Spatial Politics and Economic Development in the Mekong Sub-region

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A collection of papers from the international conference
'Critical Transitions in the Mekong Sub-region'

Chayan Vaddhanaphuti and Amporn Jirattikorn

Editors

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Preface

In January 2007, the Regional Center for Social Science and Sustainable Development (RCSD) organized an international conference entitled 'Critical Transitions in the Mekong Region' in Chiang Mai, northern Thailand. The aim of the conference was to critically explore and analyze transitions in the Greater Mekong Sub-region (GMS) from a social science perspective, focusing in particular on the areas of development, resource management, cross-border flows of people and commodities; ethnicity and changing livelihoods. It also explored empirical findings and debates arising from emerging issues such as the regionalization of development, regional modernity, agrarian transition, and trans-nationalism and emerging civil society, among others topic areas.

It took us some time to select the papers to be threaded together and published in book form, plus to contact the authors in order for them to revise their papers, and this process was overseen by Dr. Aranya Siriphon and Dr. Amporn Jirattikorn, our new RCSD faculty members, who deserve much credit for their patient efforts turning some of the proceedings papers into two edited volumes, the first of which is entitled 'Spatial Politics and Economic Development in the Mekong Sub-region', and the second 'Transcending State Boundaries: Contesting Development, Social Suffering and Negotiation'.

In the first volume, seven papers have been included covering four themes: (i) The GMS, (ii) The Mekong as a Water Resource at the Transnational Level, (iii) Policy and Development, and (iv) Ecology - Cross border Impacts, all of which reflect a regional approach to the trans-boundary issues involved - linking together micro and macro dimensions of development and poverty in the region. The papers in this volume discuss the aims of development in the GMS, where mega-projects are helping to link all member countries together - the intention being to boost economic prosperity and eradicate poverty among member countries, work often carried out at the expense of diverse local liveli-hoods and that exploits the very natural resources upon which local people depend. Conflicts and contradictions prevail and the poor often lose out - as is typical in these situations. It is hoped that what has occurred and what has been learned during this critical transition phase will be of use for policy makers and practitioners in the future when re-thinking development in the sub-region.

We would like to thank all the contributors for their endeavors while working with us on this book project. Special thanks must go to Dr. Aranya Siriphon for her editorial work and other contributions during the early stages, Dr. Amporn Jirattikorn for being the key editor of the book, Dr. Jammaree Chiengthong at the Faculty of Social Sciences, Chiang Mai University, for her introductory chapter, and to the many others engaged on this book project who we do not have the space to mention here. We would also like to express our deepest gratitude to the Rockefeller Foundation for its generous support, support which has allowed us to learn together - across boundaries.

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Contributors

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Jim Glassman is Associate Professor in the Department of Geography at the University of British Columbia. He is author of the book 'Thailand at the Margins: Internationalization of the State and the Transformation of Labour' (Oxford University Press 2004), and of 'Bounding the Mekong: the Asian Development Bank, China, and Thailand' (University of Hawai'i Press 2010).

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Introduction

Introduction

Jamaree Chiengthong

The Greater Mekong Sub-region is comprised of six countries: China, Myanmar, Thailand, Lao PDR, Vietnam and Cambodia. In this volume, Jim Glassman points out that the idea of a Greater Mekong Sub-region was invented by the Asia Development Bank (ADB) in the early 1990s, as an attempt to stimulate development across the whole region, a region that has the Mekong River at its heart. While international development agencies such as the ADB may see their role in terms of a 'civilizing mission', bringing 'modern' infrastructure development into the region, such as the construction of dams to order to generate electricity, or building road networks so as to facilitate commercial agriculture under which farmers have better access to the market and buyers have better access to the farmers, the incorporation of these mostly post-socialist states has also helped to trigger the expansion of capitalist activities in the region, resulting in benefits that accrue to the more economically advanced countries, those who have stronger levels of capital, such as Thailand and China. While Glassman shows that the stronger Thai economy has penetrated into the newly opened post-socialist countries, Evans, both in this volume and in an earlier article (2000), demonstrates the impact of the expansion of Chinese economic influence into its neighboring southern states.

