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**SPECIAL ECONOMIC ZONE PROJECT ASSESSMENT IN SAVANNAKHET,**

**LAO PDR: AN APPLICATION OF HUMAN**

**SECURITY FRAMEWORK**



**Mr. Robert Vaughan**

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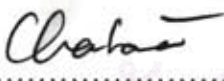
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ความมั่นคงของมนุษย์เป็นทฤษฎีที่ค่อนข้างใหม่ที่เกี่ยวข้องกับความมั่นคงของรัฐและความมั่นคงระหว่างประเทศ แนวคิดนี้เน้นถึงประชาชนเป็นศูนย์กลางในการวิเคราะห์และเน้นให้มีการประยุกต์ใช้จริงเพื่อประเมินผลกระทบต่อประชาชนในโครงการขนาดใหญ่ต่างๆ ประเทศต่างๆ ในเอเชียได้เลือกการจัดตั้งเขตเศรษฐกิจพิเศษเพื่อเพิ่มความเจริญเติบโตทางเศรษฐกิจ โดยการกำหนดพื้นที่พิเศษเพื่อให้เกิดอุตสาหกรรมและการพาณิชย์ที่มีกฎหมายเศรษฐกิจที่แตกต่างจากส่วนอื่นๆ ของประเทศ งานวิจัยนี้ต้องการเชื่อมช่องว่างระหว่างเรื่องความมั่นคงของมนุษย์กับเขตเศรษฐกิจพิเศษ โดยใช้ เขตเศรษฐกิจพิเศษในสุวรรณเขต ประเทศลาว เป็นกรณีศึกษา เพื่อวิเคราะห์ถึงผลกระทบของเขตเศรษฐกิจพิเศษในเชิงมนุษย์ การวิเคราะห์นี้จะทำให้ทราบถึงประโยชน์ของแนวคิดเรื่องความมั่นคงของมนุษย์ และการประยุกต์ใช้แนวคิดนี้เพื่อประเมินโครงการขนาดใหญ่ของรัฐ

งานวิจัยนี้ใช้กรอบแนวคิดเรื่องความมั่นคงของมนุษย์ที่เสนอโดยอัลโกเรส เพื่อการประเมินโครงการเขตเศรษฐกิจพิเศษในสุวรรณเขต ส่วนประกอบหลักของแนวคิดที่อัลโกเรสเสนอคือ การระบุถึงการเปลี่ยนแปลงที่เกิดขึ้นในเชิงประจักษ์ การวิเคราะห์สิ่งที่เปลี่ยนแปลงหรือที่คาดว่าจะเปลี่ยนแปลง และการศึกษาเชิงปทัสสถานถึงสถาบันต่างๆ ที่สามารถจะช่วยบรรเทาผลกระทบทางลบ อาจเกิดขึ้นกับประชาชนได้ งานวิจัยพบว่ามีภัยคุกคามทั้งทางตรงและทางอ้อมจำนวนมากที่ชุมชนเผชิญอยู่ในจังหวัดสุวรรณเขต ภัยคุกคามทางสังคม เช่น การย้ายที่ การตั้งรกรากใหม่ และความเป็นเมือง ภัยคุกคามทางการเมือง เช่น การคอร์รัปชันและเปลี่ยนแปลงชั่วคราว ภัยคุกคามทางเศรษฐกิจ เช่น ผลกระทบทางลบของการลงทุนโดยตรงจากต่างประเทศ และภัยคุกคามทางสิ่งแวดล้อม เช่น มลพิษทางน้ำและทางอากาศ ภัยคุกคามเหล่านี้บ่งชี้ว่ามีความเป็นไปได้สูงที่ผลกระทบทางลบของเขตเศรษฐกิจพิเศษจะขยายตัวและก่อให้เกิดปัญหาอื่น ๆ ตามมาถ้าหากมิได้มีการใช้มาตรการเพื่อขจัดหรือลดภัยคุกคามให้เหลือน้อยที่สุด

งานวิจัยนี้แสดงให้เห็นถึงประโยชน์ของการใช้กรอบแนวคิดในเรื่องความมั่นคงของมนุษย์ในการประเมินผลกระทบที่อาจเกิดขึ้นกับประชาชนในเขตเศรษฐกิจพิเศษ แนวคิดความมั่นคงของมนุษย์ช่วยให้สามารถระบุถึงภัยคุกคามที่ชุมชนของจังหวัดสุวรรณเขตจะเผชิญ อย่างไรก็ตาม วิทยานิพนธ์นี้มีลักษณะการวิเคราะห์เพื่อคาดการณ์อนาคตเพราะเขตเศรษฐกิจพิเศษยังไม่ได้มีการสร้างจริง เพราะฉะนั้นการวิเคราะห์อาจมีความคลาดเคลื่อน ซึ่งถือได้ว่าเป็นข้อจำกัดประการหนึ่งของการใช้กรอบแนวคิดเรื่องความมั่นคงของมนุษย์ที่อัลโกเรสได้เสนอไว้

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ROBERT VAUGHAN: SPECIAL ECONOMIC ZONE PROJECT  
 ASSESSMENT IN SAVANNAKHET, LAO PDR: AN APPLICATION OF  
 HUMAN SECURITY FRAMEWORK: ORA-ORN POOCHAROEN, PH.D.,  
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Human security is a relatively new theory in the world of international security; the new people centered approach advocated by the concept has been interpreted into a number of conceptual frameworks aimed at applying the notion to assess projects on the ground. Special economic zones have been utilised by a number of different Asia countries to increase economic growth through providing geographical areas that have different economic laws to other parts of the country they are created in. By bridging the literacy gap that exists between the two notions analysis can be employed to identify the usefulness of human security when the concept is applied to assess a mega-project such as the case study of the special economic zone in Savannakhet Lao PDR.

This thesis has assessed the special economic zone project in Savannakhet by utilising the human security conceptual framework put forward by Alkires. Key components from Alkires framework such as identifying the expected empirical changes, using analytical tools and identifying where and how institutional changes can be created were utilised to find that there are a number of direct and indirect threats facing the communities in Savannakhet province. Social threats such as relocation, resettlement, displacement and urbanisation, political threats such as corruption and power politics, economic threats such as the negative effects of foreign direct investment and environmental threats such as water and air pollution were all identified as potential areas where negative impacts could manifest if action was not taken to eliminate or minimise threats.

The usefulness of utilising a human security conceptual framework showed that it was highly prevalent to conducting research that identifies threats that the local communities of Savannakhet province would face. Problems however, were encountered because of the futuristic nature of the thesis, which limited the capabilities of utilising the concept of human security and the tools advocated by Alkires.

Field of Study International Development  
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### LIST OF ABBREVIATIONS

ADB	Asian Development Bank
AIDS	Acquired Immunodeficiency Syndrome or Acquired Immune Deficiency Syndrome
ASEAN	Association of Southeast Asian Nations
CCICED	The China Council for International Cooperation on Environment and Development
CIA	Central Intelligence Agency
CRISE	Centre for Research on Inequality, Human Security, and Ethnicity
EWEC	East – West Economic Corridor
EPZ	Export Processing Zone
EU	European Union
FDI	Foreign Direct Investment
FTZ	Free Trade Zone
G8	Group of Eight Most Industrialised Nations
GDP	Gross Domestic Product
GMS	Greater Mekong Strategy
HDI	Human Development Index
HIV	Human Immunodeficiency Virus
IMF	International Monetary Fund
JBIC	Japan Bank for International Cooperation
JICA	Japan International Cooperation Agency
KIP	National Currency of Lao PDR
LEZA	Lao Economic Zone Authority
NEM	New Economic Mechanism
MNE	Multi-National Enterprise
MOU	Memorandum of Understanding
MRC	Mekong River Commission
NGO	Non Government Organisation

NIC	Newly Industrialised Country
PDR	People's Democratic Republic
SAR	Special Administration Region
SCUK	Save the Children United Kingdom
SEZ	Special Economic Zone
STD	Sexually Transmitted Disease
STI	Sexually Transmitted Infection
UK	United Kingdom of Great Britain and Northern Ireland
UN	United Nations
UNDP	United Nations Development Programme
UNESA	United Nations Department of Economic and Social Affairs
UNESC	United Nations Economic and Social Council
UNESCO	United Nations Education, Science and Cultural Organisation
UNFPA	United Nations Population Fund
UNICEF	United Nations International Children's Emergency Fund
US	United States of America
USD	United States Dollar
WB	World Bank

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## CHAPTER I

### INTRODUCING HUMAN SECURITY TO A SPECIAL ECONOMIC ZONE

#### 1.1 Background to study

It is important when utilising a human security to know the historical background of the communities and individuals who may be affected by direct and indirect threats. Human security is a people centered approach, therefore gaining knowledge about the community is paramount because it allows the researcher to identify long term pervasive threats that may already exist within communities or that have affected individuals within the community. Assessing basic information about Laos and Savannakhet can allow the researcher to use the countries national averages as base lines for gaining further information, for example the GDP of Laos can be used to assess the predictability of economic growth once the SEZ is operational.

Table 1: Basic information on Lao PDR

Lao Constitution	Adopted on 14 <sup>th</sup> Aug 1991
Lao Capital	Vientiane – (Royal capital: Luang Phra Bang until 1975)
Lao national holiday	2 <sup>nd</sup> of Dec from 1975 – Republic Day
Lao population	6, 368,481 (2006)
Lao Gross Domestic Product	\$12.13 billion (2005) Exports: \$379 million (2005) Imports: \$541 million (2005)
Ethnic groups in Lao	Lao Loum (Lowland Lao) 53% Lao Theung (Midland Lao) 36% Lao Sung (Upland Lao) 10% Other, including ethnic Vietnamese and Chinese 1% (2000)
Religious groups in Lao	Buddhist 48.8% Animalist and traditional beliefs 41.7% Non-religious individuals 4.3% Christian 2.1% Other 3.1 % (2000)

*Note.* From Overview of Laos. Retrieved 16 September, 2006 from <http://www.worldstatesmen.org/Laos.htm>.

The economic insecurity, poverty and inequalities that exist in Laos and Savannakhet today can be traced back to Laos's turbulent past. By looking at the history of Laos one can see the connections of reasons why there has been political insecurity and how this has directly and indirectly affects and shaped the physical and psychological landscape of the Laotian people. Laos is a land locked country located in Southeast Asia that has experienced conflict with its neighbours and former rulers throughout its history. Laos is a small country geographically, with an estimated population of over 5.5 million (Inthavong, 2005). Laos first became a sovereign state in 1353 and was principally named The Kingdom of Lan Xang Hom Khao. The country of Laos developed as a rurally agricultural society for a number of centuries until 1893, when Laos was annexed by the French and became part of French Indochina. Laos became an ally with Vichy France during the Second World War and was occupied by the Japanese. However, during this time a number of provinces such as West-bank Champasak and Xainyaburi were annexed by Thailand. China and Great Britain ruled Laos after World War Two, until 1946 when the French protectorate was re-established. Independence from France was formally proclaimed by Laos in 1953 and was later recognised in 1954 by the French government. Laos proceeded to stay as the Kingdom of Laos from 1954 until 2<sup>nd</sup> of December 1975 when, after a communist revolution, Laos was formally named the Lao Democratic People Republic (World Statesman, 2006). After the 1975 revolution, Laos adopted a centrally planned economy based on a Maoist communist political system.

In 1986 a new style of governmental economic management was adopted by the Lao government, with the intention of moving Laos towards a market oriented economy. This move was widely seen as a way to modernise Laos's private sector, deregulate prices and production controls (JICA, 2001). The new economic reforms proved to be an advantage for Laos, as the national economy grew due to prudent economic policies and procedures. However, the 1997 Asian financial crises had a negative impact on the Laotian economy, causing high inflation and forcing the Kip (the national currency of Laos) to be devalued in a bid to rescue the economy.

Now that the national economy has started to recover from the 1997 financial crash Lao has started to develop new strategies to try to bring back some of the economic growth that was earlier seen in the mid 1990's. The Lao government is

currently developing a SEZ in the province of Savannakhet.<sup>1</sup> The province is located along the soon to be created East-West Economic Corridor (EWEC) that will link Thailand, Lao PDR, Viet Nam and Myanmar.<sup>2</sup> The SEZ will also be closely located to the North-South axis that runs through Lao PDR, leading north into China and South into Cambodia. The changes that the EWEC will bring to the Savannakhet communities lives will be irreversible in terms of physical and psychological threats because individuals and communities will face social, political, economical and environmental change on a grand scale. These changes will be most felt by the communities living in and around Savannakhet province, where the Laotian SEZ is to be created. It is projected that the Laotian SEZ will create extensive trading possibilities with neighbouring Asian countries because of its geographical location towards the two trading corridors. The Asian Development Bank, also the primary benefactor of the EWEC, stated in 2001 that “by 2004, you will be able to travel an all-weather road from Mawlamyine in Myanmar, through Lao PDR and Thailand, to Da Nang in Viet Nam, made possible because of the GMS East-West Economic Corridor” (Global Policy Forum, 2005). However, due to delays in the construction of the economic corridor, the completion date will not be met. In its completion, it is projected that the EWEC corridor will promote trade and build rapport between ASEAN members. The East – West Economic Corridor was drawn up by the Asian Development Bank and the six countries (China, Myanmar, Thailand, Laos, Cambodia and Viet Nam) that surround the Mekong River as part of the Greater Mekong Sub-region (GMS) strategy for developing economic growth within the region. The GMS strategy, coupled with Laos’s joining ASEAN in 1997, has helped facilitate economic growth in Laos. This economic growth has come through trade strategies that have focused on Laos exporting products and raw materials such as coffee, gypsum, and electricity to its neighbouring countries.

Savannakhet province is located next to the Mekong River, bordering Thailand’s Mukdahan province. The population of Savannakhet accounts for 670,000 of the Laotian population (JICA, 2001). Roughly 342,000 of the Savannakhet population are active economically, meaning that they have consumer buying power

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1) See Appendix M – Map of Laos and its provinces. P. 137

2) See Appendix I – Map of the East – West trading corridor and the North – South Economic corridor P. 133



and are actively involved in the country's economy. The body of Savannakhet's local economy comes from agricultural means with 90% of the economically active population engaged in the local agricultural industries in some form or another. Savannakhet is Laos's largest province geographically. Only 14% of Savannakhet residents dwell in urban areas; however, it is expected that by 2010 there will have been a 3.5% increase of people living in urban areas. This represents an increase of 69,000 people, which would create pressure on the urban areas that already exist in Savannakhet province (JICA, 2001). The communities living in Savannakhet province can be traced back over a variety of years ranging from 30 to 100 years (Institute of Asian Studies, 2004). The monthly income of the communities living in Savannakhet province varies but ranges between 200,000 – 500, 000 Kip<sup>3</sup> (\$20 – 50 USD). This figure represents large proportion of people living on less than a dollar a day in many cases. Soc-economic prosperity in Savannakhet province is greater than many of the other Laotian provinces, with all communities having some form of primary or secondary school system in place. Savannakhet communities also boast a literacy rate that is as high as 95% in nearly all communities (Institute of Asian Studies, 2004).

The literature that exists on soc-economic conditions in Laos and Savannakhet can be utilised to help fill the gaps of knowledge as to what aspects of human security will be affected by the special economic zone. Background data such as the average daily wage or yearly salary can be used to identify whether the special economic zones has increased or has decreased economic insecurity. Secondary research that gives a background to the communities can also be used to help assess the inter-linkages of social costs and threats. Urbanisation for example in Savannakhet stands at only 14% yet it is predicted that the SEZ will bring a further 69,000 people to urban areas, using historical data can help to assess whether social ills such as prostitution, gambling and illegal drugs have all risen due to this new influx of people. These types of social ills have increased in almost every special economic zone in Asia such as China, Viet Nam and Kazakhstan, due to a number of different variables and factors such as the movement of people from rural to urban areas.

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3) Exchange rate at time of writing was 10000 kip to \$1

## 1.2 Statement of problem

Whilst there is a plethora of research on special economic zones (SEZs) there remains a scarcity of research that adequately incorporates the subject of human security into this area. Current and previous research has primarily only focused upon evaluation of the economic costs and benefits of SEZs, without regard to the social costs and impacts. These types of research merely address economic interests, without regards to the local interests, not only on the level of the community, but also the individual. By including human security in this field, a new dimension of social impacts can be understood. Human Security is a useful framework to utilise because it allows research to focus on the negative aspects that may arise from the creation of the SEZ, whilst not condemning the economic and social benefits that may also come. Human security adds the dimension of understanding how empirical changes, such as direct or indirect threats, can be minimised; thus, ensuring that individuals can be effectively integrated into their new host society with minimal negative effects on the local community. Through a human security framework, this research seeks to identify direct and indirect threats so that an understanding is achieved for ways in which the social costs encountered by the individuals of the Savannakhet region can be minimised. Once threats are identified, this research will endeavour to analyse how institutional change can be utilised to provide safeguards that will protect against social costs. The specific aims of this research is to contribute to the existing theory of human security, through demonstrating how an conceptual framework can be utilised in conducting applied research and assessing expected economic growth mechanisms such as the SEZ. If implemented, the results of this research will help minimise the negative aspects of the special economic zone, whilst not condemning the SEZ as a useful development instrument.

In order to effectively and comprehensively analyse not only global and local aspects of the social costs, it is necessary to include the topic of human security. Including human security in any analytical framework involving social costs ensures that a more socially responsible and humanistic perspective is achieved. The topic effectively delves into the fabric of SEZ social costs because the topic itself has originated from a variety of development theories. Human security is comprised of an adaptive collaboration of global security, common security, and cooperative security

concepts. Nonetheless, it has been difficult to define human security because of its vague nature, which is attributed to the usage of a variety of different development perspectives. However, because human security draws from a variety of subfields, it has had success on the global stage. It has been implemented as the foreign policy of the Canadian and Japanese governments and has been a driving force in the campaign for social causes such as mass migration and economic security. Human security will be analysed further throughout this research, highlighting the negative and positive aspects when employing a human security framework.

### 1.3 Research questions and objectives of study

Through incorporating a human security framework within the spectrum of a special economic zone, this research seeks to answer: How useful is a human security framework in assessing a special economic zone? Special attention will be devoted to analysing the concept of human security, specifically when it is applied to the case study of the Savannakhet special economic zone.

In achieving this goal, this thesis has the following objectives:

- Provide an analysis of the concept of human security
- Provide an analysis of the structures of special economic zones
- To implement a human security conceptual framework to the case study of Savannakhet, Lao PDR identifying the expected direct and indirect threats that the Savannakhet population may face

### 1.4 Methodology

This study is derived from using secondary research, whilst also including primary research from key interviews with experienced professional from the international development world. Data was gathered from interviews with officials from the Savannakhet SEZ, as well as key informants close to the issues of human security and special economic zones. Secondary data was taken from academic articles, studies, books, journals and internet sites such as articles published by the United Nations, Governments of Japan and Canada and the Asian Development Bank,

all of which were utilised to give added academic evidence to information found through primary research. Articles from the leading human security academics and scholars provide information regarding the current stage of the human security concept in relation to the development needs of special economic zones. Quantitative data on the Savannakhet SEZ sites A and B comes from a number of academic studies. The first being the JICA Report that was requested by the Lao government and headed by Mr. Hajime Koizumi in July 2000 to January 2001. The second academic source for quantitative data comes from the study conducted by the Institute of Asian Studies and College of Population Studies, Chulalongkorn University. This study was conducted with support from the Japan Bank for International Cooperation (JBIC) and was produced in June 2004. Quantitative data was also gathered from The Greater Mekong Sub-Region's East-West Economic Corridor Investment Opportunity study conducted by Mr. Inthavong in 2005.

Secondary research will be utilised to provide a review of the two key concepts of human security and special economic zones. Secondary information will be provided through analysing the information that already exists within the two key concepts. This information will analyse the arguments put forward by academics such as Alkire, King and Murray, Wong and many others. Government policies, information from private enterprises and data from industrial institutes will also be assessed to help provide examples of previous threats that have occurred in other special economic zones. Information gathered through primary research will be categorized according to two criteria: 1) direct threats, 2) indirect threats. These two criteria will then be simplified into four different classifications; social, economical, political and environmental.

To achieve the thesis goal of utilising a people-centered human security framework, this research will use primarily in-depth interviews with key constituents. Interviews have been conducted with Mr. Daraarassamy director of construction and environment division of the Savan-Seno special economic zone; Mrs. Shatanakoul general manager of the Lao Women's Union Youth Centre; Mr. Hiroyuki from the Japan International Cooperation Agency; Mrs. Chi of the non-profit organisation World Vision; and Mr. Meynell, UNDP programme Team Leader for the Mekong Wetlands Biodiversity Conservation and Sustainable Use Programme. Interviews

were also conducted with a number of local people and business owners who live in Savannakhet province.

### 1.5 Research Scope

The research scope for conducting site visits took place in two key geographical areas, the capital district of Vientiane and the proposed special economic zone area of Savannakhet Province in Laos. The timeframe used to conduct interviews and observe the local communities in Savannakhet province took place according to different time periods in each area of Laos. Information obtained in Vientiane was taken over a 10 day period, while information gathering in Savannakhet lasted 14 days, as this was the primary area in which the special economic zone would be created.

The questions asked throughout the interviews were structured but broad ranging. The political sensitivity of conducting information in Laos influenced the types of questions asked to government official, the employees of World Vision, UNDP, Loa Women's Union, JICA and the general public of Laos.<sup>4</sup>

### 1.6 Ethical considerations

Ethical issues are highly prudent to conducting research in Laos due to the political situation of a one party state. The political situation is, therefore, categorized as 'at risk' because of the human security issues and how they relate to the SEZ, social costs and benefits. Political subversion may put a constraint on conducting research on the proposed SEZ because criticism of the Lao government is highly unlikely, even when it is from people within the administration. The safety of the researcher was at low risk; however, in recent years there have been a number of small scale bomb attacks in the capital Vientiane. These attacks have not focused on Westerners or Western interests, but do pose a possible minimal risk to the researcher as does travelling on certain roads within Laos where rebel forces opposed to the government have attacked a number of buses.

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4) See Appendix O – Guidelines of question asked throughout site visits P. 140

As there are many possible ethical issues involved in conducting an assessment into the human security in Laos, consent is an important dimension to collecting research because information given could be used in a negative way by the Laotian government. This research ensures that human rights are protected through the human security framework and the methodology employed at all times. The rights of the individuals are treated with the utmost respect and sensitivity. This is where a human security framework is highly useful as it becomes second nature to the researcher to always protect the individual human rights and identify the threats an individual faces. Interviews that use photos, tape recorders, and ask for the name of the person being interviewed ask for the interviewee's consent before they take place.

### 1.7 Overview of dissertation

This dissertation seeks to analyse the usefulness in implementing a human security framework in the Laotian special economic zone. Using this thesis aim as a foundation, this thesis focuses on analysing what the definitions of the two areas involve are, examining their historical backgrounds, the criticism they have received and the benefits both concepts have brought. This analysis creates a basis from which to assess how implementing a human security to the Laotian special economic zone can be of academic contribution to the field of international development. This dissertation provides an assessment of the usefulness of a human security framework when being implemented in assessing a mega project such as the Laotian special economic zone. It is broken into the following chapters.

- Chapter I analyses why there is a need to implement a human security framework to a special economic zone, highlighting why there is a need to identify threats and social cost that have taken place in past special economic zones throughout Asia. Chapter I gives a presentation of the research objectives, questions and scope, as well as identifying some of the ethical considerations of this research. It then highlights the methodology that will be utilised through the thesis process.
- Chapter II explains which academic scholars, journals, book, articles and internet resources have been used to make clear the relevance of the information used

to describe some of the key theories, concepts and methodology used throughout this thesis. Chapter II specifically analyses special economic zones and the social costs and benefits that they can bring. Human security is presented through identifying the different definitions and conceptual frameworks that have been advocated by a number of different actors.

- Chapter III focuses on human security as a concept, giving light to its historical background and some of the criticism that human security has received by the academic world. Chapter III analyses some of the leading scholars frameworks put forward and to what extent human security has been able to create a paradigm shift in international security adopted by states and other interested parties. Finally, Chapter III examines Alkires conceptual framework employed throughout this thesis, showing its particular strengths and defining characteristics.

- Chapter IV analyses special economic zones and how SEZ have been adopted throughout the world as tools to implement economic growth and thus help to alleviate poverty. It provides a historical overview of special economic zones, highlighting the various different economic terms governments have adopted. The differences of the conditions are emphasised in terms of analysing and defining economic zones according to their specific characteristics.

- Chapter V provides information on the background to the country of Laos and of the province of Savannakhet. The chapter then gives background information to the Laotian special economic zone, highlighting information that includes dates, technical information, and specific information on the two development sites that have been earmarked for construction. Chapter V then focuses on the implementation of Alkire human security framework to the case of Savannakhet province. Direct and indirect threats are broken down into a simplified model of different categories such as social, political, economic and environmental. By developing these categories the thesis demonstrates which threats can be assessed and in what way they represent expected social costs that may occur. The threats identified through primary research are supplemented by secondary information taken from other Asian special economic zones that have experienced the same threats over the last two decades.

- Finally chapter VI concludes with an analysis of the usefulness of a human security framework, highlighting the strengths and weaknesses of the Alkires conceptual framework when used to assess a special economic zone. Chapter VI focuses on the relevance of human security and whether it represents a real shift in international security that should be adopted by the Laotian government. Recommendations are also discussed as possible ways of eliminating and minimising the threats identified through primary research.



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## **CHAPTER II**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

This literature review will assess current information concerning specific areas that are relevant to assessing the Special Economic Zone in Savannakhet Lao PDR through utilising a human security framework. In all, the literature revised in this thesis will include two main topics of interest: human security, and special economic zones (SEZ). The first section of this literature review will look at what information already exists on how special economic zones are defined and what are some of the characteristics involved in assessing which types of economic zones apply to which countries. A critical analysis of existing literature will then be undertaken, focusing on some of the social costs and benefits that other special economic zones have incurred and that academics have used to illustrate social impacts on local communities. It is highly important to look at research taken from other countries that have experienced SEZ creation, because of the lack of knowledge on this subject when viewed through the lens of Lao PDR.

A critical analysis will be conducted into human security as a theory, highlighting the historical background and growth of the theory over time. Human security literature will then be analysed through the differing definitions and how academic and scholars have utilised these definitions to provide different conceptual framework that they have advocated and championed. Human security literature will also be analysed through the category of paradigm shift and whether literature would suggested a move has taken place in the world of international security. By bridging the literature gap between human security and special economic zones this thesis aims to present knowledge in which a hole that exists in development literature can be filled.

## 2.2 Special economic zones

In order to be able to assess special economic zone it is important to analyses what characteristics they incorporate. There are a number of differing definitions that exist today as to what makes up a special economic zone as apposed to an export processing zone, ecozone or free trade zone. Kwan-Yin Wong and David K.Y Chu paper titled, 'Export processing zones and special economic zones as generators of economic development: the Asian experience' analyses the different characteristics of each separate zones and how the Chinese model was conceived as an alternative to the already widely used export processing zones that had existed for some time in a number of states. Wong in 1984 analyses the fundamental differences between the economic zones in his paper China's special economic zone experience: an appraisal as he uses the different models to distinguish how China has grown in a different manor to other Asian countries. Defining the characteristic of the particular economic zones adopted by different states has, for many academic scholars and organisations become the opening paragraph to the research or academic literature. (Hooshang Amirahmadi and Weiping Wu, 1995; John M. Litwick and Yingyi Qian, 1998; the Hong Kong Christian Industrial Committee, 2004; Thomas F. Cargill and Elliott Parker, 2005; Confederation of Indian Industry Northern Region, 2005) have all to some degree used the definitions to allow their papers, articles and studies to show how the zones they are interested in have developed compared to other economic zones. Defining the different economic zones is a useful tool for analysing specific zones because the zones success or failure can greatly depend on what type of economic area the host states has adopted.

