

CHAPTER VII

CONCLUSION

The trade that took place in the area around what is now the Yunnan and northeastern Laos border in the fourteenth century involved the barter of silk, animal skins and copper. Now; however, the features of this trade regime have changed drastically, and it is now part of a regional commodity system in which Laos is the production base for cash crops grown for the huge Chinese market. The role of the border has also changed along with economic development and globalization.

The reasons for this expansion in cross-border economic practices, especially the watermelon business - which is one of the main cash crop businesses in Muang Sing, have been the growth in China's market economy, an increase in the surplus workforce available and the facilitation of trade and foreign investment as a result of Lao government policies. Other factors which have had an influence on this trade regime include air pollution in China, the (lack of) quality agricultural land available in Yunnan and a lack of space due to China's over population. Due to these complex circumstances, many Chinese have moved to Muang Sing seeking fertile and available land, cheaper land prices, cheaper labor, and also jobs as watermelon traders. For the locals in Muang Sing - those working within the market economy, the importance of cash income has risen as their society has moved away from a traditional self-sufficiency economy.

In addition, other actors involved in the development of China have moved into Muang Sing in addition to the Chinese, and this has created problems within Laos - such as people from the highlands resettled to the lowlands as a result of state policies, an increased population density in lowland areas and the increased use of agricultural labor there, and these changes have not only impacted upon the livelihoods of the locals, but have also facilitated further Chinese investment. As a

result of this, cash crop production in the lowland areas has increased, and economic opportunities have emerged.

This study has outlined the prominent features of one set of cross-border economic practices and the social changes they have brought to the border area in recent times. As long as a big market exists in their neighboring country, people in and around the border areas in Laos will have the opportunity to produce cash crops for sale on the Chinese market, and it seems likely that this trend will continue to accelerate, as will its effects - both positive and negative - on the local population.

7.1 Theoretical and Methodological Discussion

The aim of my research was to learn about how the people in the border area, both Chinese and Lao, have negotiated and adapted to the current social situation in order to survive in an era of rapid economic development, and this study has argued that the border plays an important role in the economic development of people who live in and around it, that cross-border cash-crop production and trade is one of activities that has been used to negotiate with and adapt to both Chinese and Lao economic development based on state policies, and that running a watermelon business is one such tactic used by the Chinese, Chinese Lue, Tai Lue and Akha in Laos.

The previous ethnographic studies of Chinese economic activities in the Lao border area have tended to focus on changes in the Laotian's livelihood practices in terms of land use and economics, and in particular the transition from a sufficiency led economy to a market-oriented one. Such studies have contributed to an understanding of how Laotians' lives have changed and adapted to the Chinese influx. However, this study has focused, not only on the locals in Laos, but also on the Chinese traders and Chinese Lue farmers, and how they construct and operate networks and utilize their different relations within the watermelon business, such as ethnic, business, kinship and friendship relations, and also how they plot their tactics of negotiation in order to adapt and survive in the current, competitive society - since the introduction of the market-oriented economy. During my field research, by

following one Chinese trader group consisting of the Han and Chinese Lue, I was able to examine closely their networks - the people they connect with, and their livelihoods. This research approach uncovered details of the Chinese traders' existence that have not been mentioned thus far, such as their way of life and the way they have developed their businesses in Laos.

Cross-border practices are really important for the Chinese and locals who live in this area; for their economic development and to maintain their culture, and the features of their cross-border economic practices have been transformed in recent years from the barter and trade of natural products, to the contract farming and trade of cash crop products. The emergence of watermelon production and trade is a part of this recent transition, one which has given rise to livelihood changes among both the Chinese and the locals, and has provided both sets of people with economic opportunities.

In other studies of local livelihoods in the Chinese and Laotian borderland, although locals are often described as being victims of the Chinese influx into Laos, the Chinese also face difficulties. The reasons for the Chinese coming to Laos are derived from the poor conditions in China at this time, such as increasing unemployment and a redundant labor force, a lack of space, the rising price of land and labor charges, plus air pollution. For the Chinese traders in Laos, it is no exaggeration to say that they have dropped out from the competitive environment that exists in Chinese society, and that for them, the watermelon business in Laos has been used as a negotiation tactic in order to adapt to this competitive society.

