

# **Choosing Their Own Path:** **A Case Study of Laos' Social** **Development Options**

Catherine Hesse-Swain

Thammasat Review VOL. 3 NO.1 JUNE 1998 pp. 120-136

*The Laotian government's desire to increase the standards of living and opportunities of its people is not questioned, however the path and pace of this development should remain firmly in the hands of all Laotians, not in the hands of external mainstream development economists who represent the Eurocentric interests of the current global economic order.*

The Lao People's Democratic Republic (Lao PDR) is at a development crossroads, but whose development are we talking about, and how can Laotians self-determine their own path and pace of development without being eaten up by the global machine with all its incumbent social and environmental costs? In an attempt to answer these questions, this case study begins with a profile of the demographic, physical/geographical and socio-economic elements currently influencing development in Laos. Based on issues arising from these essential factors, the potentialities and constraints of development within Laos will be discussed. The important role of community organisations will be examined in relation to contemporary theories of 'household economy' and 'empowerment'. Finally, a series of broad recommendations aimed at generating a balanced model of economic and social development for Laos will be made, with specific reference to lessons learned from the current economic crisis gripping Southeast Asia.

Before embarking on this case study, I would like to touch on the conservative 'connotations' of 'development' being challenged within current development debate. In his essay on the semantics of development, Gustavo Esteva (1992) says the Western-centered notion of 'underdevelopment' is a mirror that "... belittles them (developing countries) and sends them off to the end of the queue, a mirror that defines their identity, which is really that of a heterogeneous and diverse majority, simply in terms of a homogenizing and narrow minority".<sup>1</sup>

Following are two assessments of the Lao PDR which highlight divergent notions of what 'development' could

<sup>1</sup> Esteva, 1992, p. 9

mean for countries like Laos, which have been isolated from the global economic order and now face being gobbled up by a “purely Western genealogy of history”.<sup>2</sup> UN development economist Romeo Reyes (1997), writing for the Institute of Southeast Asian Studies (ISEAS), describes present-day Laos as follows:

“The Lao PDR is a land-locked country in the Southeast Asian subregion with a population of around 4.2 million, growing at 2.9 per cent annually. Its per capita income was approximately US\$230 in 1993, thereby making it one of the least developed countries (LDCs) in the world. Among 173 countries in 1993, the country had a rank of 161 in terms of per capita gross national product (GNP) and 141 in terms of the Human Development Index”.<sup>3</sup>

Reyes paints a grim picture with his exuberant GNP brush. Here, economics are the only measure of development and to borrow Esteva’s expression, Laos is being duly placed at the ‘end of the queue’. At the other end of the spectrum, ‘Women in Development’ (WID) specialists Dr Schenk-Sandbergen and Dr Outhaki Choulamany-Khamphoui (1995) make the following optimistic assessment of present-day Laos and caution against the conventional development model which subjugates equality to economic growth:

“... the unique Laotian socio-economic structure, culture and related favourable gender relations have to be protected and strengthened. We found already alarming indications of a gradual undermining of the great matrilineal Lao tradition as a consequence of the present economic and cultural transformation process. This will be a disaster for the universal value of gender equality and the life and work of the Lao women .... but also for the overall economic, and in particular, rural development and progress of the country at large... Lao women deserve to benefit by the experience of mistakes made in other countries regarding the development of women, which often became maldevelopment”.<sup>4</sup>

Whether Laos is willing to allow itself to be robbed of the opportunity of defining its own development path and its own forms of social life is the central discussion point of the following case study. Since its decision to shift from a centrally controlled economy to a market based economy in 1986, the Laotian<sup>5</sup> government’s softly, softly approach to foreign interference indicates a general respect and concern for maintaining its cultural integrity. As James Wicks of Edith Cowan University (1994) says “They want the economic development, even if it means embracing a form of capitalism, but they do not want much of the Western baggage which seems to come with economic growth”.<sup>6</sup> There are signs, however, that the government’s resolve is cracking under the conflicting pressures of increasing foreign investment opportunities to support basic infrastructure programs and thereby contribute to the self-reliance of Laotians,

<sup>2</sup> *ibid*, p. 12

<sup>3</sup> Reyes, 1997, p. 48

<sup>4</sup> Schenk-Sandbergen; Choulamany-Khamphoui, 1995, p.v.

<sup>5</sup> There is some confusion over using Lao or Laotian as the adjective form. ‘Lao’ tends to be used to describe people of Lao stock. There are, in fact, more Lao in neighbouring north-eastern Thailand than there are in Laos. Laotian is therefore used to denote people who are nationals of Laos (even though they may not be ethnic Lao) (J. Bickersteth & J. Eliot, 1997, p. 54). For the purposes of this essay I will conform to the adjective use of ‘Laotian’ when describing things that relate particularly to the people of Laos, regardless of their ethnic origins ie. Laotian government.

<sup>6</sup> Wicks, 1994, p.155

and the need to preserve the country's magnificent ecological and ethnic diversity, and its cultural traditions. Two topical cases in point are the building of the Nam Theun 2 Dam and the promotion of Luang Phabang as centerpiece of the 1999 Visit Laos Year.