## 2.3 Social cost and benefits of special economic zones

There have been a number of academic literatures produced concerning the social costs and economic benefits that special economic zones have brought. Although most of the literature that has been produced, has focused on social costs as side issues when assessing the impacts of special economic zones that have been created. Although many scholars tend to highlight one particular area of concern, many social costs stressed have the ability to cut across different social areas. These

social costs have been used to identify particular issues such as women in SEZ, migration and special economic zones.

### 2.3.1 The social costs and women

Kwan-Yin Wong and David K.Y Chu (1984) highlight the social costs the work force of special economic zones have incurred, specifically emphasising the exploitative nature of the jobs many special economic zones offer. Wong and Chu analyses what affects this exploitation has had on the women population of the zones and how cultural stigma have been attached to women who are part of the special economic zone workforce. The employment opportunities are in many cases exploitative jobs in SEZs because private companies are particularly concerned in the availability of low labour costs. This exploitative employment is often taken by women, as factories will specifically hire women because they are more vulnerable as a workforce to threats of physical violence and scolding. The Hong Kong Christian Industrial Committee (2004) also looks at the plight of women, focusing on the conditions of women workers in special economic zones and labour standards in factories of German garment retailer companies and brands in China. The Hong Kong Christian Industrial Committee identifies the textile industry as one of the heavy duty industrial sectors that has caused many of the negative social impact upon women in China. These reports are particularly relevant to the Savannakhet SEZ because they highlight how women need to be empowered and protected to enable them the local community to benefit from economic prosperity whilst minimising the negative effects put upon women.

### 2.3.2 Migration and special economic zones

The fall of the Soviet Union triggered a global movement of people not seen since the Second World War; this mass migration has often been taken by individuals or families that have been willing to leave their home towns and villages in search of better lives. Although there can be any number of reasons for people migrating, economic security has been at the forefront. Goldstein (1987) analyses Thailand and China, emphasising the importance of economic advantages people can gain through gaining employment within the zones. The economic advantages are further analysed

by Westin (1996) who argues that migration is often not undertaken for any one particular reason and is usual a combination of a number of soc-economic rational Westin also highlights the need to address soc-economic patterns of migrations. The Phenomena of international migration has had a massive affect on countries with lose boarder controls, allowing people to cross at an unrestricted manor. Huguet (2005) assess the impact migration has had on Thailand and how export orientated zones have encouraged individuals to move locations in order to gain economic security. Economic migration has become a problem for the world's governments, as people from lower paid countries make the pilgrimage to countries with high labour slaveries. Foreign direct investments (FDI) like salaries have played a part in increasing the numbers of people that move to a special economic zone in order to gain economically. Liang (1999) looks at the linkages between FDI and migration patterns in China, highlighting the link between the economic prosperity of a geographical region and the movement of people who will inevitably seek to gain from its prosperity.

### 2.3.3 The political impact of special economic zones

The political impact that special economic zones have on their host countries is highly significant as political issues can often interfere or influence the way in which economic zones become successful or failures. The political impact can help to bring change to the area that the SEZ is located in; modernisation for example was highlighted by Wong (1987) as a success that took place in Shenzhen (China). This modernisation created social costs that were not foreseen by the Chinese government as there had not been enough political consideration to the way the benefits of modernisation would impact upon the Chinese society. The lack of governmental planning can be a curse to special economic zones because there needs to be institutions created that affectively manage the zones administration. John M. Litwick and Yingyi Qian (1998) analyses the need for institutions to be able to adapt, change or cope with the new economic activities, the scholars furthermore argue that if these institutions are not created that there will inevitably be social problems. Without institutional organisation the economic zones can often miss out on the capital they were created to receive. Taxation is one key area that Litwick and Qian underline as they argue many developing nations do not have the financial institutions to

incorporate tax revenue. Litwick and Qian give a number of examples of where developing countries that have adopted SEZs such as Russia, Ukraine, and Bulgaria have not benefited on a national economic level.

Although the impact of special economic zones is often found more through economic changes, political changes can also be found in the areas where the zones have been created. Crane (1990) analyses the political aspects of creating a special economic zone in China, emphasizing what the implications of this political change has brought. Issues such as living standards and the increase in individual's availability of disposable income, have given individuals economic freedoms. Economic freedoms when compared with democratic freedoms are completely different in the nature of human rights they encompass because although people have the option of using the market force to voice concern they have not yet experienced freedom politically. Many governments that have adopted SEZs have used suppressive tactics to repress individual from gaining political rights. China has been particularly criticised for the government's heavy handed approach to stopping the emerging middle classes of Beijing and Shanghai from gaining more political influence in the governance of the country.

North Korea unlike its Socialist neighbour China has not had success in utilising special economic zones as a development tool and engine for growth. Thomas F. Cargill and Elliott Parker (2005) highlight the lack of political will in creating institutions to help advance the North Korean special economic zone, arguing that the potential for social benefits such as economic freedom, improved education and employment are all capable of prospering. Cargill and Parker do however stress that without governmental administration and financial institutions many private companies are unwilling to invest in the SEZs, this they argue is one of the principle reasons for the North Korea SEZ failure.

#### 2.3.4 Urbanisation and population resettlement, relocation and displacement

Urbanisation and the movement of people through resettlement, relocation and displacement has become one of the major social costs that governments have had to address over the last 40 years of constructing economic zones. Although urbanisation can bring significant social benefits to cities through advancing housing, living conditions and improving infrastructure it can also impact upon geographical area in a negative way. Environmental problems can occur through urbanisation because of the over crowding of people who flow into cities in search of employment opportunities. China has experienced problems with people leaving rural communities and moving to its SEZs. The China Council for International Cooperation on Environment and Development (CCICED) (1999) was created to help analyse problems such as living conditions, urban development and housing, specifically highlighting the need to remedy shanty towns that have grown on the outskirts of SEZ. Shanty towns can bring negative ecological affects as they harbour increased human and commercial waste that because of the size of the problems can be difficult to eliminate. Special economic zones indirectly encourage people to move this inevitably creates problems of resettlement, relocation and displacement. Chris de Wet (2006) analyses the Pak Mun Dam in Thailand and highlights how the local community has had to face problems with water supply that directly affected their lives. De Wet argues that development projects can cause untold threats to people lives, even when people have been compensated. Cernea (2006) like de Wet looks at the negative affects of development educed movement, highlighting how people can feel physically and mentally affected. The feeling of landlessness, homelessness, joblessness, and marginalisation are just a few negative social effects that can be endured by local communities.

#### 2.3.5 Social benefit

Special economic zones are used by many governments as development tools to inject economic life into a region that is usually underdeveloped. There can be a number of benefits that can come from implementing a special economic zone such as foreign direct investment, technological transfers, capital growth that strengthens local financial institutes (Amirahmadi and Wu, 1995; Inthavong, 2005; Confederation

of Indian Industry Northern Region, 2005). The social and economic gains that can be developed through implementing a special economic zone have shaped the policies for many governments, who are often not particularly interested in how the geographical location of the zone performs, but are more interested in how the zones increase the national economy (US office of the Secretary of Defence, 2005). Over the last ten years India and China have seen their national gross domestic product grow year after year, this is in part to the success of the special economic zones and the governmental strategies used to drive taxation from companies operating in the zones back to public amenities.

Urbanisation although having the potential to bring social cost has also been utilised by special economic zones authorities throughout Asia to bring social benefits, Konana (2006) analysis the case of India and how urbanisation have brought modern infrastructure to SEZ regions, noting the state of the art Delhi metro rail system as one of the social benefits communities have enjoyed. Goldstein (1987) also identifies the benefits of increased urbanisation due to migration within SEZ, highlighting how the provincial government in Shenzhen (China) was forced to develop modern infrastructure as a result of increase inter-provincial movement. The United Nations Department for Economic and Social Affairs produced an in-depth world report into the phenomena of urbanisation throughout the world, highlighting how urbanisation patterns could be connected to economic prosperity. The report also highlighted how population growth would follow the patterns of urbanisation, noting that once a city became prosperous residential areas had to be created and that this would create an almost circular motion in encouraging people further to move from rural areas to urban areas. The UN's report analyses the growth in family movement, emphasizing how when one member of a family moves to an urban area they would encourage other members to join them.

#### 2.4 Human security definitions and concept

Theoretical concepts have for over half a decade been created to provide strategies that analyse the ways that human beings can feel fulfilment. Many scholars have identified particular wants and needs that range from a number of physical and psychological aspects. Other scholars have focused on what have been described as

the basic human needs, such as shelter, food and water. (Maslow, 1943) These wants and needs have been seen as side issues to existing theoretical theories that have encompassed the business and development worlds. It was until 1994 that human security really took off as a concept in its own right. The United Nations Human Development Report (1994) produced a report in which it examined the need for a new security environment to be created. The recommendations given in the UNs report sparked an interest in the international security world and thus allowed a number of academics and scholars to argue in favour of a paradigm shift in the way the world looked at security issues (Thomas S. Kuhn, 1962; Paris, 2001; Shahrbanou Tadjbakhsh, 2005; Sabina Alkires, 2003; Kermani, 2006; Saul, 2006). The United Nations Human Development Report emphasised a number of aspects that were essential to the concept of human security such as 'freedom from fear and freedom from want' the two issues were then used to help create a number of conceptual frameworks advocated by leading academic scholars in the field of security.

Jennifer Leaning and Sam Aire (2000), Thomas (2000), Bajpal (2000), Heinbecker (2000) and Amouyel (2006) have all created conceptual frameworks that give their differing opinion on what should be included in creating a human security framework. Leaning and Aire argue in favour of a human security framework that includes cultural and psychological securities, whilst other such as Thomas argue that basic needs like material goods are needed to help create a secure environment. Bajpal and Heinbecker analyses human security through the notion of what the existing theory should be utilised for, highlighting how human security should be coupled with state security. King and Murray (2001) offer a definition of human security that incorporates five elements (health, education, income, political freedom, and democracy) that they argue need to be secured in order for individuals and communities to feel safe. Ogata and Sen (2003) are arguably two of the most important actors in the rise of the concept of human security because they have on numerous occasions' compiled reports for the United Nations Commission for Human Security that Ogata now heads. Ogata and Sen have favoured focusing on how human security can be implemented by government and institutions rather than like there academic counterparts who have produced conceptual frameworks. Alkire (2003) also provides a conceptual framework based around the philosophy that having a vague



concept is an advantage because it allows research to adapt to the types of threats that maybe encountered rather than sticking to a set of rules and processes.

The concept of human security has been adopted by the Japanese, Canadian and Norwegian governments and thus has been included in there national security policies. The Japanese government have applied all encompassing approach to human security, whilst the Norwegian and Canadian governments have implemented human security as an area that they feel best complements their existing state security policies. These national governments have used their different governmental agencies to spread the concept of human security into the international arena.

The Japanese International Cooperation Agency (JICA) has conducted assessments and studies that are based on the concept of human security and that use conceptual ideas throughout. Other organisations that include NGOs and international bodies have also championed human security, through policies and procedures. The World Bank and the United Nations are two of these international bodies who have produced numerous reports on the ways in which human security can be incorporated into daily life by recommending that developed and developing government implement strategies such as basic baselines in health and education. The United Nations development programme 1994 was in many ways the leading light for human security and was it principle backer as it was the organisation that is most commonly associated with the concept. The United Nation strengthened their support for human security in creating the human security commission, an organisation brought about to help develop conceptual frameworks and produce models that show how human security can be used in the development field.

Criticism of human security, however has also been in abundance ranging from conceptual complains about how it can be implemented on the ground to scholars such as Paris (2001) and Bajpal (2000) who have looked at the concept as a paradigm shift in the way international security operates. Both Paris and Bajpal argue that because of it vagueness as a concept there is no way of using human security within the international context. Bajpal argues that if human security is implemented in the Security Council there could be devastating effects, as it is to vague as a concept and that there would never be a consensus when policies were to be created.

Paris argues that human security is so vague that it verges on nothingness as a concept because it can mean many different things to different people. Paris notes the conceptual frameworks put forward by scholars such as Jennifer Leaning and Sam Aire (2000), Thomas (2000) and King and Murray (2001) have all focused on some kind of psychological aspect. Paris denounces their frameworks as unworkable because they include emotions and material wants. Paris argues that although every human being may 'want' love, it is not a fundamental right and notes the impossibility of creating a strategy that seeks to fulfil this want. Paris also argues that materials wants can not be included as over half the world population live in poverty and the task of supplying all with some kind of material item distracts away from combating real wants such as economic stability, democratic freedoms and human rights.

## 2.5 Conclusion

Whilst it is clear there is a wealth of information available on special economic zones and human security, it is not clear if any particular literature has been produced that seeks to bridge the gap between the two concepts. Literature concerning special economic zones has been produced over the last three decades, this literature however has tended to focus on the economic costs and benefits rather than the social costs and benefits. Human security on the other hand due to its relative newness has less information concerning special economic zones. There have been a number of articles aimed at employment and urban life issues that indirectly link to special economic zones, yet there still remains a lack of knowledge that investigates the obvious linkages between the two. A number of leading scholars and organisations such as Stoltenberg (1984), Wong (1987) and the NGO Forum on Cambodia (2006) have highlighted particular social costs and benefits but as yet have not made the connection between social cost in special economic zones and direct & indirect threats. The simplicity in the argument of identifying why social costs arise would suggest that information exists linking the two areas, yet literature that looks at security in the special economic zones has tended to only analyse state security and the security of the provincial governments who are tasked with the job of regulating movement in and out of special economic zones. The Canadian government's human security research and outreach program (2006) has been one of the leading contributors towards looking at urban growth and the conflict that can be caused as a

result of direct and indirect threats to people lives being ignored. This is just one area of human security that specifically applied to assessing special economic zones. If the two concepts are to be directly related to one another it would seem that academics and scholars need to make the connection as to what the fundamental issues are behind the social costs encountered in special economic zones and not just simply addressing costs as they occur.



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## **CHAPTER III**

### **HUMAN SECURITY**

#### **3.1 The rise of human security as an international security concept**

The concept of security for over two centuries has come to represent the military defence of land, territories, and the sovereignty of states. The concept of security has its beginning in the Eurocentric ideology of protection of territories, and the citizens that live within their boundaries. Human security has gathered speed throughout the 1970s – 1980s and was finally first brought to light as a concept in 1994, by Mahbub ul Haq in the United Nations Human Development Report. The end of the cold war, the break up of the Soviet Union, globalisation, technological advancements, the spread of trans-boarder diseases, international crime, terrorism and the movement of people are all global issues that can no longer be incorporated entirely under the umbrella of state security. Human security grew as a response to these emerging global issues that the world now faces in the 21<sup>st</sup> century. This is not to say that state security has become obsolete, but the concept of human security has gained weight even by states that have not adopted it as a national policy. Many states have used human security as a way to bring security closer to their people and as a way of protecting and empowering their citizens.

Human security has become the latest concept that is aimed at bringing security to the people. Common security, local security, community security, and cooperative security are all security concepts that predate human security and have influenced the shape of the concept of human security that can be found today. The need for a reply to the global issues the world faces is strong. National or state security can be too unilateralist as it places states against one another because states only concentrate on looking after their own security. The world is now seen as so interlinked that a new development in one country has the capability to affect the citizens of another state. A financial crisis for example in the United State has the possibility to affect not only the citizens and financial markets in other G8 (group of eight most industrialised nations), but also could have a wide negative impact on developing countries. This is particularly true of countries that have the US as its

main trading partner. A more obvious example of how the interlinked nature of security can bring about regional violence and insecurity could be seen in political crisis in the Middle East in August of 2006. The abduction of two Israeli soldiers by the Lebanese political group Hezbollah<sup>5</sup> gave the state of Israel the justification to attack targets in Lebanon and thus plunged the entire region into further insecurity, whilst massacring<sup>6</sup> over one thousand Lebanese civilians.

### 3.2 Human security characteristics

Human security is a relatively new theory within the international community. It gained political weight through its endorsement by governments, international institutions, scholars, and academic from the international development community. The most notable of these organisations have been the governments of Japan, Norway, Canada, and the United Nations who first adopted the idea and definition of Human Security in the 1994 United Nations Development Program (UNDP) Human Development Report. This was an altogether vague definition that highlighted what was to be called a ‘people centered’ focus of security. A people centered approach entails bringing security issues closer to the population that are supposed to be protected by the state. The Human Development Report (2001) proposed that there were two over-riding factors that determine what people needed in order to feel secure. These factors are freedom from fear, and freedom from want. The UN academic literature became integral to definitions on Human Security, although no one definition has reigned supreme as the overall classification of Human Security.

A number of further definitions have been produced over the years by organisations and academics in the field of human security to try to explain this

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- 5) Hezbollah is described here a Lebanese political group, although other nations such as the United States has described Hezbollah as a terrorist organisation. Whether one believes Hezbollah is a terrorist group or an organisation fighting for justice against Israel is a judgment call and for that reason ‘Lebanese political group will be used as Hezbollah has one numerous election campaigns in Lebanon.
  - 6) The term massacre is used as the Oxford English dictionary described a massacre as: “an indiscriminate and brutal slaughter of people” The Israeli use of cluster bombs in their military campaign with Hezbollah would suggest that indiscriminate bombing took place.

growing security phenomenon. Whilst most hold true to the United Nation's ideas and definitions in some way or part, they do differ in the ways they emphasise how human security can focus on people and how it relates to other circumstances that individual will encounter. The United Nation's definition has been utilised by leading security scholars in order to try to narrow down and give a working definition of human security, to enable human security to become a research tool that is simplified. King and Murray (2001) offer a definition that looks at what they consider to be essential elements of the human security. Furthermore, King and Murray categorize five different areas (health, education, income, political freedom, and democracy) that can be used as an indicator when conducting research in to the affects of issues altering an individuals or communities' security.

A number of definitions have focused on what the UNDP Human Development Report (1994) calls the 'Vital Core' of people life's and have adapted this vital core to incorporate other aspects that are to be essential to a human beings well being and development. Indeed, there seems to be a shift in what human security should incorporate in terms of what human being vital core incorporates and what basic security are needed by an individual or community. Leaning and Aire (2000) include cultural and psychological security issues whilst Thomas (2000) goes even further and argues that a human being, in order to gain basic security, has basic material needs, dignity, and democratic practice. Scholars such as Bajpal (2000) analyse the existing theories and concepts of human security highlighting referent, values, and threats as the main areas that human security should be viewed through. Paris (2001) analysed the paradigm of human security itself and how "human security has been described as many different things: a rallying cry, a political campaign, a set of beliefs about the source of violence, a new conceptualisation of security, and a guide for policymakers and academics researchers" (Paris, 2001, p. 102). The concept of human security has even been adopted by business organisations and academics. Somavia (1999) addresses the concept of human security when he analyses insecurities related to work place unemployment and the elderly generation. Sascha and Debiel have argued that "instead of proposing their own working definition of human security, they would try to demonstrate how an understanding of human security as political leitmotif might serve as a reasonable interim solution helping to

analyse the significance of human security on foreign policy agendas” (Werthes and Debiel, 2006, p.12).

McDonald argues that security is interlinked with sovereignty and identity of the people the policy is trying to protect. Furthermore, McDonald argues that security is “not ontologically given, but changes depending on context” (McDonald, 2002, p.4). Academics and scholars such as McDonald have become a growing voice amongst the international community that have heavily influenced the governments that have adopted a human security policy and helped enabled the governments to created their own definition of what they believe human security is.

There have been a number of governments who have also given their voices to the paradigm of human security. The most notable are the governments of Japan, Norway and Canada. They have been described as the ‘middle powers’ by many scholars because, although they have considerable economic power, they do not hold any significant military or political power in terms of security and are not permanent member of the United Nations Security Council. These governments have become some of the largest advocates of human security backing the concept with economic funds and their political voice in the international arena. The three governments along with the leading academic scholars in the human security field have adopted the definition given in the UN Human Development Report (1994) in some form or shape.

The Canadian government has chosen to have a more restrictive definition of human security than the Japanese government who has adopted a wide ranging conceptual idea of human security. The Canadian government has covered a number of issues that threaten human survival, dignity, and daily life. The Japanese government has used their definition “to ensure that human security should be established as an idea that complements the conventional concept of security” (Satoru, 2005, p. 184). By doing so, the Japanese government has worked with other national states and also NGOs. In addition to the government and academic backers of human security, non-governmental organisations (NGO) are also involved, working with the governments to create a more secure world in the shape of the human security concept. The adoption of human security as a state security policy has angered many

because it has the possibility to create insecurity within regions as it changes the statue quo. Heinbecker argues that “human security is not a substitute for, or an alternative to, national security. It is the other side of the coin” (Heinbecker, 2000, p. 3). Governments that have incorporated a human security perspective into their national policies continue to implement policies that protect their territories and citizens who dwell within them, whilst putting an emphasis on individuals.

The United Nations gave further backing to the concept of Human Security with the creation of the Human Security Commission in September 2000 during the Millenium Summit. The commission was given two goals to achieve. These were to find ways to irradiate “freedom for fear” and “freedom for want” (Ogata and Sen, 2003). The commission was also given the task of producing a document that analyses some of the world issues and to elaborate on the concept of human security. The United Nations Commission for Human Security produced the document Human Security Now in 2003, which gave a more comprehensive definition of human security, which is “to protect the vital core of all human lives in ways that enhance human freedoms and human fulfilment” (Ogata and Sen, 2003, p. 4).

Essentially, the United Nation’s definition supported the idea of moving security issues away from state security and issues of territorial security to include the security of the people within an area or community. The United Nation’s definition highlighted the need for security to be ‘people centred’. The Commission, whilst highlighting the need for a people centred security, argued that human security should complement state security.

Japan International Cooperation Agency (JICA) has been one of the main supporters of human security, as has the Japanese government. The Government of Japan has adopted the United Nation’s definition and has implemented human security into its national security policy. The Japanese government has used the human security Commission’s definition as a prelude to producing their own definition, which focuses on individual people and building societies in which everyone can live with dignity by protecting and empowering individuals and communities that are exposed to actual or potential threats” (JICA, 2006, p. 2). JICA has also used its notion of human security to show how human security can be



coupled with other development issues. JICA's publication on human security and poverty, for example, gives a number of recommendations as to how human security needs to be implemented in order to alleviate poverty. Even though the United Nations Commission for human security released its definition in 2003 to become the possible defining definition, due to the ambiguity of the concept of human security, it has received criticism from academics and policymakers. Reiterating this, the United Nations Education, Science and Cultural Organisation (UNESCO) in 2005 argued that the "consensus will be necessary if a comprehensive human security program is to be decided on and implemented. There is little chance that a globally satisfying definition will be found in the near future" (UNESCO, 2005, p. 1). Human security as a concept will likely encounter problems as long as there is a loose definition in terms of organising the international community to act against security issues, because in nearly all negotiations a consensus must first be found before action can take place.

### 3.3 Criticism of Human Security

The United Nations definition, although giving a more in-depth definition of the concept of human security, has received considerable criticism from academics. The concept of human security also lacks legitimacy as it has not been accepted as a real alternative to the concept of state security that has been the cornerstone of European and North American security policies from the 19<sup>th</sup> and 20<sup>th</sup> century. Although acknowledging and supporting research that investigates the concept of human security, the Security Council<sup>7</sup> has not put its political backing towards the concept in terms of adopting it into national policy.

The significance of this lack of political backing from one of the Security Council members has become one of the major criticisms of the human security concept. Paris (2001) identifies a mixed coalition that he calls the 'middle powers' – states, civil society organisations, and development agencies. Paris argues that these 'middle powers' have kept the concept of human security vague in order to influence the world agenda from conventional security, which is a variation of national or state security, to allow for an all-encompassing security concept. Paris argues that this

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7) Security Council permanent members - United Kingdom, United States, China, Russia, and France

vagueness diminishes the concept's usefulness with regards to policymaking, or to academic research based on the model of human security. The 'middle powers' have also been criticised as using the concept of human security to allow them to gain more political influence within the international community. Whilst this may be a cynical view, it is relevant as the strongest supporters of the human security paradigm are states that do not have a seat at the United Nations Security Council. Supporting the concept of human security has allowed the 'middle powers' to influence the international community to implement strategies and policies that are favoured by the advocating states.

The rule of law has become a source of criticism of human security in some academic circles, because human security identifies the rule of law as a fundamental element to creating overall security for individuals and communities. Amnesty International recently released its annual report on the state of human security and argued that "there is a growing understanding that respect for the rule of law is essential for human security, and that undermining human rights principles in the "war on terror" is not a route to security" (Amnesty International, 2006, p.1). Amnesty International identifies the rule of law as paramount to human security, yet it does not acknowledge how international law would be affected by the implementation of human security altogether. Saul (2006) argues that, in utilising human security and all the aspects of development that it encompasses, legitimacy may be removed from other United Nation's organs and agencies. This legitimacy would then be passed on to the arguably undemocratic Security Council, and would lessen the debating process that other organs and agencies carry out. Saul gives the example of how economic and social rights would be transformed into security issues, instead of being development or social concerns. This development would cause massive upheaval within the international community because it would effectively render the United Nations Economic and Social Council (UNESCO) a non-entity, and would effectively turn the issues covered by UNESCO into security issues within the domain of the Security Council. The same could be argued for other UN organisations as economic, social and cultural issue become security issues. The security issues that are incorporated into a human security agenda would be hotly debated by a number of states who would jockey for political positioning.

The one overriding factor that leaves the concept of human security open to criticism is the concept's vagueness in terms of definition. The differing definitions incorporate a number of diverse circumstances that effect human lives and development. The vagueness of human security means that it becomes difficult to use the concept in conducting research, or to produce plausible policies that are adapted to human security. Human security's vagueness as a concept has become so all encompassing that it now ranges from a person being physically secure, to a person's mental health and psychological security. Although the differing definitions have valid arguments to what actual security is, they do not help produce a concise and clear definition. Indeed many of the definitions that have been argued and put forward as working definitions are merely adaptations or interpretations of the United Nations Human Security Commission's definition.

The concept is so vague that even individuals from organisations that have endorsed human security are not exactly sure what should or should not be considered elements of human security. An example of this lack of understanding of the concept was shown in a recent interview with a highly knowledgeable JICA representative who, when asked to explain human security, was unsure of the exact meaning of the concept (Hiroyuki, 2006). This begs the question: if individuals within the middle power groups cannot explain human security, what of academia? The vagueness of the concept allows for nearly all aspects of human life to become threats and, therefore, a risk to human security. Paris concludes that "human security is so vague that it verges on meaningless, and consequently, offers little practical guidance to academics who might be interested in applying the concept" (Paris, 2001, p. 102).

#### 3.4 Human security conceptual framework

Human security conceptual frameworks have been put forward as real alternatives to conducting research that has a human security bases. The differing human security conceptual frameworks that have been created depend greatly on what the researcher is willing to incorporate in their own opinion on human security and how it applies to their own research. One researcher could see psychological threats (Leaning and Aire, 2000), or the need for material goods (Thomas, 2000) as issues that need to be included in a conceptual framework, whereas others may find that

psychological security is not as important as physical security, with regards to an individual's basic needs. The dilemma then is left to the researcher to adopt a conceptual framework that he or she feel best suits the type of field research that is to be undertaken. These concerns and issues have influenced the decision to use a 'Conceptual Framework for Human Security' created by (Alkire, 2003).<sup>8</sup>

Sabina Alkire is a Harvard and Oxford University academic scholar who in 2003 produced a working paper for the Centre for Research on Inequality, Human Security, and Ethnicity, (CRISE). Alkire's human security framework gives a working definition of human security as: "the objective of human security is to safeguard the vital core of all human lives from critical pervasive threats, in a way that is consistent with long-term human fulfilment" (Alkire, 2003, p.3). Alkire then gives a systematic breakdown of what each aspect of the working definition means and how it can be analysed. "All Human Lives" is defined as "people centered" focused on individuals and their communities. The vital core for example is described as "a non-technical term for the concerns that lie behind human security. It may be defined in the space of capabilities, the freedom people have to do and to be. Elements of the vital core are fundamental human rights which all persons and institutions are obliged to respect or provide, even if the obligations are not perfectly specifiable. The rights and freedoms in the vital core pertain to survival, to livelihood, and to basic dignity" (Alkire, 2003, p. 4). For Alkire, "human security focuses on a limited core of individual activities and abilities, on a minimal subset of human development and human rights" (Alkire, 2003, p. 4). These working definitions help analyse what are pervasive and critical threats.