In addition, Chinese people who found themselves in an inferior position in China, now have to cope with a sense of inferiority and social vulnerability in Lao society also, and as a result, they constantly pay attention to their behavior in order to avoid trouble with the local people - only very carefully developing relationships. Furthermore, some of the Chinese have learned Lao or Tai Lue in order to take communication with the locals easier - so that they can be accepted into Lao society.

For the locals, they have faced a change in their life circumstances as a result of the introduction of a market economy, and now find themselves in transition. As a result, it is essential for them to build economic relationships with those in their neighboring country, both to help national development, but also to maintain and develop their own lifestyles. The locals have a consciousness of how important the relationship with China is for them; therefore, many have learned Chinese and have built business relationships with the Chinese, and these actions can be seen as negotiation tactics used by those living in transition in Laos.

Recently, the Chinese influx into Laos has often been represented using terms such as “invasion” and “domination”. In the case of Muang Sing; however, the influx can be represented using the term “coexistence for mutual benefit”. The Chinese have tried to compromise with the locals and cherish the creation of good relationships with the locals, especially for those Chinese long-term residents and the Chinese who want to do business in Laos for a long period.

7.2 Research Findings

The cross-border watermelon business which takes place between China and Laos consists of a web of networks, and within this web cross-border and ethnic divisions can be found. The kinds of networks used are diverse and include friendship, business, ethnic-based and *guanxi* networks. Within the friendship network, members start-off as friends, with such friendships turning into a business network later on. Business networks are constructed mainly as a result of business relations, while ethnic networks rely on relationships within ethnic groups. *Guanxi* is found only among the Chinese and has a very wide scope, including friendship and kinship connections plus any other connections that may exist among the Chinese; however, the *guanxi* network that exists in the watermelon business is more flexible and less set because the relationships tend to be constructed over a short period and may be temporary. Such networks are based upon socio-economic activities such as land leasing and employment within the watermelon business and operate in support of production and trade.

Although in the past the purpose of crossing the border was to visit relatives, crossing the border in order to conduct business such as buying and planting cash crops has increased in importance in recent years, and such businesses are operated for profit rather than to support relatives. Chinese traders come to Muang Sing and construct relationships with the Akha and Tai Lue through the buying and selling of cash crops, and these relationships often turn into a kind of friendship, especially with the Tai Lue. Such developments in cross-border ethnic relations have changed, not only the format of the networks that people who live in this area now use, but also the dynamics of social relation.

Changing Ethnic Relations

Meanwhile, inter-ethnic relationships have also changed. The Akha first participated in lowland economic activities by migrating there from the highlands, since when, according to my field work, they have been engaged in the selling of home-grown vegetables, producing cash crops for the Chinese market, and renting land to the Chinese Lue farmers and other ethnic groups – as their villages are a short distance from the roads and in the foothills of the mountains. Some of the Chinese Lue farmers prefer to plant watermelons on organically prepared land, and for such kinds of activity, the Akha's land is attractive. The renting of land in order to grow cash crops can be identified among most of the ethnic groups except for the Akha – who actually only rent-out the land. Such a development of ethnic relations - through the leasing of land, represents a new form of ethnic relations in Muang Sing.

The Tai Lue group plays a significant role in the watermelon business. Many of the farmers who come to Muang Sing to plant watermelons from Sipsong Panna are Chinese Lue; whereas, most of the local, lowland watermelon farmers are Tai Lue. In addition, although the majority of watermelon traders from China are the Han, the Chinese Lue are also involved. The Tai Lue who are engaged in the watermelon business ensure that the business is conducted smoothly; for example, they work as translators – translating from Chinese to Lue and vice-versa, and this gives a sense of security to the local Lue farmers of the same ethnicity.

Those from the Lue ethnic group represent the majority of the residents in the lowlands around Muang Sing, and also sit at the top of the ethnic social stratification in the area. They live in both sides of the border: Muang Sing and Mengman, and although they have different nationalities, their identities are drawn from their ethnicity. For example, during my field research I asked a Chinese Lue trader “Are you Chinese?” to which he answered “I am a Lue, not Chinese”. The circumstances surrounding the Chinese Lue in China are very complex. After the state adopted a socialist system, they faced a restructuring of their Tai ethnicity, had to adapt to the new autonomous areas, deal with the implementation of a new ethnic policy and the suppression of Buddhism. Moreover, with increasing opportunity to do business with the Han, and their relationship with the Han seems to have made their identities as Lue even stronger.

