

Economic Hardship and French Colonialism in Laos

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Abstract

French Colonialism of Laos is the main cause of Laos's low economic status as one of the poorest states in East Asia because colonialism did not allow for the development of any Laotian bureaucracy or government structure, created a power vacuum when Laos gained independence, and allowed for a communist government to take control of a state with no infrastructure. Therefore, if the French had invested in the independence and infrastructure of Laos it would be a higher functioning state today with greater economic independence. I will demonstrate this by giving an overview of French colonialism in Laos, how it allowed for ineffective governments to be propped up by foreign aid, and how foreign aid made Laos susceptible to an authoritarian government and prevented effective bureaucracy and economic infrastructure that would allow its people to flourish.

Key words: Laos, French colonialism, foreign aid, consequences, low economic status

The Current Economic Situation of Laos

Laos has the greatest percentage of its population living under the poverty line in all East Asia. This means that in comparison to the other states of East Asia, Laos has the highest ratio of citizens living in poverty (as defined by Purchasing Power Parity, or PPP) (World Bank 2017). However, while the percentage of Laotians living under the international poverty line has been steadily decreasing (from a peak of 30.7% in 1997 to 16.7% in 2012), it is not decreasing fast enough to keep up with its East Asian counterparts. Nevertheless, per the Gini coefficient, inequality has been rising, from 34.9 in 1997, to 37.9 in 2012 (World Bank 2017). So, while less are now living in poverty, uneven income distribution has increased.

This paradox is due to Laos's high reliance on foreign aid. For example, much of the growth in the economy over the past decade (averaging 8 per cent) has been spurred by mining and hydropower exports that have also attracted significant levels of Foreign Direct Investment (FDI) (Roberts 2012, 154). FDI leads to increased economic inequality because it does not allow the poorest of Laos to thrive, instead it only provides more opportunities for those that already hold wealth and influence in Laos.

The Human Development Index (HDI) number of Laos is 0.586, making it ranked at 138 internationally. This means that on a scale from 0 to 1, Laos is about halfway to full development as measured in the life expectancy, education level, and per capita income indicators of its population. Although it is not the lowest in East Asia (Myanmar is 145 and Cambodia is 143) (UNDP 2016) the ranking is still quite poor. It is more important to note HDI than PPP in Laos because about 10 percent of the population of Laos left after 1975 and there is now a steady stream of remittances from the United States, France, and Australia that would skew the PPP (Lintner 2003, 144).

Over the last decade, Gross Domestic Product (GDP) growth has averaged an impressive 7 per cent due to the increased use of the state's natural resources of water, minerals, and forests. Laos is also moving more towards economic integration, specifically with the Association of South East Asian Nations (ASEAN) (World Bank 2017). However, Laos's main problems remain the same as in previous years: too much dependence on foreign aid, lack of openness and transparency, no political debate on how to solve the country's problems, and little or no investment outside the power sector (Lintner 2003, 144). Many of these central problems can be traced to French colonialism.

The Character of French Colonialism in Laos

The French began to establish themselves as a protectorate over Laos in 1893 (Christie 1979, 147). At this point in time, Laos was already in disintegration. The kingdom of Vientiane had been annexed by Siam and Luang Prabang and Champassak were close to annexation. Siamese dependencies and political decline were matched by a decline in the vitality of religion and culture of the Lao people (Christie 1979, 147). Therefore, the Lao elite were accepting, if not

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Selvi Bunce

Economic Hardship and French Colonialism in Laos

welcoming, of the French presence in Laos in the hopes it would help unite the Lao people and fend off aggressive neighbors (Christie 1979, 148).

However, France made no attempt to encourage a sense of Laotian national identity or create the basis for a viable independent nation. Furthermore, France deliberately encouraged Vietnamese settlement in Laos, striking at the very roots of Laotian national identity. France also made no serious attempt to resolve the traditional hostilities that divided the ethnic Lao and the minorities in Laos (Christie 1979, 148). These ethnic fractures, deepened by France, would have grave implications for independent Laos.

Not only did France neglect the importance of ethnic divides in Laos, but it also treated Laotians as inferiors. For example, Ivens quotes French colonials:

“The Laos are happy children; it is the sweetest country in the world. What they need is a good king, good princes, reasonable taxes, peace to cultivate their rice just enough to eat sufficiently and time to play the khene (a musical instrument resembling a flute, peculiar to Laos) and to sing songs to their lovers. It is a country where nothing has been spoiled by civilization. These are the most amiable people in the world; not warlike, not ambitious; caring little for work and a great deal for singing; tasteful and endowed with an innate sense of the beautiful” (1947, 122)

Apart from this type of rhetoric, France’s view of Laos is also shown in what it did not do. For more than half a century France ruled Laos as a “colonial backwater”, administered with minimal staffs and expenses (Kittikhoun 2009, 33). Furthermore, France put no effort into advancing infrastructure, education, industrialization, or development. Even in the urban centers, the communications infrastructure was extremely poor and no railroad was ever constructed. Some roads were built, but with limited colonial and commercial interests and the French did not construct them beyond bare necessities (Kittikhoun 2009, 33). In addition, the roads that were built only served to benefit those that possessed cars, which was not the average Laos citizen (Ivens 1947, 122). Therefore, even before Laos was left to fend for itself, economic inequality was taking root.