## Demographics

The history of Laos from the Second World War to the revolution of 1975 was turbulent and destructive, affecting population growth and leaving the country with serious social, economic and technological problems which the socialist government is still struggling to overcome. According to the March, 1998 figures published in *Asiaweek*, the total population of Laos is 5.0 million, of which only 22 per cent live in urban areas, with the capital Vientiane being home to some 300,000.<sup>7</sup> It has the lowest population density in Asia at 17.5 persons per sq km with the eastern border population being severely depleted by war.<sup>8</sup>

Laos is a multi-ethnic society with a population belonging to three main ethno-linguistic groups: the Lao-Lum or 'lowlanders', Tai-Lao speaking inhabitants of the lowlands and valleys who comprise the majority of about three million people; the Lao-Theung or 'midlanders', which refers mainly to the Mon-Khmer speaking aboriginal groups such as the Khmu and Lamet who live on the slopes of the hills; and, the Lao Sung or 'highlanders', composed of the Miao-Yao speaking groups, including the Hmong and Yao, and the Tibeto-Burman groups such as the Akha, the Lahu and the Phunoi in the north of the country.<sup>9</sup>

The birth rate is 4.4 per cent and the death rate is 1.5 per cent. The rate of population growth is 2.9 per cent (average 1990-1995). The age distribution is 42.6 per cent for under-15 and 2.9 per cent for over-65. The life expectancy for females is 50 years and for males 53 years.<sup>10</sup>

### *Demographic issues*

Population. Laos' small population (its neighbour Thailand has a population of 61.4 million) could be viewed as advantageous in terms of being able to successfully develop adequate infrastructure, health and education services for all of its people. However, this advantage is handicapped when placed in context with the country's other impediments to infrastructure development, such as its geographical extremes. The country's small population is due to the cumulative effects of war and the exodus of many Laotians during the 1975 socialist revolution. Much of Laos' intelligentsia sought refuge abroad, leaving behind a gaping hole in the professional and skills base of the country and a severely flawed education system.

---

<sup>7</sup> "Bottom Line", 1998

<sup>8</sup> SBS World Guide, 1995, p. 363

<sup>9</sup> Trankell, 1993, pp.12-13

"This classification, seemingly built on the features of Laotian landscape and ecology conveys by implication the impression of being a 'natural classification'. It makes use of territory and habitat as a way to substantialize and mark collective ethnic identity while at the same time it also conveys an impression of some national unity among the diverse peoples living in Laos (they are all 'Lao'), and therefore it is widely accepted and usedé.

<sup>10</sup> SBS World Guide, 1995, p.363

Ethnic diversity. According to cultural anthropologists,<sup>11</sup> the classification of the people of Laos into three broad ethno-linguistic groupings fails to indicate the complexity of background and cultural differences of these groups, especially in relation to such serious problems as agricultural practices and land use. Accommodating the often conflicting expectations and demands of these different ethnic groups is one of the main development challenges currently facing the Laotian Government and its people. This issue will be further explored in the 'potentialities and constraints' section of the case study.

Urban/rural dichotomy. With the majority of the population currently living a subsistence, agrarian life in rural Laos, the stimulation of urban-based industry, commerce and living will need to be carefully managed to avoid the classic symptom of capitalist-based development - that is, mass rural to urban migration. The demographic pressures of a predominantly rural and geographically sprawled population on education and vital infrastructure provision is also an issue of concern which will be explored in more detail later.

### **Physical characteristics**

Laos is a landlocked country, situated at the center of the south-east Asian Indochinese Peninsula. It covers a total area of 236, 800 sq km and shares its western border with Thailand, its southern border with Cambodia, its eastern border with Vietnam and its northern border with Burma and China. The country is dominated by the Mekong River and the Annamite chain of mountains which both run south-east towards the South China Sea. Much of the north of Laos is 1,500 m or more above sea level and is deeply dissected by steep-sided river valleys. Most of the country is a mixture of mountains and high plateaus. There are four main plateaus or regions: the Xieng Khouang Plateau (or Plain of Jars) in the north; the Nakai and the limestone Kammuan plateau in the center; and, the 10, 000 sq km Bolovens Plateau to the south.<sup>12</sup>

With rugged mountains covering more than three-quarters of the country, the development of road transport infrastructure is extremely difficult. There are just 2,000 km of sealed roads in the entire country.<sup>13</sup> Naturally, the Mekong and its tributaries form important communication and transportation routes. Historically, the Mekong has been Laos' economic artery.

Laos' geographical extremes have contributed to the social and economic isolation of its diverse ethnic groups, particularly those living in the mountainous north. This means many groups still live a traditional, subsistence existence with minimal impact from outside influences. Keeping the negative impact of development on these communities to a minimum is one of the most sensitive challenges facing the Laotian government as it begins to open its borders and its society to the outside world. The building of roads and dams in the middle and lowlands is already generating conflict over land usage and a disruption to traditional social patterns. These issues will be further examined later in the case study.

---

<sup>11</sup> Trankell, pp. 13-14

<sup>12</sup> Bickersteth; Eliot, 1997, pp. 22-23

<sup>13</sup> *ibid*, p.23



## **Socio-economic situation**

Economic summary. At March 1998, Laos' GDP sat at US\$8.0 billion, per-capita GDP of US\$1,775 and GDP growth of 6.9 per cent. CPI inflation was at 6.2 per cent and exports from March 1997 to March 1998 were worth US\$0.3 billion, with a current account deficit of \$0.3 billion and reserves (excluding gold) of \$0.2 billion.<sup>14</sup>

Employment and modes of production. Employment and economic activity is concentrated in rural areas and is primarily generated by subsistence production systems. The rural sector employs 85 per cent of the workforce.<sup>15</sup> The cultivation systems and economic focus of villages can be broadly divided along a dichotomy of forest-related and river-related activity. Within the small scale production systems of these two groups, the forest-related village communities rely on swidden agriculture (shifting rice cultivation) and foraging for forest products.<sup>16</sup> Those living in co-existence with the river carry out irrigated wet-rice cultivation and rely on fishing and gardening as important supplementary subsistence activities. Other occupations where there is limited access to land for cultivation include wage labour in the fields, construction of irrigation channels and house construction. As development economists begin to push for agricultural change based on mechanisation, crop diversification and cash crop commercialisation, issues of conflict are beginning to emerge in relation to land ownership and environmental destruction (ie increased logging to make way for large crops and to raise revenue from the wood).