Also, and as mentioned in Chapter VI, a complex ethnic-based tension exists between the Chinese Lue and the Han, and their relationship within the watermelon business may be regarded as one of a subordinate relationship between the Han and Chinese Lue, or changing position of Chinese Lue from inferior position to importance position in Chinese cross-border business in this area. As to language and ethnic relations, the Han understand very well that the Chinese Lue are necessary if one wishes to conduct business smoothly and effectively in Muang Sing.

Negotiating in the Presence of Unequal Power Relations

Unequal power relations exist within the watermelon business between the Chinese traders, Chinese and the Akha, and between the Chinese traders and the local farmers. With respect to the Akha in particular, the presence of power relations is quite obvious; the Akha are relatively powerless as an ethnic group. The watermelon business network; however, is built upon such unequal power relations and networks, and the people engaged in this business follow these power relations and play their role - negotiating around their vulnerable positions in search of better conditions, such as negotiating land fees and watermelon prices. Outside the watermelon business; however, the position of the Akha has changed and the differences in terms of the ethnic hierarchy between the Akha and other ethnic groups, have becomes smaller

due to their cultivation of delicious, organic vegetables and the existence of richer Akha.

Power relations exist not only within the watermelon business but also in terms of livelihoods, such as between the Chinese and Ho (employer and employee), and between the Chinese who live in Muang Sing and the locals. The Chinese who live within Lao society take care not to create problems with or antagonize the locals; they try to develop friendly relations, and such behavior represents their negotiations with and adaptation to the state's power in Laos.

In contrast with recent developments in Chinese in terms of economic power and society, areas in which China might be seen to have supremacy over Laos, at the small border town in my study area, the Chinese, conscious of being 'outsiders', negotiate with the invisible state powers in terms of their vulnerable position in Laos, and coexist with the locals tactically and flexibly in order to adapt to a society which is constantly changing and within which exists unequal power relations.

7.3 Discussion

7.3.1 The Border as an Economic Negotiating Space

Once, trade between Yunnan and northwestern Laos flourished, and the main goods traded were minerals, forest products and animal skins or tusks (Stuart-Fox 1997 and 1998, cited in Yokoyama and Tomita 2008). Yunnanese merchants brought ceramics, copper, silk and tobacco, while the Laotians prepared ivory and animal skins; then they bartered with each other (Khampheng 2003). After the construction of road 17A during the French colonial period (1895/6), a road connecting the Chinese border to the town of Muang Sing, trade developed; however, the focus of trade then moved to Boten after a road was constructed from Mengla to Luang Namtha in 1960. Although China adapted an 'open door policy' in 1979, trade was prohibited through the closing of the border between 1977 and 1983; during which time crossing the border was only permitted for those living in and around the border area.

In 1986, Laos opened its doors and began to encourage foreign direct investment, introducing the concept of a market-oriented economy. Later on, the Chinese began to move into Muang Sing, particularly after 1996 - due to road 17A being sealed, and they opened businesses and started to get involved in producing cash crops for the Chinese market – a business which boomed in the 1990s. In addition, the creation of the Northern Economic Corridor in 2007 under the GMS regime, with a road being built from Boten to Houayxay, made this area not only an economically important place, but also helped strengthen the economic relationship between China and Laos.

The Muang Sing area is now the main cash crop producing area for the Chinese market, producing rubber, sugarcane, rice and watermelons. As a result, most of the residents in the lowlands are engaged in the cultivation of cash crops for the Chinese market, and have received economic opportunities as a result.

The purpose of crossing the border has also changed in recent times. The Chinese now come to Muang Sing across the border in search of business opportunities and due to a lack of agricultural land and jobs in China caused by socio-economic and political conditions there, such as over-population. For the locals in Muang Sing, the purpose of crossing the border is not in search of economic profits, but due to tourism, to shop for modern clothes and new electrical goods, plus to get their hair cut. In other words, they go to China to seek out new items; things they cannot get in Muang Sing.

