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Policy analysis

The post-opium scenario and rubber in northern Laos: Alternative Western and Chinese models of development

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ABSTRACT

Background: In the past few years rubber planting has spread rapidly throughout northern Laos, especially in Luang Namtha province that borders China. The impetus for this boom has come partly from the spiralling demand for rubber in China (now the world's largest rubber consumer), the high world prices for rubber, and China's promotion of overseas investment through its opium-replacement policy. These economic factors have converged with the desperate need of impoverished highlanders in northern Laos to replace opium as a cash crop as a consequence of a recent opium-eradication campaign and inadequate alternative development.
Methods: This paper draws upon ethnographic and agro-economic research in northern Laos and neighbouring regions and reports of international development organisations operating in Laos.
Results: The rubber boom in northern Laos represents a fundamental clash between Western drug-oriented alternative development, on the one hand, and China's national economic strategies abroad and investment-led narcotics policy, on the other.
Conclusion: China's opium-replacement policy has contributed to a type of unregulated frontier capitalism with socio-economic and environmental effects that threaten the principles and goals of alternative development and even to marginalise the role international development organisations in northern Laos.
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Introduction

Alternative development emerged in the 1970s and 1980s and crystallised in the 1990s as a counter to mainstream development theory with its preoccupation with economic growth (and GDP as a measure of this growth). Alternative development offers an alternative vision of human and social development that emphasises the value of equity, participation and environmental sustainability. When the United Nations Drug Control Programme was established in 1991 it integrated these principles into a specifically drug-oriented 'alternative development' approach, replacing crop substitution of the 1970s and integrated rural development of the 1980s. In the global War on Drugs the United Nations Office on Drugs and Crime (UNODC), which incorporated UNDCP in 1997, has declared a strategic goal of balancing law enforcement, with demand reduction and alternative development.

China has had its own drug wars. Government authorities launched periodic opium suppression campaigns from the early 19th century, though they were of limited success until the very effective Communist anti-drug crusade of 1952. The drug problem re-emerged in the 1980s in the southwest border areas in the form of the influx of heroin from the Golden Triangle and the spread of heroin addiction, injecting drug use and HIV/AIDS. China's response has been to launch a 'People's War on Drugs' and to intervene at sources of supply across borders with its own opium-replacement policy, focusing on promoting rubber cultivation in neighbouring regions of Laos and Burma. It is a drug policy that responds to the surging domestic demand for rubber in China, China's emergence as an economic superpower and its nascent foreign investment policy. Also, China's opium-replacement policy reflects a business-oriented model of development that is at odds with alternative development principles and programmes of UNODC and Western development agencies to the extent that, in northern Laos, these organisations have shown reluctance to promote rubber cultivation, at least in its present unregulated form. On the other hand, highland communities and Lao government authorities have enthusiastically embraced rubber as a substitute for opium, an attitude that requires analysis and evaluation of the preceding opium-eradication campaign of the Government of Lao PDR (GoL) and UNODC and of the alternative development activities of Western development agencies.

This paper will focus on the districts of Muang Sing and Muang Long of the northern province of Luang Namtha province, Laos, where I have conducted periodic fieldwork since 1995. The highland Akha are the numerically dominant ethnic group in both districts, comprising, in 2008, 48% of the population of 31,762 in Muang

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Sing and 70% of the population of 30,461 in Muang Long. Other highland ethnic groups in the two districts include the Hmong, Yao, Kui, Muser and Lanten. These groups traditionally practised shifting cultivation of opium and upland (dry) rice (intercropped with corn and vegetables) and hunting and gathering in the highlands which extend from about 700–2000 m above sea level. The Tai Lue and Tai Neua of the lowlands have historically dominated the Akha and other highlanders economically and politically and still comprise the majority of senior and junior local officials. Their agricultural economy was based on wet rice (rain-fed and irrigated) supplemented by a range of dry-season crops such as peanuts, chilli peppers, garlic and green vegetables. Recently introduced crops for the highlands and lowlands include sugar cane, watermelons and rubber.