Alkire's working paper looks at the criticism that human security has received over the years, particularly at the main issue of human security's vagueness. Alkire argues that the vagueness of human security's definition is not a negative aspect but a positive one. Alkire argues that a working definition "does not specify rights and freedoms" and that the definition should "maintain a self-consciously vague, wide working definition of human security" (Alkire, 2003, p. 3). Many other leading scholars, academic, states and organisations have also argued that human security by

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8) See Appendix G - An overview of S. Alkire's Human Security framework P. 129

offering a holistic approach that enables the concept to characterise threats as part of a whole rather than as individual actions. Japan International Cooperation Agency (JICA) endorses this vagueness when it analyses what it considers the concept of human security. JICA argues that “since the causes and underlying factors behind these threats are varied and complex, the perspective of human security represents an integrated, holistic attempt to address these various elements of development simultaneously, to direct assistance to free people of these threats” (JICA, 2006, p. 3).

The advantage of a vague definition are analysed by Amouyel who argues that “it seems more meaningless to work with an analytically rigorous and clear model, from which you draw up policy responses, but which fails to offer a complete, holistic picture of threats affecting the individual, than to use a more complex and imprecise model that at least aims to cover the spectrum of reality” (Amouyel, 2006, p. 6). Alkire utilises human rights and freedoms as an area for protecting the vital core of all human lives, arguing that by linking human security to rights and freedoms the research can appropriately analyse the context of ‘wants’ and ‘fears’. Kermani also argues that human rights are important because “human security can be based on a relatively clear understanding of human rights. Which rights are being threatened and how their fulfilment will be ensured is necessarily context-dependent” (Kermani, 2006, p. 8).

Alkire uses threats to identify which aspects of human security can be analysed by a researcher and to what extent threats can be anticipated. She identifies critical and pervasive threats that cut into the vital core activities. Critical threats such as civil wars and genocide cut it an individual’s vital core activities and functions, whilst pervasive threats such as the lack of clean drinking water, financial crashes or underinvestment in basic institutions like health and education can be seen on a large scale and can become recurrent dangers. Alkires argues that threats have the potential to produce large-scale and recurrent dangers to individuals and communities. The conceptual framework also highlights how threats can be analysed in terms of direct and indirect threats; the possibility of analysing threats in these ways allows the researcher the ability to investigate and categories the possible dangers that can affect a community’s security. The use of threats as an indicator can also allow the researcher to anticipate how threats can be limited. Once identified, threats can be

used to help create human fulfilment; however, Alkire does stress that human security cannot produce human fulfilment. It can only help participation, help construct freedoms, generate institutional appropriateness and fashion diversity (Alkire, 2003).

Alkire's human security conceptual framework employs mechanisms to analyse the threats to human security by advocating a number of analytical arguments. To create an alternative security environment, Alkire looks at three issues that all leading security scholars in one form or another have highlighted as paramount to human security. These three issues are: (1) empirical changes in the nature of the security threats such as critical threats like violent conflict or economic collapse that cut into the core activities of people lives or pervasive threats like an employee who is incapable of working due to a work related injury, this may not seem like a pervasive threat but if these injuries occur on mass then they have the ability to affect thousands; (2) analytical advances such as utilising qualitative and quantitative data to understand the interdependence between threats; and (3) institutional changes, that can occur within security structures and national and international governmental levels (Alkire, 2003). The advantage of implementing a human security conceptual framework is that it allows the researcher to use analytical tools to identify the threats faced by the Savannakhet community.

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Table 2: Overview of Alkires human security conceptual framework – Creating an alternative security environment.

Empirical Changes  (Analysing the nature of the threat)	Analytical Advances  (Using the right tools to conduct research based on a conceptual framework)	Institutional Change  (Recommendations to do so)
<p>Empirical descriptions of security threats or of potential threats are essential to gauging the size and depth of a threat, to assessing how critical and pervasive it is or could be, and thus to mapping the landscape of security threats.</p>	<p>Field research and site visits  (Changes observed on the ground)</p>	<ul style="list-style-type: none"> <li>• International changes with in the security environment.</li> <li>• Increased collaboration among development agencies and national governments, and the elaboration of common goals</li> <li>• Preventing conflict and promoting rights and development</li> <li>• Address the basic baselines</li> <li>• Creating empowerment and protection</li> </ul>
	<p>Theoretical  (Universally recognised foundations to human security, such as ‘freedom from want’ and ‘freedom from fear’)</p>	
	<p>Qualitative data  (Taken through illuminating interviews with stakeholders, actors and interested parties within a local community)</p>	
	<p>Quantitative data  (taken through utilising secondary data that has been conducted in previous reports, studies and surveys)</p>	

This thesis will adapt Alkire's version of human security conceptual framework to assessing the expected empirical changes as the special economic zone in question is still in the process of being created. Empirical changes are "changes in the nature of security threats and in our ability to address them" (Alkire, 2003, p. 5). They can be used as a way of analysing analytical arguments and allow the researcher the ability to analyse the descriptive nature of a threat, and thus judge how critical and pervasive the threat may be when mapping the landscape of the threats. Empirical threats exceed the familiar threats that affect us on daily bases. A threat for example, could be getting run over by a car, but this does not constitute an empirical change. Analysing the possible empirical threats allow for an in-depth look at what Alkire describes as the direct security threats which are deliberately or intentionally caused by one group or another, whether these be terrorists, states, rebel factions, or paramilitary groups. "Direct threats are frequently associated with violence, although they can also take other forms, such as deliberate policies of social or economic exclusion....They are acts of commission" (Alkire, 2003, p. 30). "Indirect or structural threats are actions by groups or systems or institutions whose threat to human security is a by-product of an action taken for a different primary purpose. Indirect threats might be thought of as acts of omission" (Alkire, 2003, p. 31). Once identified these threats can then be simplified through using analytical advances to show how strategies can be utilised to minimise the impact upon the Savannakhet community.

An analytical advance is "the ability to understand the interdependence between different security threats, and also between the security of fellow citizens and persons across the globe" (Alkire, 2003, p. 6). Alkire argues that in order to help create a new security environment, we must use theoretical, qualitative, and quantitative analyses to unravel the relationship and interdependency of possible threats. Alkire highlights measures that can be used to help define types of security threats that may be encountered through conducting site visits. Elements to analyse include: (1) Social security that encompasses health, education, ethnicity, religion and the movement of people, (2) environmental security that highlights the use of natural resources, air and water pollution, soil degradation, water management and natural wildlife, (3) economic security such as exploitation and lose of tax revenue that the movement of capital & foreign direct investment can bring and wealth disparity, (4)



political security encompassing ideological changes, democratic freedoms and power politics. These areas allow the researcher to highlight which threats have the possibility of increasing insecurity and thus creating empirical changes to the Savannakhet society. The analytical advances highlighted throughout Alkire's human security framework are operationally put into action by using the methods Alkire advocates for collecting primary and secondary data such as utilising quantitative data, quantitative data and theoretical data.

The final analytical framework tool Alkire highlights is institutional change through international cooperation. Alkire argues that "increased collaboration among development agencies and national governments, and the elaboration of common goals has started to enable the international community to address more dimensions of poverty in a more participatory and yet more coordinated fashion" (Alkire, 2003, p. 13). Alkire argues that international cooperation can help to bring about institutional change within the security structures at national and international levels. Institutional change can help to increase security because it seeks to "deepen international cooperation and collaboration in problem-solving" (Alkire, 2003, p. 6). Cooperation and recommendations from a number of sources can help reduce the threats to human security, because they allow more opinions to be shared and therefore cover more problematic grievances that SEZ actors may have. Alkire argues institutional change is paramount to increasing human security, because they allow the differing organisation to work towards the same goal. Cooperation should be recognised and implemented whenever possible by the Laotian government in order to further the knowledge that can be used to create strategies that are aimed at minimising potential threats.

## CHAPTER IV

### SPECIAL ECONOMIC ZONES (SEZ)

#### 4.1 The rise of economic zones

The terms Special Economic Zone, Export Processing Zone, and Ecozone are all modern terminology for the economic zone exploited by countries around the globe. The terminology may be new in terms of application, yet economic zones can be traced back to the days of the Roman Empire when geographical areas were identified in order to sell goods outside of the state's jurisdiction (Kwan-Yin Wong and David K.Y Chu, 1984; Wong 1987). The first modern day SEZ's were established along the trading routes, first by companies in the name of the European powers and then as colonial areas that were utilised by the imperialist powers to have trading ports that facilitated the movement of global goods.

Perhaps the best known established economic zones are found in Hong Kong and Singapore, which were transformed from small fishing areas to areas of economically important in the global economy. These two examples characterise special economic zones in that they evolved into diverse economies that developed their own cultural identity within the business world. These areas are culturally and socially different from other trading ports. What propelled their success was their ability to diversify into other economic areas, such as commerce, manufacturing and finance. They were able to continue facilitating trade as port areas, but were also contributing to the economy by diversifying into other areas, which gave the areas political importance.

Numerous economic zones emerged in the 1960s in countries such as India, Mexico, The Dominican Republic, Brazil and the Philippines. These countries experimented with the idea of having export oriented economic zones in order to industrialise their countries, or the areas surrounding the zone. Further economic zones were created in Asia in the 1970s and 1980s. There were a number of reasons why Asian governments implemented economic strategies to create the zones, but

arguably the economic success of Japan and the Korean Republic helped encourage the adoption of plans for fast-track growth, of which economic zones were crucial.

Economic zones continue to be created and used as an economic tool for encouraging foreign direct investment. They have also been highlighted as ways to lift people out of poverty and have received significant support from international organisations, such as the World Bank (WB), the International Monetary Fund (IMF) and the United Nations. One of the latest economic zones to be created is in North Korea, which, after fifty years of a centrally planned economy, has decided to implement its own geographical capitalist area in the hope that this will inject much needed hard currency into the stagnant economy. The economic zones in North Korea have been received as an optimistic move on the government's behalf. The economic zones have been backed by the UN which views the economic zones as a way to bring the reclusive state back into the international community, and help further efforts to improve the lives of the North Korean citizens. In terms of investment, North Korea's economic zones have been greeted with little success. There are a number of socio-economic issues relating to this failure, but as Cargill and Parker argue, the most significant problems have come from investor's dissatisfaction from the interference they have received from North Korean government officials (Cargill and Parker, 2005).

#### 4.2 Economic zones characteristics

Special economic zones (SEZ) are geographical areas which have different economic laws to the country in which they operate. These zones go by a variety of names, such as Exporting Processing Zones (EPZ), Free Trade Zones (FTZ), Special Economic Zones (SEZ), and Ecozones. The zones are nearly all focused on export oriented goods, and are created under the different names according to the needs of the various governments. There are also economic and social differences that distinguish the different zones. SEZs, for example, tend to have industrial and commercial sectors within their zone's boundaries, whereas EPZs typically focus solely on exporting goods and are, therefore, usually massive industrial parks that do not focus on commercial activities. The zones differ from country to country. For instance, Shenzhen in China uses the spectrum of SEZ as it also encourages

commercial activities within the zones area. Mae Sot in Thailand, however, has encouraged EPZs in strategic geographical areas to promote industrial output.

Although the zones may differ in terminology and industrial / commercial activity, they usually have the same goal, and that is to encourage foreign direct investment (FDI) to the area, as well as to the State. The different economic zones have had mixed successes and have varied greatly from country to country. There are a variety of reasons for the success and failure of these zones such as bad government planning, lack of investment and unskilled labour markets. While economic zones and free trade areas can create economic growth at the national level, they are often not without social costs. Development organisations, civil society movements, and even other private enterprise companies have criticised these zones for creating both direct and indirect social costs. Local businesses within the host nation have focused criticism at the national government because of the incentives offered to FDIs, arguing that the zones facilitate unfair business practices and give unfair advantages to foreign firms. This criticism has influenced many governments to include further economic incentives to foreign firms who undertake joint ventures, as these ventures bring technological advancements, education and skills to the work force, and encourage entrepreneurship and business activity within the host nation.

“Traditionally SEZs are created as open markets within an economy that is dominated by distortionary trade, macro and exchange regulation and other regulatory governmental controls. SEZs are believed to create a conducive environment to promote investment and exports” (Confederation of Indian Industry, 2006, p. 1). The Confederation of Indian Industry argues that SEZs are created to open markets, where as Amirahmadi and Wu define EPZ as “an industrial enclave that engages in export manufacturing with the assistance of foreign investment and enjoys preferential treatment that is not generally available to the rest of the country” (Amirahmadi and Wu, 1995, p. 2). The slight differences between SEZs, free trade areas, EPZs and Ecozones is a factor in defining the purpose of the zone. Wong and Chu reiterates this sentiment, arguing that “one should be very cautious in classifying free trade zones because the original concept has evolved with time and has acquired different meaning in different context” (Wong and Chu, 1984, p. 2). Wong further argues that SEZ stand out from other economic zones because they have a ‘more limited scope’

than a free trade city such as Hong Kong or Singapore (Wong, 1987). The definitions above differ in description of the particular zones, however similarities can be found. The creation of foreign direct investment (FDI) as the central aim of the zone is first and foremost, as is the injection of hard currency to the national economy the zone can create once operational. Another similarity that can be found is the tax and other incentives that the different zones offer.

#### 4.3 Special economic zones – The Asian experience

The concept of Special Economic Zones was first created in China in the late 1970s; however these were merely export processing zones with commercial activities (Wong and Chu, 1984; Wong 1987). The zones have grown significantly over the last 40 years, growing from only 10 zones in the 1960's to currently over 3000 zones in over 116 countries throughout the world. SEZs and EPZs were undertaken as national economic policies throughout a number of Asian countries, including China, India, Viet Nam, Kazakhstan, Russia, Iran, Malaysia, Thailand, and North Korea. Whilst some countries, like China and India, have seen economic benefits from creating these zones, other countries have had limited success. For instance, Russia, Kazakhstan, and North Korea had difficulties attracting foreign direct investment.

Countries have their own unique problems; however they share common economic and social problems like corruption, ethical issues and an unstable political environment, which have all contributed to the lack of underdevelopment in each country's economic area. Corruption has become a big factor that influences investor's activities as it adds extra start-up costs to a company's overall trading costs. Further, the financial incentives needed to give as bribes or kickbacks change frequently, making the proposition of doing business less attractive. International observers have accused the Russian SEZs of endemic corruption. Corruption has seriously affected the economic performance of the Russian SEZ, which should have been able to capitalise on educational advantages that other SEZ could not offer. The Russian SEZ, however, are not alone in having to deal with corruption as a major disincentive to opening businesses. Almost all foreign companies have complained of corruption in a number of business areas. Foreign companies have also been some of the biggest advocates for changing the non-transparent and corruptive nature of doing

business. The Asian countries have been highly criticised by business leaders for not tackling corruption earlier. However, some countries such as India and China have discussed the need to end corruption. Whether this translates into polity is uncertain. Ethical and politically unstable environments are other major problems that foreign firms have described as disincentives to investing in some of the SEZ in Russia, Kazakhstan, Iran and North Korea. This is not to say that businesses will not invest heavily in dictatorships or authoritarian governments, merely that political issues can interfere with the productivity of conducting business in a particular country. North Korea or Iran, for example, have been highly criticised by the United States for their political agendas therefore US companies are unwilling to invest in these countries for fear of upsetting shareholders in the US.

As indicated, problems such as political instability, corruption and unethical business practises have all been associated with creating various economic zones. However, nationally special economic zones can bring substantive economic benefits, particularly in areas with large geographical areas, such as China and India. Many scholars and academics have debated the reasoning behind China's move to integrate a capitalist system whilst still remaining, in essence, a socialist state. The Hong Kong Christian Industrial Committee (2004) suggests that China merely followed the four dragons (Taiwan, Hong Kong, Singapore and the Korean Republic) into exporting oriented economies. Other scholars have identified China's need for modernisation as the key reason for adopting the new 'open door' policy of allowing foreign firms the opportunity to conduct business in the SEZs. India, on the other hand, opened EPZs before China as a way of attracting foreign investment. In 2000, India adopted China's model and moved towards developing SEZs, which incorporated duty free enclaves as well as encouraged industrial activities. There are many political and economic arguments describing China's and India's economic shifts. For instance, new management techniques, modernisation, foreign direct investment and shared technological knowledge contributed toward creating the SEZs. Political rationale for this economic change in China has also been argued as: (i) the absorption of foreign investment without involving the domestic economy (i.e., the dual track argument); (ii) learning (i.e., the experimentation argument); and (iii) strategic economic relations with Hong Kong (i.e., the Hong Kong factor argument) (Litwack and Qian, 1998). Litwack and Qian argue that leading members of the ruling communist party debated

the negative effects from introducing capitalism to the certain geographical areas; however, the majority of the party argued that the introduction of capitalism could have positive benefits for China's national economy, if managed correctly. Thus, the 'open door' policy of SEZ was firmly integrated into China's future.

China created four special economic zones over a period of years in Guangdong and Fujian provinces. They were titled as 'windows of trade' to the outside world. The positioning of the zones were essential as some within the Chinese government saw the zones as foreign to China, and argued that the SEZs would cause less political disruption if located on the outer province that share international borders rather than have zones inside China. Shenzhen City, Zuhai City, Shantou City were all zones located near the trading city of Hong Kong, whilst the Xiaman SEZ was created next to Taiwan. As Litwack and Qian note, the positioning of the SEZ was politically important because the Chinese government believed that, although Hong Kong and Taiwan were independent of Beijing's authority at the time, they would eventually be integrated within mainland China, and thus create further economic advantages for China. This occurred in 1997 when Hong Kong passed from British rule, and was given the title of a Special Administrative Region (SAR) by the Chinese government. In 1999, Macau also transferred from its former colonial master (Portugal) back to the Chinese government.

The Chinese and Indian SEZs have grown in size and economically since their conception. Indian now has over 20 SEZs, some of which are newly established. As part of its economic strategy, the Indian government has encouraged the development of SEZ in order to compete with China. For China, Shenzhen (China) has been transformed from a small fishing village, to one of the most important socio-economic and political actors in China. The special economic zones have brought about a number of positive affects to China and India, and form a crucial part of these countries economies. Fiscal democratization has allowed for free enterprise in the SEZs, which has brought about benefits for the cities and regions in which they have been created. The most obvious benefit is the increase of state revenue. China and India have experienced unprecedented economic growth, with an average of 8-9% GDP growth per year for the last five years. This increase in national economic budget has allowed the Indian and Chinese governments to improve other parts of

their national industries such as the automobile industry, while moving away from the agricultural sector. The two countries have been described as emerging economic giants. China's national budget is now an estimated \$8.859 trillion.<sup>9</sup> China has overtaken the United Kingdom as the fourth largest economy and analysts argue that it is only a matter of years before it will overtake Germany, Japan and start to rival the United States as the leading world economy. Unemployment in China has also dropped dramatically in areas where SEZs have been introduced. SEZs have improved technological advancement and knowledge through joint ventures with foreign firms. Education has also improved with employment, although unskilled manual labour is still a major source of employment within the zones, especially within factories and the export oriented industrial estates. India has also seen its national economic budget increase over the last four decades. This has given India much needed revenue to tackle other social problems the country is facing.

Perhaps the greatest benefit of the SEZs is the political influence that comes through having a strong economy and growing economy. China has been described as an emerging giant and is now integral to the world economy. The US alone has a two billion dollar trade deficit with China. This has given China political influence in trade disputes. The US defence department highlights a number of possible scenarios that could be used by China to influence the international community and example being: "Continued strong economic performance, combined with rising nationalism and confidence, could lead China to translate its economic gains into fielding an increasingly capable military. It could use its economic weight, backed by military power, in an attempt to dictate the terms of foreign security and economic interactions with its trading partners and neighbours" (US Office of the Secretary of Defense, 2005, p.15).

Clearly military capability is a political influence that China holds as it strives for new military technology. The Chinese government has increased its budget for military spending and used nationalistic political issues to bolster support for the communist party in Beijing. The income from the SEZs has enabled Beijing to undertake new mega-project initiatives, which would otherwise be out of reach. One

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9) Data taken from CIA Web Site – World Fact Book 2006



of these mega-projects has been China's space program, which recently put the first Chinese citizen into space. China's new involvement in space technology is further indication of its growing relevancy as a global power. These transformations were assisted by the utilisation of special economic zones.

India has tended not to increase its military budget as dramatically as China, but instead has used its new political and economic power to influence international agendas. Both countries have now adopted greater foreign aid policies, which some argue is used as tools to influence other parts of the developing world. China has been heavily criticised by other nations, like the US, for giving donations to countries in Africa who do not operate good governance programmes and poor human rights records. Other Asian countries that have adopted SEZs and EPZs have not seen the success of China and India due to the scales in which the two countries operate. Thailand, Malaysia, and Indonesia, however, have all experienced economic growth in SEZ areas, and the utilisation of tax revenue.

Asian countries have benefited economically from implementing SEZ and EPZs into their national economic strategies. Little research has been conducted on how this level of economic development will be sustained as companies can easily move production operations to other countries that offer lower labour wage and salaries. China maintains a competitive edge in terms of labour. However, as China's economic prosperity rises, so too do the employees wants and need for better living standards. This may create economic problems if China does not diversify into other industries that are not export oriented goods. India is already making these changes. For example, by incorporating new technology, the Indian government is trying to make the strategic economic change by moving away from manufactured goods to more services oriented markets. This change has already attracted a number of large multinational companies, such as Microsoft, who has seen the potential for growth in India.

#### 4.4 Conclusion

There can be no doubt that special economic zones have become one of the major factors in helping to create the massive economic miracle that has taken place in the Asian – Pacific region over the last thirty years. The types of economic zones that have been created in Asian have varied greatly, from export orientated zones, ecozone, free trade zones to special economic zones. It seems that government implementation, administration and management play important roles in the economic zones success. The use of specialised expertise, labour force and political stability has all been factors for why some economic zones have succeeded and why some have failed (Cargill and Parker, 2005). India, for example, moved away from economic export oriented zones to developing information technology, such as in Mumbai. These economic enclaves have enticed foreign direct investment because of the workers high educational knowledge and skills that can be utilised for a fraction of the labour costs associated with the West. Labour costs have also figured significantly in countries that have seen economic growth. China and Viet Nam, for example, have such low salaries that many of the other countries cannot compete and thus lose out to companies looking to obtain the cheapest possible labour costs. The administration of special economic zones has also been a large part in the successes of special economic zones, as has the political stability in the host country. China has been one of the leading nations to benefit from the economic and social gains that economic zones can bring, as it focuses equally on developing tourism and as well as encouraging industry (Wong, 1987; Qian, 1998). Other government, such as Thailand, have worked with industry and commerce to produce strategies aimed at enhancing competitiveness of Thai industries, strengthening SMEs, building economic relationship with neighbouring countries, and building new industrial operators (Thai Industrial Estates, 2006). The new economic era of globalisation looks set to increase the number of special economic zones as states move to fill the void left by other nations that have made the transition from low skilled export oriented goods to technologically advanced products with experienced labour forces.

Table 3: Lessons from other special economic zones

Country	Social	Political	Economic	Environmental
<b>China</b>	Mass movement of people from rural to urban areas. Displacement, relocation and resettlement of rural communities to make way for SEZ construction.	Tight governmental control of SEZ. Corruption and cronyism wide spread through business environment	Massive economic growth. Low Labour wages and salaries for the many, however there has been an emerging middle class with higher deposable income.	Massive environmental damage, through construction on mega-projects such as Dams. Has now started to create government institutions to deal with environmental issues
<b>India</b>	Has used education to change the types of jobs available in many of its SEZs.	Has let private businesses take the role in SEZ affairs, but has remained in an administrative authority role.	Experienced mass economic growth. Diversified into service sector and moved away from traditional export originated goods.	In early years suffered from mass environmental degradation, however has recently started to implement policies and procedures to safeguard the environment.
<b>Viet Nam</b>	Many people moving to Ho Chi Minh city to find employment	Improvement in Chinese / Vietnamese relations has influenced the move towards a market led economy.	Unrivalled economic growth not seen before in the countries history.	Have implemented some environmental controls to limit negative effects, recommendation taken from observations of the Chinese experience.

## CHAPTER V

### A HUMAN SECURITY ASSESSMENT OF THE SPECIAL ECONOMIC ZONE IN SAVANNAKHET LAO (PDR)

#### 5.1 Background information on Lao PDR

In order to give an assessment of Savannakhet province, it is only prudent to give a wealth of information to the nature of Lao People Democratic Republic<sup>10</sup>. By identifying the social, environmental and economical context, this thesis will be able to give an enlightened background to why there is a need for a human security framework assessment of the Savannakhet special economic zone. This chapter will specifically identify issues such as health, education, the demographic makeup of the country, Laos's differing industrial sectors and some of the key political structures that are present in Laos today. The chapter will, then, assess the Laotian SEZ by utilising Alkires human security conceptual framework. Through analysing the socio-economic dimensions of Laos, this thesis can highlight areas that can specifically benefit from the induction of a human security framework and thus apply the concept in a more coherent and stringent manner.

##### 5.1.1 The Laotian society

The population of Laos is estimated to be between 5.5 – 6.3 million people with an almost even split between men and women, accounting for 49.4% and 50.6% of the population, respectively (Inthavong, 2005; World Statesman, 2006). “The overall population density was only eighteen persons per square kilometer, and in many districts the density was fewer than ten persons per square kilometre” (Savada, 1994, p. 86). The low level of population of Laos has been attributed to a variety of issues such as high fertility, poor nutrition and health issues of Laotian women and high infant and child mortality, all of which have had an affect on the growth of the nation. The Lao government has actively pursued a governmental policy of encouraging the growth of the population, until only recently relaxing laws on

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10) See Appendix M – Map of Laos and its provinces P. 137

contraception technology. Contraception even in the mid 1990's was found to be only sparingly used, and, in rural villages that were not close to the capital or Thai boarder, contraception was non-existent. The population of Laos is diverse in ethnicity. The government consensus taken in 1985 listed over forty eight different ethnic groups and highlighted that some ethnic groups were limited to only a small number of people, in some cases only a few hundred. The 1985 consensus also found that there were three groups of ethnicities that shared characteristics such as language, religious beliefs and ethnic origins. The government classified these groups as the Lao Loum (Lowland Lao) who represent over 53% of the Laotian population, the Lao Theung (Midland Lao) who were the prehistoric inhabitants of the low lands of Lao before they were displaced by Lao Loum migrants, and the Lao Sung (Upland Lao) who have their origins in Tibeto-Burmese ethnicity and have been migrating to Laos for the last two centuries. The Hmong are the largest ethnic group within Lao Sung and have numerous villages across Upland Laos (Savada, 1994; Bouapao, 2005).