The border near Muang Sing has been porous throughout history, flourishing during the pre-colonial and colonial periods. When the border was closed between 1977 and 1983, although trade was prohibited, locals were still allowed to cross the border, but recently the border has become even more porous due to changes in state policies and due to the construction of new roads, as well as the integration of both economies. Some parts of the boundaries of nation states have always been shaped by the dynamics of global economic integration (Donnan and Wilson 1999), and the landscape of this small border town has also been changed by the wave of economic

integration and globalization that has recently taken place, and this border has become a place which facilitates the flow of both goods and people. It is a place where cross-border identities have been utilized and negotiated to establish social network beneficial of trading business.

7.3.2 Rules, Regulations and Neo-Liberalization

The Pangthong border in Muang Sing is a restricted border, with only Chinese and Laotians who possess a border pass being permitted to cross at this point. Passports cannot be used. When people cross the border here, they must pay a toll and tax at the immigration office on the Lao side under government policies. In his book, Walker (1999) differs from the opinion of Ohmae (1995), who insists that state regulations and mediations act as an impediment to the development of new trans-border markets – that the traditional “middlemen” function of nation states is largely unnecessary. He argues that global markets (capital markets, industry, information technology and individual consumers) can work fine by themselves, saying “nation states no longer have to play a market-making role” (Ohmae 1995:4). Walker (1999), on the other hand, insists that borders still have a role and function in a globalized world, and defines the concept of border regulations as the practices people employ to initiate and control mobility and interconnections. The function of a border is not only to control the flow of goods and people, but also to facilitate them, and as such state regulations not only include tariffs, visas and tolls, but also “space-transforming practices” like road building, navigational improvements, ports and warehouses. “Regulation is not seen as being external to the market but as part of the process by which markets are created”; therefore, the regulatory activities of the state or non-state actors are intrinsically involved in the creation of the contexts in which markets can flourish. Such state and non-state actions generate unevenness and provide social and political opportunities for local market powers to develop. In other words, regulations and markets grow and develop together. Liberalizing initiatives create the conditions for a new “mix” of regulatory practices - those which are used to initiate and control the mobility and interconnections developed by state and non-state actors. Liberalizing initiatives can thus provide regulators with more opportunities for action (Walker 1999:13, 15). In the case of Muang Sing, since opening the border, cross-

border practices have provided the local people and markets in Muang Sing with the opportunity to gain a better life, albeit at a slow pace.

The cross-border practices of the locals in Muang Sing have been transformed in recent times, and for them, crossing the border has allowed them to access modernity and opportunities for a better life. They go to China in order to obtain items they cannot get in Muang Sing, while some go across the border to study Chinese. Under such a transformation, the identity and culture of the residents in the border area have been maintained through festivals, especially for the Lue. For residents in the border area, the liberalization of the border has played a significant role, not only in terms of economics, but also from a cultural perspective. Especially for the locals in Laos - those who live on the periphery in their own country, visiting China means gaining access to modernity.

For the Chinese, including the Chinese Lue farmers, shop owners in Muang Sing and cash crop traders, the purpose of crossing the border is to acquire business opportunities. Most of the Chinese in Muang Sing insist that there are no job opportunities in China, so they are what may be called 'losers' in Chinese society and cannot integrate with it due to low education and income levels. As a result of this, they come to Laos in search of economic opportunities. In addition, in Laos their background and social status are not of concern, so in a way, Laos is a place where they can revive their fortunes. Ishikawa (2010) states that the crossing of national boundaries between economically weak nations and those that are well-off, alters the value of commodities and labor, such that in this case, crossing the border alters the status of the Chinese, for the Laotians regard them as rich in their locale.

In addition, other factors have made working and living in Laos easy for the Chinese, such as being able to use the Chinese mobile phone network, being able to watch Chinese cable TV and use Chinese currency, for these have not only created a place inside Laos which is similar to China, but have also given the Chinese a feeling that Muang Sing is a part of China. Although the Chinese must pass through immigration at the border when they come to Muang Sing, they actually feel that going to Laos is just like going to a neighboring town inside their own country.

However, for the Chinese, operating a business in Laos means following state power, and under such a power relations framework, they are careful to develop good relationships with the locals. Their behavior thus represents a consciousness that they are outsiders and that the border impinges upon them both mentally and physically.