The War on Drugs in Laos

Since the surge in opium production in the Golden Triangle beginning in the 1950s Laos has been one of the major producers of opium in the world. Opium has been cultivated extensively in the 10 northern provinces of the country which has a total of 17 provinces. Cultivation peaked at an estimated 42,130 ha (380 tonnes) in 1989 but had declined to a mere 1500 ha (9 tonnes) in 2007 (see Fig. 1 below). This substantial reduction was due to UN collaboration with the GoL in the context of the US-led War on Drugs. According to Baird & Shoemaker (2007): "Until recently, opium eradication was not a GoL priority, although there was a willingness to institute development programs that would reduce the need for growing opium in upland communities. The GoL stressed that development must come first, before wholesale eradication could be attempted" (2007, p. 870). However, increasing pressure from the UN and the US (the major donor to UN drug control programmes) pushed Laos into a more aggressive, "get tough" approach. UNDCP formulated a Comprehensive Drug Control Programme (known as the Masterplan) for Lao PDR for the period 1994–2000. In 1996 the GoL revised its drug control law (Article 135 of the Criminal Code on Drug Trafficking and Possession) and formally prohibited the production and possession of opium. The US continued to criticise Laos for its position as the third largest opium producer in the world, despite the fact that the export of opium from the country was minimal compared Burma and Afghanistan (Baird & Shoemaker, 2005, p. 18). In 2000 the UNDCP stepped up this pressure by promising the GoL US$80 million in aid to expedite opium elimination. In December 2000 the Prime Minister issued Decree 14 mandating the total elimination of opium by 2006 (later altered to 2005). The Masterplan also stipulated the need for "gradual elimination" (UNDCP, 2000, p. 26), though the 2005 deadline required an even shorter period than the quite stringent UN definition of "gradual" (that is, from 6 to 10 years).

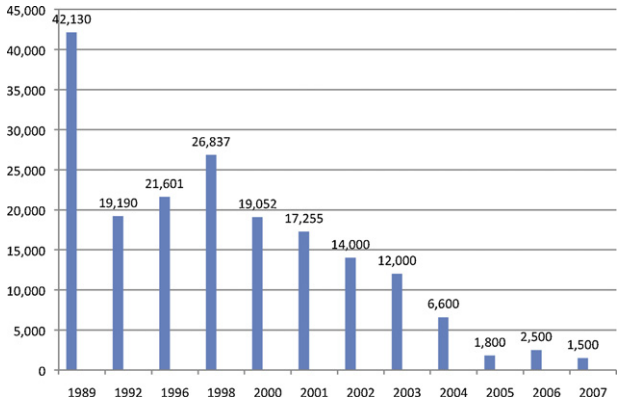


Fig. 1. Opium cultivation (hectares) in Lao PDR (1989–2007). *Sources*: UNDCP (2000, p. 12), UNODC (2007, p. 28).

In Muang Sing and Muang Long the campaign to eradicate opium began in August 2002 when government officials raided highland villages to collect stockpiled poppy seeds. The campaign became more threatening and punitive in December 2002 to January 2003 when officials spent a month visiting opium-growing villages. They ordered poppy fields to be cut down and imposed fines for non-compliance. The result was a rapid decline in opium cultivation—in Muang Sing from 305 ha in the 2000/2001 season to only 28 ha in late January 2003 and in Muang Long from 573 ha to 54 ha over the same period. In the province of Luang Namtha as a whole only 160 ha remained in March 2003 out of a total of 1164 ha of poppy planted in the 2002/2003 season.

Opium and poverty

In the contemporary discourse on opium in Laos opium has become a symbol of highlander primitiveness, backwardness and poverty. Following the initiation of the National Poverty Reduction Programme in Laos in 2003 the GoL and UNODC have repeatedly portrayed opium as a cause of poverty in Laos rather than a symptom of poverty arising from resource scarcity in the form of reduced land available for shifting cultivation, the shortening of fallow periods and resultant decline in the productivity of upland rice. In Laos the opium-growing provinces of the north have the highest ratio of upland-rice fields to more productive wet-rice fields (Souvanthong, 1995: Table 5, p. 13). Moreover, resource scarcity has been exacerbated by government land policies that have severely limited land available for shifting cultivation (Ducourtieux, Laffort, & Sacklokham, 2005). In northern Laos opium growing is a rational response to such conditions of resource scarcity as it is more productive than upland rice (Epprecht, 1998, p. 76; Li et al., 2001, p. 54), as indeed it was in northern Thailand within similar ecological limitations (Cooper, 1984, pp. 159–160).