Religion exists in Laos in two main areas: Buddhism which is practised by 48.8% of the population, and Animism and traditional beliefs that accounts for 41.7%. There are also 2.1% of the population that have Christian beliefs and another 7.4% of the Laotian society that either do not practise religion or practise other forms of religion (World Statesman, 2006). Although Marxism and, thus, communism does not in anyway advocate religious beliefs, the Laotian government has not opposed Buddhism or other religious beliefs. The Laotian government has been accused of manipulating religious individuals to support its own particular political goals. The Laotian society's belief in Buddhism put the Lao communist government in direct conflict with religion because of the differences in ideology. To neutralise this problem the Lao government adopted a policy of teaching that Marxism and Buddhism shared characteristics as both doctrines seek to state that all men are equal and aim to end suffering (Savada, 1994). The Lao government in recent years has relaxed its political control over religion and this has sparked a religious revival of popular Buddhism based on the Four Noble Truths taught by the Lord Buddha: "suffering exists, suffering has a cause, which is the thirst or craving for existence: this craving can be stopped; and there is an Eightfold Path by which a permanent state of peace can be attained" (Savada, 1994 p. 125). Despite the popularity of Buddhism, the Lao society still has many people practising Animism. Animism is primarily

concerned with the belief in Phi or spirits, and many Laotians believe that spirits from the natural world can possess individuals or give them illnesses. Laotians believe in a number of different spirits that are usually associated with the universal elements of earth, heaven, fire and water. Buddhist monks are often respectful of animistic beliefs and will offer exorcisms or treatments for people who it is believed have been affected by a spirit.

The literacy rate for Laos as a whole stands at 60%, however there are strong differences in the levels of education that groups of the population have received. Inequalities exist between the sexes with men having an overall 74% literacy rate as opposed to women who only have a rate of 48%. Communities that are rurally based have also seen inequalities manifested through education levels. Rural areas account for only 55% of literacy rates, which is vastly different to their urban counterparts that enjoy a literacy rate of 85%. Ethnic groups have similarly seen differences in literacy rates, which are dramatically different. The lowland Lao, for example, have a rate of 75%, whereas the Hmong only enjoy a literacy rate of 26% (Bouapao, 2005). Young adults aged 15 – 35 have massive differences in literacy depending on which area of the provinces they have received schooling. The northern part of Laos harbours a 66% literacy rate and is much more advanced in terms of secondary education when compared to other parts of the country. The reason for this higher literacy rate has been attributed to the location of the capital city that houses the Institute of Pedagogy, the University of Medical Science, National Polytechnic Institute and other secondary private education institutions (Thant and Vokes, 1997). The southern half of Laos lags slightly behind the northern areas with a 64%, as does the provinces that are located along the boarder with Viet Nam and Cambodia that have a 62% literacy rate (Institute of Asian Studies, 2004). Literacy in Laos has been one of the key objectives of the Laos government, who in 1985 established a universal system of primary education for all. The government's strategy of primary education has in many ways been a success considering the literacy rate when they implemented the policy of universal primary education (Savada, 1994). The major cities of Vientiane, Savannakhet and Pakse have been the greatest benefactors of secondary education as the proportion of people who have received a secondary education within these cities is almost equal to those who received primary education (Institute of Asian Studies, 2004).

Public health in Laos remains at a low level with many of the Laotian citizens unable to receive primary health care due to the lack of medical institutions and the number of qualified practitioners. As with the literacy rate, the number of people who can receive medical attention tends to be greatest in urban areas. The Laotian population suffers from a number of health related problems such as chronic moderate vitamin and protein deficiencies, poor sanitation and a number of tropical diseases that have existed for long periods of time. The life expectancy in 1988 for both men and women was estimated to be only forty-nine years — a figure that was at least ten years lower than nearly all other Southeast Asian nations. Since 1988, life expectancy has grown but only to 50 years for males and 52 years for females. The healthcare system in Laos has improved over the last decade due largely to economic growth. Despite the improvements to healthcare, the availability of healthcare to villagers in rural areas wanes, forcing many to travel up to 8 hours due to poor infrastructure (Bouapao, 2005).

#### 5.1.2 The Laotian economy

There have been dramatic changes in the Laotian economy over the last two decades. After the 1975 revolution, the government of Laos adopted a centrally planned economy, which favoured self determination as an economy rather than encouraging foreign direct investment. The economy was based on an agricultural system that focused growth on natural products such as rice, crops, livestock, fishing and forestry related commodities. The agricultural system was adopted as Laos has at least five million hectares of its total land (23,680,000 hectares) that is suitable for cultivation (Bouapao, 2005). The Lao economy continued to develop under the agricultural system until the Fourth Party Congress in November 1986. When a series of major economic reforms were introduced under the label of the New Economic Mechanism (NEM), a number of governmental decrees followed that highlighted the government's intentions for moving away from a subsistence economy to a market led economy. The importance of the NEM was that it began the switch to a market based economy that was founded on state management of taxation, price and profits. The system also highlighted the need to move away from the bartering system that was commonly used by Laotian citizens, replacing it with a monetary system. Once in

place this monetary system would be utilised to encourage trade liberalisation, free up the circulation of goods within the country and encourage trade (Saignasith, 1997).

The Lao government continued to implement economic reforms, when in 1988 it introduced new laws to encourage foreign direct investment (FDI). The new laws encouraged FDI in three ways: business by contract, joint ventures and whole foreign owned enterprises (Saignasith, 1997). Although the new era of economic reforms had brought steady but small economic growth by the early 1990's, Laos was still ranked by the World Bank as one of the ten poorest nations on earth (Savada, 1994). During the mid 1990's, Laos experienced continued growth rates and the economy seemed to be progressing, experiencing annual GDP rates of 6 – 7%. The improvement in the economy had a knock on affect to social institutions, such as health and education, and allowed the Laotian government the opportunity to develop more strategies to improve the living standards of it citizens. The Asian financial crises had an affect on the Laotian economy; however Laos did not suffer as greatly as other Southeast Asian nations because it was only just starting to see FDI and market liberalisation come to fruition. Specifically, the main reason why Laos did not suffer so greatly from the 1997 Asian financial crash was because it still had 52% of its total GDP coming from the agricultural sector, which employed over 80% of Laos's national workforce (Bouapao, 2005). The agricultural sector continues to dominate the Laotian economy, however during the period from 1998 – 2006 there has been a political effort to increase Laos's industrial sector and, thus, further the economic growth experienced nationally.

## 5.2 Social and economic background of Savannakhet province

Savannakhet is the largest geographical province in Lao PDR<sup>11</sup> and is located next to the Mekong River that divides Thailand and Laos. Savannakhet province consists of a number of local communities that belong to different districts within the province such as the Phoexay, Xaysomboon of Outhoumphone district, Dong Hen Nua, Dong Hen Tai of Atsaphangthong district, Phalan Klang of Phalanxai district, Ngeon Ho Kham and Prasopxai of Phine district and Thakong of Sepone district.

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11) See Appendix M – Map of Laos and its provinces P. 137



Khanthabouly is the largest district in Savannakhet province which incorporates Savannakhet town, the most developed urban area that Savannakhet province boasts. The 1985 census, which was the largest of its kind, found that Savannakhet province had over 109,000 residents, making it the third largest city at the time behind Vientiane capital and Louang Phrabang, respectively (Savada, 1994). The majority of communities that exist in Savannakhet have been long established ranging from 30 to 100 years (Institute of Asian Studies, 2004). “Urban populations in Savannakhet province account for 14% of total population or about 102,000 persons. By the year 2010, the urban population would increase at the rate of 3.5%, and it would reach around 171,000 in 2010, or an increase by 69,000 persons” (JICA 2001, p. 4). A number of different vehicles are utilised by the communities in Savannakhet such as privately owned automobiles, motorcycles, buses, trucks and three wheeled tuk – tuks. The infrastructure in and around Savannakhet town is generally in good condition when compared to the rest of the country. Paved roads are the norm in the town and are usually constructed using asphalt, laterite or concrete. The infrastructures in other parts of Savannakhet province that are not located near Savannakhet town are in poor condition or are in decay. Whereas the communities around Savannakhet town have access to electricity and clean drinking water; rural communities in Savannakhet do not have the same availability of these two necessities and are often forced to ration what little they have by using electronic appliances at certain time and conserving water supplies.

### 5.2.1 Savannakhet social conditions

Savannakhet enjoys greater social conditions than other Laotian provincial counterparts. There is an overall literacy rate of 95% in Savannakhet province and nearly all the communities within the province have a 90% literacy rate and have access to primary education (Institute of Asian Studies, 2004). Religion is also widespread throughout the communities that dwell in Savannakhet province. Indeed, many communities have Buddhist temples located either within or near their community centre. Security units are in place in every community; however these units are not always in the form of police station and are often army barracks. Entertainment in Savannakhet province is a limited commodity with only three of the communities boasting entertainment places and most of these were restaurants.

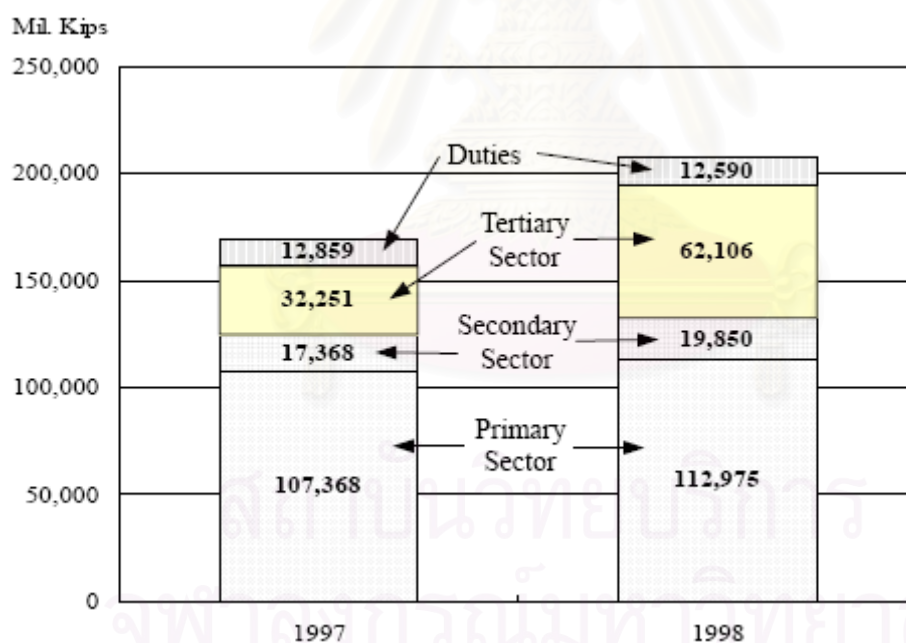
Savannakhet town has a small but vibrant nightlife that has seen a new nightclub and a number of Karaoke bars open, catering mainly to local youth and a minimal amount of foreign tourists. As most of the Savannakhet communities are located in and around Savannakhet town, most of the Savannakhet population enjoy good access to provincial hospitals, private clinics and drug stores. The close proximity of Savannakhet town to Thailand has also been attributed to the good health enjoyed by Savannakhet residents as many people will travel over the boarder, legally or illegally, to obtain treatments. The communities that are located on the outskirts of Savannakhet town; Na Kae, Baan Tha Udon, Phoexay Nua and Pheoxay Tai, often contain the Savannakhet residents that have to travel to Savannakhet town general hospital to receive treatment. The major diseases experienced in Savannakhet provinces are Dengue Fever, Influenza and Diarrhea, although HIV and AIDS is a growing concern of the Savannakhet authorities (Institute of Asian Studies, 2004).

Most communities in Savannakhet province have some contact with the outside world, in terms of access to information. Television and radio have been identified as the main sources of information, and television has been a particularly wide spread source of information for local residents, many of whom received Thai television broadcast due to their close proximity to Thailand. Newspaper and the Internet are less used sources of information for Savannakhet province residents; however there is an ever growing use of the internet amongst young people (Institute of Asian Studies, 2004). Tourism has been on the increase in Savannakhet town; however this has not been the case in the communities outside the town centre. Hotels and guest houses are widely available in Savannakhet town and are priced at very low prices. It is common, for instance, for a tourist to find accommodations priced at less than \$4 a night. The tourism industry has been booming amongst other Asian nations and the Lao Government has attached great importance to improving tourism in Savannakhet, whilst pursuing a policy of natural environmental protection and cultural heritage preservation (Embassy of the Lao People's Democratic Republic, 2000).

### 5.2.2 Savannakhet economic conditions

The Savannakhet economy plays a significant part in the national economy of Laos. In 1998, Savannakhet GDP stood at 208 billion Kip with the agricultural sector dominating the Savannakhet economy accounting for 54%, leaving the industrial and service sectors contributing 10% and 30% of GDP, respectively. The service sector is significant to Savannakhet because it is higher than the national average which stands at 25% (JICA, 2001). “The economically active population (EAP), estimated to be about 342,000 at present, will reach around 494,000 in the year 2010. Currently, about 90% of EAP (or about 300,000 persons) are engaged in agriculture” (JICA, 2001, p. 4). In 1999, over 7200 workers are employed in a number of small, variously sized factories with 96% of the small enterprises having less than nine employees.

Figure 1: Basic statistics about the soc-economic development in Savannakhet province



*Note.* From JICA, 2001, “The Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People’s Democratic Republic”, Vientiane: JICA. Copyright, JICA, 2001

The total value of export from Savannakhet accounted for \$238 million USD between 1998 – 1999 with 20.5% (\$49 million USD) of goods being exported to Thailand and 79.5% (\$189 million USD) being exported to Viet Nam. The goods

exported to Thailand have been classified as domestic goods whereas those exported to Viet Nam are transit goods. The total number of imports to Savannakhet province was \$227 million USD, thus creating a trade surplus of \$11 million USD. Trade between Lao PDR and Thailand has commonly relied on cross boarder trade as has the trade with Viet Nam. Laos exports a number of commodities to other states, primarily garments, wood and wood products, agricultural products and foodstuff (JICA, 2001).

Foreign direct investment in Savannakhet province has been a slow process. Although the national government introduced economic reforms in 1998, it was not until the early 1990's that FDI started to influence the Savannakhet economy. The reason for the slow investment was attributed to the slow pace the Lao government introduced legal frameworks and laws. The 1991 constitution was a turning point for FDI as it specified the right to private ownership, further encouraging privately owned firms who were sceptical of conducting business in a country that did not have fundamental legal laws in place (Savada, 1994; Livingstone, 1997). "Since 1990 up to mid 2000, 22 FDI projects, which accounts for just 3% of the total number of FDI's in Lao PDR, with a total amount of \$33 USD million have been made in Savannakhet Province" (JICA, 2001, p. 17). The 22 FDI projects have been undertaken by a number of different states with China having the largest amount with 6 FDI projects, followed by Thailand with 5, Viet Nam with 3 and South Korea with 2. The largest investment was made by the Thai Upgain Manufacturing Company with an investment of \$11 million USD.

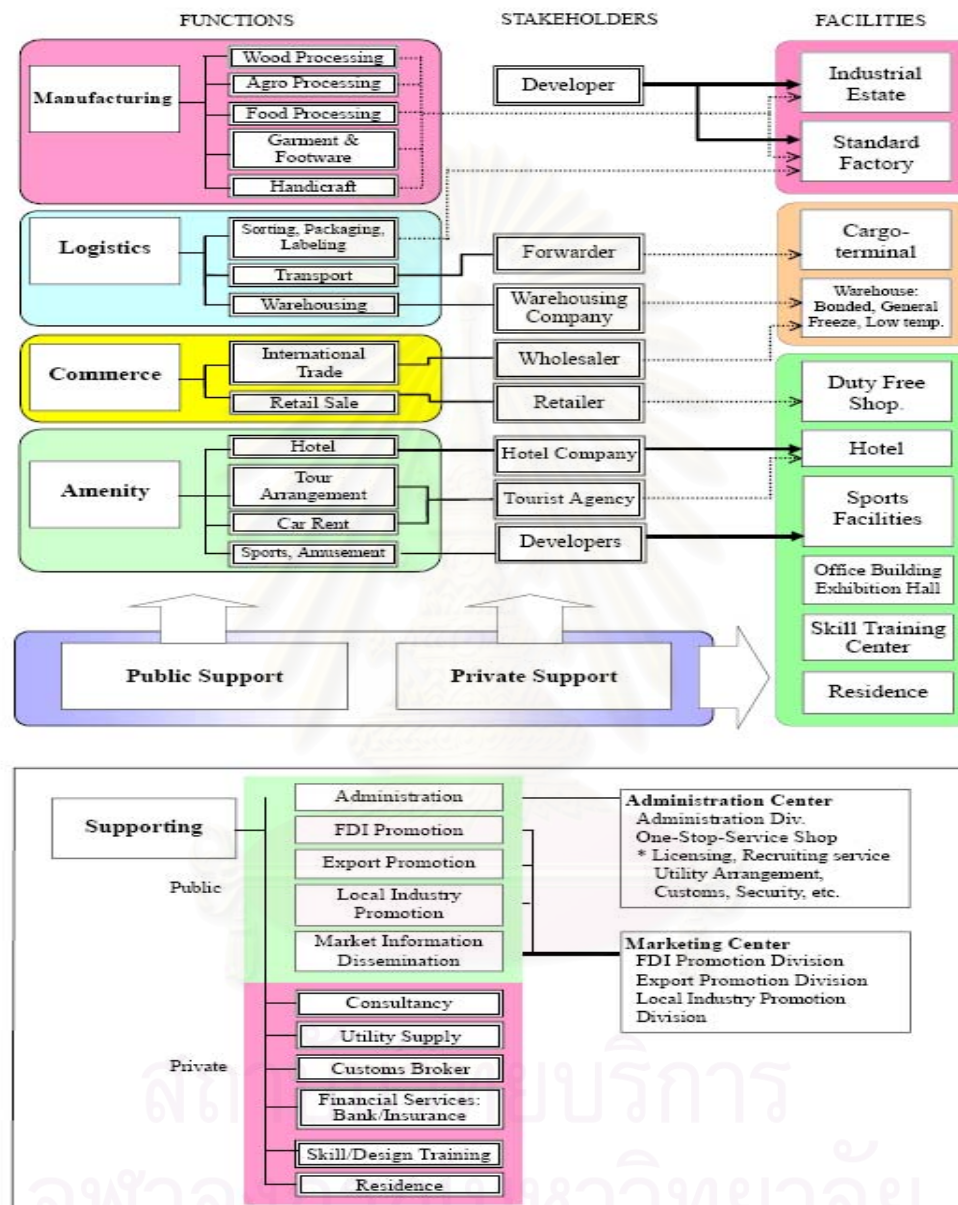
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Table 4: Human security variables of previous studies conducted on the Savannakhet special economic zones

	Social	Political	Economic	Environmental
JICA	Highlights communities that will needed to be relocated.	No mention of political impacts	Give a comprehensive analysis of economic costs of creating the SEZ	Comprehensive analysis of water sites need to minimise pollution.
Institute of Asian Studies	Notes a number of including health and education rate of Savannakhet province.	No mention of political impacts	Basic analysis of the sectors within the Savannakhet economy.	Brief information detailing the impact of the EWEC that will run through Savannakhet province.
Study by SEZ authorities (Dr. Inthavong)	No mention of social impacts	No mention of political impacts	Detailed information concerning technical economic data for private companies wanting to invest in the Savannakhet SEZ	No mention of the possible environmental impact caused by the creation of the SEZ.

### 5.3 Savannakhet special economic zone

Figure 2: Overview of the actors, stakeholders and functions of the Savannakhet SEZ



*Note.* From JICA, 2001, “The Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People’s Democratic Republic”, Vientianne: JICA. Copyright, JICA, 2001

The Lao special economic zone was created when the Secretary General of the Lao People’s Revolutionary Party and President of Lao PDR, Mr. Choummaly Sayasone, signed and approved the Prime Minister’s decree number 148/PM. The

decree, signed on the 29<sup>th</sup> of September, 2003, was given the name of Savan-Seno Special Economic Zone. The Savannakhet special economic zone was first conceived by the Laotian government as a development tool to bring socio-economic benefits to Laos and Savannakhet province. The recommendations for creating a special economic zone were given to the Laotian government by the Japan International Cooperation Agency (JICA) in 2001 after the agency conducted an economic study in partnership with the Laotian governments Committee for State Planning that looked at the feasibility of an economic zone in Laos. The report titled “The study on Special Economic Zone Development in Boarder Area. (Savannakhet Province) in Lao People’s Democratic Republic” was published in 2001.

The construction of the East – West Economic Corridor (EWEC) influenced the creation of an economic zone that had a free market orientation. Drawn up by the Asian Development Bank and the six countries (Cambodia, China, Lao PDR, The Union of Myanmar, Thailand, and Viet Nam), the EWEC is to create a trade corridor that would allow goods and services to travel from Denang (Viet Nam) to Mawlamyine (Myanmar), whilst moving through the countries of Lao PDR and Thailand. The ADB and the six nations have also set forth plans to create a north-south economic corridor that will link Cambodia with China. This with the EWEC will create one massive trading infrastructure spanning throughout the whole of Southeast Asian and Yunnan province of China. The study suggested that the SEZ be created in Savannakhet primarily because the zone has the capacity to maximize its profits as it will be located directly on the EWEC route. In addition to the development of the EWEC, there has also been the construction of The Second International Friendship Bridge between Savannakhet (Laos) and Mukdahan (Thailand) which is set to open in late 2006 early 2007. The development of the EWEC and the Second International Friendship Bridge were monumentally important in influencing the Laotian government to create a special economic zone in Savannakhet province, as the trade opportunities were some of the key recommendations noted by the JICA report (2001). “Savannakhet’s location at the junction of the east-west corridor and the north-south axis in GMS will provide various business opportunities like import – processing, export and increased revenue to domestic markets, and collecting domestic goods for processing and export” (JICA, 2001, p. 24). The Second International Friendship Bridge has been built with the

support from the ADB, Japan Bank for International Cooperation (JBIC), and the Laotian and Thai governments. The bridge will promote economic benefits from the SEZ through tourism, international trade, and foreign direct investment.

The Savannakhet special economic zone is to have two sites that are to be developed for commercial and industrial use. Site A is to be developed as a commercial centre, with a size of 305 hectares and is to be located in Khanthabouly district close to Savannakhet town. Site B has been ear-marked for a construction of an industrial estate that will be 20 hectares and will be located at Seno, located 28 kilometres east of Site A<sup>12</sup> (Inthavong, 2005). The main objective of the Savannakhet special economic zones are: “To make use of the potential of the Zone to attract and promote investment, to create jobs and upgrade know-how and skill to Lao servants labour, to develop foundation of industrialization and modernization of the Lao PDR and to develop the SASEZ to become a Trade and Service Hub of the EWEC” (Inthavong, 2005, p. 5). The Savannakhet SEZ is to create a multifunctional economic zone that has a strategy of implementing three defining areas; (1) export processing zone, (2) free trade zone and (3) free service and logistic centre. (Inthavong, 2005; JICA, 2001) Site A is to be developed over a three phases. The first period will develop 57 hectares of land over 2003 – 2006 the second phase will build 110 hectares from 2006 – 2009; and the third phases will develop the existing 138 hectares earmarked for site A in 2009 – 2011 (Inthavong, 2005). The estimated cost of both sites has been estimated by JICA to be USD 63,135,875. This will pay for the development of land works. Private companies are expected to cover the cost of building construction.

### 5.3.1 The Savannakhet special economic zone Site A

Site A<sup>13</sup> will primarily focus on the creation of commercial activities, whilst still incorporating an area for industrial development. The commercial activities undertaken in Site A will include a hotel, golf course, marketing centre, duty free shops and serviced apartments. The 2001 JICA report recommended that there be a

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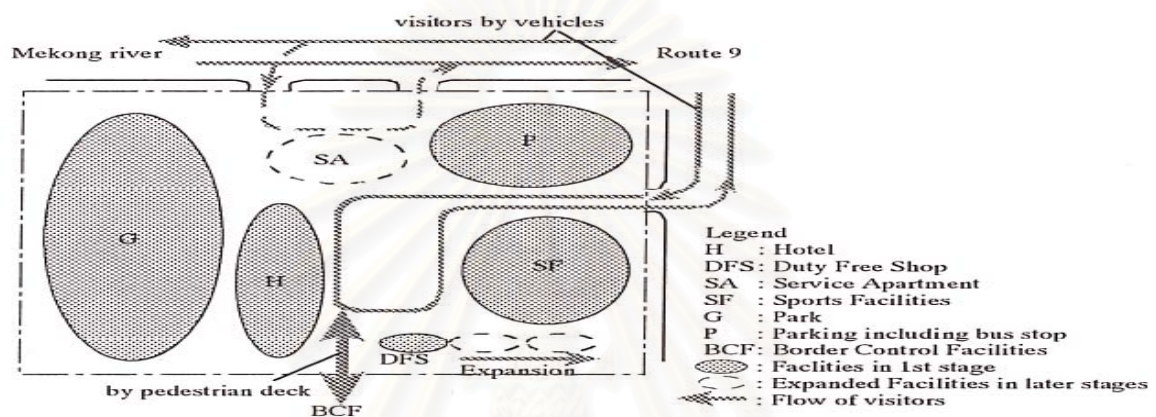
12) See Appendix J - Map of Savannakhet special economic zone sites P. 134

13) See Appendix K - Map of the land use plan at site A P. 135



green buffer zone implemented to help break up the two sectors of industry and commerce. The green zone will also double as a park, so that it can be utilised for tourist activities. Site A will also incorporate a residential area that is to be created to help house the employees of companies that invest in the SEZ. The hotel and residential area were also recommended by JICA to be located at the northern slope of hills so as to avoid sunstroke.

Figure 3: Overview of facilities at Site A



*Note.* From JICA, 2001, “The Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People’s Democratic Republic”, Vientianne: JICA. Copyright, JICA, 2001

Located away from the commercial centres will be a sewage treatment plant, a water supply facility and a multi-purpose regulatory pond. JICA recommended that the sewage treatment plant be placed at the lowest point for gravitational flow of waste water. Water treatment was one of the chief concerns put forward in JICA’s 2001 report on the Savannakhet special economic zone. The Japanese agency estimates that “water demand for industrial use is estimated at the unit water consumption of 85.6 m<sup>3</sup>/day/ha. Other water demands for commerce, amenity, and supporting areas are estimated at the unit water consumption of floor area or population in the facilities. The water demand at the 1st stage is calculated to be around 1,500 m<sup>3</sup>/day” (JICA, 2001, p. 28). Once water has been utilised it will then be treated and put back into the Mekong River from which it came. Wastewater in Savannakhet needs to be properly treated in order to avoid polluting the Mekong River, which supplies the SEZ as well as downstream users. As there are no current investors in the special economic zone, it is uncertain as to how many industries will

be created. However, JICA's report does highlight the ability to implement 105 independent industrial sights. The estimated cost for site A is USD 58, 665, 501.