In their edited book, entitled: 'Taking Southeast Asia to the Market', Nevins and Peluso (2008) observe, based upon Polanyi's conceptualization in the Great Transformation (2001; 1944), that the force of capitalist penetration leads to a transformation whereby existing social relations are increasingly governed by the logic of economic operations. As the capitalist market expands, economic transactions will be governed, not by the objective of generating a use-value, but more and more by the objective of achieving an exchange value; neo-liberalism also needs to restructure resources, locations and labor. The case study of an upland village in Lao PDR by Dexanourath Seneduangdeth, demonstrates quite well how traditional patterns of livelihood based on the production of a use value, have been transformed into production modes serving the market, as livelihoods are now based on the capacity to earn cash. Dexanourath shows how the role of the Lao Government in implementing a certain kind of policy, in this case, a policy on land use and land tenure, has been altered to serve "neo-liberal development ideology", whereby land use and land tenure are demarcated very clearly to mark-out distinctive boundaries between what belongs to the State and what belong to the villagers. What belongs to the State is now territorialized as forest land, and what belongs to farmers can be utilized under private ownership, in order to produce for private consumption. However, during this transitional phase, farmers have tried to contest ownership by utilizing the ambiguity contained within the concept of 'forest' by carrying out permanent tree cultivation. As their traditional shifting cultivation methods were once regarded as being responsible for the destruction of the forests, so the farmers have contested their rights by growing permanent trees (teak in this case) in their previously shifting fields, in order to claim ownership rights.

Glassman asserts that while capitalist development and the interests of capitalists and professionals may lead to more rapid growth, it can also lead to increased socio-spatial polarization, as well as greater potential for both social conflict within countries and regional conflict between states. The papers by Han Hongyun and Sitanon Jesdpipat, as well as Carl Middleton, discuss conflicts that have arisen due to the accelerated construction of dams on the Mekong, built in order to improve agricultural production and generate electricity to feed expanding urban and industrial sectors. Middleton's paper points to the conflicts between riparian countries, in this case Vietnam and Cambodia, where the construction of a dam by Vietnam has affected the livelihoods of Cambodian ethnic farmers, who have had to be relocated out of the impacted areas and whose source of livelihood, based on their forest dwellings, has been adversely impacted. Han Hongyun and Sitanon

Jesdpipat seem a little more optimistic when they discuss the situation in which actors (meaning state actors) cannot base their actions solely on selfish decisions, but have to take into consideration being a member of a community, with concerns for 'others', in which the views of these 'others' must be taken into account. The concrete example used here is the role of the Chinese Government in the management of water resources around the Mekong River. Despite the fact that the Chinese Government is not a member of the Mekong River Commission (MRC), and therefore is not obliged to play by its rules and regulations, as a country in the region, they argue that the Chinese Government still has to listen to the requests and complaints of countries downstream.

The paper by Mak Sithirith and Carl Grundy-Warr discusses the 'Representations and Contestations of Space' with reference to Tonle Sap lake in Cambodia. They spell out how space can be organized to serve economic as well as administrative purposes, and that while this may benefit the capitalists and the administrators, it results in the exclusion of the poor and the marginalized. The segregation of the Tonle Sap into fishing lots has benefited the capitalist bidders, to the exclusion of the traditional fishing rights of the poor, floating communities on the Tonle Sap. Worse still, an administrative system based on drawing the boundaries of fixed villages for governance purposes has ignored the floating communities, and hence has excluded them from their right to receive basic government services, such as health and education.

While Yufang Su and Fredrich Kahrl's paper on democratic decision-making in China does not touch directly on the concept of space, they demonstrate how the ideas of self-administration, recently introduced into a more decentralized China, are in fact based on the ideas of fixed units and fixed populations; people now have the right to vote because they are fixed and registered as a citizen of a certain community. They also highlight the conflicts arising between the village and provincial levels of administration; two different centers of power that contain unequal rights to exercise decision-making, and reveal how the power structure is still hierarchical, despite attempts at decentralization.

