

Social Policy and Changes to Life of Local People in Lao PDR 1

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Introduction

The social policy has provided substantial impacts on the living standard of people around the worlds. Because of policy bias based on modernization and globalization, most policy planners ignored the fact. There are evidences from numerous studies shown the great socio - cultural changes to the life of people as well as the societies. The social policy focusing on modernization provides not only positive impacts such as an improvement of infrastructure such as roads, health services, education and social facilities, and the longer life expectancy, but numbers of negative impacts including crimes, poverty, environmental degradation and inequity as well. The social policy based on globalization, on the other hands, makes the world becoming a global village and so too offers the rapid transformation of the old world to the new one with borderless and international problems. Considering these alternations, it could be said that people around the world are sharing not merely happiness but sadness and dim destination in the present world environment

(http://www.unescap.org/esid/psis/population/database/poplaws/law_lao/laop).

Therefore, poor social policy designation is a cause of negative social changes. It brings complicated international social problems such as traffickers, consumerism, international crimes and prostitutes. These social problems are increasingly become more sophisticated with complicate dimensions. For example, the infectious diseases such as HIV, SAR, H1N1, H5N1, and TB connect the global village together with fear and frustration. Moreover, there is a significantly increased of unlimited power of international organizations such as IMF, ADB, UN, WHO. The multinational companies such as Monsanto,

Sogo, Aminoil, R.J.Reynolds, Del Monte, and Kentuckey Fried Chicken become multinational organizations controlling more than haft of the world's business and life of local people. In this way, the world becomes flat and each individual nation shares the same destination and faith.

Therefore, a better international and national social policy's designation and formation is increasingly crucial. A well plan, a good cooperation among countries, and a better connection between the plan and implementations are all relevant. In order to bring the global community to a better future, the development of a better public social policy need to be reconsidered in every level.

This article is a part of the research project named a Study of Laos' Social Identify and Cultural Changes as a Consequence of Socio- economic Policy. After long and exhausted field trips in Laos, the systematic conclusion of the research project had provided a number of interesting findings. To clarify her ideas, the researcher offers 3 majors points in this article. First, the article provides the researcher methodology. Then, it concludes the research findings. Last, policy recommendations are provided.

Research Methodology

There are three major research objectives; 1) to analyze the structure and the context of the national public social development policy that is in the forms of modernization; 2) to search for changes in social living among local residents in both urban and rural Laos, and 3) to provide policy recommendations.

This research project was designed to be the multi research methods. These included qualitative and documentary methods. The documentary research helped analyzing Laos social policy from past to present. Applying

¹This research project is funded by Naresuan University during December 2007 to June 2009.

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the documentary research helped analyzing the policy's strength and its weaknesses. The qualitative methods such as in – depth interview, participatory observations, and open-ended conversations were applied in order to collect information about policy impacts, and changes occurring in social living among Lao residents in three major areas: <u>Champasak</u> and Pakxe at the south, <u>Louangphabang</u> at the north, <a href=Vang – vieng at the lower north – eastern part, and <u>Vientiane</u> in the middle part of the country.

Research tools included an in – depth interview guideline, participant - observation checklist, and openended conversation checklist. The forms of these two checklists had been designed into 3 parts. The first part contained general information such as personal information and socio-economic background of the respondents. The second part comprised open – ended questions about the social policy and its context which affecting the people's life and culture. Then, the last part concerned policy recommendations and suggestions. These research tools had been well – designed, and were pre – tested with local residents in both Thailand and Lao before applying to the target groups.

The researcher collected data by herself along with the help of local research assistants in Laos. First, she provided research training for her assistances. This process included one week training, which comprised of series of lecture about research methodology and data analysis. Then, a short cause training in field work skills such as in – depth interviewing, participant observation, open – ended conversation, and focused photographing were organized for research assistants.