Table 5: The estimated cost of constructing Site A

		(US\$)			
Items	1st Stage	Mid. Stage	Ult. Stage	Total	
<b>1</b>	<b>Land Acquisition</b>	<b>1,615,600</b>	<b>3,474,200</b>	<b>3,878,000</b>	<b>8,967,800</b>
<b>2</b>	<b>Internal Infrastructure</b>				
2.1	Earthwork				
a)	Clearing and grubbing	54,202	7,173	45,195	106,570
b)	Cut	2,617,020	0	5,337,890	7,954,910
c)	Fill	1,940,400	0	5,643,000	7,583,400
d)	Disposal of Unsuitable Materials	72,800	0	0	72,800
2.2	Road				
a)	Main Road	975,685	231,173	1,145,665	2,352,523
b)	Sub Road	219,569	0	671,622	891,191
c)	Collector Road	67,290	42,617	0	109,907
2.3	Drainage				
a)	Regulation Pond	405,545	890,925	0	1,296,470
b)	Drainage Canal	892,068	0	3,766,170	4,658,238
2.4	Water Supply				
a)	Reservoir	47,837	0	253,202	301,039
b)	Pipeline	63,515	0	670,664	734,180
c)	Water Treatment Plant	0	0	2,660,084	2,660,084
2.5	Sewerage				
a)	Pipeline	113,820	0	367,676	481,496
b)	Sewage Treatment Plant	0	0	3,904,956	3,904,956
2.6	Electric Facility	565,166	269,183	2,967,290	3,801,639
2.7	Telecommunication Facility	920,370	447,020	1,366,250	2,733,640
2.8	Green & Park	300,000	0	396,000	696,000
2.9	Engineering Service Cost	1,110,634	226,571	3,503,480	4,840,685
2.10	Sub Total	10,365,921	2,114,661	32,699,145	45,179,728
2.11	Physical Contingency	1,036,592	211,466	3,269,914	4,517,973
2.12	Total	11,402,514	2,326,128	35,969,059	49,697,701
<b>3</b>	<b>Total(Land Acquisition + Infrastructure)</b>	<b>13,018,114</b>	<b>5,800,328</b>	<b>39,847,059</b>	<b>58,665,501</b>

*Note.* From JICA, 2001, "The Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People's Democratic Republic", Vientiane: JICA. Copyright, JICA, 2001

### 5.3.2 The Savannakhet special economic zone site B

Site B<sup>14</sup> is a much small area that is to be developed by the Lao government to house an industrial estate. The site is currently used as a warehouse for construction supplies. Once developed, site B will house a cargo facility, bonded warehouse, industrial estate and an administration office (JICA, 2001). Site B manufacturing within the industrial estate is expected to house light processing companies. Site B will also focus on creating a cargo terminal area with a total floor space of 12,000 meters squared. The terminal will have an administration office, packaging yard, and office for Transportation Company, and a low temperature and freezing storage. Site B was principally created to help facilitate the larger site A. The creation of site B will come in two phases. The first phase will develop 6 hectares of land between the

<sup>14</sup> See Appendix L – Map of land use at Site B P. 136

periods of 2003-2006. The second phase has been estimated to take from 2006 – 2009 and will develop the existing 14 hectares of land (Inthavong, 2005). The estimated cost for Site B is USD 4,470,574.

Table 6: The estimated cost of constructing Site B

		(US\$)		
	Items	Ist Stage	Ult. Stage	Total
1	Land Acquisition	0	358,400	358,400
2	Internal Infrastructure			
2.1	Earthwork			
	a) Clearing and grubbing	664	4,177	4,840
	b) Cut	87,234	372,198	459,432
	c) Fill	83,160	354,816	437,976
2.2	Road			
	a) Sub Road	74,912	100,743	175,655
	b) Collector Road	0	78,504	78,504
2.3	Drainage			
	a) Regulation Pond	0	715,289	715,289
	b) Drainage Canal	88,293	251,180	339,473
2.4	Water Supply			
	a) Reservoir	4,079	7,247	11,326
	b) Pipeline	2,790	10,970	13,760
	c) Deep Well	13,247	23,536	36,783
2.5	Electrict Facility	265,383	269,883	535,266
2.6	Telecommunication Facility	168,000	269,500	437,500
2.7	Green & Park	4,000	88,000	92,000
2.8	Engineering Service Cost	95,011	305,525	400,536
2.9	Sub Total	886,773	2,851,567	3,738,340
2.10	Physical Contingency	88,677	285,157	373,834
2.11	Total	975,450	3,136,723	4,112,174
3	Total	975,450	3,495,123	4,470,574

*Note.* From JICA, 2001, “The Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People’s Democratic Republic”, Vientiane: JICA. Copyright, JICA, 2001

### 5.3.3 Human resources and legal institutions needed to create a successful special economic zone

The human resources needed to enable the Savannakhet special economic zone to become successful could cause problems for the SEZ authorities. Currently there is little need for an industrially skilled labour force due to the high number of people who work in agriculture. The Laotian government has offered a number of tax incentives to companies willing to invest in the creation of a Savannakhet technical school. The creation of this school was a key recommendation of JICA’s 2001 report on the development of Savannakhet, highlighting the need for skilled personnel to be able to manage and work in the private enterprises that are expected to invest in the Savannakhet special economic zone. The estimated added value that employment will

bring to Savannakhet province has been calculated by JICA based on the expected earning employees of the SEZ will obtain.

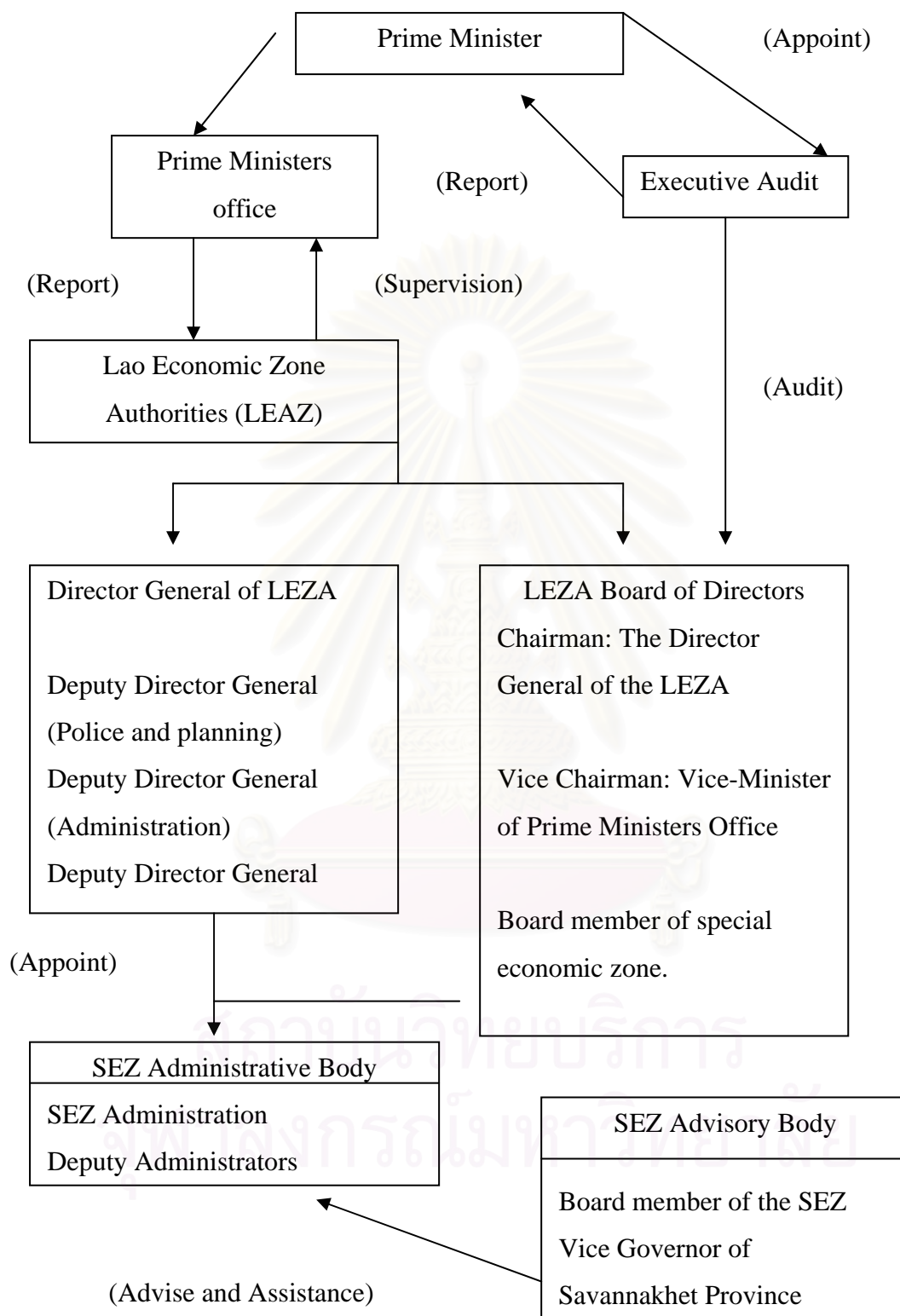
Table 7: Estimated workforce needed to supply Savannakhet SEZ

Composition of Manufacturing in Savannakhet SEZ	Total	Wood processing	Food processing	Garment	Electronic	Packaging
Employment	14,000	1,200	5,200	5,000	1,500	1,100
Value added (kip mil.)	416,057	3,024	360,667	32,875	348	19,143
Output (Kip mil.)	1,087,001	33,600	530,392	136,979	3,164	382,866

*Note.* From JICA, 2001, “The Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People’s Democratic Republic”, Vientiane: JICA. Copyright, JICA, 2001

JICA recommended legal institutions in order encourage private investment and thus avoid operational constraints, in order to ensure long term success of the Savannakhet special economic zone. Examples of JICA’s recommendations include: (1) Maintain the consistency of the policies, (2) Secure the transparency both in policy making and operations, (3) Ensure the accountability to the investors, (4) Provide the investors with the accessibility to information required and (5) Keep the ultimate independence in respect of the principles of economic operations, systems, institutions and/or organisations. JICA’s analysis recommends creating new laws as well as amending existing laws in Laos. It highlights the need to make these laws specifically related to the special economic zone and the legal practises that take place in the geographical area. New tax, business, labour and customs laws were all recommended as essential to the success of the Savannakhet SEZ. Another major legal recommendation that was advocated by JICA in their 2001 report was the creation of a new special economic zone authority that would be “an independent public corporation attached to the Prime Minister’s Office, and responsible for policy-making, operations and management of the SEZ” (JICA, 2001, p. 28). Creating a hierarchy of decision-making would create more transparency in the business undertaken in the special economic zone.

Figure 4: Overview of control in Savannakhet SEZ



*Note.* From JICA, 2001, “The Study on Special Economic Zone Development in Border Area (Savannakhet Province) in Lao People’s Democratic Republic”, Vientiane: JICA. Copyright, JICA, 2001

#### 5.4 Expected empirical changes

Whilst conducting site visits in Laos, a number of threats emerged showing how the SEZ will affect the community of Savannakhet. Threats can manifest in a number of forms, such as critical, pervasive, deliberately orchestrated, inadvertent and structural. Threats can also be viewed as direct or indirect results of the SEZs construction. In-depth interviews were used to gauge the opinions of the local community. For instance, interviews were conducted with local business leaders and international organisations, such as the UNDP Mekong Wetlands Biodiversity Conservation and Sustainable Use Programme. Interviews were also conducted with key figures associated with the SEZ such as the director of Construction and Environmental Division of the Savannakhet SEZ. Other interviews were held with members of non-profit organisations (i.e. World Vision), Laotian civil society organisations (the Lao Women's Union Youth Centre in Vientiane), and government agencies like Japan International Cooperation Agency (JICA). To help analyse the related response, these threats will be categorised as direct and indirect. The two types of threats can also be simplified further to show how they have the potential to impact upon the human security of the local Savannakhet community by placing the threats in groupings of political, social, economical, and environmental. Identifying threats in groupings can help assess the expected empirical changes that might impact upon the communities located in and around the Savannakhet SEZ. The grouping can also identify rights and freedoms such as the right to survival, the right to livelihood, and to basic dignity. In accordance with using Alkire's conceptual framework, site visits focused on 'respect' for all the SEZ actors, in order to show both sides of the development process in the Savannakhet area.

#### 5.5 Direct threats

Even when trying to simplify a human security conceptual framework into certain threat areas such as political, social, economic, and environmental, it is important to show that many of the issues cut across the spectrum of the different area. Relocation, displacement, and resettlement, for example, can create social threats to people's human security, but also have the potential to create economic and environmental threats. These indirect threats, although highly relevant, will be

analysed as a different section of research, and will be identified as such in other parts of this thesis. It is important to distinguish between the two threats so that only actions and policies that threaten the vital core are analysed. It is also important to define what these threats are. “Direct security threats are deliberately or intentionally caused by one group or another, whether these be terrorists, states, rebel factions, or paramilitary groups.... direct threats are frequently associated with violence, although they can also take other forms, such as deliberate policies of social or economic exclusion. They are acts of commission” (Alkire, 2003, pp. 29–30).

### 5.5.1 Direct social threats

A number of direct threats have the possibility of impacting upon the local community of Savannakhet. The first threat that was identified through conducting site visits was the affect that the SEZ would have on the population of the local community living in the geographical region of Savannakhet that had been earmarked for construction of both site A and B of the special economic zone. The relocation, displacement and resettlement of people was a priority to the Laotian government and the SEZ administration as this land was needed to be developed in order for the zone to operate thus attracting foreign business. Mr. Hiroyuki of the Japanese International Cooperation Agency (JICA) noted throughout his interview on the 26<sup>th</sup> of June 2006 that relocation, displacement, and resettlement of the local communities had the potential to affect the human security of the local people of Savannakhet in a negative way because it would force communities to be resettled from land they currently live on. Mr. Hiroyuki argued that respect for the local community should be paramount to the incursion into their human security. Mr. Daraarassamy of the SEZ administration also reiterated the issue of relocation, displacement, and resettlement as a major problem (Daraarassamy, 2006). Mr. Daraarassamy argued that “the government will not buy the land; actually the land law says that the land belongs to the state but the local people just use it. Whenever the state needs to develop the land local people have to move” (Daraarassamy, 2006).

The acquisition of the land has become a major problem within the creation of the SEZ because of the budget agreed to for the compensation of the local people. When pressed about the possibility of compensation, Mr. Daraarassamy highlighted

that the law stated that the land marked for SEZ construction was government land and could be required by the government. However, informants close to the SEZ, who wished to remain anonymous, argued that over 250 families that live in the communities currently on land earmarked for construction were offered 3 years living wages as salaries to compensate for their cooperation in moving to another area (B, 2006). When pressed further Mr. Daraarassamy did list compensation as a tool for encouraging the people to move and highlighted how the government was prepared to pay the families who would have to move an allowance for living expenses. This allowance was calculated by the government and would represent 3 years living wages. Compensation seemed a sensitive issue with Mr. Daraarassamy because of the lack of budget to acquire the land that was discouraging investors and delaying schedules. Minimising the effects of land acquisition was a key recommendation of the JICA report, which highlighted the costs and benefits of adopting the particular areas of site A and B of the Savannakhet SEZ, whilst giving alternative sites where land was not densely populated.

The land acquisition, whether legal or otherwise has the potential to cut into the individuals and the community's vital core because it can directly affect people's livelihoods, survival, and basic dignity. Mr. Daraarassamy mentioned that there were no protests from the local community and through observations and interviews with the local community, it seemed that people were generally optimistic about being relocated (Daraarassamy, 2006). There may be a change in public opinion even if compensation is received because, although three years may be a sizable amount, many of the families survive on less than a dollar a day. Skilled and educated office workers in Lao earn an average of \$20 -40 dollars a month (Shatanakoul, 2006). Therefore, even if the Lao government was to adhere to its arranged agreement with the families they would only receive \$1095 over three years, based on a one dollar a day wage. This amount may seem sizeable in relation to living costs in Laos but must be seen in relation to the possible physical and psychological threats the families may face.

This intrusion into the vital core of people's lives has emerged wherever there are SEZ, EPZ, or Ecozones created, as communities are affected by relocation, displacement or resettlement. The direct affect to the security of local people has



become a modern day occurrence. De Wet (2006) looks at the 'inherent complexity of the resettlement process' arguing that even when all the development check lists have been crossed, problems will still arise as the resettlement process takes on a life of its own. De Wet argues that usually development induced resettlement affects the already vulnerable of society because they are the people with less political power and influences. Therefore, they are the most at risk to being abused and forced to resettle.

Cernea (2006) identifies the risk to people lives that development induced resettlement can create, which include landlessness, joblessness, homelessness, marginalization, food insecurity, increased morbidity and mortality, and loss of access to common property and services. These threats to human security have been seen on a massive scale in China and other Asian countries due to the opening of the SEZs as thousands were forced to move from their land which had been earmarked for SEZ construction. Resettlement and displacement has the potential to have a devastating affect on a local community because it impinges on economic, social and political securities of the people.

The threat of relocation, displacement, and resettlement is quite possibly the most deliberately orchestrated threat that the SEZ will create. The threat is both critical and pervasive because it incorporates a 'tragic depth' and 'large scale' in terms of the population of Savannakhet. The physical effects from relocation, displacement, and resettlement can impact on the vital core because they create a fundamental change to people's daily lives. The threats also have the potential to impact upon the local population in psychological ways because as Cernea highlights they have the possibility to create emotional feelings of landlessness, homelessness, joblessness and marginalisation. The local community needs to be protected against these possible threats through government strategies, Mr. Daraarassamy did note that the government was willing to help people be resettled, however in order to protect 'all human live' the government must develop the people as well as the geographical area, focusing on the economic development of the people and not just the economic development of Savannakhet as a region.

Urbanisation and infrastructure development have the potential to bring massive socio-economic benefits to a community such as creating modern housing, strengthening commercial and public sector services, helping to encourage private investment and thus creating employment and helping to improve the communications and information technologies available to communities (IUDD, 2002). Urbanisation has also been utilised to bring modern infrastructure to a number of cities around the world such as the state of the art Delhi metro Rail system (Konana, 2006). Although urbanisation has the potential to bring benefits it has also become one of the greatest problems created by SEZs. Administrations in numerous countries have had to wrestle with urbanisation over the last twenty years, especially in regions that have grown to enormous proportions such as Shenzhen (China) and Mumbai (India). Urbanisation has become an increasing global problem that has started appearing on the world agenda, the United Nation recently highlighted that for the first time in the world history there would soon be more people living in urban areas than rural areas (Department of Economic and Social Affairs, 2004).

Put simply, urbanisation is the increase in population of people living in town and cities. Urbanisation can mean an increase in the scale of businesses, density of settlement, and other activities. Urbanisation can have a massive affect on the local environment, the ecology, the economy of the urban area, and the urban society. Urbanisation is not always a forced or constructed issues, and quite often occurs naturally when an urban area become prosperous. The G8 countries have witnessed urbanisation over a number of centuries as towns and cities developed. Countries such as China and India have seen growth in urbanisation over the last 30 years of economic growth. This unparalleled growth of urbanisation has come because the Chinese and Indian special economic zones were so prosperous, in terms of employment, salary revenue, entrepreneurial opportunities, and urban lifestyle.

These benefits from dwelling in an urbanised area helped create push and pull factors. In terms of push the rural people in many developing countries, such as China, Vietnam or Kazakhstan do not have the resources that are available in urban environments. The pull factors such as employment, salary revenue, entrepreneurial opportunities, and urban lifestyle are all benefit that the special economic zones have helped create. Many migrants believe that these opportunities are available in an

urban environment as is the possibility to improving their lifestyle (Goldstein, 1987). The lure of greater salaries and better lives for individuals and their families can spur people to migrate. Many of the social problems arise when an individual reaches the urban area and employment opportunities, insufficient housing available and other social welfare systems are not in place to deal with an influx of migrants. Urbanisation in Savannakhet is expected to come in two forms; the first is deliberate by way of the Lao government policy to implement a residential area to Site A of the Savannakhet SEZ. The Lao government has allocated 17.7 hectares of land for residential development to be constructed in site A of the SEZ. This new development of living space is not expected to cause any particular threats to the local communities as the serviced apartments will be modernised living areas that will be regulated by the companies that preside over them.

The second form of urbanisation in Savannakhet is expected to impact the town of Savannakhet. The urbanisation development of Savannakhet town does not have to be a significant problem for the Laotian government. Typical problems associated with SEZs in Asia include an increase in slum due to inadequate housing. The Canadian government has introduced policies that are aimed at limiting slum insecurity, noting that increased economic wealth inevitably encourages people to migrate to cities. Once people are in the cities it can be hard for them to gain employment and to finance proper housing. Thus, slums emerge where people with low income have to locate to (Human Security Research and Outreach Program, 2006). Laos has a low population rate and large land capability. The problem involves the way in which the government handles the influx of people who are expected to migrate to Savannakhet from surrounding provinces. Equally crucial is how the Laotian government undertakes plans to modernise existing housing or focus governmental strategies on creating new housing.

### 5.5.2 Direct political threats

The special economic zone will bring about fundamental changes in the political landscape. These changes will cause direct threats to the local community's vital core because they are pervasive deliberately orchestrated threats that will change the daily lives of individuals in Savannakhet. The impact will also be felt throughout

the rest of the country as a new free market policy is adopted to facilitate the SEZ. Human security has been criticised for its vagueness, and because it incorporates too many aspects that it loses credibility. One reason for this criticism is that it includes psychological threats to human beings' security, for this reason this research will only analyse psychological issues as they relate to political ideology, as this has the potential to affect a large number of people. (Paris, 2001)

When the threat is on a mass pervasive scale it is only prudent to highlight how it may affect the vital core of the individual and community. The creation of the Lao economic zone authority (LEZA) will give the Laotian government direct control over the Savannakhet SEZ (JICA, 2001). The change to the local Savannakhet economy will bring market liberalisation and thus force people to have a more business oriented opinion. Conducting site visits confirmed the need to analyse this threat in detail. Interviews with the local community, especially the existing business community showed that although a minimal amount of people knew about the SEZ, when discussed the consensus was that the SEZ would bring about change in a positive way (Mrs. A, 2006; Mr. A, 2006).<sup>15</sup> The change in local economic structure is expected to have the potential to cause political threats to people's livelihoods and survival, as it offers a new way of life that is none agriculturally based.

The Laotian government will control the SEZ by means of the LEZA and indirectly have a controlling hand over the local businesses that exist and are created around the SEZ region. The psychological problems from changes in economic environment can affect people's understanding and basic capabilities to interact in society with one another. Individuals who have been brought up under a Marxist / Maoist style doctrine will have difficulties adapting to the new style of governance and commerce in Savannakhet. China and Viet Nam as former socialist countries have both experienced these types of psychological problems on a massive scale (Crane, 1990; Stoltenberg, 1984). The political psychological changes have been particularly harmful to the elderly generation who fought for the class struggle and

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16) See Appendix A - Overview of local Savannakhet Residents and business owner's opinions  
P. 107

worked all their lives, only to lose their jobs and homes to the capitalist system of land ownership.

When travelling to the SEZ location the researcher personally witnessed the driver of a tuk-tuk (small three wheel local vehicle) bribe a government security official who had pulled him over for a minor traffic offence. It was obvious that the vehicle had not committed any traffic offence it was driving in no different to any other tuk-tuk on the road that day. This was clearly an exercise in ‘shaking down’ locals for a cut of their daily business. The locals who were also travelling with the researcher paid no mind to what was happening and it became apparent that this type of police corruption was a common occurrence.<sup>16</sup>

Although this case was minor, other studies on SEZ that have been created in China, India and Viet Nam have been criticised for wide spread corruption throughout the government networks. President Hu Jintao of China noted at the annual 85<sup>th</sup> communist party meeting in 2006 that corruption within the government of China was endemic, especially in SEZs where the potential for higher revenue was greater. He added that anti-corruption and building a clean government is an important strategic mission. This anti-corruption message has been reiterated by other world leaders such as India’s President, Dr. A.P.J Abdul Kalam, who on the eve of 55<sup>th</sup> Republic Day in 2004 spoke about the need to stamp out corruption. Corruption was a topic for discussion when conducting field research, as a close source to the SEZ told the researcher that this was one of the reasons why many foreign businesses were being discouraged to invest in the Lao SEZ. The source highlighted numerous occasions when government officials had interfered in the SEZ and demanded kick backs from companies who were only interested in talking to the SEZ administration.

The importance of a transparent society, building new types of government institutions and stressing the need for good governance cannot be overstated in Laos (JICA, 2001). If the SEZ is to enrich the lives of the local Savannakhet community, there must be protection from illegal activity. Only by creating a legally protected

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17) See Appendix C - Observations taken when conducting site visits in Vientiane and Savannakhet P. 114

business environment will the SEZ develop economically and socially, free from fear of the government or actors who wish to exploit the new political situation. If the Lao government undertakes measures to remove corruption from the spectrum of the SEZ, companies may be more willing to increase their foreign direct investment.

Political power can also be direct threats to individual's lives. The potential for the Savannakhet communities to become pawns in the power consideration by government member is great. The economy in nearly all communities and countries throughout the world has always played an important part in prosperity of a nation. Economic control lends to political power. This type of power politics was highlighted when conducting site visits in Savannakhet as many of the governors who were to be interviewed had been relieved of their duties before the interviews were held, and were subsequently unwilling to give any interviews thereafter. The official reason for their removal was that they had not performed their duties as the SEZ had not progressed as scheduled over the past four years. However, the news agency Voice of America reported on the 6<sup>th</sup> of June 2006 that the Deputy Prime Minister Mr. Bouphavanh, who is in charge of the SEZ, was merely exercising his political power as he expects to be the next Prime Minister of Lao PDR.

This type of power politics has the potential to affect the vital core of the Savannakhet residents as it presents a pervasive threat to the success of the SEZ and the future employees who will work in the zone. The sacking of the former governors showed the complexity of the Lao government and how it operates. Mr. Meynell of the United Nation Development Programme (UNDP) Wetland Programme stated that be believed that in the Lao government there was an old guard and a new kind of politician and that eventually you will find that the old guard has either retired or died and the new guard has taken over (Meynell, 2006). Mr. Meynell also highlighted how Laos was heavily influenced by the Vietnamese government and the fact that they had over the last decade moved to create SEZ. The power politics could be seen as a major influential factor in why SEZs have been created in other Asian countries. China, for example, moved to open up its markets only after its inspirational leader Chairman Mao Zedong died in 1975.

### 5.5.3 Direct economic threats

The SEZ will bring the most dramatic affects to people's lives through the economic policies implemented by the Laotian government. In terms of economic threats most are in the form of indirect threats. Therefore, it is prudent when looking at the direct threats to analyse threats that come on a pervasive 'large scale'. The Laotian economic policies are deliberately orchestrated events and will inadvertently change the structure of the local society because economic power may change as people develop economically, socially, and culturally. Direct threats when analysed through conducting site visits were viewed as mega-projects or threats that were directly influenced on a mass scale by actors such as the Lao government. Therefore, the microeconomics of the SEZ will be identified as indirect threats that are not on a large scale and do not have the potential to massive harm.

Foreign direct investment (FDI) is the most important element in creating a special economic zone. FDI has been championed by leading academics and international bodies because of the massive benefits it can bring to its host society. "Foreign investors introduce a package of highly productive resources into the host economy, including production and process technology, managerial expertise, accounting and auditing standards, and knowledge of international markets" (ADB, 2004, p. 1). The influx of capital can give a particular area such as Savannakhet an economic boost and an injection of economic growth as it puts a massive amount of capital investment into the local economy. FDI can also have indirect beneficial effects on a community because it brings foreign firms that are usually Multi-national enterprises (MNE) to a region. MNEs can bring benefits such as technological advances, help to bring competition to the host country, help to allow the host country to improve its export market through joint ventures and help to improve the countries foreign exchange gap. Many governments face the problem of how to get the best deal from allowing FDI into their country. The Asian Development Bank highlights the fact that employment opportunities and poverty reduction from FDI greatly depends on the society that FDI is being introduced into. The benefits from employment, for example generally come from a flexible and skilled workforce. When a workforce such as the type found in Savannakhet is unskilled and inflexible, then threats to the community's vital core can occur because only high labour

intensive companies are willing to invest in the region. These companies offer low pay, high intensive employment that has been criticised for its exploitative practises. It is often women who bare the brunt of these exploitative working conditions, which force many to leave their homes and to have little chance of a social life as much of their time is spent on the factory floor (Hong Kong Christian Industrial Committee, 2004).