From the government point of view, the leaders of the three countries in the area (China, Vietnam and Laos) have been able to keep their options open and have encouraged free-market reforms (Hinton 2000). In 1979, for instance, China changed from a “closed” to an “open” policy, with the country opening to international trade and foreign investment, while in Laos, in 1986 they adopted the ‘New Economic Mechanism’, known as *Jintanakan Mai*, in order to restructure the economy, the role of the state and the management of economics, to restructure the financial sector, give new direction in terms of agricultural and industrial development, and give stimuli for external trade and the inflow of foreign direct investment. The state policies of both countries have thus facilitated cross-border economic practices, and now the residents of the border areas deal on a daily basis with the concrete manifestations of such nation state policies (Ishikawa 2010). In other words, the changes in state policies have changed the livelihoods of both the Chinese and Loatians who live in Muang Sing.

Although closed at times, for locals the Pangthong border has been a porous border physically, culturally and mentally over many years. The function of the border is to control the flow of goods and people - an idea derived from the need to defend territories. The Pangthong border has also controlled and managed the mobility of people and commodities for many years; however, its role has been transformed more recently - it is there to facilitate economic practices in the region. This border is now a space for economic negotiation and a space within which the economies of both countries have been able to integrate, with the associated factors and problems. The development of cross-border trade has created economic opportunities for the residents in the border area, changing their livelihoods and transforming the town into a bustling commercial center (Chan 2000), integrating it,

not only into the regional economy, but also into the global economy (Chan and Xie 2000).

Factors that have led to the Chinese influx into Laos include the changing state policies of both countries, China's economic development, and the surplus workforce and lack of agricultural space due to over-population in China. The border area has thus become an area needing to accommodate social and cultural flows from one nation space to another (Ishikawa 2010). In the case of Muang Sing, the livelihoods of the locals there have been influenced by China's economic development, and the economy of Muang Sing now depends on that of China. Many ethnic groups in Muang Sing are now engaged in cash crop cultivation for the Chinese market and production output is increasing year on year, becoming many local people's main source of income. In addition, the expansion of cash crop production has not only led to a diversification of ethnic relations in Muang Sing – with cross-border and inter-ethnic relations developing, but has also changed the ethnic relations related to commercial networks – those formed in search of economic benefits, such that “Local cross-border trading networks [have been] co-opted and integrated into the wider economy” (Evans et al. 2000:4). Cross-border economic practices, especially those within the watermelon business, are necessary in order to maintain and develop people's lifestyles, which is why the Chinese Lue farmers come to Laos, across the border, to plant watermelons, Chinese traders come to Laos to buy watermelons and also why local farmers plant watermelons for the Chinese market, beyond the border.

This phenomenon has mostly occurred around the border area, where the supply and demand of both countries intersect. Laos has an abundance of land, but no money, whereas in China, job opportunities and land are lacking, but there is demand. The border is thus a resource - an opportunity and a barrier for the local, border people, but it is also a symbol of their role in the cultural and economic value systems, those which are important to the daily functioning of the states in which they live (Donnan and Wilson 1999). In the case of Muang Sing, for the Chinese and the locals, the Pangthong border is a resource and provides an opportunity to make money and attain a better life, and the recent cross-border economic practices can be seen as

a fundamental tactic and adaptation for survival – making the border porous and flexible. In addition, the border is an important place in terms of economic development on the periphery, at a place far from the central powers.

Borders not only represent the sovereignty and domain of the state, but also operate as a means of maintaining state control over the movement of people, goods, wealth and information, so borders; therefore, are both structures and symbols of a state's security and sovereignty (Donnan and Wilson 1999). In this sense, the Pangthong border point in Muang Sing functions to promote the mobility of goods and people, plus protect the sovereignty which might threaten the Chinese who live in Lao society in the border area. Space is the general idea people have of where things should be in physical and cultural relation to each other, it means space is the conceptualization of the imagined physical relationships which give meaning to society (Gupta and Ferguson 1992; Keith and Pile 1993; Hastrup and Olwig 1997 cited in Donnan and Wilson 1999). Now, Muang Sing represents a place which is a complex economic negotiation space.