The market place. Communities involved in cottage industries such as basketry, silk weaving and cotton production rely heavily on access to market places for their products. Market places in Laos tend to be localised in those provincial and district centers where the goods are in demand. Despite the introduction of the reform economy and the liberalisation of certain sectors of the market such as the rice market, a number of regulations and restrictions still exist with regard to the trade and commercial exchange and the movement of goods and people across provincial borders.<sup>17</sup>

Measuring wealth. As in many predominantly agrarian economies, wealth in Laos is often measured by access to land, ownership of cattle and the labour potential of a household, particularly male labour.<sup>18</sup> Laotians generally perceive poverty to be the result of inadequate supplies of labour within a village or community. This does not necessarily mean that families should produce more children (because then the productive energy of the women is over-consumed by child rearing), but that each household be able to provide adequate labour to meet the demands of subsistence production at any given time. Therefore, budding industries that may suddenly take this essential labour away will have an irreversible effect on the social and economic harmony of rural communities (as has occurred so dramatically throughout rural Thailand in the last decade). Laotians are increasingly diversifying their investment interests to include trucks,

---

<sup>14</sup> "Bottom Line"

<sup>15</sup> Wicks, p. 153

<sup>16</sup> Trankell, p. 27

<sup>17</sup> *ibid.*, p. 52

<sup>18</sup> *ibid.*, p. 42

passenger pick-ups, rice mills and threshing machines. Providing increased local transport options in the form of privately-owned pick-up services is an alternative commercial enterprise which can benefit the whole community. The increased usage of modern agricultural equipment, however, can be seen as having a detrimental effect on the role of women in farming production. This will be further explored in the gender issues section following.

**Industry and manufacturing.** In an economic and social system dominated by the agriculture sector, the industrial and manufacturing sector is very small. However, under the Lao PDR Government's New Economic Mechanism (NEM), introduced in 1986, there has been increased economic emphasis on this sector. In manufacturing, for example, there has been significant structural change "with a share of GDP which increased by almost half, from 8 per cent in 1986 to 12 per cent in 1992".<sup>19</sup> This structural change was brought about by the government's conversion of state-owned enterprises (SOEs) into autonomous businesses responsible for their own management. The manufacturing sector in Laos consists largely of agro-industrial activities, such as food processing (mainly rice milling), saw mills, wood products, traditional textiles and leather goods. Most of the medium-sized manufacturing establishments are clustered in the Vientiane province, whereas very small establishments (employing less than 10 people) are widely spread throughout the country. These small 'cottage-style' industries are in resource-based manufacturing (rice milling, brick making, concrete construction materials, saw milling and parquet flooring), as well as in market-oriented activities such as noodle and ice making, bakeries, clothing and furniture.<sup>20</sup> The energy sector (seen as providing an important potential export) contributed approximately 1.3 per cent of GDP between 1986 and 1992.<sup>21</sup>

The main issues surrounding the development of new industries is the inadequate transportation network and the smallness of Laos' domestic market. Whether these are viewed as 'constraints' to development will depend on which development perspective you are working from. As will be explored under the 'role of community organisations' section, alternative development models, like John Friedmann's (1992) 'empowerment' concept, are critical of conventional development processes aimed at enslaving populations in developing countries to mass consumerism, or completely forsaking ecological sustainability for modern transportation, communications and industrial development.

**Division of labour - gender issues.** It is perhaps a good sign in terms of holistic and balanced development, that the Laotian government has in recent times welcomed gender specific studies. For example, in 1995 four case studies on women's roles in irrigation were carried out by a Dutch anthropologist and development sociologist, Dr Schenk-Sandbergen and a Laotian 'Women in Development' specialist, Dr Choulamany-Khamphoui. This support for the position of women in Laotian society is arguably founded on the traditional authority and social hierarchy which is based more on rank and age, than on gender.<sup>22</sup> Interestingly, Laos is one of the few remaining countries where

<sup>19</sup> Worner, 1997, p. 86

<sup>20</sup> Livingstone, 1997, p. 148

<sup>21</sup> Worner, p. 87

<sup>22</sup> Schenk-Sandbergen et al., p. 13

matrilocal kinship and residence patterns, and matrilineal inheritance<sup>23</sup> still exist for a large group of women (the Lao Lum). Equal rights for both sexes in political, economic, cultural and social fields, and family affairs, are enshrined in the country's constitution (enacted in August, 1991). Furthermore, the role of the Lao Women's Union is recognised in the constitution as a body for information gathering and service delivery.<sup>24</sup>

Women mainly participate in the agriculture sector, followed by commerce, education, health, industry and government administration. Generally, the division of labour in rice production is as follows: "men plough, make bunds, and prepare seed beds, and women do more than half of the transplanting of rice, weeding, harvesting, threshing and post-harvest operations".<sup>25</sup> In more developed areas the introduction of the rice mill has significantly reduced the participation of women in post-harvest operations as mechanised instruments of production are seen as 'men's tools' (a patriarchal Western construct one fears!). Women not only participate in the village economy as farmers, but they are also important contributors as forest foragers, as weaving artisans, as traders in the marketplace, and as maintainers of the household.<sup>26</sup>

There are, however, very few women in professional, technical and managerial occupations in Laos. A fact which has prompted a more critical appraisal of the position of women in Laotian society. Swedish cultural anthropologist, Ing-Britt Trankell (1993) believes that within the general socio-political structure there is an absence of significant female influence on public policy decision making.