To sum up, the reorganization of space into new forms, or the "spatial fix" (Grassman, in this volume), such as in a relatively small area like the Tonle Sap, within the administrative structure in China, among two riparian states along the Mekong, or across the whole Greater Mekong Sub-region, inherently contains unequal power relations. Yet, while space is fixed, capital and labor are mobile, enabling resources to be mobilized and commodified. While rules and regulations may not yet be fully developed, attention should be paid to these critical transformations, so that fairness can be established and the excluded and disadvantaged can gain greater benefits.

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Part One: The GMS

1 The GMS and Thailand's 'Spatial Fix'

Jim Glassman[1]

Introduction

> "Regional economic cooperation is an important part of development. Although the main focus for developing countries is normally on policy and regulatory reforms, institutional strengthening, infrastructure investment and human resource development, they must also build the connections allowing them to trade effectively with international markets. These markets include those next door, with neighboring countries…Peace in the sub-region has encouraged the *natural* process of economic integration—including cross-border trade, investment, and labor mobility…To be competitive, the six Mekong countries must develop their natural resources efficiently. Sub-regional economic cooperation facilitates this." (emphasis added)
>
> Asian Development Bank (ADB)
> *Economic Cooperation in the Greater Mekong Sub-region* (1999)

The view of the Greater Mekong Subregion (GMS) put forward by the Asian Development Bank (ADB) in this quote is what could be called the "natural market" view of regional integration. At the risk of a certain amount of over-simplification, I would characterize this natural market

1 The author has been supported for research from which much of the material in this paper is drawn by a grant from the Social Sciences and Humanities Research Council of Canada (SSHRC). Do note cite this paper without permission from the author.

view as resting on a series of general theoretical and specific empirical propositions:

1. Market activities are the natural expression of human economic needs and desires, and generally function according to an economic logic that is uniform across human populations, even if culturally inflected, as well as ontologically separate from political activity

2. Such market activities, if supported by appropriate market-friendly institutions and freed from unnecessary and destructive political interventions, will facilitate generalized and rapid increases in productive efficiency and material prosperity, with most individuals benefiting to the degree that they are willing to participate in the market, and this prosperity will also further prospects for social peace

3. The GMS is comprised of a series of countries, most of whose governments have been involved in the past in market-unfriendly interventions that hindered the growth of efficiency and prosperity, while also generating social conflict, but most of these countries have turned increasingly towards market-friendly approaches, and

4. This turn toward the market will facilitate the growth of productive efficiency and prosperity, as well as both social and regional peace, while also facilitating greater regional integration on the basis of the spread of natural market activities.

My purpose in this paper is not to directly contest this view, but rather to present an alternative perspective, one based on what I will call the "spatial fix" view of regional integration. This view is grounded in work by various political economists and economic geographers, and can be summarized in the following four general theoretical and specific empirical propositions:

1. That market activities are no more natural than any other human activities, take very distinctive forms across different social groups in different places and periods of history, and are always mutually constituted by political, ideological, cultural and other social activities

2. That the kinds of market-friendly activities characteristic of capitalist economies have varied outcomes for productive efficiency and material prosperity, depending on the places, times and other specifics of the particular process of capitalist development, but most cases of capitalist development have been marked by considerable socio-spatial unevenness and polarization

3. That post-socialist GMS countries have increasingly moved away from forms of state intervention that, at least in rhetoric, were meant to favor peasant and working class groups (for example, land reform and support for state and collective enterprises), and have moved towards forms of state intervention that favor capitalists and professional classes (for example, building of industrial estates and enforcement of capitalist legal principles), and

4. That this move towards the promotion of capitalist development and the interests of capitalists and professionals may lead to more rapid growth, but will also very likely lead to increased socio-spatial polarization, as well as greater potential for both social conflict within countries and regional conflict between states.

