in 2005, the year before the Dak Lak company came for a part of the village land. One successful example, Mr Bounlay's household in Lak 19, gained a good harvest that year, earning a total of 24,000,000 kip from just under 2.75 hectares of coffee fields.

The instrumental effect of the fictive frontier in the case of villages in Bachieng and Lao Ngam thus needs to be understood not in the sense of capitalist disenfranchisement of a subsistence economy, but rather the deprivation of one form of capitalism by the other: in the case of Bachieng, the coffee economy has been dwarfed by rubber. While there has been very little information regarding the pre-existing local economy, particularly its various layers of market connections, the presumed image of an isolated economy of the frontier prevails. To understand the persistence of this myth of the impoverished frontier, it is necessary to take the frontier more seriously both politically and economically, especially in its relation to the central state and transborder connections.

Frontier capitalism

In her attempt to understand the complexity of the global economy and its connections, Tsing turned her focus to the interstitial spaces between various ambiguities, the legal and illegal, the public and private, the productive and the wild.³⁹ For Tsing, it is within this space of the transitive and transitional making that global capitalism intrudes to transform the resourceful frontier into a capitalist resource. It is this peculiar kind of space that she terms the 'frontier of capitalism'. In the case of southern Laos, however, the intrusion of the new transnational capitalist actors did not take place in an ambiguous space, but through long-established frontier relations. In the context of Laos where provincial states have relative economic and political autonomy, collaboration between cross-border states can sometimes lead to the

38 The exchange rate was 1 US\$ = 7,500 kip.

39 Tsing, *Friction*.

‘frontier situation’ where decisions are made locally without the knowledge of or even consent of the central government.⁴⁰

Champassak province is a case in point. This provincial administration has direct bilateral relations and Memoranda of Understanding with 16 individual provinces in Vietnam, mostly in the field of agricultural production, but also education and tourism. Several senior members of the provincial staff can communicate in Vietnamese and Champassak is keen to foster relations with Vietnamese investors.⁴¹ Thus, many of the early negotiations between companies and Champassak province were underpinned by a series of diplomatic arrangements between provinces. It should be noted that land concessions at the provincial level sometimes did not follow Laos’s Land Law. Under the Land Law, the granting of a land concession should be issued by a relevant central authority, in cases where the concession concerns foreign companies gaining access to a large area of land.⁴² Yet here investment licences were duly granted prior to beginning their operations. The written agreements were often made at the provincial level not to ‘concede’ but to ‘certify’ the area for rubber plantation. It is interesting to note that in the process of concession implementation, provincial and district official played a vital role in persuading villagers to deliver their land to Vietnamese rubber companies and also engaged in compensation.

The transnational rubber economy in southern Laos thus represents a form of frontier capitalism in which this new form of capitalism replaces the other form through various frontier mechanisms. Co-operation between Lao and Vietnamese provincial counterparts represents the key element that allows the process of land appropriation to proceed. Provincial facilities were also recruited, under the rationale of national development, to facilitate land expropriation and rubber estate establishment. Villagers interviewed reported having no knowledge about the new projects being considered for their villages at the national and provincial levels. Meetings to discuss the projects were mostly held after a project had been approved and the green light had been given for planting in the village territory. Villagers explained that officers from central, provincial and district authorities came to meet with the village authorities and the village headman. Through a presentation aimed at persuasion and motivation, they announced that they had come to bring development to the people. In all cases, agreement to hand over land to rubber plantations was sought from the villagers. However, all of the weight attached to this process — official representation, state policy directives, concessions already granted, and the speed at which the land had to be acquired — made it difficult for the village leaders and people to assess fully how they would be able to carry on their lives without their land and to express any concerns.

40 Although historically in Laos there was never a strong connection between the centre and the other regions, provincial economic autonomy has increasingly been perceived by the Vientiane government as a hindrance to reform, obstructing the standardisation of law and financial regulation, revenue collection, transparency in procurement and the restructuring of state-owned enterprises. The Lao government has been attempting to promote political, administrative and economic centralisation.

41 Note that there are more Thai companies than Vietnamese investing in Champassak; other foreign investments/concessions involve companies from Korea and Japan.

42 ‘Summary report’.

Put differently, the rhetoric of frontier backwardness was used to legitimise the transformation of the uplands. The discourse of frontier development propagated by local state agencies has mediated the appropriation of cultivated land, unfair and non-transparent means of compensation for the destruction of local economies and environments, and unstable employment. It is through these multifaceted frontier mechanisms that frontier capitalism thrives.

Conclusion

I have shown in this article the complex sets of historical and socio-political conditions and relations that have come to characterise the expansion of the transnational rubber economy in southern Laos. I have argued that while land and rubber have been seen as strategic means towards capitalisation of national resources, the process of achieving such a goal has been unplanned, chaotic and turbulent, often contributing to the reverse effect of capital accumulation.

The frontier has intensified the tumultuous process of resource accumulation. The making of the frontier reflects the manipulative imagery and construction of a subsistence economy in the uplands that is instrumental to resource expropriation by transnational capitalism. Such an image, however, can also replace one form of capitalist activity with another — in this case, the existing local–global coffee connection with a rubber boom.

The making of a non-capitalist frontier and frontier conspiracy are key elements that allow frontier capitalism to flourish. In this particular context, frontier profits have been accumulated through the misleading promise of unlimited and cheap resources, weak/failed mechanisms of control by the central state, and local people's limited negotiating power. With the uplands being turned into land for monocropping empires, the fate of their populations who have lost much of their livelihoods remains uncertain as they are turned into abandoned subjects of the global rubber economy.