"The presence of a representative of the Lao Women's Union in each village council should not delude us; she is meant to represent the 'new-type socialist woman', summarised in the slogan of 'the three goods and the two duties'. She should aspire 'to be a good citizen, a good mother and a good wife to her husband, and she should do her duty towards the society and the development of the nation'.<sup>27</sup>

Despite criticisms like these, it appears that due to their cultural inheritance and role as active participants in the village economy, women in Laos possess the potential for economic autonomy and self-reliance. Access to quality education in rural areas will no doubt be a key factor in seeing women move beyond the perimeters of the rice fields into the professional, technical, educational and political fields of their society.

Education. As a result of the physical isolation of many of its communities, poor communication infrastructure and a general lack of resources, the education system in Laos faces very serious problems, and is viewed by many as a major obstacle to development. Primary education is not accessible to all children; secondary attendance is even lower with high drop-out rates; and, post-secondary education is heavily concentrated in the capital Vientiane and a

<sup>23</sup> "... the system of groups belonging to Lao Lum is predominantly matrilocal and matrilinear... matrilineal descent implies inheritance of the house and land through the youngest daughter, or other daughters, as the main custom. The youngest daughter's inheritance of the family home and fields is more or less seen as compensation for her care of the parents. The sons usually marry out, and live with their in-laws, either in the same village or another village" (Schenk-Sandbergen; Choulamany-Khamphoui, 1995, p.16).

<sup>24</sup> *ibid.*, p. 3

<sup>25</sup> *ibid.*, p. 17

<sup>26</sup> *ibid.*, p. 17

<sup>27</sup> Trankell, p. 19

few regional centers.<sup>28</sup> Some researchers have also detected a bias in education in favour of boys. Schenk-Sandbergen and Choulamany-Khamphoui found that women working in the irrigation offices featured in their study generally had less education than men and were therefore relegated to lower ranking positions with less pay.<sup>29</sup> Correcting the urban-rural imbalance in education is, however, seen as the number one issue to be dealt with in improving the system. These issues will be explored in more detail in the 'potentialities and constraints' section.

Urban / Rural Models. Some 22 per cent of the nation's population is considered urban, and about half of this urban population (estimates range from 300,000 to 513,000 persons) is now living in Vientiane municipality.<sup>30</sup> Apart from the capital, urbanisation is not yet a distinct phenomenon in Laos. Provincial centers may be recognised as urban areas, but they still retain much of the village atmosphere (for example, the northern center of Luang Phabang is really a collection of villages). According to Trankell's research, local communities have so far been left with a degree of independence and autonomy. A comparison with Thailand can be made, where the frantic race towards urbanisation and industrialisation has led to a breakdown in village autonomy. Attempts by the Thai government to progress rural development have been arbitrary and paternalistic, reflecting the loss of empowerment within local communities to direct their own lives. For example, recent investigative reports in *The Nation* newspaper revealed that the Thailand's rural budget allocation has been severely skewed - "Besides corruption in the system, the process of budget allocation from planning to evaluation has been handled by government agencies to serve their own policies rather than rural people's needs".<sup>31</sup> There are warnings here to be heeded by the Laotian government in their expansion of the urban model into regional areas.

It should be noted that although the provincial centers retain much of their village character and structure, they also represent to rural people a connection with the outside world. In Vientiane and the provincial towns there is increasing evidence of 'modern' urbanisation - access to entertainment and media facilities like television and video. The government is, however, wary of over-exposure of its people to Western media and advertising. Following the opening of the Thai-Lao Friendship Bridge<sup>32</sup> in 1994, the Laotian government announced new provisions forbidding 'counter-revolutionary' activities and objects such as mobile telephones, karaoke, snooker, miniskirts, and earrings on men.<sup>33</sup>

## **The potentialities and constraints of development**

Potentialities. From an economic development perspective, Laos currently offers export potential in three main areas - wood and wood products, electricity supply and the newly burgeoning garment manufacturing industry. At the moment, however, agriculture remains the key economic activity in Laos

<sup>28</sup> Wicks, p. 153

<sup>29</sup> Schenk-Sandbergen et al., p. 28

<sup>30</sup> "Bottom Line", 1998; Trankell, p.55

<sup>31</sup> "Rural Budget", 1998

<sup>32</sup> The bridge spans the Mekong River, joining the Vientiane province of Laos with the province of Nong Khai in Thailand.

<sup>33</sup> SBS World Guide, p. 364



with no more than two per cent of the labour force involved in manufacturing.<sup>34</sup> With most of the Laotian population engaged in subsistence agriculture, agro-processing obviously offers a potentially viable industry for what is a greatly dispersed rural population. The advantage of focusing on developing Laos' agricultural potential is that activity remains concentrated in the regional areas so incomes may be raised more evenly right across the country.<sup>35</sup> Agro-processing conducted within the regions and linking in with urban markets (and export markets) would contribute substantially to the growth of the rural economy in the different provinces and ensure infrastructure development can be supported in even the furthest flung of settlements.