Rather than opium being a cause of poverty that justifies its rapid elimination evidence indicates that the opium-eradication campaign itself was the immediate cause of considerable economic hardship and social dislocation from which many highland communities have yet to recover. One unintended consequence of the opium-eradication campaign was the spontaneous and uncontrolled migration of highlanders to the lowlands. In early 2004, the *The Economist* (2004) reported: "International NGOs are worried about the humanitarian cost of the War on Drugs, which has already caused the displacement of some 25,000 Hmong, Akha, and other tribes from their traditional homes in the mountains to the valleys". This displacement process is exemplified by events in Muang Sing. Here, as noted above, opium cultivation had been drastically reduced by early 2003. In a situation of low upland-rice yields opium could no longer be used as a source of cash or an item of barter to make up for rice deficits and serious rice shortages followed. For many, life became unsustainable in the highlands, prompting hundreds to migrate to the lowlands. The process of out-migration had a snowballing effect, resulting in the depopulation of whole highland areas. Given the increasing scarcity of land in the lowlands this led to the further proletarianisation of Akha labour with migrants forced to rely almost entirely on wage labour for Tai Lue, better-off Akha from lower-slope villages (established in the 1980s and 1990s at the edge of the lowlands at a time when there were still opportunities to develop wet-rice fields), and Chinese investors in sugar cane and watermelon cultivation prior to the rubber boom (Cohen & Lyttleton, 2008; Lyttleton, Cohen, Rattanavong, Thongkhamhane, & Sisaengrat, 2004). This dire situation was the outcome of the policy of fast-tracked opium eradication that left inadequate time for viable alternative development.

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Alternative development

Alternative development is the international aid component of supply-side policies in the global War on Drugs. Alternative development aims to achieve sustainable development through income generation and food security, natural resource management, and complementary development of productive and social infrastructure (e.g. road access, educational and health facilities, education, health, and village water supply) and to develop a bottom-up approach that encourages direct participation of farmers and communities in alternative development activities (thereby strengthening local capacity and initiative).

As noted above, UN pronouncements call for a balance between law enforcement and alternative development. However, in Laos such a balance proved elusive, given the drug war obsession with meeting reduction targets and the campaign for the rapid elimination of opium. By the 2005 deadline law enforcement had not been matched with timely and adequate alternative development. Even UNODC and the Lao National Commission for Drug Control & Supervision (LCDC) acknowledged that the rapid elimination of opium in Laos had created a crisis: "Laos is at critical juncture. . .the fact that opium elimination has outpaced the provision of alternative livelihoods has not improved an already difficult situation" (LCDC/UNODC, 2006, p. 4). By 2005 more than 50% of opium-growing communities in Laos did not have the means or time to develop new cash crops or staple food crops and there was concern that opium-free communities could revert to opium cultivation due to lack of alternative development (UNODC, 2006, p. 1).

In Muang Sing by far the largest international development agency operating in this district is the German organisation, GTZ (German Agency for Technical Cooperation). Alternative development has been embedded in its various programmes: Integrated Food Security Programme (IFSP) (1994–2000), Poverty Oriented Rural Development in Luang Namtha (PORDENA) (2001–2004) and Rural Development in Mountainous Areas of Northern Lao PDR (RDMA) (2004–2011). In the initial IFSP programme the "Steps towards Alternative Development" (to complement opium supply and demand reduction) included food and nutrition security, basic needs satisfaction, development of village infrastructure, farming systems development, household income generation, human resource development and advancement of existing social capital. In neighbouring Muang Long Norwegian Church Aid (NCA) has been the dominant development agency. NCA's Long Alternative Development Project (2001–2004), funded by UNDCP, aimed to reduce dependency on opium through increased food security, increased cash incomes (from alternative sources and expanded markets), improved health and educational facilities, and road infrastructure, with all these activities based on "a participatory village-based approach" to create "a feeling of ownership of development initiatives and processes" (UNDCP, 2002, pp. 7, 22). Both GTZ and NCA report significant improvements in target highland villages in health facilities and health, in formal and non-formal education facilities and literacy, and in road development. Achievements in the introduction of new cash crops as substitutes for opium have been more modest.