FDI can also bring negative threats to a country by means of taxation, as many of the companies that are drawn to a special economic zone are given the incentive of tax holidays and breaks. The Savannakhet SEZ, for example has offered a ten year tax free period to any company willing to invest over \$2,000,000 into the service sectors designated within the zone (Inthavong, 2005). The danger the Laotian government faces is that the same companies that invest will then withdraw their businesses once the tax free period has come to and end. Special economic zones throughout Asia have had to combat this type of business practice by implementing policies that specify when and how a company can operate within their national boundaries. The problem that many SEZ authorities face is the national money cycle and how profits gained by an investing company are made to be put back into the local economy rather than the company's national economy.

The lack of laws and legal institutions has also allowed FDI to directly threaten the lives of local communities. One example where this has happened is in the use of pesticides. Pesticides are largely used in the agricultural growth of crops throughout the third world and as such have had divesting effects on the local ecosystems and health of employees who work with the pesticides. Farmers often use pesticides that are bought from first world nations as high prices to gain the best harvest possible. Yet pests can become resistant to pesticides and the chemicals used can negatively affect the land in which they are used (Madeley, 1992). As Savannakhet is predominately an agricultural society the threat from pesticides is enormous because negative impacts could threaten the livelihoods of the communities.

FDI can also bring negative effects to a local community if the government does not implement policies to curtail harmful effects. Joint ventures between private



companies and state enterprises are one way of making sure benefits are received to the local community, because they allow for the development of local industries and thus create new markets within the country. The threats faced to communities such as Savannakhet are expected to be constant and pervasive as they can greatly depend on how the government manages the SEZs. The Industrial Estates Authority of Thailand has used a philosophy of integrating a three pronged approach to development into its EPZ, by focusing on the environmental and social factors as well as the economic factors.



สถาบันวิทยบริการ  
จุฬาลงกรณ์มหาวิทยาลัย

Figure 5: Example of the three pronged strategy adopted by The Industrial Estates Authority of Thailand



*Note.* From The Industrial Estates Authority of Thailand, (2006).

#### 5.5.4 Direct environmental threats

The SEZ has the potential to directly affect the environment that individuals and communities use in an enormous way. Construction of infrastructure, river pollution, soil degradation, and water treatment issues are all considerable. Mr. Meynell of the UNDP Wetland commission<sup>17</sup> highlighted how water related issues could be an environmental problem that the SEZ may face. (Daraarassamy, 2006; Meynell, 2006) Mr. Meynell pointed out that over usage would not in his opinion be a problem for the Mekong River, but that pollution of the river was possible if safeguards were not put into place to protect the environment. Identifying the human

<sup>17</sup> See Appendix D - Artistic drawing of the Savan-Seno Special Economic Zone (site A) P. 121

security issues related to water pollutants such as raw sewage and bi-products of production manufacturing is important because many of the village communities depend on the fisheries of the Mekong River. Fish stocks, solid degradation, and water degradation have all been encountered by Chinese SEZs. These problems have led to food, environment and community insecurity and have touched many Chinese people's vital core in a very negative way. The China Council for International Cooperation on Environment and Development (CCICED) highlighted these problems in December 1999 and noted that the need for capacity building through strengthening government departments and using "sustainable development should serve as the guiding principle" (CCICED, 1999, p. 1). Soil degradation can come not only from pollution put into the Mekong directly but also as a result of pollution being pumped into the ground. Environmental pressure is already being put on the Mekong. This led to the creation of the Mekong River Commission (MRC), which was created to help facilitate with water allocation and protection within the Mekong Sub-region. Whether this organisation can protect the Mekong remains to be seen, as the principle polluter and 'gate keeper' is China and they have not signed up to become an MRC partner.

The communities that depend on the Mekong for food and survival would suffer immensely if water pollution was to start to affect the eco-systems that live in the Mekong. They may also experience health problems as the industrial site A of the SEZ will manage most of the manufacturing water waste. Protection is crucial by the Lao government if it is to protect the communities that live on the river. The Mekong River is one of its most valuable natural resources that Laos and indeed Southeast Asia has. Any pollution of the river could directly affect not only the local communities' vital core, but could have negative implications towards state security. The possible conflict that could be created by river pollution could not be more stressed, as the Mekong borders Thailand, Cambodia, and Viet Nam. Pollution could cause serious political problems that may transcend into disputes between the different Southeast Asian states. Any pollution of the Mekong would not affect just the human security of the Laotian communities, but also the Thai, Cambodian, and Vietnamese.

Mr. Meynell stressed that “this should not necessarily be a problem as long as the safeguards are implemented first” because the SEZ was not even close to construction (Meynell, 2006). The water pollution did not have to be a problem, as long as a water treatment plants were onsite to deal with the industrial waste that would come from the manufacturing of products. Mr. Meynell talked about the possibility of industrial and solid waste not being a problem either as long as the SEZ administration had factored in the facilities to protect the environment when the SEZ was under its conceptual plans. The problem the Lao government is likely face is that water facilities can be highly expensive even when the cost is passed to foreign direct investors, who usually see the cost as a governmental one.

India, China, and Viet Nam have all experienced water pollution, soil erosion, and water degradation due to toxic / hazardous waste polluting being put into their natural environments. When questioned about the possibility of water pollution Mr. Daraarassamy of the SEZ administration team indicated that an environmental package has been created by the SEZ administration that would set targets for air pollution and also have water standards that would need to be met. Whether companies adhere to these targets is another question, as funding is incredibly important from foreign direct investment. The environmental check list would only discourage companies to set up business in Savannakhet, as companies usually look for SEZs that offer the lowest possible start up costs. Mr. Daraarassamy also said that the SEZ has been carried out in a ‘suck it and see’ form of management, in other words policies have been shaped by what has happen through taking action then addressing the costs and benefits.

Protecting the local communities that live on the Mekong and in the Savannakhet region is of the up most importance. Government safeguards as mentioned by the SEZ administration will need to be implemented without exception. The environmental damages that other SEZ regions have suffered has in the past created problems that has endangered the human securities of communities and has the ability to create decades of insecurity. Taking into account all the actor’s perspectives on what costs should be incurred will be a determining factor in what problems arise. Respect should be given to all actors who will be duty bearers to the SEZ. A compromise between protection and project development will ensure a

sustainable working environment for the citizens of Savannakhet, allowing for human fulfilment as well as business growth.

## 5.6 Indirect threats

“Indirect or structural threats are actions by groups or systems or institutions whose threat to human security is a by-product of an action taken for a different primary purpose.... indirect threats might be thought of as acts of omission” (Alkire, 2003, p. 18). Indirect threats differ greatly to direct threats because they have the potential to arise without warning and may leave the Lao government and SEZ administration with little time to act. It is important to identify these indirect threats as soon as possible so that safeguards can be implemented to protect individuals and communities in the Savannakhet region and, to a larger extent, the Lao population. Like direct threats, indirect threats can be both critical and pervasive. Indirect threats must be people centred in order to identify what problems they will bring socially. Indirect threats can bring about other changes to the local communities. For this reason, indirect threats were also analysed through conducting site visits as social, political, economic and environmental. This formula was highly effective in identifying direct threats and allowed research and information gained from in-depth interviews to be shown in a more prudent manner.

### 5.6.1 Indirect social threats

Many of the indirect threats as social cost have an inter-linkage with each other, but should be identified as individual threats in their own right. One unmistakable threat to the security of the Savannakhet region is the potential for health threats. The community of Savannakhet province suffers from a number of health related problems such as chronic moderate vitamin and protein deficiencies, poor sanitation and sexually transmitted diseases, such as HIV/AIDS (Savada, 1994). The rise in urban HIV and AIDS has been seen in other SEZs in Asian and may be a factored as an indirect threat for the Savannakhet region. Urbanisation as an indirect threat brings a significant number of people to a populated area. This increase can facilitate the growth of the HIV, AIDS and STD because diseases are more prone to be spread quickly throughout a close knit community, where sexual activities take

place. As a mass increase of urban dwellers can lead to the cities / towns capacity being over stretched, the result can often leave people on the fringe of local society and thus engaging in anti-social activities such as prostitution. Health related problems such as HIV and AIDS have the potential to create long term security threats for two reasons. First, they threaten the socio-economic development of a region. Secondly, they create a threat to human survival (Kristoffersson, 2000). The threats created by HIV and AIDS are problematic to the communities in and around Savannakhet province as many of the individuals in these communities follow Animism as a religion. As discussed in chapter 5.1.1, Animism is practised by 41.7% of the Laotian population and has its religious roots in the belief in spirits from the natural world. Many Laotians believe that when a person falls ill with a disease or illness that they have been possessed by a spirit and that once possessed there is little they can do to overcome this illness. The belief in Animism poses particular threats to the Savannakhet population because these views are deep seeded and cannot be changed overnight. One of the fundamental issues in the concept of human security is to interact with people by showing respect for culture and religion. "Respect for human security means that whatever their primary objective may be, all actors, whether institutional or corporate or individual, must ascertain that their actions do not foreseeably albeit unintentionally, threaten human security" (Alkire, 2003, p. 4). By showing respect to the Savannakhet population a human security framework assessment can be aimed at providing health education on health related issues that are expected to threaten the vital core of individuals in the communities in and around Savannakhet province.

Laos is a source, transit point and destination country for trafficking in the Mekong Sub-region. Much of the internal trafficking has occurred with people being moved from rural areas to be exploited in urban towns and cities not only in Laos, but also to neighbouring countries. Countries such as Cambodia have experienced trafficking health related threats on a mass scale; one of the reasons highlighted for these threats has been "Poor services and high poverty levels in the rural areas lead to increased rural-urban migration. Unfortunately, migrant workers (especially females) are then often exposed to greater risks, such as poor living conditions, poor diets, HIV/AIDS, unwanted pregnancies, prostitution and sex trafficking" (NGO Forum on Cambodia, 2006). The Savannakhet SEZ has both the opportunity to increase or

decrease the number of Laotian citizens trafficked over its border, as it can create employment opportunities that may help limit the people freedom from want. The Savannakhet SEZ also has the potential to increase the threat of trafficked people from other Laotian provinces to Savannakhet province because of the wealth that will be created as a result of the SEZ construction.

Migration to the SEZs has become a global trend, seen in nearly all the EPZs, SEZs, and Ecozones (Goldstein, 1987). Globalisation has created a push down effect on prices and as a result companies have transferred production to new countries offering tax incentive and cheaper wages. The profit margins available to businesses that relocate to another country are massive; this is in part due to labour costs. Migrant workers have come to embody the lowest level of wages that can be utilised to help lower production costs. Migrant workers will often work for less than the country's national minimum wage and are often illegal workers, so are willing to be paid off the book or with no formal employment documents. Illegal migrant workers are the most easily exploited workforce because they are usually uneducated and are unaware of the relevant laws and legal rights for workers. The main reason for people migrating is economic. "With the exception of persons who move to join their families elsewhere, most persons migrate in search of improved employment opportunities due to what may be termed indirect sources of structural violence such as poverty" (Thouez, 2002, p. 7).

Migrant workers in China, India and Viet Nam have, in general, come from other provinces, moving from agricultural backgrounds to factory employment. This type of migration is expected to impact Savannakhet in the same way, only on a much smaller scale due to Laos small population. Shenzhen became an indicator of how massive a problem migration had become, as it was to be "the only city in China where the volume of temporary residents are seven times that of its permanent resident population" (Liang, 1999, p. 9). Clearly the problem and exploitation of migrant workers can cause social, political and environmental problems and costs to a SEZ area.

The migratory problems that China has faced in recent decades can be used as indicators to show possible threats to the human security of the Savannakhet region.

Mrs. Shatanakoul, the director of the Lao Women's Union Youth Centre, identified migration as the principle threat that the SEZ would create (Shatanakoul, 2006). Mrs. Chi of the charity organisation World Vision also thought that migration and migratory issues, such as human trafficking, would be some of the key threats to the local community's human security (Chi, 2006; Shatanakoul, 2006). Clearly, there are a number of reasons why people migrate, the SEZ may be a reason for economic migration, but in terms of cross country migration the reasons can be more complex. Mrs. Shatanakoul highlighted in conversation that many Laotian migrate to Thailand for economic reasons only to return with health problems such as HIV, AIDS, and STDs. The Lao Women's Union Youth Centre has dealt with these threats directly as they have a free clinic where people can come to be treated and tested for sexual transmitted diseases.

Educated individuals are needed if the SEZ is to be successful, and this success will hinge on how well individuals have become educated in global managerial skills and techniques. The development of people through education has become a major focal point for many governments of developing countries. Yet, with this education comes significant pitfalls such as the 'brain drain' effect. Developing countries often lack the education base within their country; therefore, individuals with local knowledge and skills are highly sort after. The result is that many international bodies and NGOs will recruit staff from local organisations. This issue was highlighted in conversation with Mrs. Shatanakoul who manages the Lao Women's Union Youth Centre. Mrs. Shatanakoul discussed the problems her own organisation has faced operating in Vientiane, highlighting how they often lose employees as once an individual reaches a certain educational level, they leave the organisation to work for an international body like the UNDP, UNICEF, or one of the international NGOs such as Save the Children. Mrs. Shatanakoul noted that these international organisations were able to offer better salaries and benefits like workers insurance (Shatanakoul, 2006).

The problem with 'brain drain' is that the local organisations miss out on the opportunity to have innovative individuals employed in their organisations. This creates a cycle where employees are not at the local organisation long enough to manage a project from conception to fulfilment. The project, therefore, suffers and



many local organisations are left with resentment toward the larger international organisations that are supposed to be helping the development process. The threat from the brain drain phenomenon is particularly relevant to Savannakhet province as managers and skilled employees are needed by the Laotian government to help the SEZ succeed. As mentioned earlier, Savannakhet has an overall literacy rate of 95%. However, this rate is primarily concerned with primary education and although Savannakhet is one of the better provinces for secondary education there is still a vast knowledge gap that will need to be filled by individuals from the community (Institute of Asian Studies, 2004; JICA, 2001).

Language and ethnic tension between individuals who migrate to Savannakhet and the local population were highlighted as expected indirect threats to the society of the Savannakhet region. Economic migration inevitably brings people from different backgrounds and cultures together as they are all looking for employment. The mixing of these different cultures can cause ethnic tension between groups, especially when they are forced to endure a number of physical and psychological hardships. Mr. Daraarassamy of the SEZ authority noted that people migrating from other countries to the SEZ would be the greatest single issue the SEZ authority would have to face as the SEZ would not have the authority to deal with the workers who came illegally from neighbouring countries such as Viet Nam or Cambodia. In his opinion, this would have a knock on effect to investors, who would be worried by the lack of continuity of the labour force. Mr. Daraarassamy also noted that different nationalities living in the zone may compete with each other for employment, which may limit the positive economic effects felt by the local community, while also bringing the differing ethnic groups into direct conflict with each other (Daraarassamy, 2006).

Mr. Hiroyuki touched upon the possibility of ethnic tension and the problems that different identities can bring when they are brought into close proximity. Mr. Hiroyuki noted that as there was no one majority group in Laos the government would have to take all the different ethnic groups views into account. He also noted that language might cause a problem to the SEZ because of the many different dialects spoken by Laotian people. The need for one main stream dialect of the Lao language is an issue overlooked by the planners of the SEZ, who have not planned for an influx of different nationalities or groups from other parts of Laos. Further, FDI firms will be

looking for a common business language that can be used effectively so that production of goods and services can run smoothly. Language and ethnic differences may further discourage companies to invest in the SEZ. The indirect social threats caused by ethnicity and language may not be critical or pervasive if individuals from the local communities are the employees at the SEZ as Savannakhet province is predominately dominated by the majority ethnic group of lowland Laotians that make up 60% of the country's population (Savada, 1994; Bouapao, 2005). The expected threat of ethnic tension may come when people from other Laotian provinces come to Savannakhet in search of employment. The Lao Theung and the Lao Sung have tended to stay in their original communities as there have been no socio-economic benefits from migrating. However, this could change if the Savannakhet SEZ is as prosperous as expected.

#### 5.6.2 Indirect political threats

If the economic successes of other SEZ are to be realised in Lao as they have in other countries, then one could anticipate indirect political threats, as the economy in Savannakhet grows. Mr. Meynell of the UNDP's Wetland programme talked about how the old guard of the ruling communist party in Laos would eventually bring conflict with the modernisers within the party (Meynell, 2006). This was just one example of how the SEZ could bring political threats to the livelihoods of the Savannakhet community. Economic freedoms also have the potential to impact upon human rights. It has been argued that as people gain economic freedoms they will eventually want more political freedoms. Mr. Hiroyuki of JICA thought that this argument was flawed and argued that economic freedom did not necessarily mean that Western-style democracy would follow. He noted that there have been different research reports analysing the link between economic development and democracy and that he did not believe there has been any credible research to show that one thing leads to another. Mr. Hiroyuki also questioned the notion of democracy and how human rights were valued in Asia as compared to the rest of the world. This made for an interesting debate, as it is clear from SEZ in other socialist countries that as a region becomes more prosperous, such as Shenzhen in China, citizens begin to expect more freedoms. The government eventually capitulate to some demands. As a special

administration region (SAR) of Hong Kong has enjoyed a number of newly found democratic freedoms, which Beijing has had to accommodate.

The rise of the middle class may constitute as an indirect threat to human security in the Savannakhet region that may put the local community in direct conflict with the Lao government. Traditionally, the middle class has been associated with instigating change within nearly all the countries in the world. A rise in the middle class in Laos may also lead to further change. China may also face political instability as it has experienced a phenomenal growth in the number of well educated citizens, and the institutions that facilitate the Chinese educational process. Western managerial techniques have been implemented, while many Chinese citizens attend Western universities. Foreign direct investment has become an influential factor in creating an emerging middle class. Business and political analysts have argued that as the middle class grows so will the want for stronger democratic processes. The Canadian government in May 2006 published a paper that analysed the relationship between democratisation and a number of issues that could hamper and help increase democracy. One of the key areas identified was the need for minimal economic security in order for democracy to occur, this issue is particularly relevant to the case of Savannakhet because as people develop economically it is expected they will push for greater political freedoms (Human Security Research and Outreach Program, 2006).

This factor has been raised by a number of business scholars as a serious concern for organisations operating in China, as economic growth has the capacity to create political instability. Analysts have argued that eventually the middle class in China will turn their attention to human rights and fundamental freedom. This will create a paradigm shift as far as the political statue quo is concerned and will pit the middle classes against the ruling party elite. China has exploited the ability to set policy and implement it without having to abide by democratic principles. China's citizens have not been able to effect political change accordingly. China's economic growth and economic transformation has become a model for other countries to follow, but monetary wealth alone is often not enough if it comes at the expense of basic human rights.

### 5.6.3 Indirect economic threats

A number of economic costs were mentioned and highlighted throughout conducting in-depth interviews with international bodies, government agencies and civil society organisations. Indeed, the SEZ may change people's lives in dramatic ways and will influence many of the social costs and benefits Savannakhet will experience. People employed at the SEZ will see their income grow and will experience the ability to have disposable income. The benefits are clear as economic security will allow individuals and communities to save funds for future needs. Economic benefits are also transferred to the education system, as disposable income is invested to further future generations within a community, thus generating future revenue for a family or community. The economic indirect threats to the vital core of individuals and communities are difficult to identify as the economic benefits can mask problems that may arise, as evidenced in other SEZs.

Representatives from UNDP Wetlands, the Lao Women's Union Youth Centre, World Vision, JICA and the administration of the SEZ felt that the SEZ would inevitably cause economic indirect threats to the Savannakhet community as the SEZ would force economic competition and force individuals within the community to change their way of life to compete. This would also elevate class distinctions between groups, and across regions. For instance, China's economic growth has been predominantly in the SEZ regions, and has not been transferred to other areas where many still live below the poverty line. The wealth gap drew recent attention at the 2006 Communist party meeting in Beijing where leaders noted the need to allocate resources to poverty as poverty and inequality has the potential to lead to political instability within China. Crane (1990) analyses the wealth gap associated with SEZs, highlighting that the 'red eye disease' (envy), can be a major source of upheaval to individuals and communities' lives.

The wealth gap is not only present in China and other Asian countries; it also exists, to a small extent, in Laos's capital, Vientiane. The capital of Laos differs from surrounding provinces and villages, as it is far more diverse and is open to more hard currency from tourists and commercial activity. Mr. Hiroyuki from JICA mentioned how the prices in Vientiane had risen over the last few years. For example, the menus

in the expensive restaurants were all written in English and not in the native Laotian language. This was an obvious example of the wealth gap in the country as these restaurants are often beyond the reach of Laotian incomes. He predicted that the same kind of indirect economic threats may be seen in Savannakhet if there are not safeguards in place to deal with the problems. Further, he noted that it was the responsibility of the foreign workers to ensure their money is being used properly. For instance, Mr. Hiroyuki noted that there was a booming sex industry in Vientiane that has grown over the years. He argued that this indirect economic threat to people lives had much to do with hard currency and the foreign influences. Many academic scholars have debated the negative effects from economic elitism created by special economic zones. (Prablakar, 2001) argues that in order to combat this indirect economic threat there needs to be more emphasis on a people centred development approach such as the concept of human security (Prablakar, 2001). Prablakar highlights the need for SEZ workers to favour local industries rather than foreign firms that have been created in the SEZs, arguing that by paying local tax's, living by local rules and respecting local culture can help to reduce threats and create a more peaceful sustainable community.

#### 5.6.4 Indirect environmental threats

As discussed earlier, urbanisation has the potential to bring a mass movement of individuals to the Savannakhet region, which will bring an increase of human waste, consumption, and pressure on the region. If safeguards are not put into place to deal with this increased pressure on local resources, Savannakhet could experience increased social problems that could affect the local community. Health services, for example, can feel this increased pressure as diseases can spread more easily between new migrants to Savannakhet. Shanty towns, or illegally erected houses that force a number of individuals to live in compressed areas, help create a breeding ground for contagious diseases and can often quickly turn into slum areas (Drakakis-Smith, 1981). Many new migrants are fearful of reporting the poor conditions of the area for fear of government reprisals against illegal movement within the country. As a result, commercial waste increases, thereby affecting the local people of Savannakhet as the waste is relocated out of the city limits. Shanty towns and slums also have negative emotional effects on the residents living within them as feeling of worthlessness,

family shame, and divisions between societies emerge (Cernea, 2006; Sato 2004). These negative feelings have the potential to help create larger divisions in society as the effects spill-over to other regions, and to the country as a whole. As some scholars have argued, psychological issues are influential in protecting the vital core. However, the nature of the psychological effects on human security is highly subjective and debatable. This research has highlighted only those issues that are most relevant to the Savannakhet region.

Air pollution was another threat highlighted by the local population. A number of residents noted that they had seen other SEZ areas via television reports, word of mouth, and newspaper articles, and were concerned that the industrial activity in the Savannakhet province would inevitably lead to an increase in traffic, smog, and air pollution. Residents highlighted Bangkok's problems as an example of what they didn't want to see happen to the air pollution in Savannakhet. However, they also acknowledged that industry would inevitably increase pollution in the area. Mr. Daraarassamy said that the SEZ administration had introduced an environmental check list as conditions for companies wanting to set up business in the Savannakhet SEZ. However, he did not specify what these conditions were and whether they would be upheld if an investor went beyond the provisions. Air pollution can affect the community's vital core not only through toxic pollution pumped out by the SEZs industrial sector, but also through the increase of burning fossil fuels (Bjørkum, 2005). Laos has an abundance of electricity that comes from hydropower dams, yet much of this is sold to neighbouring countries, such as Thailand. The choice of energy used within the SEZ will have a great affect on the local areas. Respiratory health problems have occurred in other Asian countries where SEZs have been introduced. For example, in Mumbai, India and Shenzhen, China, cases of asthma have increased dramatically due to air pollution. This threat to the local vital core could be an indirect cost associated with increased industry in Savannakhet province.

The local wildlife of the Savannakhet province could also be negatively threatened by the opening of the SEZ. Mr. Meynell of the UNDP Wetland program noted the potential that the SEZ could increase the trade in Laos's wildlife, creating negative affects to the local ecosystem (Meynell, 2006). For instance, the trade in exotic animals is widespread throughout Southeast Asia, and is a growing market in

popular tourist destinations like Bangkok and other cities within Thailand. International criminal gangs increasingly exploit loose borders controls to illegally transport wildlife over borders. This has the potential to indirectly affect the communities that depend upon the local ecosystems for their means of life. An increase in demand for exotic wildlife could lower the species numbers dramatically if they are not monitored correctly by the government.

Table 8: An Overview of the direct and indirect threats highlighted through conducting site visits in the Savannakhet region of Lao PDR

Threats	Social	Political	Economic	Environmental
<b>Direct</b>  <b>(Direct threats are acts of commission)</b>	1) Relocation, displacement, and resettlement 2) Urbanisation / infrastructure	1) Psychological & ideological change 2) Corruption / Power Politics	1) The negative outcomes from mass capital investment (FDI)	1) River Pollution 2) Soil degradation 3) Water treatment plants
<b>Indirect</b>  <b>(Indirect threats are acts of omission)</b>	1) Health problems - Religion 2) Human Trafficking 3) Local and International migration 4) Education Gap / Knowledge Gap - 'Brain drain' 5) Language and ethnic tension	1) The Change in the political statue quo – Short term political insecurity issues.	1) Wealth Gap /	1) Slums / Shanty towns 2) Smog & air pollution 3) Negative effects to Laotian natural wildlife.

## CHAPTER VI

### CONCLUSION AND DISCUSSIONS

#### 6.1 Introduction

The proceeding chapter established within a human security setting, that the Savannakhet special economic zone has the potential to bring a number of benefits and threats to the communities that reside within the boundary of Savannakhet province, Lao PDR. Furthermore, it can be seen that threats to the Savannakhet community's vital core can manifest in a number of forms, such as direct and indirect threats and touch differing development areas such as social, political, economic and environmental. The implementation of a human security therefore is strongly recommended as it allows the Laotian government the option of reducing possible social costs that are expected to arise once the Savannakhet special economic zone is fully operation.

It is widely recognised by international development bodies such as the United Nations, World Bank and International Monetary Fund that projects that are conducted within a special economic zone setting should be aimed at creating sustainable environments that maximise the benefits to all actors, stakeholders and participants. In order to help build long term human fulfilment it is critical that 'respect' amongst actors, stakeholders and participants be established through dialogue and other communication channels (Alkire, 2003). Respect for an individuals opinion and personal view can help to understand the origins of particular threats that the Savannakhet community are expected to face. Despite the number of states that have implemented economic zone within their national economies, there still remains a lack of understanding and respect for the costs that can be incurred by the local communities that live in and around the geographical areas that have been transformed into economic zones. Laos however has the unique opportunity of developing its special economic zone fully aware of the expected threats that may come from the development of the Savannakhet zones.



Increased economic growth can bring mass soc-economic benefit to Savannakhet province and the Laotian state, helping to elevate poverty through economic advancement. Wong and Chu (1987) describe how China has used special economic zones to bring social benefits to its citizens, highlighting employment, increased living standard and modernisation to public amenities through positive urbanisation as outcomes that have materialised due to the economic prosperity of China's particular provinces. However, not all forms of economic development can be beneficial and in many cases can help to create cost that negatively impact individuals and communities. Countries such as North Korea, Russia and Bulgaria have all adopted special economic zones that have failed to bring economic prosperity and growth to their respective countries, the result from failed projects is the manifestation of critical and pervasive threats to local communities ending in social unrest and even violent conflict. More importantly, is the emphasis special economic zone put on developing economic growth rather than of sustainable environments. Social benefits are often seen by special economic zones authorities and governments as side issues, that distract the zones from their real purpose which is to increase foreign direct investment, increase technological transfers and create growth through tax revenue.

