

Laos in 2021

One More Return to the Subsistence Ethic?

ABSTRACT

The COVID-19 pandemic has led to a weakening of the formal economy and a crisis of the informal economy in Laos. The population has responded with a partial return to subsistence farming, which almost the entire rural population had been engaged in anyway. The return to subsistence farming was accompanied by a revival of the subsistence ethic, which is compatible neither with Stalinist socialism nor with capitalism. In the current configuration, the Lao People's Revolutionary Party is in a position to take advantage of this revival, since it seems to support a communitarian morality, anti-capitalism, and self-sufficiency, which the socialist rhetoric of recent years has been propagating. The socialist rhetoric as well as the leadership of the LPRP were reconfirmed by its national congress in January. Social, political, and economic forces seem to complement each other to a larger degree than in the first two decades of the century.

KEYWORDS: COVID-19, economic crisis, party congress, socialism, subsistence ethic

The year 2020 was dominated by COVID-19 both in the world and in Laos, as last year's "Laos in 2020" reviewed (High 2021). Holly High observed that the leadership of the ruling Lao People's Revolutionary Party (LPRP) reacted to the health crisis by appealing to morality and unity, thereby enhancing its own power. At the end of the year, the LPRP could proudly point to a mere handful of infections and zero deaths due to the novel virus. The situation at the end of 2021 differs considerably. Laos was struck by a significant wave of

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infections in the second half of the year and is suffering from an extended economic crisis. From the perspective of the Lao population, the series of strict measures and lockdowns, starting already in late January 2020, seems to have had little long-term impact on health but a huge impact on the economy. Interestingly, however, this does not entail a fundamental distrust of the regime, as in many Western countries, nor has it led to a breakdown of livelihoods.

ECONOMY

It is true, the rapid and impressive economic growth of recent decades has been stifled. Growth is estimated to have been barely positive in 2020 and rebounded to a little more than 3% in 2021—in contrast to an average of almost 7% for the preceding decade (World Bank 2021: 37). Most likely, the estimate for 2021 will have to be downgraded in the end (Asian Development Bank 2021: 196). Public debt remains a crucial concern, as the state is unable to substantially increase revenues. China has become its biggest creditor by far, which entails an increase in political and economic dependence on China (World Bank 2021: 28).

Such macroeconomic figures often hide more than they tell. This is especially the case for Laos. More relevant for the general population, inflation has continued at an average of almost 5% in 2020 and 2021 (Asian Development Bank 2021: 196), while incomes have fallen behind. This has been affecting urbanites for years, particularly concerning food items and energy. Most households have to economize in their daily expenditures. At the same time, income opportunities have been reduced significantly due to measures against COVID-19. Employment rates have dropped, migrant workers have had to return home, incoming tourism has almost vanished, and many small businesses, which account for more than 95% of the enterprises in Laos (World Bank 2019: 11), have had to shut down. Apart from the peasants, only state employees have been spared by the economic crisis.

In most other countries, this development would have been disastrous, both for people's livelihoods and for the government's legitimacy. In Laos, neither is the case, since most people have access to agricultural land. Almost half of the population continues to practice subsistence farming anyway, while much of the remaining population—including in the cities, where most people live in urban villages—owns at least a vegetable garden and

sometimes even sections of a rice field. The formal Lao economy was hit by the financial crisis after 2008, but most of the population avoided much damage. The same is true for the current crisis, despite a much higher level of economic development.

We are seeing a breakdown of the informal economy, a boost of the subsistence economy, and stability of the state sector. Therefore, we would expect a serious downturn of the economy. To understand why even the macroeconomic indicators are less worrisome for Laos than for most other countries in 2021, we have to realize that the formal economy of Laos is dominated by large-scale projects that generate large sums of money, employ relatively few people, and are prone to crisis. The biggest industries in Laos, as far as revenue is concerned, are electricity, timber, and mining. They suffer little from the measures against COVID. Therefore, Laos still boasts moderate economic growth in spite of the very real crisis.