Regarding its PORDENA programme GTZ acknowledged that at the agro-commercial level finding an alternative to opium was proving a "daunting task" (GTZ, 2003, p. 7). The project experimented with maize, cotton, sugar cane, sunflower and rattan shoots, cardamom and sapan wood. District authorities in Muang Sing also collaborated in the promotion of sugar cane in lower-slope Akha villages but many problems emerged between growers and Chinese buyers (such as underpayment or no payment at all) (Lyttleton et al., 2004, p. 41). NCA, as part of its Long Alternative Development Project, reached agreement in 2003 with a private company (Borisat Khampa) to supply corn and ginger with a contract to buy at stipulated prices for sale in China. The company also planned to introduce the cultivation of sesame and soybean. However, by 2007 a NCA report reveals the cultivation of corn and soybeans by only 50% and 11% of the 972 target households (in 26 villages) (NCA, 2007). Since 2003 NCA and GTZ have placed increasing emphasis of livelihood security through efforts to increase staple rice production and subsistence food and cash income from livestock (including fish ponds) and non-timber forest products. To increase rice production both GTZ and NCA have encouraged and supported the expansion of wet rice in the highlands (as wet rice yields up to four times more than upland rice in these districts), though by 2007 only 155 ha of wet-rice terraces had been developed in highland villages in Muang Long and 50 ha in Muang Sing.

In the 1980s and 1990s GTZ and NCA had extensive experience in development programmes in Thailand. Here evaluations of alternative development in the mid 1990s recognised significant achievements in highland development: decreased opium production, good progress in rural development, improved standards of living, more sustainable highland agriculture, improved health and education services, and the empowering of local communities (Renard, 2001, pp. 135,149–151). Indeed, the Thai model has become the basis of highland projects by UN, bilateral and some international NGOs in Laos, Vietnam and Burma (Renard, 2001, p. 171). However, the success of alternative development in northern Laos has been hindered by the priority given to rapid opium eradication, by the consequent time constraints imposed on alternative development projects, and by the lack of the well-developed supportive markets and infrastructure (e.g. roads, electricity and communication facilities) that characterise Thailand. Furthermore, the success of alternative development in northern Laos, in particular progress towards improved livelihood security, may well be undermined by the boom in para rubber (*Hevea brasiliensis*) cultivation over which both international development agencies and local government have minimal and precarious control.

Rubber: the Chinese path to modernity

The first village to grow rubber in northern Laos was Ban Hat Nyao, a small Hmong village at the edge of the provincial capital of Luang Namtha. Towards the end of the 1980s Hmong refugees from China joined the village community. They had experience of growing rubber on a collective farm in adjoining Muang La county of Xishuangbanna in Yunnan province, China. Given the limited scope for developing wet-rice land at Ban Hat Nyao villagers chose rubber production as an alternative. The Deputy Governor of the province, himself Hmong, gave the village considerable assistance in the form of subsidised provincial funds and technical assistance (Alton, Blum, & Sananikone, 2005, p. 25). Four other villages near Luang Namtha town began rubber growing at the same time but ceased in 1999 as result of killer frosts. In Muang Sing rubber cultivation was initiated in the mid 1990s in the Akha villages of Lo Meu and Ban Samu (Alton et al., 2005, p. 11; Diana, 2007, p. 1).

However, rubber production in the province really did not take off until 2003 and 2004 as a result of the convergence and interaction of a number of economic factors. Neighbouring China had become the world's largest rubber consumer and importer and world prices were high. Also, many of the rubber trees in Xishuangbanna (the major rubber-growing region in China) had reached maturity and required felling (NAFRI, 2003, p. 8); and the vast unused forests of northern Laos offered a solution to declining yields in Xishuangbanna. At the same time there was an urgent demand in Laos for a cash crop to replace opium. Government officials embraced rubber enthusiastically as a godsend solution to the problems of shifting cultivation, opium eradication and poverty reduction (Alton et al., 2005, p. 27). It was even heralded decep-

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tively as an ecologically friendly form of "forest cover". Highlanders have generally shared that enthusiasm in their desperate search for alternative sources of income to replace opium which had been so rapidly eliminated as a cash crop and a source of food security.

