

# Hydropower Compensation and Changing Nature-Society Relations in Laos

Written by W. Nathan Green and Ian G. Baird

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The resettlement of people to make way for hydropower dams represents a major transformation of nature-society relations throughout the globe. Since the era of large-scale dam building escalated in the mid-20<sup>th</sup> century, hydropower development has displaced between 40 and 80 million people worldwide. Faced with years of evidence demonstrating that involuntary hydropower resettlement causes physiological, psychological, and socio-cultural trauma, there has been a major global push for compensation programs that ensure people's livelihoods and standards of living improve after resettlement (World Commission on Dams [WCD] 2000). Although some scholars have pointed to the structural challenges and deficits of such compensation programs (Scudder 2005; Cernea and Mathur 2008), few have sought to theorize how hydropower resettlement restructures the relations between nature and society.

### Hydropower for Development in Laos

The rapid and extensive construction of hydropower dams in Laos, located in the heart of the Lower Mekong River Basin, offers an ideal case to explore these issues. Since opening up to a global market economy in the late 1980s, the Lao government has argued that rural poverty is caused by a lack of access to markets and basic government services (Rigg 2005). In this context, the government has pursued extensive land reforms through the prohibition of swidden agriculture (often inappropriately referred to as 'slash and burn' cultivation), land allocation, and land titling. Ethnic minorities who practice swidden have been heavily targeted for internal resettlement in order to be incorporated into national development, because their livelihood practices have been deemed "backwards" and environmentally destructive (Evrard and Goudineau 2004; Baird and Shoemaker 2007).

Embedded in this context, hydropower development is seen as a key strategy for economic growth. There are nine large-scale dam projects planned for the Mekong mainstream, including the Xayaburi dam which is already under construction. In addition to dams currently operating on tributaries of the Mekong, such as Nam Theun 2, there are several dozen more projects proposed for tributary rivers. The Lao government argues that hydropower will provide employment, infrastructure, and money for reinvestment in the country. Nevertheless, there has been extensive contestation over the social and ecological problems of these projects, including resettlement, destruction of regional wild-caught fisheries, and changes in hydrological flows that will impact river ecologies and livelihoods in Laos and other countries (International Rivers [IR] 2008).

In the last two decades, contestation over hydropower has helped to produce the regulatory and legal framework of environmental management and social development related to large-scale dams in Laos, including resettlement compensation programs (Whittington 2012). Broadly speaking, compensation programs in Laos are supposed to return people's livelihoods to pre-resettlement levels, generally measured in terms of health, export commodity production, and the establishment of social and cultural institutions geared towards a market economy. Because these programs require treating lost land and assets as marketable commodities, providing compensation is predicated upon processes of commodification in spaces where capitalist markets of commodity production and trade are not well-established.

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Studies on the financialization of nature, and commodification theory more generally, can usefully be applied to analyzing hydropower compensation programs in order to understand how they transform livelihoods and nature-society relations. Simply put, commodification refers to a process where “ever greater realms of social and economic life become mediated through the market as a commodity” (Watts 2005, 528). This scholarship is heavily influenced by Marxist political ecology, which commonly analyzes commodification of nature through the interrelated processes of valuation, abstraction, and privatization. By examining these three processes in the context of Laos hydropower development, we argue that compensation programs contribute to variegated forms of commodification.

## The (De)Commodification of Compensation

As critics of hydropower are quick to point out, compensation rarely covers the complete material, social, or cultural losses of resettlement (IR 2008). In other words, compensation programs do not lead towards complete commodification—inevitably selective commodification occurs. How and to what extent commodities are produced by compensation varies both temporally and spatially, influenced by political economies and state interventions, local micropolitics of compensation, and the agency of displaced persons. Moreover, relocated people are sometimes not compensated for commodities that were produced before resettlement, which means that they are in a sense *decommodified*.

This notion of decommodification, which we define as *the (semi)permanent removal of a class of commodities from the sphere of the market*, has received relatively little attention (Kopytoff 1986; Sayer 2003). Recent scholars, however, have argued that removing commodities from the sphere of a capitalist market is a tendency within a capitalist society. For instance, Henderson (2004) argues that the secondary market of food bank donations decommodifies food in a way that supports the continuation of primary grocery markets; Sunder Rajan (2006) maintains that within the biotechnology industry, certain kinds of knowledge are decommodified when they are “gifted” from upstream research companies to downstream pharmaceutical corporations; and Hall (2014) suggests that certain forms of violence and state power have been decommodified overtime in the formation of modern capitalist democracies.

While some scholars see decommodification as part of a radical political agenda to re-establish the commons in areas of social and political life that have been privatized (De Angelis, 2004), that is not our definition. In our view, decommodification refers to the removal of a class of commodities from the sphere of market exchange, not necessarily to subvert or move “outside” hegemonic capitalist relations, but because they are no longer produced for economic, ideological, or consumer priorities. It is thus important to understand the contextual power relations and multi-scalar causes for why some commodities are decommodified. With this brief exploration of commodification theory, we now turn to analyzing a specific case of hydropower resettlement and compensation in Laos.