The most recent large-scale project, which was expected to be the economic highlight of 2021, is a high-speed train that links Thailand to China, through Laos. The Chinese construction company said it would be operational by the end of 2021 but was pressured by the LPRP leadership to have the opening ceremony on December 2, the Lao national day. To jump into the latest high-tech ahead of schedule is of course a great success, not only for the Chinese but also for the Lao leadership. At the same time that much of Laos is returning to a subsistence economy, the country can boast a railway that is far more advanced than any in the United States.

POLITICS

The most important political event in Laos in 2021, the Eleventh National Congress of the LPRP, went almost unnoticed because of the global focus on COVID-19. January 13 to 15 saw some 768 delegates assemble. Another reason for the scant attention the event received abroad was its unspectacular outcome. As far as personnel and policy decisions are concerned, the assembly mainly pursued the path that was defined by the Tenth Congress, namely a return to socialist ideology and a firmer grip on society by the LPRP (Rehbein 2018). The idea of Laos's progress toward a socialist society was repeated several times by the party leaders in the course of the meeting.

This is particularly true for the newly elected general secretary of the LPRP, Bounngang Vorachit, who proclaimed that Laos is on the path toward

socialism. Bounngang retired from the Politburo, which was extended from 11 to 13 members, 9 of whom stayed on from the group elected in 2016. The Central Committee was also slightly enlarged, to 71. The new members of both organs are significantly younger, and the percentage of women has increased. Still, more than a quarter of the Central Committee's members are old comrades who took part in the revolution of 1975. Following the LPRP congress, the government was reshuffled, but few new names appeared. Thongloun Sisoulith stepped down as prime minister to become president, while Phankham Viphavanh, a member of the Politburo since 2011, was elected prime minister.

The most significant feature of the new Central Committee is perhaps the number of familiar last names. Seven children of former presidents and LPRP secretaries-general Kaysone Phomvihane and Khamtay Siphandone figure among the new members—that is 10% of the entire body. Other influential families, from both the revolutionary and the royalist eras, are also represented in the Central Committee. We have to take into account that the leaders of the LPRP intermarry with former royalist elites and the new rich, while also engaging in business. The Lao elite comprises members of the pre-socialist elites (Halpern 1961), the socialist leadership, and some of the richest capitalists, who are increasingly interlinked by family bonds.

Laos continues to be a one-party state. It is likely that the elite will emerge from the COVID-19 crisis as strong as ever, probably even stronger than before. As the formal economy recovers, the Lao leadership may be in a unique position to pursue its agenda and carry out its policies, as long as the fiscal base of the state is broadened. From this perspective, the most interesting question about 2022 concerns the party's preferences. Will the leadership focus on the Sustainable Development Goals, as it had been promising? Will it move closer to China? And will it actually implement some socialist policies? The most likely scenario is a combination of all three—as long as it is compatible with elite interests.

The government continues to have a tight grip on civil society, which has become even easier with COVID-19. Surveillance has been close and effective in Laos since 1975, and control of civil society organizations was increased soon after Decree 115 had officially legalized them. Since 2016, each registered organization has to seek approval from the government on a yearly basis. This limits the scope for organizations to pursue political goals. While most of

them are focusing on developmental and local issues, a political agenda is basically impossible.

SOCIETY

The huge contrast between the brand-new high-speed train and the subsistence farmer's bamboo hut is indicative of the state of Lao society. Even to a casual visitor, it is evident that Laos has a problem with economic inequality, just like any other country. While most of the subsistence farmers dispose of less than one US dollar per day, members of the elite may own a stable of luxury cars. And while life in many villages does not differ much from the one lived by previous generations, some people will take the high-speed train to vacation in luxury resorts abroad.

Inequality is the most relevant issue today apart from climate change, both in Laos and in the rest of the world. This will not change in the coming years, not even if another pandemic is around the corner. In Laos, we can clearly observe that contemporary inequalities are rooted in earlier hierarchies. The revolution led to a huge exodus of middle-class and elites, but members of both have returned, not merely to the country but even to their previous social positions. The socialist takeover of 1975 and the introduction of a market economy after 1986 have added new members to the elite and the middle class, but most families have remained in the same relative social position.