Transition: Japanese Invasion and French Reaction

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Selvi Bunce

Economic Hardship and French Colonialism in Laos

France maintained its pattern of political, economic, and legal domination over a subordinate Laotian population through the weakening of the colonies and the discouragement of elite development until 1945. Ivens states that “the real drama of Laos, like that of all Indochina, began in March 1945 when, on March 9, the Japanese effectively seized power in Indochina” (Ivens 1947, 123).

Interestingly, it was not France that first acted when the Japanese ousted it and encouraged states of Indochina to form independent governments. The French troops stationed in Laos did not fight against the Japanese. They were simply interned like the civilians while a few took flight. At this time Laos felt that France, which had promised them protection against all aggressors, was abandoning them (Ivens 1947, 123). Almost immediately the Vietnamese population in Laos organized and acted as though Laos was “no more than a political adjunct of Vietnam” (Christie 1979, 149). This encouraged most of the Lao elite to cooperate with the Japanese as an independent government under Princely leadership since Japanese-inspired independence and collaboration was the only possible policy response to the immediate Vietnamese threat to Laos (Christie 1979, 149).

However, the declaration of Laotian independence was not enough to deter France from attempting to reassert its position in Laos. France engaged in guerilla warfare in Laos through specially trained officers up until the summer of 1945 when French guerilla troops were effectively challenged by young Lao nationalists that had partnered with an underground Thai movement (Christie 1979, 150). The ethnic divides France used in its “divide and rule” strategy (Ivens 1947, 123) backfired by encouraging different groups to clamor for independence when the time came, making it impossible for France to regain control, or even allow a peaceful and constructive transfer of power.

Although France could not fully retrieve the exploitative position it once held in Laos, Laos was not yet ready to be fully independent due to these same ethnic conflicts paired with a weak economy because of poor, when existent, infrastructure. In addition, independence was difficult for Laos because it was obliged to train its own, inexperienced people to replace those that had been placed in administration by the French while the Japanese offered no assistance

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Selvi Bunce

Economic Hardship and French Colonialism in Laos

(Ivens 1947, 123). When the French Protectorate was officially denounced, the Lao elite formed a new nationalist front to form the independent government, the Lao Issara (Issara meaning 'free') (Christie 1979, 150). The post Geneva Conference Lao Issara was dominated by a conservative nationalist elite that leaned heavily on French support (Christie 1979, 150). This is in part, because the Lao elite benefitted the most from French support as French colonialism paid little attention to the general welfare of the population and focused only on the utility of Laos through its most powerful elites, whom now depended on France for both economic and political influence.

At this point, the Lao Issara was a government by elites for elites, propped up by the French, therefore not requiring the development of any real infrastructure (such as taxation) or rule of law.

The Rise of Communism

The stability of the conservative Lao Issara was shaken in 1954 when Laos became a battleground for influence between North Vietnam and the United States. The determination of the United States to be involved and draw the Lao Issara, or Royal Lao Government into an active role against communism effectively undermined France's role as guarantor of Laotian security. This allowed the Pathet Lao (a communist political movement backed by the Viet-Minh) to begin a sustained campaign to "politicize the minorities and the poor of Laos to decrease loyalty to the Royal Lao Government" (Christie 1979, 151). Not only did the involvement of the United States encourage more aid to the Pathet Lao from the North Vietnamese, but it also increased division and weakened the Lao nationalist elite. As these divides developed and time allowed them to ferment, smaller groups were eventually absorbed into either the Royal Lao or Pathet Lao armies and by 1964, Laos became a powerless and divided adjunct in the Indochina war, overrun by competing foreign powers (Christie 1979, 152).

The rise of the Pathet Lao was facilitated by the involvement of current powers that expounded on ethnic boundaries exploited in colonialism. For example, the conflict at the Plain of Jars was a key defining moment for the Pathet Lao. Simmonds states that "For its part, the Pathet Lao had exploited rivalries within the neutralist armed forces and was thus more or less

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Selvi Bunce

Economic Hardship and French Colonialism in Laos

directly responsible for the fighting that broke out on the Plain of Jars on 31 March [1963]” (1964, 287). This fighting inevitably led to the resignation of King Souvannaphouma that left Laos vulnerable to the strongly Vietnamese backed Pathet Lao who could effectively mobilize the citizenry under claims of nationalism and equality in comparison to the divided and elitist Royal Lao Government.