## The Case of the Heuny

In the 1990s, the Lao government awarded contracts to two separate Korean companies to construct the Houay Ho and Xepian-Xenamnoy hydropower projects on lands traditionally inhabited by the ethnic Heuny people in southern Laos’ Champassak Province. A Mon-Khmer ethnic group comprised of about 7,000 people, the Heuny have lived on the eastern side of the Bolaven Plateau in southern Laos for generations, where they have practiced swidden agriculture in communal village forests. Although the Houay Ho dam was finished in 1998, the larger Xepian-Xenamnoy dam was never built because the project lost funding during the 1997 Asian financial collapse. The government nevertheless went ahead with its resettlement plans for both of these projects, and moved eleven villages, or 2,700 mostly Heuny people, to an area in Paksong District about 40 km to the west of their historical lands (Baird 2013).

The Heuny received minimal resettlement compensation. The primary development mitigation program was based upon turning the Heuny into small-scale coffee producers. Faced with a lack of land and desperate living conditions at their resettlement villages where basic infrastructure continues to be abysmal, in the last 20 years many Heuny have moved back to their old lands where the Xepian-Xenamnoy project was supposed to be built. Yet in 2012, the Xepian-Xenamnoy dam project was revived by new Korean and Thai investors. The Xepian-Xenamnoy Power

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Company has since organized a social development program to again compensate the Heuny.

In order to compensate the Heuny, a select amount of their lands and other assets, primarily coffee trees, have been treated as commodities. A compensation committee led by the Xepian-Xenamnoy Power Company and local authorities organized the compensation for the Heuny's lost lands and assets based upon their replacement cost, which was supposed to be determined by prior market transactions according to the government's 2005 Decree on Resettlement and Compensation. However, determining replacement cost for the Heuny's old land this way is difficult because there is no history of land market transactions in these areas. Previously, the Heuny never bought or sold land in their villages largely because land was never conceptualized as being scarce. The first time that land at the Heuny's old villages has been given a monetary value is through this compensation program.

The valuation and measurement of Heuny lands and assets have been structured by the micropolitics of the compensation program itself. For instance, the Heuny were given little opportunity to participate in making the asset inventory or measuring their lands and resources. By framing the value of land and assets only in terms of market replacement cost, the compensation program has conceptualized and institutionalized value solely as the abstract exchange value of the onetime sale of a tradable commodity.

The land titles that were issued for the Heuny to receive compensation also formalized private property rights. Prior to the dam project, the Heuny did not have formal, state-recognized titles to their lands. After titles were issued with investor support, the Heuny received state recognition of their land. At their old villages, however, the land titles only included a portion of their original lands, specifically lands dedicated to coffee and fruit production. Through these processes of valuation, abstraction, and privatization, the compensation program has thus transformed some Heuny land, coffee fields, fruit trees, and other assets into commodities.

As other scholars have observed (e.g. Bakker 2005), conceptions of space and place have influenced the commodification of Heuny land and assets. The Heuny still separate their old and new villages in regards to conceptions of property and the production of commodities. To take but one example, personal memories and cultural attachments to land at their old villages have sustained prior common property relations, whereas land conflicts, lack of tenure security, and political pressure at the resettlement villages have all actively contributed to making private property the only legitimate way to make claims to land. Consequently, whereas no market for land has developed at their old villages, many Heuny at the resettlement site desire to sell their land, which the new land titles issued by the compensation program have made possible.

At the same time, swidden lands, forests, and natural products in the dam area have been systematically excluded from the compensation process. Because swidden fields and forest lands were never treated as commodities by the Heuny, their exclusion from the compensation program has maintained their non-commodified status. Nonetheless, Heuny customary claims to these lands have been de-legitimized through not being included in the compensation process.

In contrast to the forest and swidden lands that remain non-commodified, many assets and natural resources previously sold by the Heuny will be decommodified through hydropower resettlement. For example, non-timber forest products (NTFPs) have been deemed ineligible for compensation. Some examples of the main kinds of NTFPs collected by the Heuny include wild cardamom, rattan, bamboo shoots, wild grasses and vines, rosewood, and precious flowers. There has been a long history of these items being treated as tradable commodities in the region (Baird and Shoemaker, 2008). Indeed, the Heuny do not just value these things in terms of their social and use values but often know the precise market value of these items. This treatment of non-timber forest products thus offer one excellent example of how compensation in some ways decommodifies nature-society relationships.

The Heuny's changing livelihoods and relationships to land and other natural resources offers unique insight into how hydropower-induced resettlement and compensation reorganizes nature-society relations and livelihoods in order to facilitate new economic and social relations. Programs of compensation, particularly the newest efforts of the Xepian-Xenamnoy Power Company, have contributed to the commodification of certain kinds of nature. Crucially, compensation has also decommodified some kinds of nature, such as NTFPs. Structural political economies,

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development discourses, local micropolitics, and Heuny's varied conceptions of space all influence how land and other natural resources are commodified or decommodified in these places.

The implication of our research is that compensation should not just be about restoring livelihoods to previous material levels, because compensation fundamentally alters nature-society relations in particular contexts. Adequately taking these various processes into account requires a much more detailed understanding of people's social relations and relations with nature, especially when working with people defined in global discourses as indigenous, like the Heuny. As Laos and other countries in the Lower Mekong River Basin continue to construct large-scale hydropower dams that will impact millions of people, the changes to people's livelihoods and relations to nature must be much better recognized, acknowledged, and planned for in future compensation for hydropower resettlement.

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