

October 10, 1993

Letter from Laos - March-Sept 1993

I am now 8 months plus into my stay here in Laos and my enthusiasm is waning. I was hoping to go back in time and I have simply proved once again to myself that it can't be done! When I am up-country working in the rural areas, the going back in time bit is OK because rural Laos is many years behind the times and not catching up very fast. But in Vientiane, the changes are happening rapidly, albeit somewhat out of control, and I (among others) feel that Vientiane and other cities in Laos will meet the same fate as other developing (and developed!) countries around the world - uncontrolled growth, internal economic imbalances and income gaps, disregard for the environment in the name of national revenue requirements, and on and on. I thought Vientiane would continue to be a pleasant place to live for a couple of years, but the roads are getting more crowded, nice old buildings being torn down, vehicle pollution is already a problem, crime is on the increase, foreign business investment is on the rise (the issue being whether it is good investment for Laos or simple rape of the resources and movement of profits out of the country!). One of the problems is that the government wants it's cake and eat it too. The government wants to maintain the 'party' and the philosophy of Marx/Lenin while at the same time loosening up the economy. And of course, as officials get a whiff of the economic benefits (cars and cellular phones, etc.), hanging onto the political strings gets a bit difficult. Nobody thinks the economy is going to slow down and it is difficult for both to exist together, so it's not hard to figure out the long term consequences. And they have probably figured it out also and therefore it is now time for everyone who can to grab now and also hang on to the position that comes with the politics as long as possible.

Vientiane is city that is growing faster than the government supported infrastructure. There are some in the government who maintain that there is a general plan for 'controlling' the growth and preparing the necessary infrastructure, but it is hard to see the reality of such a plan. Like most governments, they simply can't keep up with private sector growth once it has been unleashed. The revenue collection systems are inadequate, there is favoritism in the permits needed for growth, what few controls exist are inadequate and they can all be circumvented. Laos may not have learned enough lessons in development and growth from any of its neighbors nor from any other corner of the globe. The logical consequence is likely to be the emergence of a city that is unpleasant to live in, one with inadequate services and a growing disparity between the haves and have nots. None of this is unusual nor surprising - witness the rest of the world - but the disappointing part is that Vientiane had a good chance to be different and simply has gotten on the 'wrong boat'.

The bi-lateral and multi-lateral donors are spending quite a bit of money in Laos on various development projects. My observation and that of others who have worked in other countries, is that the way in which most of them work, at least here, makes USAID programs and operations around the world look pretty good by comparison.

The UN, EEC, World Bank, Asia Development Bank, European donor countries all seem like 'babes in the woods' in areas such as project designs, the caliber of many, but not necessarily all, technical assistance consultants, follow-up and monitoring. Many of the projects should not even be approved, given Laos' lack of human and financial resources to support such projects. The development banks hold up grant funds, in some cases, in an effort to force the government to spend loan funds, which the government is usually reluctant to do. There are cases when it seems that the only objective of the bank project managers is to increase the size of their portfolio's, with little regard for what it means to the country nor what the consequences might be over the medium-long term.

The Lao government is so strapped for cash to run the government and pay for imports, that they are entering into agreements with private sector enterprises, that in the long run tend to cancel each other out. On the one hand, they are agreeing to the construction of several new hydro-electric dams so that electricity can be sold to Thailand (and in the future, probably Vietnam) for foreign exchange. These dams mean the destruction of watersheds and forested areas, and considerable amounts of cultivable land. On the other hand, they are giving concessions to Taiwanese, Japanese and Thai companies for the cutting of logs for export.

The dams destroy areas where there are potential forests and the cutting of the trees destroys the watershed for the dams. Of course, Thailand hasn't learned this lesson either. They both destroy agricultural land for a country that is already overpopulated and rural-based. And the way in which the outside forest concessionaires generally cut the forest, there probably won't be much regrowth. Nor is Laos investing in its own future because the forests are being exported as logs rather than as finished products. Laos does not have the talent pool yet to make things like furniture, but when the talent is eventually available, there won't be any logs left to work with.

Most people outside and even some inside of Laos consider the country underpopulated. On a per capita per square kilometer basis, Laos is underpopulated. But if the mountains, rivers, urban areas are taken out of the total land mass equation, the remaining cultivable land is very limited. The government program to stop the shifting cultivation on the steep hillsides removes another significant percentage of land. One of the problems with the refugee repatriation program is that provinces are finding it

difficult to locate sufficient blocks of cultivable land which are unoccupied for the repatriates to settle on.