These propositions have been elaborated upon and argued elsewhere, and I will not replicate that effort here. I flag them merely to clarify the theoretical foundations on which my arguments in this paper are based. These arguments have to do more specifically with the motivations and processes by which the Thai State and private Thai investors have moved into the GMS. In contrast to the natural market view, which sees the GMS as a space from which unwarranted political interventions should recede, the spatial fix view sees the GMS as a space of evolving geo-political economic activities and conflicts. Specifically, the GMS as a construct is being forged by the efforts of major actors, the Thai State and Thai private sector actors being only one group of actors, to resolve problems of overproduction, over-accumulation and pressures on profit rates, that are endemic within capitalist development.

In elaborating this perspective, I focus on the evolution of profit rates in Thai manufacturing and show how Thailand's emphasis on export-led growth has been not only maintained but intensified in the wake of the 1997 to 1998 crisis. This emphasis on exports extends to efforts to export capital, as well as to cheapen the prices of imported resources used in production - the latter of these being especially crucial to Thai interests in GMS development. I begin; however, with a brief, general discussion of the notion of a spatial fix.

The Spatial Fix

The notion of a 'spatial fix', and, indeed of "spatio-temporal fixes", has been elaborated upon in the work of a number of political economists and economic geographers, and particularly in the work of David Harvey (1999, 2003). Harvey's analysis of the development of urban space has focused on a number of ways in which capitalist crisis tendencies can be forestalled by what he calls "capital switching", that is the movement of investment capital from one "circuit" or realm of activities (such as direct production) to another (the built environment that supports production and consumption). In the case of Thailand's response to the 1997-98 economic crisis, one very direct variant of this sort of capital switching within an urban environment was evident: the Thai State, and especially under the Thai Rak Thai party, increased investment in so-called "mega-projects" such as the extension of Bangkok's commuter rail system.

Harvey calls such investment a spatial fix because it builds the longer-term conditions for expanded production and consumption, and it does so by fixing a large amount of invested capital in location, thus producing urban space. This is a contradictory process, since it both offers prospects for greater profits in the long run and limits the short run flexibility of capital in responding to profit opportunities in other locations. It also typically involves investment of large sums of capital, and because of the inability of any one group of capitalists to either muster the requisite capital or corner the benefits from its expenditure, the process also typically necessitates considerable activity by states (Harvey 1999). This is again quite evident in the case of Thailand's response to the crisis, and the political conflicts over state expenditures that have since evolved in this context provide evidence that this form of capital switching is not technically or politically neutral, and can generate substantial contestation.

Beyond the development of urban space, capital can seek a spatial fix in other ways. One of the most common of these is geographic expansion into regions where production costs and resources are cheaper and markets less competitive. These are some of the classic motivations for imperialism, and Harvey addresses these as underpinning contemporary US activities in the Middle East, which he sees as resting on efforts to procure a spatio-temporal fix for a US economy that has not yet restored the levels of profitability that existed in the 1950s and 1960s (Harvey 2003).

I argue that Thailand's involvement in the GMS manifests an attempt to procure a spatial fix in this second form, for example through outward foreign direct investment in other GMS countries and the importing of migrant labor from other parts of the region, though there are elements of the first form of spatial fix in the ADB's recycling of Japanese capital for development of the region's infrastructure. The effort goes back to well before the 1997-98 economic crisis, but it has taken on even greater intensity since the crisis. I will now briefly note some of this history.