These research tools were, later, pre – tested with 10 local residents in Ubonrajchathanee province located in the north – eastern part of Thailand and another 10 local residents living in 2 districts in Laos, Champasak and Pakxe. After the pre – test, the researcher found that the sample group both in Thailand and in Lao understood the tools in a very positive way. The sample group were able to answer all the questions and willing to cooperate in the research project.

During her data gathering, all of these questions had been asked and systematically recorded. All fieldwork documents had been recorded, and transferred into files every day. Then, the content analysis method and situation analysis had been adopted. Lastly, each case study had been analyzed by using the Baconian Technique before ethnography software for qualitative data analysis was applied.

Duration of the Research Project

This is a two – year research project. It was started in the beginning of 2007 after the formal agreement had been made. All field data had been conducted during a summer season of 2007, between March and June. The first field trip was arranged in the southern part of the country, Champasak and Pakxe. This trip was started at the end of March. Then, the second field trip was conducted in the north of the country, Loungphabang. The trip started during April and May. Finally, the last trip was carried out during the end of May till the end of June. The most demanding period was the trip in the middle part of the country, Vientiane and Vang – Vieng. The difficulties seemed to be the physical conditions such as the dusty, meander and bumpy roads, unexpected rain, hot and humid weather. Apart from those, all of the schedules had been successfully done with joyful as planned. Most of the local residents in both urban and local Laos had shown their loving kindness and generosity to the team research. Friendship and the unforgettable hospitality remained in the harts of all the research team. Indeed, there were so "many a flower is born to blush unseen". This research project had reminded the researcher about the old words of Maxim Gorki "when work is a pleasure, life is a joy; when work is a duty, life is slavery". Fortunately, this research is joyfulness.

Research Areas and the Scope of Study

The researcher gathered field data from a number of communities both within urban and rural areas. Qualitative samples were purposive selected from key informants and social actors who were actively involving in policy planners and development projects. These included males and females, age between 15 - 65 years old that were willing to cooperate in the research project from the beginning till end. 10 key actors from each district, Champasak, Pakxe, Loungphrabang, Vang-Vieng and Vientiane, were then purposive selected from various occupations such as government officers, taxi drivers, private business owners, food vendors, tourist guides, lecturers, cloth vendors, unskilled labors, farmers, and monks. There were about 60 respondents involved in the research process. These key informants were in - depth interviewed and asked individually. Their life style, behaviors, and daily practices were participatory observed via market places, home, work places, and school visits. Religious practices at the temples and in the communities were also observed daily through the research field trips.

This research project was focused merely the impacts of the latest development Plan of Lao PDR, the 2005 – 2006 Socio – Economic Development Plan towards life of local people.

Definition

Social Policy

Social policy here includes the state government's social plan, strategy, and project concerning social insurance, social welfare, and social services. These include social security, housing, health, social work, employment, prisons, legal services or drains. Moreover, it is the term used to describe state actions aimed at promoting people well – being.

In this project, the National Socio-economic Development Plan 2005 – 2006 is focused as the social policy. The research concerns a discovery of an influence of the plan towards the people life. Social policy is not simply the study of society and its problems, but it is intimately concerned with how to address and ameliorate social problems and with the analysis of the success or failure of policies designed to improve welfare and well

- being of Lao residents. Implicitly, this study is concerned with the creation and appropriateness of structure and institutions designed to implement social problems.

Research Findings

The Country Overview

Lao is a land – lock country. Powerful countries in south – East Asian such as China, Vietnam, Myanmar and Thailand, surround the 4.6 million Lao people. The dramatic changes occurred in Lao in 1986, converting economic and public administration affairs from a centrally – planned to a "socialist market economy". In 1990s, an annual growth rate of the Lao PDR (The Lao People's Democratic Republic) was at an average of six percent. This situation signals the first move of the country to the world market economy in an obvious way.