Constraints. The above 'opportunities' seem straightforward enough when placed within an economic development framework, however, implicit in each of these potential 'growth' areas is a problematic plethora of cultural, social and ecological issues. Beginning at the beginning - the most obvious constraint on development at all levels in Laos is the lack of infrastructure development in the form of roads and railways. Given that Laos is a landlocked country, the issue of overland transport takes an even higher priority. Most of us can see the obvious advantages of improved road and rail systems in terms of providing better health care, education, trade routes and communication. Yet even this assumption of the 'given' advantages of improved road networks is loaded with problematic issues relating to the impact on ethnic ways of life, conflicts over land usage and the inevitable environmental costs of building roads across tracts of previously untouched primary forest. At this very moment a major investment program is under way to develop the road system throughout the country and connect it with neighbouring countries. As development economist Ian Livingstone (1997) enthusiastically proclaims, "Development of the network (road) as a whole raises the possibility of Laos achieving a useful position in the long term at the crossroads of the Indochinese region where development, including that of manufacturing, is strong".<sup>36</sup> For those who view with cynicism the unrelenting spread of economic globalism, the idea of Laos becoming a 'highway thoroughfare' linking China and the rest of Southeast Asia in one speedy trade route to consumerism, is simply horrifying. Ing-Britt Trankell (1993), in her anthropological study of road construction and rural communities in Laos, points out that while road transport is seen as a fundamental aspect of infrastructure, road building in many respects has adverse social and economic effects on the rural population. Road construction also raises numerous questions as to the beneficial effects of development aid for the common population of subsistence farmers.

It is not possible within the confines of this case study to explore the full complexity of issues surrounding Laos' budding economic activities, but I will attempt to offer a bird's eye view of some of the problems. In relation to expanding the country's agricultural sector to include more market oriented activities, issues include ethnic conflict over access to resources, negative changes to the position of women in the rural economy and environmental concerns. According to Trankell (1993), conflicts between different ethnic groups is becoming an increasingly sensitive issue. She believes problems have been

---

<sup>34</sup> Livingstone, p.148

<sup>35</sup> *ibid*, p. 152

<sup>36</sup> *ibid*, p. 150

created by development programs and the uneven access to the benefits of foreign aid among different ethnic groups. For example, both the national and provincial governmental economies rely heavily on the foreign currency elicited through forestry enterprises and this demand can severely impinge on the basic needs of the subsistence farmers. This tends to "create conflicts over forestry products, land use and cultivation techniques irrespective of ethnic identity. But since the economic nature of these conflicts cannot be officially recognised, or even talked about, they tend to be conceived of in terms of 'ethnicity'.<sup>37</sup> Many of these issues of conflict overlap. For example, there is a tendency among lowlanders to encroach on forest areas or marginal land due to demographic pressures, especially in the Vientiane province.<sup>38</sup> Such encroachment not only creates conflict among different communities, but also represents an age old threat to primary forest resources - the eating up of our environment as experienced worldwide.

A second example of potential problems evolving from economic development can be seen in the new but rapidly expanding garment manufacturing industry - an industry focused primarily around urban centers. Livingstone describes this industry as labour-intensive, directed at export markets and based exclusively on imported fabrics and designs (the Thailand phenomenon all over again). The warning signs from a social development perspective are loud and clear in the following quote:

"While labour costs have been increasing quite rapidly elsewhere in Asia, garment workers in Laos are among the lowest paid in the continent. About 5,000, mostly young women, were employed (in 1992) in garment factories. This Lao labour is considered diligent, requires little training, and readily accepts over-time working".<sup>39</sup>

Such an attitude negates the human and social cost and would lead Laotian women down a similar 'unempowered' path as their sisters in Thailand. In the wake of Thailand's financial crisis, women have become unemployed in far greater numbers than men. Despite the economic development of Thailand, these women (the backbone of the manufacturing sector) have received very little labour protection, let alone the vocational education and training which would have given them long term workforce credibility.

Perhaps the only area of constraint to development that can be addressed without too much controversy is education. According to research by James Wick (1994), Laos is taking a unique approach to tackling the provision of universal education to its people. In 1994 a post-secondary rationalisation project was conducted using international funds. Interestingly, the project's brief included not only management and coordination, but also the relevancy of curricula and equity of access.<sup>40</sup> As with its concern for gender issues, the Laotian government appears to be aware of the education problems which have emerged in other developing countries and by examining the relevancy of the post-secondary curricula hope to avoid such problems. Similarly, the government has recognised the vital importance of universal primary education and literacy as prerequisites for successful development. Teacher training and

<sup>37</sup> Trankell, p. 15

<sup>38</sup> *ibid*, p. 37

<sup>39</sup> Livingstone, p. 150

<sup>40</sup> Wicks, p. 154

pilot studies to rectify the urban-rural imbalance are integral elements of the government's approach to improving the education system at all levels.<sup>41</sup> Laos could also benefit greatly from recognising the importance of vocational education and training in the post-secondary structure, thereby avoiding the problem of an over-tertiary educated population.

### **Role of community organisations**

In order to illustrate the important role of community organisations in socio-economic development of Laotian society, I would like to examine the predominant rural existence of the country's village communities in relation to John Friedmann's (1992) concept of 'household economy', whereby he treats households as a "political economy or polity".<sup>42</sup> In order to humanise the process of development, Friedmann believes that this process should be rooted in and recognise the value of household economies. According to this view, mainstream development policy devastates the poor in developing societies because it is

"... geared to capital accumulation and therefore to the improvement of the material conditions of those who are creatures of the market economy and are able to benefit from its expansion. Mainstream policy is mute on the contribution of nonmarket relations to the production of livelihood. But nonmarket relations is precisely where an alternative development has to start".<sup>43</sup>

In order to look at economic development from a household perspective, as suggested by Friedmann, grass root involvement in the form of community organisations must be an essential ingredient of the state's development policy. For hundreds of years people of divergent ethnic origin, living in what is now viewed as the nation of Laos, have relied on the household economy to provide labour and knowledge for food production and community support for social needs. The wholesale disruption of this widespread village economy would lead to untold economic and social problems for Laotian society. Trankell (1993) has observed that a number of recent changes in social and economic conditions have significantly impacted on local communities along the newly constructed road in Vientiane province:

"The changes were reported ... to have deeply affected the social relations between the inhabitants of the villages. In many cases, villagers have been forced to redefine their everyday social world, including their network relations with kin and neighbours, with whom they usually engaged in work-related exchanges".<sup>44</sup>

Whether the replacement of the system of mutual support between households with the modern concept of paid employment is a positive development is not important to the premise of this discussion - what is important is whether these villagers contributed their voice to the government policies that precipitated these changes.