The government figures for population growth are in the neighborhood of 2.8 percent, which means a doubling of the population in 25 years. Some NGO organizations working in numerous villages have been keeping records over the past 3 years, and their estimates in some sections of the rural country side are 3.4-3.5%. This means a doubling of the population in 20 years.

Not one large donor program includes population control or family planning in their projects! None of the major players in Lao development seem to focus on this aspect of development. Women in rural areas, who do an estimated 65-70% of the work on the farm, would like to have the opportunity for family planning, instead of the uncontrolled 6 - 8 kids on average. But they have little say and the government does not provide the information nor the means nor the encouragement. There are some signs that the government is becoming more aware of the problem, but it may be a case of too little, too late.

There are some who say that the Lao population problem is already at the disaster stage, but even if it is not that far along, it is certainly getting close. The disaster is the economic and agricultural overcrowding that breeds more poverty and causes the rich/poor gap to continue getting wider.

Laos, since opening up the economy beginning in 1989, has come a long way toward improving the quality of life for many living in the cities/towns, particularly those cities/towns situated along the Mekhong river. Much of the impetus for this growth has been from the influx of Thai businesses and partnerships with Lao entrepreneurs and government officials. There are also significant investments from China, some from Taiwan and increasing amounts from Japan and a few from other countries in south and southeast Asia. Given the scarcity of natural and human resources in Laos, however, much of this investment is overflow from these countries. An example is the textile industry, where there are many garment factories (sweatshops) being established because of the US quota's. Thailand or China may be at their limits, so they produce in Laos, where there are still quota's to fill. Some of the investment is OK and certainly benefits economic growth in Laos. But what is happening, somewhat subtly, but in some cases not so subtly, is that Laos is losing its cultural differences and uniquenesses to Thailand. Most new business deals are in partnership with Thai businessmen. The only TV programs that Lao watch are from Thailand. (There are only 2-3 hours of Lao TV per day, and it is not very entertaining). Newspapers, magazines, books, films, etc. are mostly (90+%) Thai. Almost all the news people get is Thai news.

In the late 70's - early 80's, because of an intensive literacy program throughout the country, the government declared that almost every Lao was literate. That was probably true for about the first month after completing the literacy course. But because there is nothing to read in the villages, people soon reverted back to illiteracy. That is still the case today. There is nothing to read. Of course, it may be questionable that people would read even if there were materials available because this is basically a verbal society anyway. But without the materials, potential change will never be given a chance.

The Lao education system is still stuck in the era of French colonial times, where the system was geared to an elite that were expected to go on for higher degrees in science and cultural academics. Trigonometry is still in the 5th grade curriculum, no matter where the school is located! Not much is being done to make the curriculum more realistic and in tune with the realities of today. The illogic of the system is not lost on rural parents, who generally take their kids out of school after a few years because they are not learning much that is useful on the farm. The drop-out rates between 1st and 5th grade are in the neighborhood of 80% or more.

Laos has about twice the number of teachers than are necessary for the number of schools, classrooms and students. The reason is that most teachers only teach half a day, so that a second group is needed for the afternoon sessions. The reason for the half day is that they get paid so little and so infrequently that they have to work half a day to earn money for daily living expenses. In rural areas that usually means farming. In the towns, it may also mean farming - usually vegetables - and selling them at the market in the morning before class begins.

I have a sense of despondency with regard to my stay here in Laos. My sense is that the government is not going to be able to control and direct the economic development of the country. Outside forces are going to dominate. Internal greed and a sort of benign neglect will result in increasing rich/poor gaps. The competing political philosophies and economic realities will preclude permeating-type development and any hope of a semblance of equitable distribution of development benefits. The telltale widening gap between the central and main cities and the rural areas is already apparent to external observers as well as being apparent to many of those already living in rural areas or smaller towns and cities. What is all means is that I feel like I am witnessing the development and growth of a small country that may have had a chance for an equitable and sustainable growth pattern, but rather it is moving haphazardly, out of real control, characterized by a sense or an attitude of "get what you can now because there isn't much to get

out of Laos over the long term anyway". It's depressing to say the least.

My hope is that my observations are wrong or tainted and that this worst case scenerio won't happen. After all, the Lao and Lao culture have survived the Thai, French, Americans, Vietnamese and communism/socialism without losing all their Laoness. But those were mainly cultural, political and philosophical forces from outside. The current force is money and goods, and that may be the one force that can undo the culture and social fabric.

This letter has been a long time in the making and there is much more that could be said. But I think I need to cool off a bit and take another look at Laos in a few months time. Meanwhile, take care and keep in touch. The mail does work here! For your information, my address is as follows:

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