From then on, it was only a matter of formalities until the communist, Pathet Lao born, Lao People’s Democratic Republic came to rule in 1975. This is the current government in place, though numerous anti-communist insurgencies have occurred between 1975 and now, it faces little to no opposition due to its authoritarian tradition and high centralization. For example, “elections to the National Assembly were held on 24 February (2002), and the government claimed, ‘all 2.5 million eligible voters nationwide used their right to vote’. There were few surprises when a total of 166 candidates competed for 109 seats in the Assembly, which in effect is little more than a rubber-stamp body controlled by the ruling Lao People's Revolutionary Party (LPRP)” (Lintner 2003, 135). Clearly, an election where the government is claiming that the entire eligible population voted while only about 70 per cent of adults are literate (UNICEF 2013) cannot be accurate.

Now and Then

This lack of accurate representation in the current socialist government makes it impossible for the government to focus on the real needs of its people to effectively develop the state. For example, “the lack of political debate and initiative was seen by most foreign observers as the main reason why Laos' troubled economy showed few signs of real improvement during the year (2002)” (Lintner 2003, 135).

Beyond oppressing public opinion, the LPRP also instituted communist inspired ideas that have negatively affected the Lao economy. For example, in December 1975, the LPRP instituted disastrous agricultural collectives that damaged its market economy both domestically and internationally. But, inspired and threatened by its more progressive neighbors, Laos began to nationalize in the late 1980s. In August 1991, a new constitution was adopted which formalized the introduction of a market-oriented economy, guaranteed the right of every Lao

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Selvi Bunce

Economic Hardship and French Colonialism in Laos

citizen to own property, and provided protection for foreign and domestic investment (Lintner 2003, 139).

As Laos began to intentionally liberalize main sectors of the economy the initial results were striking. Laos one of the world's poorest countries, where subsistence agriculture accounted for half of gross domestic product (GDP) and provided a livelihood for 80 per cent of the population may have started from an extremely low base, but even so, annual growth averaged 7 per cent in 1988-97 (Lintner 2003, 139). Much of the growth that has occurred in the 2000's has been spurred by mining and hydropower exports. These two industries have attracted significant increases in the level of foreign direct investment (FDI) from countries such as China, Thailand, Australia, and Vietnam. Furthermore, the level of average gross national income has increased and in July 2011, led the World Bank to reclassify Laos from a "low income" to a "lower-middle income" country. Such progress also lends credence to the possibility that the LPRP may be able to realize its Millennium Development Goal to no longer be in the United Nations list of "least developed countries" by 2020. However, it is also important to recognize that neither the pace of development nor the equality in its distribution has been problem free (Roberts 2012, 154).

Despite liberalization in some areas, no structural change has taken place. The government is still dictating economic policy and subsidizing state commercial enterprises, which are losing money (Lintner 2003, 140). The agricultural sector, from which most Laotians depend on, is hampered by weak infrastructure and outdated production methods due to the early communist agricultural collectives (Lintner 2003, 140). The sole reason for the prolonged survival of Laos is foreign aid that the government uses to finance public investment projects and to cover chronic current-account deficit (Lintner 2003, 141). Thus, while Laos has managed to show growth in the past decade, life expectancy in Laos is still below its Southeast Asian counterparts, including Myanmar and Cambodia. Further, in 2011 the United Nations estimated that 33.9 per cent of the population continued to live in poverty. Under these conditions, approximately 40 per cent of the population lacks food security for three to four months of the year and there is a strong nexus between childhood malnutrition and the stunting of growth - with the latter affecting an estimated 48 per cent of the population (Roberts 2012, 154).

While it is important to acknowledge the growth Laos has experienced in recent years, it is also important to acknowledge why that growth is only coming now, and why Laos still has far to go. It may be easy for some to conclude that Laos is struggling economically simply because it is under the oppressive rule of a Marxist inspired party. However, this assumption does not factor Laos's problematic history. While it is fair to say that the authoritarian government has exacerbated problems by relying too heavily on foreign aid and not developing infrastructure, it is imperative to note that this has been the pattern of Laotian economics for decades. French colonialism put Laos in a position of dependence, even its elites were dependent on outside actors. The neglectful nature of the French also left Laos with weak, when present, institutions that paid little heed to the good of the people and exacerbated ethnic tensions that aided the eventual success of the Vietnamese backed communist revolution. Overall, it is colonialism that has had the greatest lasting impact on the economic development of Laos.

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