Rubber has also become a symbol of all that is modern and progressive, in contrast to the primitiveness and backwardness of opium. Antonella Diana, who has carried out anthropological research on both sides of the border separating Muang Sing and Xishuangbanna, writes:

> The wealth generated by the increase in latex price for people across the border, embodied in house renovations, motorbikes and other commodity goods instilled in the Lao farmers new hope for overcoming poverty and pursuing the Chinese dream of modernity. The "sino-reverie", that from the economic centres of Shanghai, Guangzhou and Kunming was gradually becoming true at the poorer margins of the Chinese state was to be imported into Laos as well. (Diana, 2007, p. 1)

She adds that the border has become a "corridor of opportunity", that is, "the site where not only modernity is imagined but also the locus where various strategies to reach Chinese modernity are put into practice" (Diana, 2007, p. 2). These strategies include the way in which Akha villagers in Muang Sing near the border have used kinship, friendship and patronage connections with Akha in Yunnan for capital, technical advice and purchase of rubber saplings for the establishment of rubber plantations as well as for the later sale of the latex in China (Diana, 2007, pp. 6, 7). Sturgeon also notes the existence of cross-border sharecropping arrangements between Tai Lue of Muang Sing, with the Lue of Xishuangbanna providing capital and technical advice (2008, p. 12)

A major factor in the actual timing of the rubber boom in northern Laos was China's own narcotics policy. China initiated opium-replacement schemes in neighbouring Burma and Laos for the dual purposes of, firstly, curbing the influx of drugs into China from the Golden Triangle and the surge in the number of drug addicts (particularly heroin addicts) and, secondly, fostering Chinese foreign investment. Opium-replacement projects in Burma and Laos are mostly privately owned and are supported by the Chinese government through an array of subsidies, loans and tariff exemptions. Further stimulus to opium replacement occurred in 2004 when opium-replacement projects became part of the national economic strategy of encouraging Chinese investments abroad, known as "*zou chu qu*" (literally "go out"). Funding is channelled through the Department of Commerce, Yunnan, and this department relies on "market forces and profit-maximizing businesses as acting agents" in opium-replacement projects (Shi, 2008, p. 27). Presently some 40 Chinese companies (including eight major rubber companies) operate in northern Laos under the directives of opium replacement (Shi, 2008, pp. 16, 23–24).

This business orientation of China's opium-replacement policy signals a fundamental difference in Western and Chinese discourses of development. Pal Nyiri argues that the Western discourse of international development has, in the past decade, moved away from the earlier emphasis on economic indicators towards a "socially and culturally sensitive framework" and the separation of aid from investment (Nyiri, 2006, pp. 84–85). By contrast, the Chinese discourse of development abroad is centred on investment, trade and migration. Nevertheless, this discourse is not exclusively concerned with productivity and has "civilizational overtones" which is an extension of China's internal development discourse regarding ethnic minorities. From the Han Chinese perspective ethnic minorities are "backward" and need to modernise by improving their "quality" (*suzhi*) which covers a range of attributes including manners, hygiene, discipline, education, and possession of a competitive, entrepreneurial spirit, and scientific rationality (Nyiri, 2006, pp. 89–90; Sturgeon, 2008, p. 9). According to Nyiri, the "civilizatory" nature of China's internal development discourse is being exported across the borders to "backward" countries such as Laos, not by "reforming" the natives but by the Chinese acting as exemplars of modernity (2006, p. 104). As noted above, this vision of modernity and the modern subject is being exported to northern Laos as well and internalised by highland and lowland farmers.