## 6.2 A New Way: Economic Development with a People Centred Approach

The Laotian government's behaviour in creating the Savannakhet special economic zone has demonstrated that its primary interest is developing economic growth, which is focused at encouraging foreign direct investment and private enterprises to enter the Laotian economy. The principle study that directly influenced the Laotian government's decision to create a special economic zone in Savannakhet province was taken with recommendations from the Study on Special Economic Zone Development in Boarder Area (Savannakhet Province) in Lao People's Democratic Republic report issues in 2001 by the Japan International Cooperation Agency. This report produced by JICA focused on the economic benefits and specific technical requirement that would be needed to be implemented in the construction stage of the economic zone. The report although briefly highlighting social dangers fell drastically short of giving any real assessment of what the social impact would be to the communities based in Savannakhet province, thus ignoring the security requirements needed by the local communities.

A human security framework allows the Lao government bridge this knowledge gap that was left by the JICA report, as the concept of human security is principally concerned at protecting individual's vital core. The vital core is a rudimental set of human rights and freedoms advocated throughout a human security conceptual framework, these rights and freedoms are fundamental to all human being and are to be utilised in a practical way in relation to the specific threats a community faces.

As identified through site visits and assessments of other Asian economic zones it can be concluded that the communities in Savannakhet province are expected to face a multitude of threats coming directly and indirectly from the creation of the Savannakhet special economic zone. These threats can take on many different dimensions in relation to their impact upon the social, economic, political and environmental landscape of Laos. The relative newness of the concept of human security and the futuristic assessment of expected threats gives the Laotian government an important opportunity to eliminate and minimise the threats faced by the Savannakhet communities before they have the chance to become critical or pervasive in nature. The usefulness of utilising a human security conceptual framework can not be overstated, as it allows the Lao government the chance to directly combat threats through mechanisms advocated within the concept. Alkires human security conceptual framework, for example advocates using analytical advances such as utilising quantitative data, qualitative data and theoretical data. The data collected through using analytical advances can help to create safeguards that aim to promote and provide human security through methods such as identification, prevention, mitigation and response. By using these methods human security enables interested parties such as the Lao government to discover the inter-linkages between security threats and puts security at the forefront of the Savannakhet special economic zone agenda, thus protecting its citizens from social costs.

Once analytical tools have been utilised there can be a logical progression to the final stage in helping to create a sustainable environment that allows the Savannakhet special economic zone to grow in terms of economy and positive social activity. The final stage advocated in Alkires human security conceptual framework is to create institutional change so that the building blocks for long term human

fulfilment are set in place. Institutional change can be both within security structure and through national and international levels. Institutional change can help to establish networks of security and help deepen international cooperation and collaboration in problems solving. Laos for example has a number of international bodies, non-profit marketing organisations, civil society organisations and non government organisation already conducting development projects within the country. Cooperation between these different organisations can help to combat threats identified through using a human security framework as many of the organisations share the same goals and beliefs. International cooperation has the capacity to allow differing actors the chance to engage in dialogue to air out their grievances and concerns. The ability to have communication channels between actors can bring monumental advances in safeguarding individuals and communities from possible threats. National cooperation for example could have been implemented in Savannakhet by assessing the best way to relocate communities living on site A and B land. Cooperation has also been advocated because of its ability to tackle pervasive and critical threats on a large scale, bringing together the greatest amount of SEZ actors can help to create governmental policies that can have national influences.

### 6.3 Recommendations

International indicators such as the United Nations endorsed human rights treaties, convents, and conventions can be helpful when trying to construct a more secure environment for people to enjoy human fulfilment. The issue lies in that an individual cannot simply demand their human rights and see their feeling of security increase. Strategies must be implemented by the national government, international bodies, civil society groups, non government organisations and all human security actors that focus on bringing freedoms that incorporate human rights throughout. Two strategic areas that human security academics, scholars and interested parties have focused on are empowerment and protection policies, as they have the power to help develop people and limit the threats they face. The United Nations highlights that both strategic areas are “required in nearly all situations of human insecurity, though their form and balance will vary tremendously.” Ogata & Sen (2003 p. 10)

The UN identifies these two issues as paramount to creating a secure environment for local communities, because the two issues are so closely related to building human fulfilment and protecting the vital core of all human life. Protection strategies allow interested parties to identify threats that may cut into individuals and communities core activities, whilst empowerment strategies enable individuals and communities to develop their own resistance to threats that have the likelihood of affecting their daily lives. Empowering people is not a simple task; however, when accomplished it can be the greatest way to stop direct and indirect threats as people will work together to identify and minimise the threat under their own initiative. To be able to create a secure environment that seeks to limit risk and insecurity, protection strategies must complement empowerment strategies and vice-versa. Threats are invariably inter-linked; one must address issues of unemployment and developing educational skills of a local community in order to address threats associated with economic poverty. All actors have to be able to give their respected views and cooperation in developing these strategies. This allows the maximum amount of threat minimisation to occur, as the greater the security variables covered, the less the likelihood that the threats will occur again. Protection and empowerment strategies must be adopted by the Laotian government if they are to minimise the direct and indirect threats that have been identified. They are also needed as a response to creating safeguards that will protect the vital core of individuals living in the Savannakhet province.

#### 6.4 Conclusion

Human security despite its criticism represents a real opportunity to create a paradigm shift in the realm of international security (Kuhn, 1932). The security threats to states have changed, no longer is the world divided into two opposing superpower that are fated against each other. Human security offer a real alternative to state security because of its robust nature, focusing on people rather than translational borders can help to identify the threats people face in their daily lives. The security threats created by poverty for example can manifest in food, health and economic insecurity that have a long tern negative affect on people's lives and have far more relevant to people that an attack by another state. The concept of human security is gaining ever increasing support in the world of international security, with backers

such as the United Nations, World Bank, governments of Japan, Canada, Norway and a number of leading NGOs all advocating its benefits. This support looks set to grow with other nations as many of the 'middle powers' are actively encouraging the big five of the Security Council (Russia, China, France, Great Britain and the United States) to adopt human security policies into their national state legislation. The government of Japan for one has actively sort to bring human security to the world attention and advocates the concept in both its foreign policy and through its arm of development. JICA for example has been used by the Japanese government to highlight the principles of human security when it conducts operations in other countries.

Changes in the international arena are making it impossible for states to isolate their interests, globalisation, trans-national diseases and terrorism have been firmly put on the worlds agenda and only when institutional changes takes place can strategies be implemented to combat world issues. The need for sovereignty makes it impossible for governments to ever have a foreign policy based solely on human security, nevertheless coupling human security to states security has many advantages for states because it allows for the opportunity to address security issues that are at a community based levels. Small scale threats have the ability to develop quickly into larger insecurities, yet having a human security policy can help to minimise security threats faced by individuals and communities.

This research set out to identify the usefulness of implementing a human security conceptual framework into the spectrum of the Savannakhet special economic zone. Although limited due to time constrains, the mass scale of a mega project and problems with getting interviews with key informant, it still becomes clear through site visits and secondary data that the communities of Savannakhet province will inevitably face direct and indirect threats, through a number of different socio-economic areas. The usefulness of a human security conceptual framework therefore was great because it allowed data collected to focus on what possible threats may occur and not to simply identify threats after they had developed into social costs. The problem, however when conducting research that is of a futuristic nature is that it will always be open to criticism, because the threats identifies have not yet taken place. Throughout conducting this research it was clear that a human security conceptual

framework was highly relevant to collecting threat information, however it can be concluded that a human security conceptual framework would be far more relevant to research that assesses a project that has taken place because it would give more factual primary research to changes experienced on the ground. The information collected to help identify direct and indirect threats can be utilised to great affect if actors within the Savannakhet SEZ are willing to take on board the findings. The Lao government for example could use the research conducted to create governmental strategies and policies that aim at irradiating the threats identifies before they get the chance to directly influence people's lives. On the other hand the Lao government could simply dismiss the threats identifies as mere hearsay and pay them little attention. The problem, therefore is conceiving institutions with power that humans security can be beneficial to their organisation and thus create change that allows economic growth to flourish whilst safeguarding individuals and communities from the threat of different social costs.



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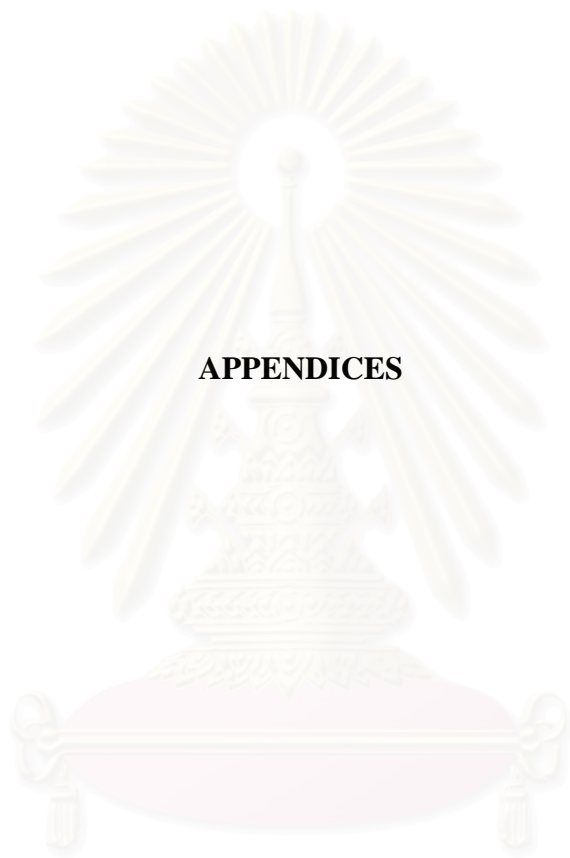
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**APPENDICES**

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## APPENDIX A

### OVERVIEW OF LOCAL SAVANNAKHET RESIDENTS AND BUSINESS OWNER'S OPINIONS

The opinions of a number of Savannakhet residents were taken through short 10- 15 minutes informal conversations. These conversations although limited revealed what knowledge people from the Savannakhet community had on the SEZ, and what in their opinions would be the pros and cons of the a newly create economic zone. The conversations were conducted with local people from a number of soc-economic backgrounds including business men and women from Savannakhet province. Conversations were used as an overview of public opinion and do not show specific individuals opinions to protect the information local people were willing to provide.

Local opinion on the benefit brought by the special economic zone:

Many of the local residents had not heard of the special economic zone project although they were aware that major construction was taking place in and around Savannakhet. They were also aware that the Second Mekong International Bridge was soon to be opened and would increase the number of good and people flowing into Laos. A number of local residents felt that the special economic zone would bring great benefits to their community, giving reasons such as employment, economic growth, and improved living standards as the main areas they though would be improved. The general mood towards the creation of the zone was of a positive nature. It seems local residents were generally just happy that modernisation was taking place and they looked forward to the changes the special economic zone would bring.

Local Savannakhet residents mentioned on a number of occasions that they thought the SEZ would bring benefits in the realm of international relations because in their opinion the increase economic growth would lead to Laos being politically more powerful in the Southeast Asian region and that this extra financial pressure would allow Lao to influence international decisions more in their favour. The noted how Thailand has grown over the last ten years, and how this economic growth had



allowed Thailand to have a stronger voice in region institutions such as ASEAN. They believed Laos needed to become more like Thailand in the sense that it had to grow its economy and that the country had to modernise itself in order to become more of an international player in the region. Local residents highlighted how they thought the SEZ would increase trade between Southeast Asian countries, especially between Thailand and Viet Nam. They argued that this increase in trade would be beneficial to Laos because it would encourage people to open their own businesses in Savannakhet province. Local residents felt that new Laotian businesses would be able to prosper as there would be a predicted increase in tourists visiting Laos from Thailand and from people in transit from Viet Nam. Tourism was one of the major benefits that local community members highlighted as having the possibility to positively influence the economic success of the SEZ. They realised that with increased tourism would come extra revenue for the Lao government, that they predicted would be spent on improving public services such as the health and education systems. This revenue, locals argued would come from visas and taxation collected from tourist who visited Lao.

Local opinion on the negative aspects that would be brought by the SEZ:

Negative impacts were not heavily perceived by the Savannakhet residents as most people generally saw the beneficial side to the SEZ. Some business women and men highlighted the possible competition they might face from Thai and Vietnamese companies arguing that they believe people from Savannakhet would cross the bridge to take advantage of cheaper goods available in Viet Nam and in particular Thailand because of its close proximity to Laos. One particular area locals felt that the SEZ would impact upon them negatively would be the area of consumer goods. Residents that owned import businesses worried about the impact a more open border would have on their individual businesses and some even talked about diversifying into other industries in anticipation before the Second Mekong International Bridge opens.

The environment was another area in which local people identified negative aspects that may come from the SEZ creation. Some members of the local business community were concerned that if the government did not put policies in place the modernisation of Savannakhet might lead to Lao becoming like Bangkok. Local

business owners felt that government safeguards needed to be in place in order to protect the local environment from traffic pollution and from the effects of water pollution in the Mekong. Many of the business residents had travelled to Bangkok and had witnessed first hand the terrible air pollution and water pollution the city had endured due to bad governmental policies. They argued that this must not be allowed to happen in Savannakhet.

Observations made through gathering Savannakhet residents opinions:

Whilst gathering the opinion of the Savannakhet community it was observed that although their opinions were greatly appreciated, some of their arguments put forward may need investigating further or looking into in a more in-depth manor. Living standards, economic growth, and newly created employment opportunities were some of the positive areas in which the Savannakhet community though would bring benefit through the creation of a special economic zone. Although the local community has justification for making these predictions, when analysed further they do not seem as inevitable as once thought. Newly created employment may provide jobs in the short term, but these jobs may not necessarily create a sustainable employment environment that will provide much needed jobs to the Savannakhet province.

The SEZ is vastly behind schedule and at the present moment<sup>18</sup> has no foreign investors to inject the much needed funds into the development projects. This information was not available to the Savannakhet community when they made their predictions, thus not allowing the community to have a real grasp of the problem the SEZ faces. The SEZ faces a number of economic problems such as competition from other Southeast Asian states; rapid transportation of goods would mean that Laos would not necessarily be needed as transit point once the economic corridor is operational. This would have a knock on effect on predicted economic growth in Laos and the improvement to living standards that it is thought would come from economic growth. Modernisation was also mentioned by the Savannakhet community as one of the key benefits from the SEZ; however modernisation may take a considerable

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<sup>18</sup> The time of writing appendix F was: 01/09/06

amount of years due to the financial situation the Lao government finds itself in. Investors in the Lao SEZ may also decide to move their investments into other developing countries such as Viet Nam as there is generally better infrastructure and a more skilled work force.



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## APPENDIX B

### PICTURES OF THE INFRASTRUCTURE OF SAVANNAKHET PROVINCE



Figure 6: Route 9 road Savannakhet - Construction of the boarder administration area that will process vehicles that have entered Lao via the newly constructed Second Mekong Friendship Bridge.



Figure 7: JICA / Lao cooperation: much of the infrastructure that has been created has been completed with the help of foreign donors such as the Japanese government.



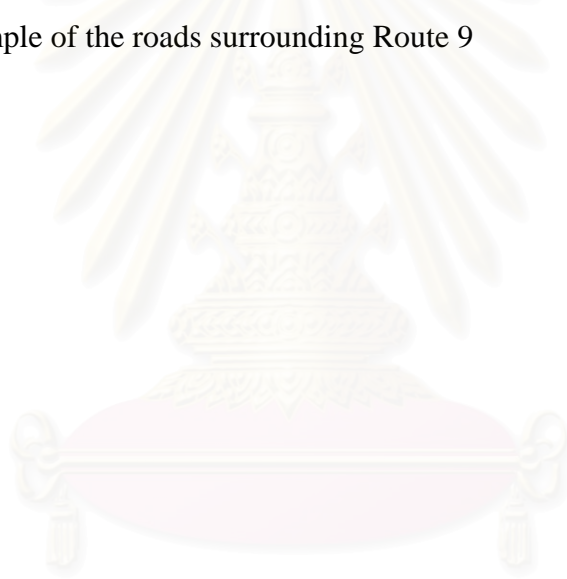
Figure 8: Bus and transit station – Intersection route 9



Figure 9: Bus terminal Route 9 Savannakhet



Figure 10: An example of the roads surrounding Route 9



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## APPENDIX C

### OBSERVATIONS TAKEN WHEN CONDUCTING SITE VISITS IN VIENTIANE AND SAVANNAKHET

A number of observations were found when conducting site visits into the creation of the special economic zone in Savannakhet. Observations were taken by talking to local people within the two provinces of Vientiane and Savannakhet and things generally noticed by the researcher. Below are some of the key issues that arose as a result of conducting site visits.

#### Corruption / Cronyism:

Corruption and cronyism were two of the main areas that were highlighted through talking to local people that they felt caused the most significant problems to SEZ creation and to its success. Local people sighted on a number of occasions, that they felt the SEZ would only benefit individuals who held political power or had influential friends close to the SEZ authority/ Lao government. One business man who wanted to remain anonymous noted that in his opinion, kickbacks or bribes would have to be paid to government officials in order to start a business in the SEZ. Other sources close to the SEZ also highlighted that in their opinion, the lack of interest shown in investing in the SEZ was directly linked to interference by Laotian government official who had asked for start up payments which could be construed as bribes.

These observations showed the lack of positive feeling towards the SEZ authorities by the local population and also showed that Laos may encounter the same types of problems that other SEZ areas have faced in countries such as India, China, and Viet Nam, where corruption has become a major problem in doing business. Corruption / cronyism bring massive problems to a SEZ because foreign businesses are unwilling to invest in economic areas that are considered corrupt. Corruption brings an unstable element to creating a SEZ because businesses have to endure the possibility of added economic costs. Cronyism also brings immense problems to

creating an economic environment, as individuals maybe appointed by association rather than because of their capacity to get the job done.

Corruption was observed first hand, when research was being gathered on a visit to the SEZ. The tuk-tuk (three wheeled motor-vehicle) which was being used to travel to the SEZ was pulled over by a local police official for no apparent reason and asked to pay a traffic fine. The vehicle however was not in any different condition to others on the road and it became clear that the reason for the tuk-tuk being pulled over was merely a shakedown against the drive for the police official to get his cut of the drives fares. Interestingly it was also observed how the other local people travelling in the tuk-tuk paid no mind to what was going on, and it became clear that these kinds of shakedowns happened on a regular occurrence. It appeared that the tuk-tuk driver who was pulled over was unlucky and could not take his complains to the authorities for fear of reprisals.

Business owners:

Through conversations with local business owners in Savannakhet it was observed that the overall opinion towards the special economic zone was generally optimistic. Business owners were some of the first people to highlight the negative issues of corruption and cronyism, but were still optimistic about the advantages the SEZ would bring to their community. Some argued that the SEZ had to be judged as a long term project that would eventually bring economic and social benefits to the Savannakhet province. Business owners noted the benefits of employment and other beneficial side-effects the SEZ would bring to social institutions such as health and education. One business leader emphasised his wish to improve his family's lot in life. Noting that any extra money he might be able to generate through tourists and individuals visiting the SEZ, would enable him to possibly send his children to University.

Although overall the general consensus was that the special economic zone would bring increased trade and investment, some business owners had reservations about the opportunities they would actually be able to take. Competition was highlighted on several occasions by business owners as a worrying development that



the SEZ would bring. Business owners talked extensively about their fears that competition especially from Thai companies would force their shops and businesses to go bankrupt. One business woman argued that cheap goods from China, Viet Nam, and Thailand would affect her business and that she didn't have the funds available to compete with businesses with huge financial resources. Many of the business owners felt that the government should try to anticipate some of the problems they thought might face them once the zones had been created. They talked about the need for better education, in terms of management techniques and of the need for capital that would allow them to expand or modernise their businesses.

#### Ethical issues:

Conversations where the primary source of information used in identifying threats to the local Savannakhet community, thus it was imperative that they were conducted in an ethical manner. Whilst undertaking conversations it was possible to gain some inside knowledge into the political psyche of the Lao people. One observation that was apparent in conducting conversations was the lack of willingness to give any personal information or views regarding the state or the actions of government officials. Individuals that did talk about politically sensitive issues stressed that they would be unwilling to talk further until they were reassured that the information they gave would not be traced back to the person who gave it. It was observed that freedom of speech was a political issue in Laos, suppression of this basic human right might not have been an out-right policy of the Laotian government, but it was clear that talking about the government in a negative light was not acceptable nor was doing so in front of other members of the community. This observation has the potential to have a major affect on construction possible solutions to the threats that the community faces. If people do not feel that can speak freely about a possible threat then there is a much high possibility that the threat will turn into a pervasive threat. Once pervasive the threat will continue to negatively affect the community until individuals feel secure enough to be able to divulge information without fear or reprisals.

### Body Language:

Analysing body language was a useful tool, allowing the researcher the opportunity to get an insight into the real feeling of an individual. The body language of the people in Savannakhet and Vientiane showed that when asked about a sensitive political question they would shy away from answering or would refuse to give comment saying this question will get me in trouble with the Lao Security Services. Interestingly, other individuals also referred to the Lao government in a negative way through their actions. Their faces for example would tense up when asked questions regarding political issues, they would also cross their arms, which in body language terms generally means that they are withdrawing from the conversation or are becoming defensive. The local community were not the only individuals to show these body language signs, individuals from international bodies, NGOs, and civil society organisations were also reluctant to give details about their opinions on certain situations or government policies. It was noted however, that some respondents had no problem in speaking their mind on a subject as long as they felt they were giving their personal opinion and not giving the opinion of their organisation.

### Night life and the possibility for social ills:

In order to anticipate some of the potential social problems such as trafficking, prostitution or illegal criminal activity it was necessary to observe the current nightlife in Vientiane and Savannakhet. Observations were conducted in Vientiane by noting which bars / night clubs were available to the general public, which offered illegal services, and what types of people frequented these establishments. Vientiane as the capital city in Laos had the most amount of bars / night clubs. The bars were in two classifications, the first were bars that were catered towards local people and the others were catered towards tourists.

There were three main tourist bars in the capital city, they generally served non-Laotians who either lived in the capital or were tourists passing through. The tourists tended to range from 18 – 45 and were mostly backpackers on gap years from universities. These backpackers were from a number of different nations, including many European Union states, the United States, Japan, South Korea, Australia, New

Zealand, Canada, and very small number from South America. It was observed that they had the financial means to travel through Laos but they were generally on tight budgets and did not contribute that much financially to the Lao economy. It also became clear that many of the backpackers were not interested in cultural aspects of the country, and were more interested in taking advantage of the exchange rates they had with their home country. The backpackers tended to stay together in group and not interact that much with the Laotian people who frequented the bars.

The older generations that were observed in the main tourist bars were of a mixed variety in terms of socio-economic backgrounds. There were NGO, international bodies, and civil society organisation employees who clearly had plenty of money to spend. This was observed by noting what they drank in comparison to the backpackers who tended to stick to local cheap beer, whilst the older generations would drink more expensive cocktails and bottles of wine. This was also true when watching the older generation of tourists who were in Vientiane. These travellers ranged from single men, married couples, and tourist groups. The tourist groups and married couples when asked why they visited Laos would generally say to see the different cultural aspects of Laos and to learn about the country's history.

The single men however were hard to observe. Some seemed to be in Laos for the cultural aspects whilst others were quite clearly in the bars to pick up one of the number of the young Laotians who were at the bar. These Laotians were not so much what one would associate as prostitutes, they were however 'working girls / boys'. This was the phrase they preferred to be called as they told of how they would go home with tourists but not always get paid to do so. Some young Laotians emphasised how they did not feel as if they were prostitutes because they did not stand on the street corner as other young people did just five minutes down the street. This was an interesting observation in the way people justify what they do to earn money. It was not the researchers place to judge what actions and individuals took in order to feed their selves and their family, indeed being judgemental of peoples actions would have completely gone against the philosophy of human security that recommends treating all human being with dignity and respect.

Other observations and conversations with ‘working girls and boys’<sup>19</sup> in the bars revealed how some of their ‘friends’<sup>20</sup> were people who lived in Vientiane and worked for the NGOs, international bodies, and civil societies operating in Laos. The way in which they talked about these individuals was, from their body language quite clearly in a negative way because, as one Laotian felt they were supposed to be in Laos to help and were really only there because of the money they could earn. The United Nations was particularly criticised for having a number of personnel in Laos who liked to take home young Laotians. Other criticism was aimed at the bar owners who were not of Laotian descent, the young Laotians talked exclusively about how they were made to feel like second class people in their own country and were asked to leave on various occasions for not spending more money, which they clearly didn’t have. Mrs Siamphone Shatanakoul of the Lao Women’s Union Youth Centre highlighted some of these issues when interviewed about her views on the foreign money coming into Laos as a result of development projects. We argued that development workers could “spend \$20 a night in a bar or restaurant, which as I she mentioned before was the same amount that many of her employees make in a month.”

The local bars were places where some illegal activities were taking place. Young men and women would be readily available for sexual activities in a much more obvious way than in the foreign bars. They would also be less of a problem in asking if people wanted sexual favours in return for money. Whilst observing the local bars, the researcher was offered sexual favours on a number of different occasions; the price offered was 50,000 KIP which converted is \$5 USD, this figure when refused was lowered to an even cheaper price. The local bars in Vientiane also offered a number of illegal activities depending on what a person wanted to undertake. Gambling was being conducted in a separate room to the main bar but was readily available to anyone who wanted to join in. The offer of opium and other drugs was also experienced first hand; the people observed taking part in these activities seemed to be of Laotian descent; however there were a small number of foreigners who were taking part in smoking opium and gambling with the locals.

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<sup>19</sup> ‘working’ – A term preferred by the young Laotians as opposed to prostitution

<sup>20</sup> ‘friends’ – A terms preferred by the young Laotians as opposed to Clients

The feeling of being from a lower social order was a common theme that was observed in a number of different ways and was not only illuminated by observation and conversations with the young Laotian. The restaurants in the capital were clearly aimed at a high end market, charging prices of up to \$10 a plate. This may not seem a lot of money to a foreigner, however it has to be put into the context of Laos and the fact that over 25% of the population is living on less than a dollar a day. Mr Tomita Hiroyuki of JICA talked in brief conversation after the official interview conducted with him about the need for development worker to show more restraint and respect for their adopted countries. He highlighted the need for respect to not be to extravagante in showing off wealth and of how development personnel needed to transmit a positive image to the communities they were there to assist.



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## APPENDIX D



Figure 11: Artistic drawing of the Savan-Seno special economic zone (site A)

*Note.* From Inthavong, 2005, *The Greater Mekong Sub-Region's East-West Economic Corridor Investment Opportunity* Copyright, Savan-Seno Special Economic Zone, 2005

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## APPENDIX E

### POTENTIAL AREAS IN SAVANNAKHET FOR TOURIST AIMED DEVELOPMENT PROJECTS

The SEZ will create a number of commercial activities that will be aimed at encouraging tourism in the Savannakhet province. The SEZ will be located on the outskirts of Savannakhet town and will provide commercial activities such as shopping centres (malls), hotels, golf courses and casinos facilitated in area A of the zone. The modernisation of Savannakhet will help to bring in much needed revenues through tourist dollars; however the potential for economic benefits to Savannakhet town may have been over looked by the Laotian government. Savannakhet may be to some a sleepy Laotian town; however given the right economic development through encouraging tourist related businesses there is the potential to pass the economic benefits on to the community that will help regenerate the area.

One potential area that was found when conducting field research was the old town square. As can be seen by the pictures below the square is in desperate need of rejuvenation through development. The square is in much need of repairs and many of the building are in a state of decay. However the old square still houses some beautiful old French colonial style architecture which could be brought back to their former glory at minimal cost. The picture below shows the different angles of the square and also show a square found in Aveyron Rodez (France) Market that could be used as a template for constructing a new modern square that capitalises on its colonial past.