There are promising indications that the Laotian government is concerned with involving its people in the decision making process. For example,

---

<sup>41</sup> *ibid*, p. 154

<sup>42</sup> Friedmann, 1992, p. 46

<sup>43</sup> *ibid*, pp. 45-46

<sup>44</sup> Trankell, p. 90

the commissioning of a foreign and a local expert to record the opinions of women involved in irrigation demonstrates a commitment to 'community managed', government supported irrigation development.<sup>45</sup> The preservation of the traditional autonomy of Laotian women within the development process will depend largely on the government's willingness to interact at a grass roots level with community organisations.

Likewise, it is imperative that environmental concerns in relation to forestry and hydro-electric development are addressed at a local level prior to any major projects or policies being introduced. Unfortunately in this area, the Laotian government is falling behind. For example, there have been claims that the environmental impact assessment (EIA) on projects like the Nam Theun 2 (NT2) dam for hydro-power are being ignored by the government if the findings are negative. Tyson Roberts recently reported in a letter to the editor of the *Bangkok Post* that his almost completed EIA of the aquatic ecosystems for NT2 was cancelled because he was not 'compliant' enough. He complains of the Laotian government's "hamfisted control of Lao NGOs" and its prevention of a more balanced and honest appraisal of NT2.<sup>46</sup> Likewise, environmental groups have blamed the construction of the recently opened Theun-Hinboun dam for worsening living conditions among the local villagers.<sup>47</sup>

Unfortunately, the government's eagerness to get its hands on the quick foreign currency available through commercial logging of forests and the damming of rivers for hydro-power appears to be superseding its earlier desire to maintain the ecological balance and interests of its predominantly rural population. Japanese economist Kenji Domoto (1997) points out that "It is critical to control the speed of natural resource exploitation compared to the economic growth, and to enhance the human resource development system ... and financial system to manage the forest and other natural resources more effectively".<sup>48</sup> The Laotian government could benefit greatly from heeding the advice of development practitioners like Gordon Knowles (1997), who believe that NGOs can play a crucial role as intermediaries between people and government:

"Because NGOs work closely with local communities, they are often able to initiate changes to government plans for community development, particularly those involving environmental issues. This complementary role of NGOs has often been acknowledged by local government agencies and donor organisations, particularly in the case of remote rural poor, where NGOs can provide the social preparation needed for large-scale economic and environment projects".<sup>49</sup>

### **Post-socialist development: Recommendations for future social development policies**

In this concluding section of the case study, I will argue that a balanced mix of social development solutions working at the individual, community and state level would offer an optimistic way forward for Laos and for other developing

<sup>45</sup> Schenk-Sandbergen et al., p. 3

<sup>46</sup> Roberts, 1998

<sup>47</sup> "Residents' woes blamed", 1998

<sup>48</sup> Domoto, 1997, p. 318

<sup>49</sup> Knowles, 1997, p.28



countries. As highlighted throughout this study, Laos' ethnic diversity and majority rural population mean that the state's capacity for maintaining ongoing and constructive links at the grass roots level will be a crucial element in its development success. As Friedmann highlights in his empowerment model, the key ingredients for alternative development success are "... autonomy in the decision-making of territorially organized communities, local self-reliance (but not autarchy), direct (participatory) democracy, and experiential social learning".<sup>50</sup> He points out, however, that often local action is severely hampered by global economic forces, structures of unequal wealth, and hostile class alliances. Interestingly, due to its isolation from the Second World War to present, Laos has been relatively free of all the above constraints. Herein lies the country's opportunity to self-determine its own pace and path of development. The challenge for Laotian society will be resisting the temptation to leap headlong into the global economic order and thereby allow itself the space to make balanced and holistic choices which reflect both economic necessity and social development needs. Embracing the foundations of the household economy and community action, the empowerment model would reinforce the important role of indigenous lifestyles and modes of production as a fundamental base for developing the rural sector of Laos. Furthermore, the community action elements of empowerment do not diverge too far from the ideological principles of socialism still being promoted by the current government.

The communist regimes which sprung up across Southeast Asia during the Cold War period<sup>51</sup> differed markedly from the systems of their Eastern bloc comrades in that they presided over predominantly rural peasant populations whose attraction to communism was more nationalistic than revolutionary. The introduction of socialist economic reform occurred prior to the process of industrialisation and these socialists worked from the vantage point of post-Stalinism - they could benefit from the past mistakes of their Eastern European counterparts. Political observers appear to agree that the Lao PDR's barely 15 years of socialism did little to alter the fundamental structure of its rural based society.<sup>52</sup> When the Soviet Union's road to socialism collapsed in the late 1980s, Laos' socio-economic structure had advanced little in the direction of the highly integrated industrial systems, with complex divisions of labour, that their Eastern European allies had long been pursuing. Laos had already begun to end its economic isolation in the mid-1980s and by the early 1990s socialism was abandoned in favour of capitalist economic development. Socialism in Laos was a fleeting romance and when the short-lived fire went out, people continued with their subsistence existence in much the same way as before. Aside from remaining under the official banner of the Lao Peoples Democratic Republic, Grant Evans (1995) points out that the rhetoric of socialism has virtually disappeared from public life and that the government's commitment to socialism is now purely pragmatic (ie the political structure and bureaucracy remain in place, but there is no long term commitment).<sup>53</sup>

---

<sup>50</sup> Friedmann, p. vii

<sup>51</sup> The communist parties in Laos, Vietnam and Cambodia all secured victory in 1975.