However, it should be noted that Lao's administrative reform had been closely linked to socio - economic reform and so too the shift of development paradigm. This firstly included the long – term lease of most and outright sale of a few of 155 state enterprises, the cutting of public service by 20 percent to 70,000 (42,000 of which are teachers). This followed by the creation of an agency to handle the large aid budget. Major development policies included the process of creating national plans, budgeting, taxation and personnel management system. Lately, the Lao government had been announced that the next stage of the country development reform would be in the areas of human resource development, including the change of work habits of public servants, improving transparency and accountability within ministries, the changing of women and minorities in the public service (UNDP 2007).

This study found that rural Lao, where 80 percent of the population was very much existed, remained mostly subsistence farmers and self – sufficiency. These rural residents earned the equivalent of less than US\$ 100 per year. Although some may say this life style was demanding, however, it has to be noted that the situation has made possible via a balance between fruitful natural resources

and a sufficient economy of the Lao people. Others may still criticizing of inequity and gap between the rich and the poor. However, considering the poverty in the conditions of the strong social support network, existing natural environment, less people density, and sufficient economy, poverty seemed to be a bearable among the poor. The rich, in this sense, were facing more difficulties in the forms of cultural lag, consumerism, longer hours works, stress, and the lost of social support from the family. Conflicts of interest among the rich emerged from the competitiveness in business such as forestry, construction, hotel, and touristy. This situation led to the fragmentation of social classes as well as the lost of social safety nest which was very much existing in Lao society during the last decade. Luckily, about 80% of the people in Lao were not yet entered the cash economy.

Although the country's entering capitalist economy provided numbers of significant positive impact to the people's life, however, one should not assume that the Lao's need for Western expertise, technology, and capital resources related to an acceptance of Western cultural values. As a result of its history and the national policies, the Lao PDR seemed to resist "cultural pollution" from the west in many circumstances.

The sixth ordinary session of the National Assembly, Legislature V, adopted the macro economic targets of the Socio – Economic Development Plan for FY 2004 – 2005 as followings: a GDP growth of 6.5 – 7 percent. Agriculture rose by 3.5 – 4 percent, industry 11 – 12 percent, and services 7 – 7.5 percent. Exports rose by 6 percent. Investment represented 28 percent of GDP, with about 9.9 percent coming from the state budget and the remainder about 18.2% from local and foreign private sector investment. Revenue collection in FY 2004 – 2005 reached 3,600 billion kip; expenditure was 6,007 billion kip; the deficit was within 8 percent of the GDP. The average annual inflation was 8 percent; about 52,000 families were out of poverty. Slash and burn cultivation was eliminated in about 20,500 ha while the area under opium poppy cultivation

was reduced nationwide (UNDP 2005: 1).

After the systematic evaluation of the 2004-2005 Development Plan had been done based on the coordination of various factors from the central ministries and provinces, the 2005 – 2006 Socio Development Plan was developed based on the results of the previous Plan.

Impacts of the 2005 – 2006 Plan

The 2005 – 2006 Socio – economic development plans had been approved by the 8th ordinary session of the National Assembly, Legislature V, Resolution 43/NA, in Vientiane, since October 11, 2005. To provide the research findings, the researcher began her presentation with the analysis of overall situation. After a massive literature review both from Lao and foreign document, the involving Socio –economic factors both macro and micro were identified before changes in the social life of the people was highlighted.

The Plan and the Overall Situation

In fulfilling plan targets and the budget for almost one year, this development plan faced many fiscal difficulties. The budget was not realized the changes in prices of construction material, prices of oil, steel, cement, and fuel. Consequently, the seventh ordinary session of the National Assembly, Legislature V, approved the adjustment of the state budgetary plan as follows: the overall target was reduced 3 percent from 3,600 to 3,467 billion kip and the planned expenditure was also reduced 3 percent from 6,007 to 5,807 billion kip. This change had provided a great impact on the efforts for fulfilling lots of targets, including state investment and GDP growth.