Constructing the GMS

In a strict, formal sense, the GMS is the construct of the ADB, which began articulating a vision of integration for the GMS countries in the early 1990s. In a broader sense; however, the GMS has been the project of a number of different actors, dating back to a period before the ADB's formal articulation of the GMS concept. As some authors have noted, for example, the Thai Government began to look to neighboring, mainland Southeast Asian countries as potential markets and sources of labor and raw materials from at least the end of the period when Prem Tinsulanond was Prime Minister, (1980-1988). Prem's successor, Chartchai Choonhaven (1988-1991) became famous for voicing an aspiration to turn mainland Southeast Asia from a battlefield into a marketplace, and in this context a variety of Thai business groups began to look to these neighboring countries for new business opportunities, particularly as the Thai economy boomed and began to overheat in the late 1980s and early 1990s (Chambers 2005). The kinds of projects in which Thai investors were interested ranged from extraction of relatively precious raw materials (such as high value timber and gems from Burma, Cambodia and Laos), to the tapping of new energy resources (for example, gas from Burma and Malaysia and hydroelectric power from Laos), and investment in tourism and low wage labor venues (casinos and garment production in Laos and Cambodia). There was also a great expansion in the importation of Laotian, Cambodian and especially Burmese workers, who labored (often illegally) in the dirtiest, most hazardous and poorest paying occupations in Thailand. Eventually, by the 1990s, there was an expansion of Thai investment into telecommunications and retail sales in countries such as Cambodia, Laos and China. Notably, agro-exporters from places such as the northern Thai province of Chiang Rai took a very early interest in promoting trade with Yunnan Province in China, hoping to find new markets for their surplus. In this way, they expanded a trend already developed by a small group of primarily Sino-Thai firms, led especially by the giant conglomerate Charoen Phokphand (CP Group), which had been investing in China since 1979. All of these kinds of projects, then, created precursors for the formal articulation of a regional integration project under the heading of the GMS.

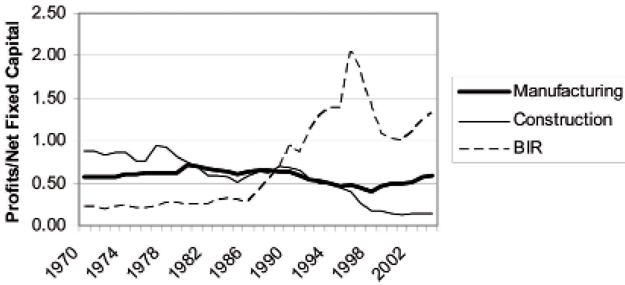
The GMS proper is thought to have been the brainchild of former ADB director, Morita Noritada (Medhi 2004, 996). The ADB is heavily dominated by Japanese interests (Potter 1996, Steven 1996), and like Japanese investment in Southeast Asia during the economic boom, ADB investment in the GMS reflects Japanese interest in creating a broader field of investment to counter sluggish growth and profits in Japan. Since the ADB began touting the GMS in 1992, it has loaned more than US$1.8 billion for various GMS development schemes (ADB 2007). These have centered heavily on the development of transportation infrastructure, such as the East-West road transportation corridor connecting Moulmein in Burma, to Danang in Vietnam, the North-South road transportation corridor connecting Kunming to Bangkok, improvements in navigation along the Lancang-Mekong River through the blasting of rapids and the development of port facilities and investment in expanding regional airports, but have also included energy development projects (encouragement of integrated regional energy markets, with, for example, the expansion of hydroelectric dams in Laos to produce energy for sale to Thailand), the encouragement of free trade agreements and customs facilitation, and a variety of projects for dealing with environmental issues and 'human resource' development. The vast expenditures that the ADB has made on infrastructure projects have, by themselves, allowed considerable reinvestment of economic surplus from Japan, but they have also potentiated greater expansion and integration of regional markets, allowing Japanese and other investors in the GMS to achieve the larger economies of scale that are the increasing concern of the most globally powerful capitalists (Amin 2003).

Within this kind of "over-determined" context then, the GMS has developed into an expression of a variety of different capitalist expansion projects. As I will note in the ensuing section, the GMS is a project that has become increasingly important for Thailand, as investors there struggle to maintain high rates of profit in an increasingly competitive regional environment.