What is more, almost half of the Lao population continues to practice subsistence farming. Their livelihood has changed as little as their relative social position. The socialist revolution offered them social mobility, but this mobility ended once the socialist hierarchy was established. The transition to a market economy opened up business opportunities and thereby some social mobility, but most of the new entrepreneurs were members of the old and new elites, along with businesspeople from the neighboring countries. Most Laotians remain in the professional group of their parents and reproduce their relative level of education (Rehbein 2017). If the father occupied a higher social position, his children inevitably have more education. In contrast, almost all those with a primary education or less have a rural or lower-class background.

The reproduction of inequality is a problem for any society that claims equality of opportunity. Laos is in a better position to handle this problem than any Western country, however. First, social mobility is possible, to

a limited degree, in the LPRP. Anyone entering the party on the local level can, in principle, rise through the ranks and as a consequence increase their social standing and wealth. Second, the socialist discourse is based on collectivism rather than individualism. And it is precisely this discourse that has been strengthened by the party congress of 2016 and during the COVID-19 pandemic. This is also where the moralistic element of the party leadership comes into play, which I referred to in my first paragraph. Third, the subsistence ethic aims at having enough, instead of maximizing profit. The goal is subsistence, not social mobility.

It is precisely the subsistence ethic that has returned with the pandemic. More precisely, it has returned to many sections of the urban population—it never disappeared in most of the peasant villages. James Scott (1976) described the subsistence ethic as the characteristic trait of Southeast Asian peasants. The peasant does not act as a utilitarian individual but as a member of a collective that tries to assure the survival of all members until the next harvest. And this is done in the context of a mostly self-sufficient rural economy.

Almost every Lao who was born before the late 1980s has grown into a peasant society dominated by the subsistence ethic and possibly influenced by socialist ideology to some degree (Evans 1990). And most Lao alive today continue to have access to a piece of land. Peasants till land in the context of subsistence farming in the village economy; most people living in a town own a garden around the house; and members of the urban middle class often have some land in the countryside. Many of the urbanites and townspeople who are losing their jobs or income opportunities can fall back on subsistence farming.

On a phone call in August 2021, a small retailer outside Vientiane told me that he was having problems paying his bills but he was not worried about starving. At the height of the rainy season, he was seeing his vegetables grow. In another conversation, in October, a university teacher said that she and all other civil servants were receiving their salaries but that all the shops around and inside the university had been closed for almost two years. Perhaps more than a thousand people had lost their income, “but they garden, grow rice, and raise chickens.” They are doing what all Lao were doing a generation earlier.

Against the trend of growing individualism, competition, and inequality, the pandemic has moved people closer together and reminded them of

solidarity and the subsistence ethic. And even though the LPRP is not directly responsible for this, it can claim some of the credit by drawing on socialist rhetoric and moralism. The government is actually not untruthful in claiming *some* of the credit, because the return to the subsistence ethic is only possible because the material conditions support it. More precisely, a sizeable part of the population still has access to “means of production” that suffice for subsistence, at least if the subsistence ethic is applied collectively.

This gives rise to a very interesting configuration. Although Grant Evans (1990) has shown that socialism contradicts the subsistence ethic by imposing an abstract, bureaucratic collective, the subsistence ethic now strengthens socialist ideology. And while the peasants have perceived an obvious contradiction between the socialist cult of the peasant and the treatment of peasants as “underdeveloped” (Rehbein 2018), this tension is becoming less visible in the context of a return to subsistence farming. In the contemporary configuration, socialism profits from the peasants’ support of communitarian and subsistential values against capitalism—and from the middle class’s resilience to the crisis through subsistence farming, which is interpreted as a moralistic-political attitude by the LPRP leadership and as a subsistence ethic by the peasants. Members of the middle class probably combine both interpretations, since their attitudes are connected to both.

CONCLUSION

The COVID-19 pandemic has struck Laos rather belatedly, even though it has haunted the country since January 2020. Like everywhere else, restrictive measures in everyday life went together with anti-liberal politics and economic crisis. They have created hardship and discontent. However, the Lao leadership may have turned the crisis into an opportunity, mostly without premeditation. If the country manages to generate a revival of the informal economy for the urban population, sufficient growth of the formal economy, and a more liberal attitude toward the middle class, the regime could have its strongest period in the coming years. Whether this actually happens will partly depend, as always in Lao history, on the developments in the powerful neighboring countries, since Laos is dependent on China, Thailand, and Vietnam in differing ways.

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