It was this combination of factors that sparked the boom in rubber in northern Laos after 2003: the urgent need by both former opium growers and the GoL for a substitute cash crop for opium, the expanding market for rubber and high prices, declining rubber production in China, the investment impetus from China's own opium-replacement policy, and the universal appeal of rubber as an ideal "modern" crop. Provincial records indicate that 1000 ha of rubber were planted in 2003 in Luang Namtha province. By November 2007 the total area had exceeded 16,000 ha and the provincial government planned to increase the area to 20,000 ha by 2010 (Shi, 2008, p. 13). In Muang Sing district the area planted increased from 680 ha in 2003 (Lyttleton et al., 2004, p. 42) to 2500 ha in 2007. By 2005 already 73 out of the 94 villages in the district were growing rubber (Fujita, Thongmanivong, Vongvisouk, Phanvilay, & Chantavong, 2007, pp. 6, 14). In Muang Long rubber has expanded rapidly too, with an estimated 1700 ha under cultivation in 2007 (Shi, 2008, p. 14). However, the figures throughout the province are likely to be underestimates due to the rapid, unregulated expansion of rubber, efforts to evade taxes, and the fact that many smaller investors from China illegally by-pass the District Planning and Investment Office and deal directly with villagers.

This lack of regulation highlights an aspect of what the GTZ Team Leader in Muang Sing describes as a "wild west" situation (personal communication) and of a type of 'frontier capitalism', a term I have borrowed from Pinkaew Laungaramsri (2008). A recent study of rubber in Luang Namtha province notes the lack of nearly "any kind of guideline neither in agricultural, environmental aspect, nor in legal respects" (Alton et al., 2005, p. 3). Regarding rubber development in the same province Weiyi Shi comments, in a similar vein, that "land rights are not secure, environmental assessment is nonexistent, technical extension is weak, credit is limited, regulation is incomplete, and corruption is rampant" (2008, p. 64). In northern Laos contract farming is the dominant form of planting arrangement but contracts are written in Lao or Chinese which are rarely understood by highlanders. Further, in the absence of a standardised "master contract", contracts are often vague and contradictory, with the potential for investors to claim ownership of growers' land (Alton et al., 2005, p. 37). There is considerable market uncertainty as well, with no independent rubber price information other than that provided by the Chinese (Alton et al., 2005, p. 29).

Furthermore, there are a number of long-term environmental problems that threaten ecological sustainability. In Xishuangbanna the prefecture government has already been forced to take measures to restrict rubber expansion due to 'severe environmental degradation' (Shi, 2008, p. 60). Rubber as a form of monoculture destroys forests, reduces biodiversity and food, medicine and income from non-timber forest products for highlanders, erosion is increased and watersheds threatened, and rubber factories require large energy inputs (of coal or wood). Schipani also laments the recent rapid rate of land clearance and rubber encroachment in the Nam Ha National Protected Area of Luang Namtha province that could devastate the burgeoning community-based ecotourism industry dependent on forest trekking, guided visits to highland villages and river and cave tours (Schipani, 2006).

Nevertheless, rubber does have the potential to generate good economic returns and, in northern Laos, to replace opium as a major source of cash income. A financial analysis of 6 households from the Hmong village of Ban Hat Nyao revealed an internal rate of return of 9% or more after three years of harvesting (Alton et al., 2005, pp.

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25, 26). However, there are a number of unique factors that have contributed to this success: the experience of some households of rubber growing in China, technical and financial support (in the form of subsidised loans) from the Hmong Deputy Governor, and strong community cohesion and leadership (two village headmen were well educated and had been government officials) (Alton et al., 2005, pp. 52–53). Also, Janet Sturgeon (personal communication) has highlighted the economic success of rubber production among the Akha of Xishuangbanna but points out that the success for Akha farmers in China is partly historical: "The state extended rubber to households beginning in 1985, including free or subsidised seedlings, technical advice, and connections to collecting and processing systems. The price of rubber was subsidized until the 1990s, when the state began to lower the price in anticipation of China's eventual entry into WTO. Even though the price of rubber was very low in the late 1990s, farmers stuck with rubber, in part because they had many other sources of subsistence and income. Only in the early 2000s, as the price of rubber began to rise quickly, did farmers really begin to get rich from rubber".

The rubber boom: who benefits?