Thai Manufacturing, Pressure on Profits and the Spatial Fix

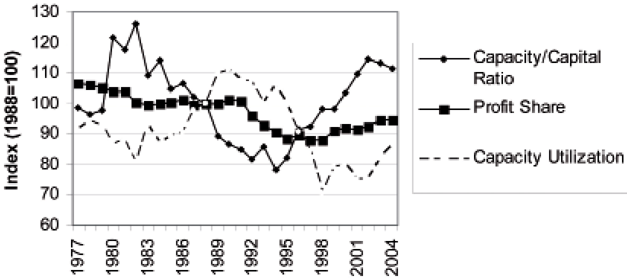
Figure 1.1 shows the development of profit rates in three different sectors of the Thai economy between 1970 and 2004, these being manufacturing, construction and the composite sector of banking, insurance and real estate (BIR). Figure 1.2 shows different determinants of the movement of the Thai manufacturing sector's profit rates between 1977 and 2004. Notably, profit rates in manufacturing were quite high

Figure 1.1: Thai Profit Rates, 1970-2004



Sources: calculated from NESDB, National Accounts, and NESDB, Net Fixed Capital of Thailand

Figure 1.2: Determinants of Thai Manufacturing Profit Rates, 1977-2004



Sources: calculated from NESDB, *National Accounts*, and NESDB, *Net Fixed Capital of Thailand*, Bank of Thailand, *Production, Investment, and Employment in Manufacturing, Trade and Construction Sectors*, and Bank of Thailand, Industrial capacity utilization in the 1970s and 1980s, as were profit rates for Thai firms overall in international and regional comparisons (Claessens et al. 1998). One of the major factors enabling these very high profit rates was Thailand's success at exporting the products of relatively low wage labor (Glassman 2004). As late as 1990, Thai labor's share of manufacturing value added (MVA) was only 22.7%, as compared to an average of 34% for a sample of 28 developing countries, as studied by the United Nations Industrial Development Organization (UNIDO 1992, 45). In short, Thailand's was a case of successful "sweatshop" development.

The conditions for such success became less favorable in the 1990s. Increased militancy from Thai workers was manifested in an increasing numbers of strikes, abetted to some extent by a tighter labor market, and this drove up manufacturing wages at a rapid rate between 1990 and 1996, decreasing the profit share in MVA (Figure 2; Glassman 2004, pp. 180-81). At the same time, increased competition from producers in China and elsewhere in the region created realization difficulties and left Thai manufactures with considerable overcapacity, as evidenced in declining levels of capacity utilization (Glassman 2004, pp. 178-80). On top of these factors, investors in Thailand, having largely become accustomed to easy profits from low wages and militarily suppressed workers, were unable to respond effectively to the new environment of increased labor militancy and intensified competition. Unable to successfully muster longer-term productivity-enhancing and labor-displacing investments, most sought wage containment strategies ranging from outsourcing to regional and foreign expansion (Glassman 2004, pp. 181-84). The inability of capitalists as a whole to respond to pressures on profits with increased productive efficiency is evidenced in the stagnant capital-capacity ratios of the 1990s (Crafts 1999, Warr 1999). The results of all these developments were the declining profit rates seen between 1990 and 1996; these being crucial contributory factors to the subsequent crisis of 1997-98 (Glassman 2004, pp. 176-88).

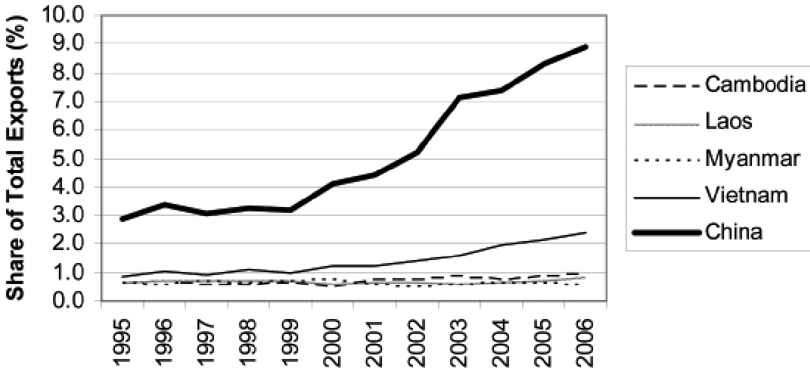
While the Thai State, especially under Thaksin Shinawatra's Thai Rak Thai party, has been well aware of the need for productivity enhancement and even growth of the domestic market, a combination of domestic and international pressures from groups with strong interests in the prevailing neo-liberal orientation of development, has made it next to impossible for Thailand to shift away from the wage-competitive export-led growth model. Since the crisis, profit rates in Thai manufacturing have been restored, but they have been restored in ways that confirm the primacy of this existing model. First, as Figure 1.2 shows, part of the restoration of profitability has come from a declining wage share in MVA (increasing profit share), made possible by a combination of lay-offs and the pressures owners have been able to exert on workers in order to stem wage growth. Second, though the capacity utilization rate and capacity-capital ratios have increased somewhat, the most likely cause of this is the closure and declining market share of less competitive firms during the market contraction, rather than increased efficiency on the part of firms still in the market (Webber and Rigby 1996, 394, 401-02). Moreover, neither capacity utilization rates nor the capital-capacity ratio have regained the levels they attained during the 1980s.