<sup>52</sup> Evans, 1990, p. xii

<sup>53</sup> *ibid.*, p. xiii-xvi

As previously discussed, the Laotian government has loosened controls on private enterprise and markets in the rural sector. For the moment the peasant economy continues to function productively, however as these small rural economies are increasingly exposed to wider markets, both local and international, the balance may easily be shattered. Evans argues that there is "...little evidence of the government attempting to restructure markets in order to encourage one kind of activity rather than another, or one type of economic institution rather than another".<sup>54</sup> The Laotian government seems more interested in concerning itself with big hard currency earners like hydro-power, manufacturing and forestry. The danger of allowing the economic and production systems of the majority rural population to run 'feral' in a capitalist vacuum (without democratic guidance from the government), is that the door is left wide open for mainstream economic 'gurus' from international organisations, like the World Bank and the Asian Development Bank, to play a far greater role in Laos' 'economic development' than is healthy for its 'social development'.

Throughout the revolution in Laos, Buddhism remained deeply rooted in the ideological psyche of the country. Post-socialist Laotians are once again freely expressive of their commitment to Buddhism because they no longer run the risk of offending socialist sensibilities. Laos could do well to draw from the wisdom of the Buddhist view of alternative development: "Any country which feels itself so inferior as to call itself 'developing' or 'underdeveloped' cannot, and should not, try to raise itself up through this kind of Eurocentric development in order to put itself on a par with those nations which claim to be 'developed'".<sup>55</sup>

It is crucial that Laos does not follow in Thailand's footsteps and model its development solely on market relations and growth maximisation. The government needs to be wary of such pitfalls as taking in cheap labour from its neighbours or of opening up to foreign investment too liberally. In the throes of Thailand's current financial crisis, many Thai social critics have emerged to challenge the accelerated pattern of the country's development and to lament the loss of traditional cultural values and lifestyles:

"The master plans drawn up every five years ... are invariably without ideological or human passion. There are words here and there about quality of life and manpower development, but little about the country's vision... For a country lacking in experience in the search for Utopia, Thai thinkers and policy-makers have borrowed bits and pieces from the West. Part of the reason for non-self discovery is that the nation is overwhelmed by capitalism and its cronies but there is no opposing ideological force because socialism is still banned".<sup>56</sup>

It is essential that the Laotian government take note of the experiences of its neighbours and not base public policy decisions solely on the mainstream economic model which measures success on national income accounts. Very recent history in Southeast Asia supports the claim that economic growth and social development are not "equivalent concepts and should be separated analytically".<sup>57</sup> As argued earlier, the Laotian government would benefit from

<sup>54</sup> *ibid.*, p. xxii

<sup>55</sup> Sivaraksa, 1998

<sup>56</sup> Janviroj, 1998

<sup>57</sup> Friedmann, p. 38

formally recognising the important role of the informal and household sectors in its development measures and in any future public policy decisions. The self-reliance which already exists among the rural inhabitants of Laos should be encouraged and employed in any new programs for expanded production, whether they be urban or rural focused. The government needs to cultivate independence and originality in technology and industry, rather than become reliant on foreign ideas, capital and values. The country also needs to avoid the development of bureaucracies which are more concerned with fiscal issues than balanced policies which are motivated by equality for all citizens.

Friedmann (1992) argues that a necessary condition for successful alternative development is inclusive democracy<sup>58</sup> so it is worth mentioning in these recommendations that Laos would benefit from gradually proceeding along a transitional path to full and transparent democracy, thereby avoiding the destructive blackhole of authoritarian rule currently consuming a once 'booming' Indonesia. Cautionary noises should also be made over placing too heavy an emphasis on cultivating a middle class modelled on the values of consumption and materialism (as in Thailand and Malaysia) - "... the middle class may abandon lesser strata while seeking its own accommodation through new forms of authoritarianism".<sup>59</sup>

In terms of developing its urban model, given the constraints of its geographical situation and the predominance of the rural sector, the existing provincial autonomy should be maximised. By this I mean that small to medium industries already functioning effectively in regional centers should be supported. This would spread manufacturing and industrial growth evenly throughout the country and avoid future problems of industry clustering around one urban center (ie Bangkok in Thailand); conflicts over the use of resources (ie big conglomerations white-anting the local people's access); and, the mass rural to urban migration which is so destructive to regional autonomy and self-reliance. Development economists are seemingly not opposed to this path:

"Since agricultural intensification is required for its own sake, to raise agricultural incomes and levels of nutrition, this is likely to improve opportunities for simultaneous development of manufacturing activities in the rural areas and smaller towns as these expand. Despite the constraints affecting industrial development in Laos, therefore, it seems possible for advances to be made in a number of separate fronts".<sup>60</sup>

The way Laos can achieve the above recommendations is: to remain focused on the inclusiveness of its disparate ethnic population; embrace the principles of household economy, community action, gender equity and environmental sustainability; proceed with care and caution with regards to economic development and foreign investment; and, learn from the experiences and mistakes of its Southeast Asian neighbours. In a recent comment piece in the *Bangkok Post*, Professor Hans Luther, a development economist with the Lao-German Training and Advisory Project, made the following recommendations for countries in the Southeast Asian region: transparency in government and financial institutions; trade for mutual benefit (ie niche markets); promotion of opportunities for gainful employment with an emphasis

---

<sup>58</sup> *ibid.*, p. 41

<sup>59</sup> Case, 1993, p.10

<sup>60</sup> Livingstone, 1997, p. 153

on equal opportunity for women; support for the development of small enterprises and local entrepreneurs; and, support for vocational training and profession-oriented education. He adds: "It goes without saying that these fields of action are linked closely and require a high level of networking, exchange of information and evaluation"<sup>61</sup> - it seems that as a result of the Asian turmoil, even the economists are beginning to see the value of community interaction and social development (hallelujah).