If rubber prices remain high and if the GoL offers sustained support to growers in the form of credit and technical assistance then rubber may prove to be a success economically and the dreams of prosperity for many farmers in northern Laos may be realised. However, it is less likely that the benefits of a continuing rubber boom will be spread evenly and provide food security for the poor. A study of smallholder rubber planting in the northern provinces of Oudomxay and Luang Prabang concludes: ". . .smallholders that are currently engaged in rubber planting and those that are likely to benefit are those farmers that are relatively well off, and have access to land and capital" (Vongkhamor, Phimmasen, Silapeth, Xayxomphou, & Peterson, 2007, p. 25). Weiyi Shi observes that in both Luang Namtha and Xishuangbanna "the better-off villagers were able to start earlier, occupy better land, and plant more rubber" and that this inequality is likely to be magnified in Luang Namtha due to "the relative low level of governmental support, limited credit provision, and weaker enforcement of land allocation" (2008, p. 62). The capacity of wealthier farmers to plant more rubber is enhanced by their advantaged position in converting commmunal forest land into de facto or titled private land (Vongkhamor et al., 2007, p. 26; Fujita et al., 2007, pp. 19, 20), a process facilitated by government bias in land policy towards permanent agriculture (e.g. wet-rice fields, gardens, orchards, plantations) (Moizo, 2008, p. 102). Even if the poor have access to land they are often reluctant to grow rubber due to the long lead time (7–8 years) between planting and tapping and their need to use swidden land for subsistence crops. Also, the conversion of forest into rubber fields is depriving the poor of forest foods and products on which they have traditionally depended (Fujita et al., 2007, p. 20). In Muang Sing in particular rubber expansion may well intensify wealth differentiation between the well-established lower-slope Akha villages, many with access to wet-rice fields, and those latecomer Akha forced by opium eradication to move down to the lowlands and currently dependent on wage labour. Given the labour intensiveness of rubber these Akha will no doubt provide a ready labour force for the rubber boom but with little chance themselves of becoming growers.

Furthermore, individuals and even whole communities may be capriciously impoverished by land appropriation. This may be due to the frontier capitalism that has emerged and in particular to the legal uncertainty and confusion in land use planning. Lack of land titles has created opportunities for unscrupulous people "to trick farmers out of their uplands, which were formally were considered as useless swidden bush fallow land, but now that rubber can be cultivated they covet this recently valuable land" (Alton et al., 2005, p. 42). These "land seizures" by "government officials and their powerful associates" are common in the more accessible areas of Muang Sing and Muang Long (Shi, 2008, p. 32).

Formal land concessions also pose a threat to whole villages in the highlands. Despite an agreement in 2005 between three northern provinces (Luang Namtha, Bokeo and Oudomxay) to disallow concessions in favour of contract farming large concessions have since been granted to Chinese companies in the districts of Nale, Muang Sing and Muang Long in Luang Namtha province. In Muang Sa sub-district ("cluster") bordering the Mekong River in Muang Long a concession was granted by the military to the Ruifeng Company resulting in a Muser village losing all of its paddy land and most of its upland swiddens. Ominously on concessioned plantations "villagers lose access to land and trade in their entire livelihood systems to become wage labourers" (Shi, 2008, p. 32). Notably it is the Chinese opium-replacement policy that provides the driving force behind these concessions. Opium-replacement subsidies, loans and tariff exemptions only apply to areas of 10,000 *mu* (666 ha) or more, thus encouraging large contracting areas and concessions. This tends to create "an unhealthy race to land and contracts" including speculation in large tracts of land in northern Laos as an investment in its own right (Shi, 2008, p. 28). Also, for Chinese companies to qualify for subsidy, credit and tariff benefits they must submit signed contracts with Lao government authorities (national and provincial). This exerts pressure on the lower levels in which "the coercive power of companies' governmental cronies is often enlisted at the villagers' peril" (Shi, 2008, p. 40).