Moreover, as a study by the International Finance Department of the Japan Bank for International Commerce shows, Thailand's recovery from crisis was led not by the growth of the domestic market, but by exports. Indeed, non-traded goods declined from 67% of GDP in 1996, to 57% in 2002 (Nishizawa 2005, 92). This means that since the crisis the Thai economy has become increasingly centered on the search for a spatial fix in the second form discussed above; the search for expanded export markets and cheaper imports.

The GMS, the Search for a Spatial Fix, and Potential Conflict

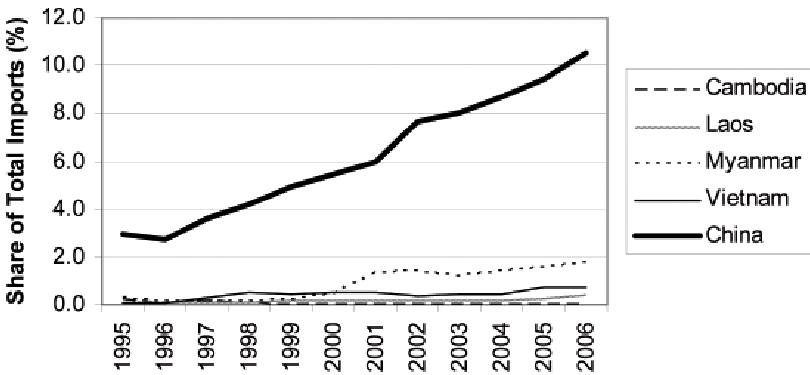
The GMS is only a small part of Thailand's total trade picture, but its importance as a contributor to the spatial fix has clearly increased as a result of the increased competition that contributed to the crisis. GMS countries' share of Thailand's total exports and imports is shown in Figures 1.3 and 1.4. Notably, overall values have increased substantially, though the data here considerably overstates GMS exports and imports *per se*, since the Thai data sources from which they are drawn do not break down China by provinces, and the bulk of Thai trade with China

Figure 1.3: Thai Exports to the GMS, 1995-2006



Sources: calculated from Bank of Thailand, Trade classified by country

Figure 1.4: Thai Imports from the GMS, 1995-2006



Sources: calculated from Bank of Thailand, Trade classified by country is not with Yunnan Province. Data from the *Yunnan Statistical Yearbook*; however, confirms a general increase in Thai exports and imports. For example, in 1997 to 1998 the average value of all Thai exports to Yunnan was US$2.77 million, from 1999 to 2002 the annual average was US$6.69 million, and in 2003 the value reached US$10.18 million. Similarly, in 1998 Thailand took receipt of US$20.98 million in imports from Yunnan, during the period 1999 to 2002 it averaged US$29.04 million per annum, and in 2003 it imported US$77.11 million (Yunnan Province 1998-2004).