In summary, Laos' past social and economic isolation represents both an opportunity and a danger as the country begins to open up to the mechanisms of a global economy. The opportunity is founded on the self-reliance and relative autonomy of its predominantly rural population and the danger is that this same independence and cultural harmony may be undermined in the pursuit of capitalist economic development. This case study supports an empowered development model for Laos, based on an equal synthesis of strategies at the state, community and individual level. As the recent collapse of the Asian economic miracle demonstrates, it is a mistake to assume that wealth gained by free trade and rapid industrialisation will 'magically' trickle down to the lowest strata of society. Social inequities and economic disparity, particularly between rural and urban dwellers, remain glaring and persistent problems within both the less- developed and newly industrialising countries of Asia (and indeed in many of the so-called 'developed' nations as well). The wholesale disruption of cultural integrity, the natural environment, community autonomy and the informal sector, in the name of economic development, is not justified and is primarily motivated externally by big players laying claim to the developing world's resources and labour supplies in order to sustain their own materialistic *status quo*. The Laotian government's desire to increase the standards of living and opportunities of its people is not questioned ; however, the path and pace of this development should remain firmly in the hands of all Laotians, not in the hands of external mainstream development economists who represent the Eurocentric interests of the current global economic order.

## References

---

Bickersteth, J. & Eliot, J. (1997). *Laos Handbook*. Bath: Footprint Handbooks Limited.

Bottom Line. (1998, March 13). *Asiaweek*, p. 59.

Case, W. (1993). The new middle class in Malaysia: Its origins, character, and significance for democracy. *Development Bulletin*, 28, 10-12.

Domoto, K. (1997). Environmental Issues in Laos: Balancing Development with Preservation. In M. Than & J. Tan (Eds.). *Laos' Dilemmas and Options* (pp. 309-319). Singapore: Institute of Southeast Asian Studies.

Ehrichs, L. (1998, May 14). Luang Prabang promoted with caution. *Bangkok Post*.

Esteva, G. (1992). Development. In W. Sachs (Ed.). *The Development Dictionary. A Guide to Knowledge as Power*. India: Orient Longman Limited (by arrangement with Zed Books Limited, London).

---

<sup>61</sup> Luther, 1998



- Evans, G. (1990). *Lao Peasants under Socialism and Post-Socialism*. Chiang Mai: Silkworm Books (Southeast Asian edition).
- Freeman, NJ. (1998, April 19). Leadership changes and economic tests. *Bangkok Post / Perspective*, p. 2
- Friedmann, J. (1992). *Empowerment. The Politics of Alternative Development*. Oxford: Blackwell Publishers.
- Janviroj, P. (1998, April 16). What outfit should the Thai model wear? *The Nation*, p. A4.
- Knowles, G. (1997). The role of NGOs in advancing sustainable development. *Development Bulletin*, 43, 27-29.
- Livingstone, I. (1997). Industrial Development in Laos: New Policies and New Possibilities. In M. Than & J. Tan (Eds.). *Laos' Dilemmas and Options* (pp. 128-153). Singapore: Institute of Southeast Asian Studies.
- Luther, HU. (1998, May 13). Opportunities for learning. *Bangkok Post*, p. 12.
- Residents' woes blamed on new dam. (1998, April 3). *Bangkok Post*, p. 7.
- Reyes, R. (1997). The Role of the State in Laos' Economic Management. In M. Than & J. Tan (Eds.). *Laos' Dilemmas and Options* (pp. 48-60). Singapore: Institute of Southeast Asian Studies.
- Roberts, T. Wrong for World Bank to support Nam Thuen 2 dam. *The Nation / Letters to the Editor*, p. A6.
- Rural budget allocation system skewed. (1998, March 5). *The Nation*, p. A5.
- Schenk-Sandbergen, L. & Choulamany-Khamphoui, O. (1995). *Women in the Rice Fields and Offices: Irrigation in Laos*. The Netherlands: Empowerment.
- Sivaraksa, S. (1998, March 20). A Buddhist's view of alternative development. *The Nation / Focus*, p. C6.
- Saignasith, C. (1997). Lao-Style New Economic Mechanism. In M. Than & J. Tan (Eds.). *Laos' Dilemmas and Options* (pp. 23-47). Singapore: Institute of Southeast Asian Studies.
- Thant, M. & Vokes, R. (1997). Education in Laos: Progress and Challenges. In M. Than & J. Tan (Eds.). *Laos' Dilemmas and Options* (pp. 154-195). Singapore: Institute of Southeast Asian Studies.
- The SBS World Guide. 4th Edition*. (1995). Australia: Reed International Books Aust. Pty. Ltd.
- Trankell, I. (1993). *On the Road in Laos. An Anthropological Study of Road Construction and Rural Communities*. Sweden: Department of Cultural Anthropology, Uppsala University.
- Wicks, J. (1994). Education, Economy and Employment. In L. Jayasuriya & M. Lee (Eds.). *Social Dimensions of Development* (pp. 146-155). Perth: Paradigm Books.
- Worner, W. (1997). Lao Agriculture in Transition. In M. Than & J. Tan (Eds.). *Laos' Dilemmas and Options* (pp. 84-127). Singapore: Institute of Southeast Asian Studies.