Conclusion

The study by Alton, Blum and Sananikone (2005) prepared for GTZ highlights the need for a "cautious promotion" of para rubber in northern Laos. The authors recommend a system of rubber agro-forestry in which rubber is combined with other tree crops, perennials and even annuals in a "mosaic" pattern in a way that preserves biodiversity and minimises soil erosion. Among other recommendations in this study are: the formulation of master contracts between investors and villages, the registration of all rubber activities at district or provincial level for monitoring purposes, refusal of government authorities to grant any land concessions for rubber, the clear demarcation of village boundaries and the issuance of land titles to individual households, income diversification, the allocation of sufficient land to households for livelihood development, with rubber as only one component of a livelihood system. These recommendations are reflected in GTZ's later, similarly cautious, programmatic statements that: "RDMA promotes profitable rubber cultivation that is socially and ecologically sensitive" (GTZ, 2006, p. 7) along with recognisable components of alternative development: sustainable management of natural resources, coordinated measures in rural infrastructure, health, education and planning, capacity building through village organisations, crop diversification, and food sufficiency for the poor.

UNODC, GTZ, and NCA are all very wary of rubber development in northern Laos in its current, chaotic and unregulated form. So far GTZ and NCA have restricted their activities to either proposing or carrying out awareness campaigns that inform local growers of some of the potential problems of rubber growing and pressing government authorities to improve legal mechanisms for contracts. Whether these warnings and recommendations will be heeded or not is another matter. It is ominous that NCA's proposal to run an

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awareness campaign in neighbouring Bokeo province was recently rejected by the provincial government. Such counsel is also prone to being thwarted in the future, given the potential for corrupt collusion between Chinese businessmen and Lao government officials. "For those who can afford it, massive bribing is only a realistic way to compete against rival businesses in a poorly governed economic environment" (Shi, 2008, p. 50).

In view of the dire consequences of the rapid eradication of opium and the limited forms of alternative development in place at the time of the 2005 deadline rubber has come as a godsend to the Government of Lao PDR—a timely substitute for opium, a quintessential "modern" cash crop (by contrast with the primitiveness and backwardness of opium) and a panacea for poverty eradication. For highlanders in northern Laos, so suddenly deprived of income from opium, the success of rubber across the border in China has had enticing appeal, not only to rescue them from poverty but also to emulate Chinese modernity with its promises of consumer abundance.

However, if rubber planting in northern Laos persists in a milieu of unregulated frontier capitalism the potential environmental costs are considerable in terms of forest destruction, soil erosion, reduced biodiversity, decline in non-timber forest products, and threat to ecotourism. There is also a risk of growing inequalities of benefits that could jeopardise the livelihood security of the poor, due to the investment advantages of better-off farmers or to land appropriations arising from informal land seizures or concessions encouraged by the Chinese opium-replacement policy.

The Chinese opium-replacement policy highlights a fundamental difference between Western and Chinese models of development and specifically between the post-opium alternative development of the UN and international aid agencies and China's opium replacement. "Alternative development" emphasises livelihood security, environmental sustainability, and social development for the recipients of "aid". This approach places particular emphasis on poverty reduction through the building of social capital (especially through community-based development activities) and on underprivileged "target groups" of those who do not inevitably benefit from economic growth and who are in most need of assistance. By contrast, the Chinese "opium replacement" development policy is primarily an economic strategy in support of Chinese business investment within the context of a broader civilizing mission that envisages the transference of idealised Chinese qualities (such as scientific rationality, technical competence and entrepreneurial spirit) to "backward" peoples. It is paradoxically a vision that has much in common with the Orientalist and neo-evolutionary Western "modernisation theory" of the 1950s and 1960s with its assumptions of the diffusion of "modern" values to underdeveloped countries and the reduction of poverty by means of the "trickle-down effect" from economic growth.

Weiyi Shi cites a senior manager of a Chinese rubber company that has invested in Laos: "...the westerners have been here for so long, building one bridge, one hospital, one school...villagers are still poor, still living the way they did ten, twenty, fifty years ago. What we bring is real development, real modernity" (2008, p. 72). If so, what will be the future role of Western international development agencies in relation to post-opium development in the economy of northern Laos dominated by rubber and Chinese investment? There is the possibility that these agencies will either be sidelined altogether – the rejection of NCA's awareness campaign in Bokeo province is portentous here – or at most restricted to a secondary role of monitor of developments and mediator between the GoL and Chinese investors in order to mitigate negative socio-economic and environmental effects of the rubber boom.

Conflict of interest statement

I have no financial or personal relationships with other people or organisations that could inappropriately influence the research and conclusions related to this paper.

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