The data on Thai trade with China illustrates some of the basis for increased geo-political economic competition in the context of GMS development. Thai exporters have envisioned GMS development as providing increased access to the huge Chinese market, and this has clearly been realized to some extent. However, China also sees the GMS as an opportunity for export growth, and as Figures 1.3 and 1.4 and the Yunnan data indicates, the expansion of Chinese exports to Thailand has been more impressive than the expansion of Thai exports to China. This has created increasing concern and potential for conflict. For example, Chiang Rai's trade with China has expanded since the 1980s, but not all participants have benefited. Agro-exporters had their eyes on China's vast potential markets, but some failed to recognize the two-way character of trade liberalization. Especially with the reduction of tariff barriers and the increase in river transport in the last decade, agro-exports from Yunnan Province to northern Thailand have created increasing competition. Thus Yunnan garlic growers, who can produce a high quality product at lower cost in Yunnan, are placing tremendous pressure on Chiang Rai garlic producers, many of whom are faced with insolvency. These kinds of pressures from Chinese exports are not limited to the agricultural sector either. Chiang Rai producers are also challenged by a range of Chinese manufactured goods, which Yunnan can produce in much greater abundance than provinces like Chiang Rai. One example is rice cookers, cheap varieties of which have been imported in increasing numbers. In 2004, the Chiang Rai Chamber of Commerce began to complain about this flood of cheap rice cookers, but did so by citing safety concerns about the cookers (they allegedly have defects that could cause fire hazards). How the Thai and Chinese governments will respond to such entreaties from producers to protect them against various competitors is one of the issues that will determine to what extent the GMS develops in relatively peaceful fashion; but clearly there is scope here for considerable conflict.

There are also potential grounds for social conflicts between societal elites and various village and working class groups. One of the Thai elites' interests in the GMS, as noted above, has to do with tapping cheaper resources within the GMS, including low-wage Burmese labor and Laotian hydropower. Both of these processes involve considerable exploitation and repression of given social groups. Burmese workers, like other migrant labor groups in Thailand, are subject to harsh working conditions and low wages, against which some degree of rebellion is always possible. Moreover, the perception of some Thai workers that Burmese migrants are taking their jobs and thus contributing to economic difficulties in Thailand contributes to general hostility between Thai and Burmese groups, with several unfortunate incidents in recent years highlighting the dangers here. Displacement of villagers and agriculturalists in Laos, as the result of dam building, also contains potential for social conflict, as has already been seen in Thailand itself, and in China as well.

In short, Thailand's search for a spatial fix in the GMS is far from being a conflict free and natural expansion of market activities. Rather, it reflects a process of geographic expansion of capitalism, driven and punctuated by factors such as profitability considerations and the various social processes, many of them conflictual, that underpin profitability. In the concluding section, I will note why this is crucial in considering the prospects of the GMS.

Conclusion

The ADB's preferred image of GMS development, with which I began the paper, is one in which liberated market forces will do most of the work necessary to bring about increased prosperity for all, peace, and many other good things. Of course, the ADB does not hold that states have no role in this process, but such roles are typically limited to facilitating market expansion and do not, for example, feature strong redistributional or social service roles. The historical geography of actually existing capitalism suggests that such faith in favorable market-led outcomes is unwarranted. Capitalist development has typically been uneven, socio-spatially polarizing, and both punctuated by and dependent upon crises. This is by no means a formula for sure improvements in general social welfare, let alone social peace.

I have not attempted here to outline the case for the uneven development of the GMS, though there is considerable evidence of this (see Glassman 2006). My concluding point is merely that countries like Thailand (both the Thai State and major Thai investors) are fashioning the GMS as a realm within which to find new markets for the exports of commodities and capital, as well as cheaper sources of labor and resources - that is, as a realm for a spatial fix. In this process, they will encounter, rather than evade, competition from major international investment groups and states, pre-eminently China, but also Japan, Vietnam and others. They will also encounter increased pressures from marginalized and exploited social groups (poorly paid workers, villagers displaced by dam projects) that do not benefit from GMS development. This suggests that the process of regional integration represented by the GMS is at least as likely to be a site of conflict as a site of cooperation, the naturalizing and legitimizing rhetoric of the ADB notwithstanding.

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