(An imaginative mind is needed to see the potential, but once conceptualised and developed correctly the square has the potential to bring in much needed tourist revenue to Savannakhet town, which may miss out on tourism as it is not located directly next to the SEZ)



Figure 12: Colonial style house



Figure 13: Colonial style houses





Figure 14: Colonial style houses (Cont)



Figure 15: French colonial church located at the top of the Savannakhet old town square



Figure 16: View of the old town square in Savannakhet town

(Figures 12,13,14,15 and 16 were taken on the 10/07/06, showing panoramic views of the old town square and its colonial buildings)

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As can be seen from the picture taken of the town of Rodez in France the potential for developing the town square is great and could be used for festivals, a market place area or restaurant that line the pavement.



Figure 17: A picture of Rodez Market place in France

*Note.* From France on your own, 2006. Copyright France on your own Organisation.

Retrieved June 4, 2006 from [www.franceonyourown.com](http://www.franceonyourown.com)

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## APPENDIX F

## LAO DEVELOPMENT AND ECONOMIC FACT SHEET

**Lao national information:**

<b>Population:</b>	6.0 million (2005)
<b>National poverty rate:</b>	32.7% (2003)
<b>Population living on less than a dollar a day:</b>	28.8% (2003)
<b>Under 5 mortality rate per 1,000 live births:</b>	83 (2004)
<b>Adult literacy rate:</b> 2004)	68.7% (2000 –
<b>Population in urban areas:</b>	21.6% (2003)
<b>Population with access to improved drinking water sources:</b>	43% (2002)
<b>Capital city:</b>	Vientiane
<b>GDP per Capita:</b>	USD \$ 315
<b>GDP Growth rate:</b>	5.7 %
<b>Major trading partners:</b>	European Union (E.U), Thailand, USA, China, Japan, VietNam, and ASEAN countries.

**Top four investors in all business sectors:** China, South Korea, Malaysia, and Thailand.

**United Nations Human Development Index (UNDP 2001)** 131

**Savannakhet province information:**

**Population:** 811,400

**GDP per sector:** Agriculture - 60 %  
Services – 22 %  
Industry – 18 %

**Geographical area:** 21,774 Km<sup>2</sup>

**GDP per Sector:** Agriculture 60%  
Services 22%  
Industry 18%

**Major exports:** Gypsum  
Wooden Products  
Natural Dying

Textile Re-export

Products

*(Sources: Asian Development Bank [ADB] Statistical Database 2006 and Savan-Seno Special Economic Zone Authority [2006])*

## APPENDIX G

### AN OVERVIEW OF S. ALKIRE'S HUMAN SECURITY FRAMEWORK

#### Definition:

**“The objective of human security is to safeguard the vital core of all human lives from critical pervasive threats, without impeding long-term human fulfilment.”**

#### Safeguard:

Provide and Promote Human Security by: Identification (of critical pervasive threats) Prevention (so that the risks do not occur) Mitigation (so that if risks occur the damage is limited) Response (so that victims or chronic poor survive with dignity and maintain their livelihoods) Respect Human Security by Identification, Prevention, and Mitigation of predictable side-effects that threaten human security, regardless of the primary objective

#### Vital core:

A rudimentary but multidimensional set of human rights and human freedoms based in practical reason Spans the freedom from fear and the freedom from want To be specified by appropriate procedures in context

#### All human lives:

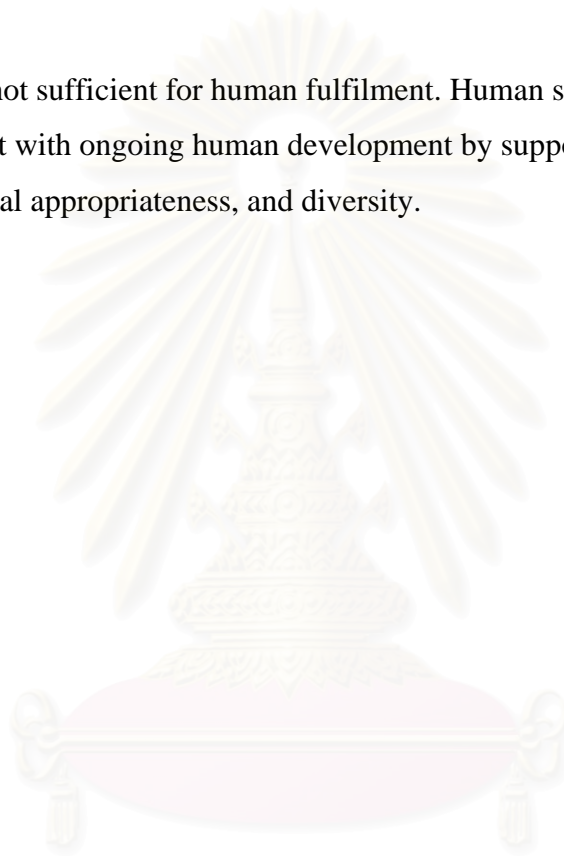
“People-centred”- focused on individuals and their communities Universal and non discriminatory

**Critical pervasive threats:**

Critical threats cut into core activities and functions Pervasive threats are large-scale, recurrent dangers Threats may be direct, such as genocide or a civil war Threats may also be indirect, for example underinvestment or financial collapse.

**Long-term human fulfilment:**

Human security is not sufficient for human fulfilment. Human security processes should be consistent with ongoing human development by supporting participation, freedom, institutional appropriateness, and diversity.



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## APPENDIX H

### OVERVIEW OF INTERNATIONALLY RECOGNISED HUMAN RIGHTS

The international Bill of Human Rights recognizes the rights to:

- Equality of Rights without discrimination (D1, D2, E2, E3, C2, C3)
- Life (D3, C6)
- Liberty and security of person (D3, C9)
- Protection against slavery (D4, C8).
- Protection against torture and cruel and inhuman punishment (D5, C7).
- Recognition as a person before the law (D6, C16)
- Equal protection of the law (D7, C14, C26)
- Access to legal remedies for rights violations (D8, C2).
- Protection against arbitrary arrest or detention (D9, C9)
- Hearing before an independent and impartial judiciary (D10, C14)
- Presumption of innocence (D11, C14)
- Protection against ex post facto laws (D11, C15)
- Protection of privacy, family, and home (D12, C17)
- Freedom of movement and residence (D13, C12)
- Seek asylum from persecution (D14)
- Nationality (D15)
- Marry and found a family (D16, E10, C23)
- Own property (D17)
- Freedom of thought, conscience, and religion (D18, C18)
- Freedom of opinion, expression, and the press (D19, C19)
- Freedom of assembly and association (D20, C21, C22)
- Political participation (D21, C25)
- Social Security (D22, E9)
- Work, under favourable conditions (D23, E6, E7)
- Free trade unions (D23, E8, C22)
- Rest and leisure (D24, E7)
- Food, clothing, and housing (D25, E11)
- Health care and social services (D25, E12)



Special protections for children (D25, E10, C24)

Education (D26, E13, E14)

Participation in cultural life (D27, E15)

A social and international order needed to realize rights (D28)

Self-determination (E1, C1)

Humane treatment when detained or imprisoned (C10)

Protection against debtor's prison (C11)

Protection against arbitrary expulsion of aliens (C13)

Protection against advocacy of racial or religious hatred (C20)

Protection of minority culture (C27)<sup>21</sup>

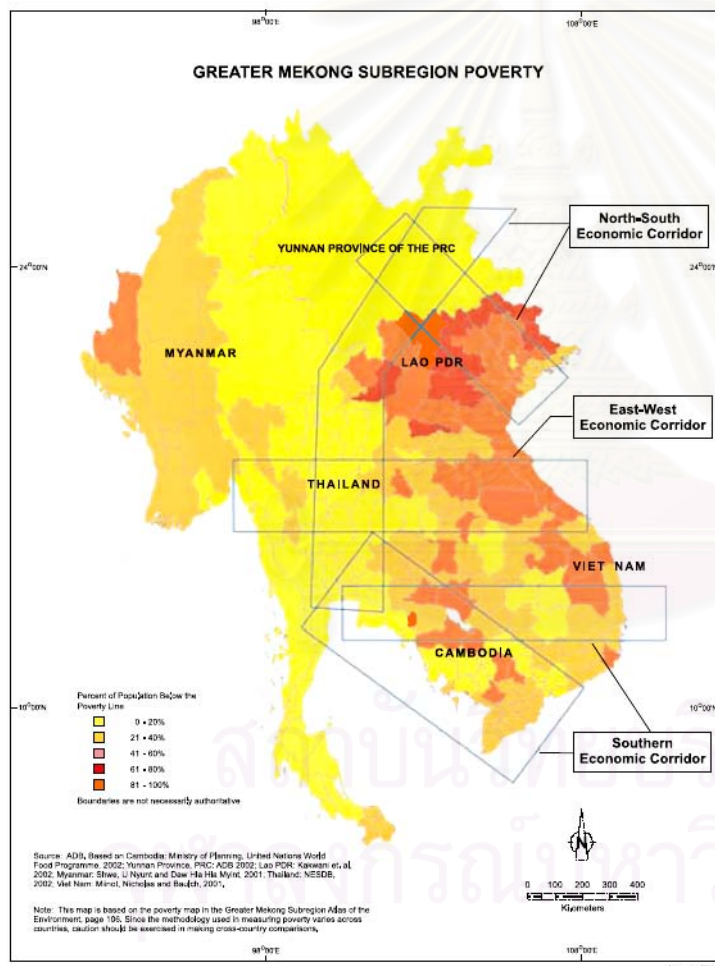


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<sup>21</sup> That chart specifies that the list “includes rights having a full article in a document on human rights, or being named in two of the three documents of the International Bill of HRs. The source of each right is indicated by parentheses, by document and article number. D = Universal Declaration of Human Rights. E = International Covenant on Economic, Social, and Cultural Rights. C = International Covenant on Civil and Political Rights.”

## APPENDIX I

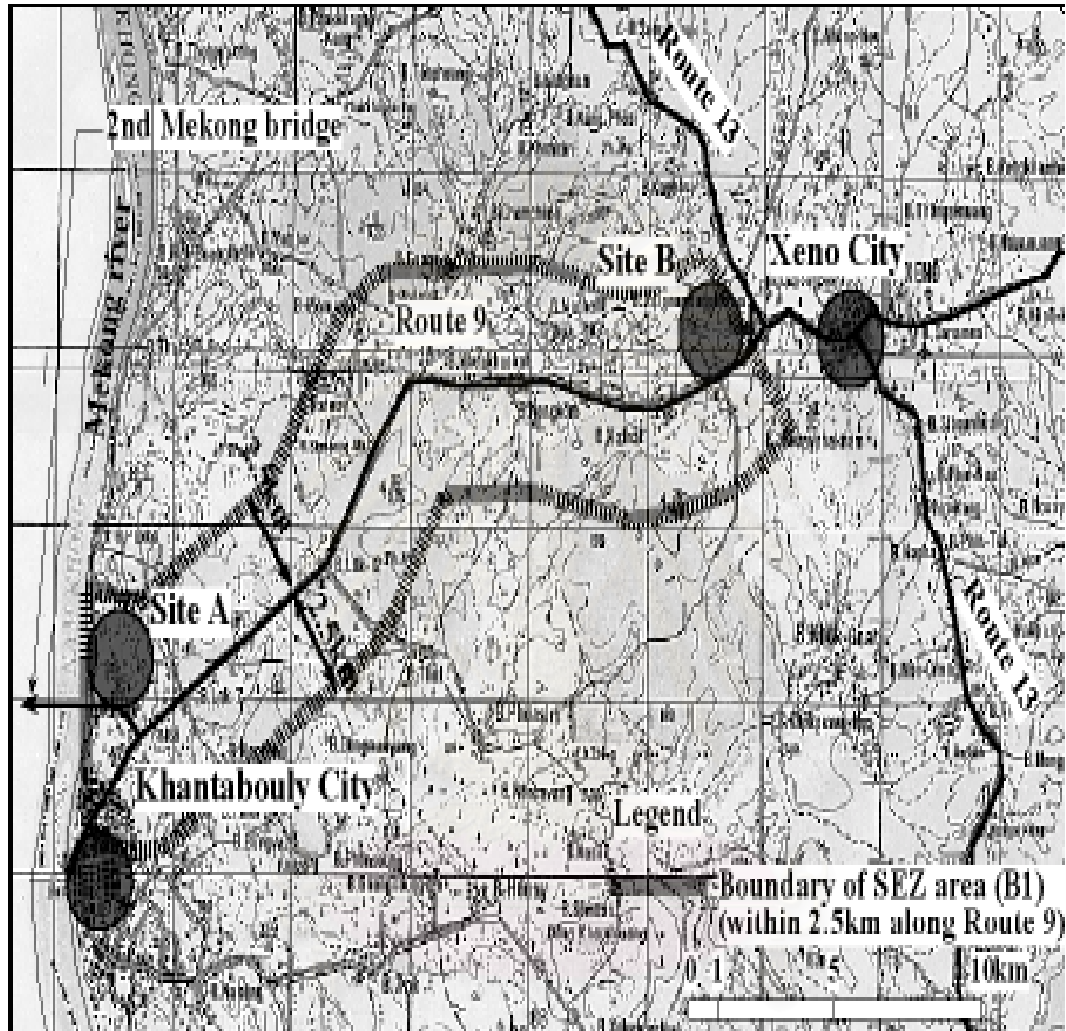
**MAP OF THE EAST –WEST ECONOMIC TRADING CORRIDOR AND THE  
NORTH – SOUTH ECONOMIC CORRIDOR**



*Note.* From GMS Economic Corridors, by Asia Development Bank, Manila, 2006.  
Copyright Asia Development Bank. Retrieved June 4, 2006 from adb.org.

## APPENDIX J

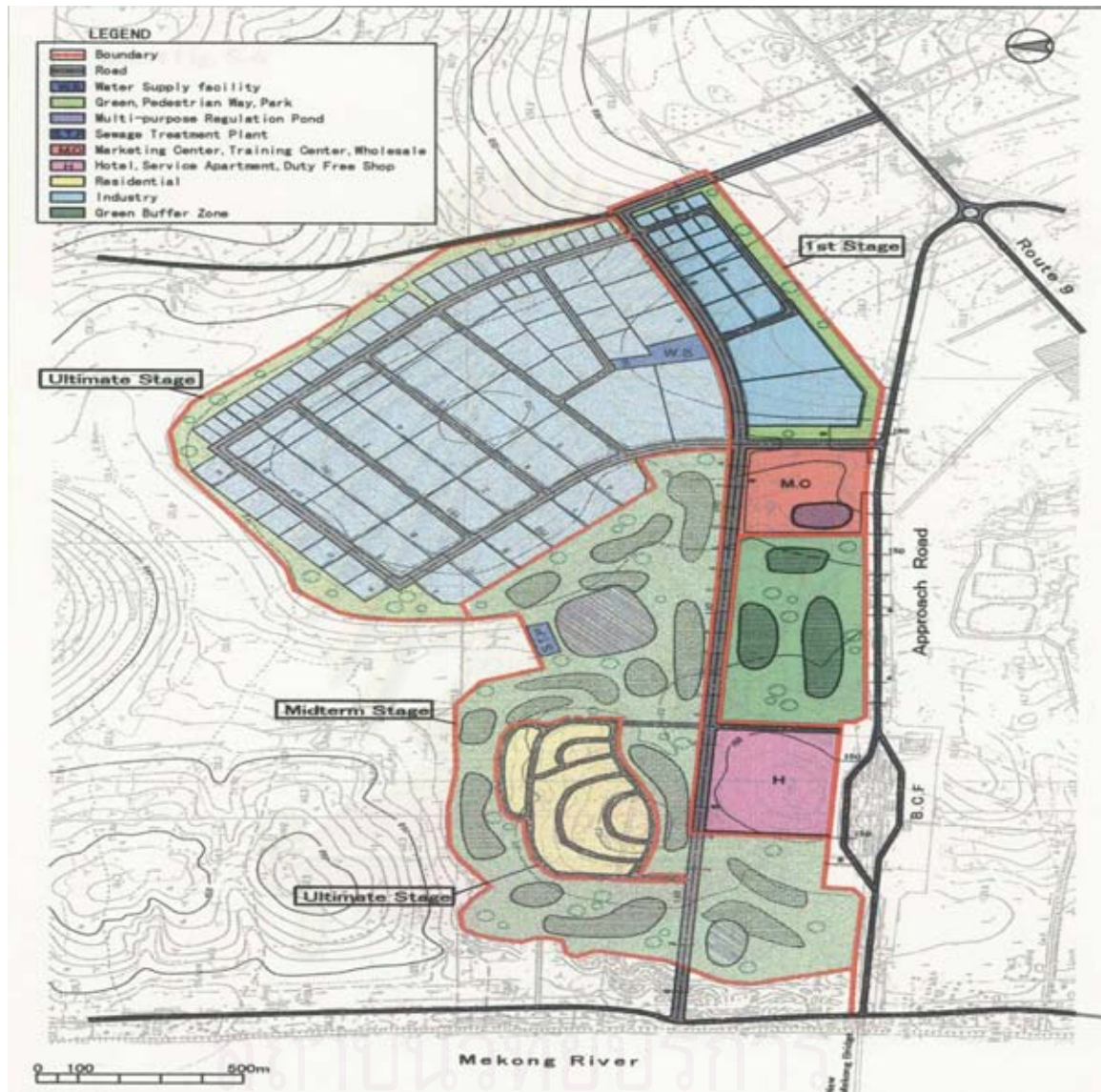
## MAP OF THE SAVANNAKHET SPECIAL ECONOMIC ZONE SITES



*Note.* From The study on special economic zone development in border area (Savannakhet Province) in Lao People's Democratic Republic: summary Japan International Cooperation Agency: KRI International Corp: Nippon Koei Co., Ltd. 2001.2 Page 16

## APPENDIX K

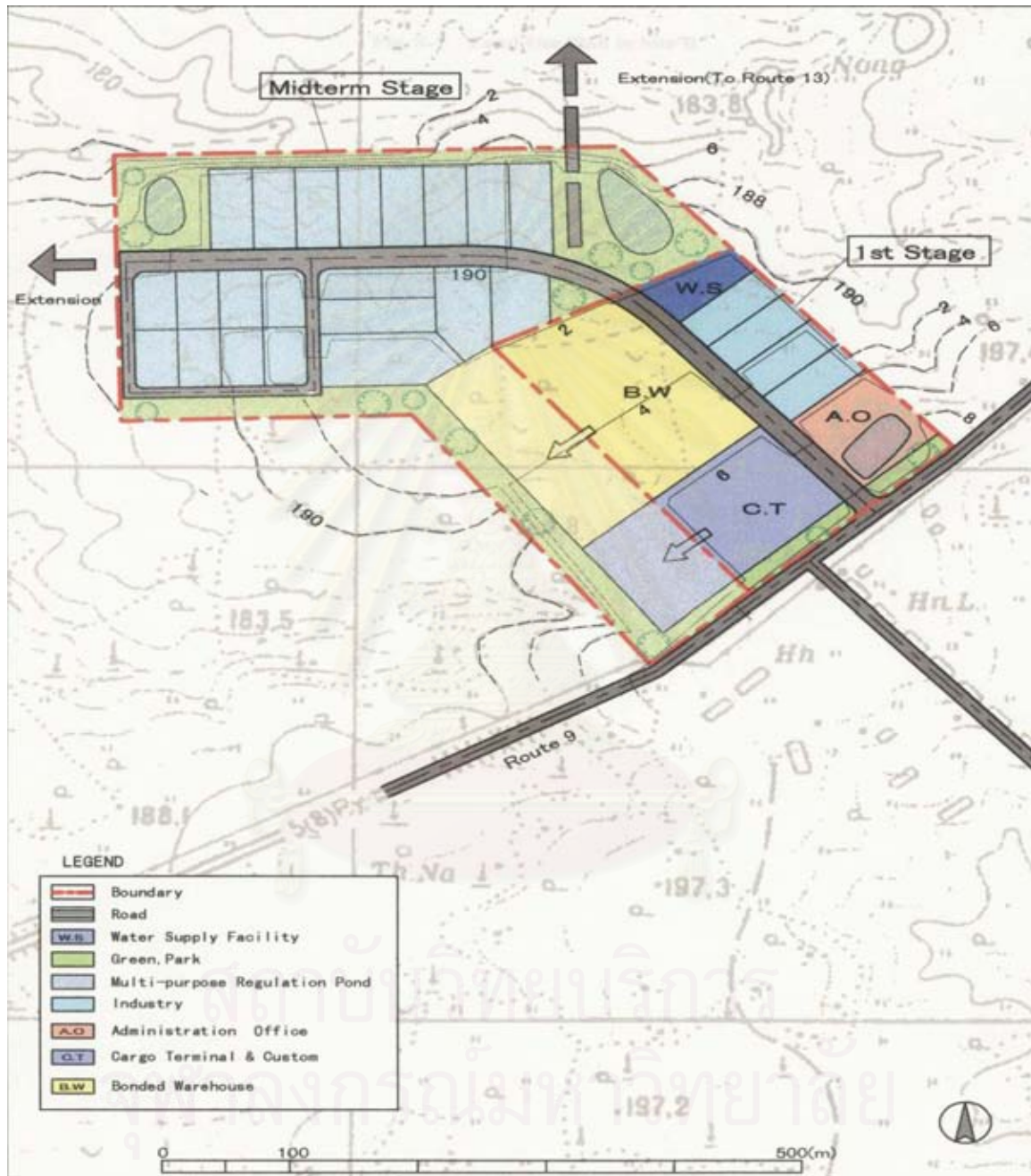
## MAP OF THE LAND USE PLAN AT SITE A



*Note.* From The study on special economic zone development in border area (Savannakhet Province) in Lao People's Democratic Republic: summary Japan International Cooperation Agency: KRI International Corp. : Nippon Koei Co., Ltd. 2001.2 Page 18

## APPENDIX L

## MAP OF THE LAND USE PLAN AT SITE B



*Note.* From The study on special economic zone development in border area (Savannakhet Province) in Lao People's Democratic Republic: summary Japan International Cooperation Agency: KRI International Corp.: Nippon Koei Co., Ltd. 2001.2 Page 20

## APPENDIX M

## MAP OF LAOS AND ITS PROVINCES



*Note.* From The study on special economic zone development in border area (Savannakhet Province) in Lao People's Democratic Republic: summary Japan International Cooperation Agency: KRI International Corp.: Nippon Koei Co., Ltd. 2001.2 Page 4

## APPENDIX N

### LIST OF NAMES OF INTERVIEWEES

Table 9: List of names of interviewees:

Name of interviewee	Position held	Organisation	Date of interview	Location of interview
Mrs. Shatanakoul	Manager	Lao Women's Union Youth Center for Health and Development	24/06/06	Vientiane City Lao PDR
Mrs. Kon Chi	Assistant manager	World Vision	03/07/06	Vientiane City Lao PDR
Mr. Daraarassamy	Director of Construction and Environment Division	Savan-Seno Special Economic Zone	11/07/06	Savannakhet province, Lao PDR
Mr. Meynell	UNDP programme Team Leader	UNDP – Mekong Wetlands Biodiversity Conservation and Sustainable Use Programme	30/06/06	Vientiane City Lao PDR
Mr. Hiroyuki	Assistant Resident Representative	Japan International Cooperation Agency	26/06/06	Vientiane City Lao PDR

Mrs. A	Owner	Small business in Savannakhet province. (Would like to remain Anomalous)	07/07/06	Savannakhet Lao PDR
Mr. A	Manager	Small entertainment business. (Would like to remain Anomalous)	03/07/06	Savannakhet Lao PDR
Mr. B	Manager	Interested party of Savannakhet SEZ. (Would like to remain Anomalous)	29/06/06	Vientiane City Lao PDR

*(Information given in interviews where the opinions of the individuals interviewed and may not reflect the opinions of the organisations they represent)*

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## APPENDIX O

### GUIDELINES OF QUESTIONS ASKED THROUGHOUT SITE VISITS

Guidelines of questions asked to the Savannakhet Special Economic Zone

Authorities:

- 1) What is the main aim of the Special Economic Zone?
- 2) When the Special Economic Zone was in its conceptual phase was local opinion gathered on the SEZ? I.e. were there interviews or surveys or any medium used to gauge public opinion?
- 3) Who in your opinion will be affected the most by the construction of the SEZ?
- 4) Who do you think will benefit the most from the construction of the SEZ?
- 5) What are the key positive factors the Special Economic Zones will bring?
- 6) Social problems such as urbanisation, prostitution, exploitation through employment, and trafficking have all been seen in other SEZ's particularly China. Do you think these social problems will impact upon Laos in the same way?
- 7) If yes, what safeguards has the Laotian government put into place to protect against these direct and indirect negative effects of the SEZ?
- 8) Has the Laotian government incorporated any new strategies, taken any legal action or produced any new public policies to help protect against social costs from the Zone?
- 9) Would you say the Laotian government uses a policy of states security to protect its citizens?

- 10) Human Security brings together human elements of security, rights and development. How will the Special Economic Zone impact upon the local community and how best can their right be protected?

Guidelines of questions to ask: international bodies, civil Societies organisations and governmental agencies

- 1) What are the major problems your organisation faces? What problems have you identified that need to be faced in Laos?
- 2) The Suvannakhet Special Economic Zone will create both positive and negative affects on the local region and the Laotian society. What negative and positive affects can you foresee for your organisation/ International Body/ Civil Society?
- 3) Social problems such as Urbanisation, prostitution, exploitation though employment, and trafficking have all been seen in other SEZ's particularly China. Do you think these social problems will impact upon Laos in the same way? If so, how will the possible problems affect your organisation?
- 4) Do you think the economic benefit will out weigh the social costs? Given that China and other countries that have used Special Economic Zones and Special Exporting Zones have seen massive economic growth over the last decade.
- 5) What safeguards would you in respect to your particular organisation recommend is put into place to protect against any social costs and lessen the impact of the SEZ?
- 6) What possible human rights do you feel will be affected by the Special Economic Zones? Do you feel the zone will either directly or indirectly affect the rights of your organisations members?
- 7) Do you feel the SEZ is an important development in Laos becoming more involved in the international community, particularly in the southeast region?

- 8) If so, do you feel that economic freedoms will lead political freedoms? What negative and positives might this economic freedom bring?
- 9) Human Security brings together human elements of security, rights and development. How do you feel human security affects your organisation?
- 10) Empowerment and Protection are at the heart of Human Security. What impact in your opinion will the SEZ have on these two issues?



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## BIOGRAPHY

Robert Vaughan was born in Leeds, United Kingdom on the 17<sup>th</sup> of October 1979. He graduated from Huddersfield University in 2003 with a BA (Hons) in combined studies in Business. Whilst at Huddersfield University Robert was actively involved in Politics, regularly writing articles based on current world political affairs for his student newspaper. Robert specialised in Asian – Pacific business and business ethics whilst undertaking his undergraduate degree, and was nominated to represent Huddersfield University in a European business competition. Although Robert had always had a keen interest in international development, it was not until he produced his project on social entrepreneurship on Chilean wineries that the wheel started spinning in his mind as to what path in life he would like to pursue.

After finishing his undergraduate degree Robert indulged his passion of travelling and meeting different cultures by embarking on a world trip that saw him visit over 35 different countries in various regions around the world. Robert attributes his infatuation for travelling to new countries to his up bringing, which saw him live in the Middle East for over three years and interact with individuals from all types of nationalities owing to his parents work. Robert was inspired to undertake the MAIDS master programme because he wanted to immerse himself in the culture of Thailand and gain a truly Eastern academic perspective, rather than opting to stay with a Western style view point. It is Robert's hope that after he has completed his degree he will continue to make a difference in the world, whether this is through employment or the way in which he interacts with his fellowman.