Moreover, the impacts from external factors such as the ever — increasing global oil prices, and aggressive competition for capital flow and free trade between industrialized and developing countries in which each seeks to protect its own interests are enormous. This situation affected trade and investment as well as the life of the local people. It affected the implementation of the budget plan,

the cost of production and services, which had been increased due to the rise in prices of essential components such as fuel, transportation and other crucial raw materials. This had decreased revenue and caused constraints in conduct of business and impacts the living conditions of civil servants, police, and multi – ethnic people living in the country.

The Plan Implementations

Economic Field

The Plan had estimated net output in the agro – forestry to increase in the field of local plantation, animal productions, forestry, and agro – forestry production. Although the Plan was also mentioned about the increase of rice production, the drought problem followed by floods and pests became the major obstacles. There were approximately 81,500 ha submerged. Considering this situation, the country's taking off seemed to slow down and to confront number of difficulties.

Public Investment

In 2004 – 2005, the National Assembly approved the public investment plan that includes 1,613 projects valued at 2,770 billion kip, representing 9.9 percent of the projected GDP. Within this amount, 543 billion kip represented local funds and 2,227 billion kip to come from foreign sources. There were arrears with 238 billion kip.

The study found that the implementation of state invested projects in general was very difficult because of the shortfall in budgeted revenues. As a result, investments were delayed; the contractors had very limited operating capital. Nonetheless, the state government managed to complete all the projects as planed. Because of shortfall in revenue collection, only 70 billion kip was paid (the approved funds for debt payment were totaling 238 billion kip in public invested projects for the FY 2004 – 2005).

Macro Situation Analysis

The economic change from 1990 – 1996, led to the free market take off. This situation provides talented Lao people

an opportunity to work in government sector or state – owned or state – managed industries. Those who work in private sectors, although had less benefits but having several times higher basic wage than that of state employees. Since the average civil service monthly wage was around US\$30 (about 1,200 baht per month). Due to the East Asian Economic crisis in 1997 as well as that of the difficulty of Lao environmental and economic policy, the country's socio – economic development had stalled. This followed the changing in socio – economic policy of the Lao PDR state government leading to dramatic alternation to the life of the majority Lao, especially those who were dwelling in rural communities and remote areas.

After a long and exhausted working with piles of data on the plan and implementation during the last year, the researcher found interesting changes in macro socio – economic sphere as follows:

- 1. During the Plan, the GDP was increased 0.2 percent more than planned (around 7.2 percent from the plan envisages of 6.5 7 percent) of which:
 - The increase of the gross agro forestry products of 3.5 percent covering 45.4 percent of the GDP
 - The growth of industrial product was around
 13 percent, covering 28.2 percent of the GDP
 - The growth of service product had risen 8 percent, covering 26.4 percent of the GDP
- The average per capita income was 10.4 percent, an achieving almost 100 percent of the five years plan target, \$500 dollar.

However, Lao PDR experienced lot of difficulties in revenue collection and expenditure. The internal revenue collection for the entire year was only amount to 3,423 billion kip, equivalent to 98.7 percent of the adjusted plan; this was a year – on – year increase of 16.1 percent and covers 11.7 percent of GDP. Expenditure was around 5,824.5 billion kip, 0.3 percent more than the adjusted plan, and a 6.6 percent year – on – year increase, amounting to 19.9 percent of GDP.

This mean that the overall budget defected around 1,802 billion kip or 6.2 percent of GDP; this was balanced by grants and loans provided by foreign financial institutions totaling 1,769 billion kip. Sale of treasury bonds helped to raise the additional 33 billion kip required offsetting the deficit.

- 3. However, it was found that finance and banking in Lao PDR was satisfactory. The total amount of savings in kip and foreign currencies increased during the implementation of the plan. However, banks confronted liquidity crunch limiting their capacity to lend because of the high interest rates, as well as the high incidence of non performing loans. This situation increased lending risk. As the result of the weaknesses of administrative and management capacity of banks, the broad money M2 at the end of the year was around 17.5 percent of GDP, a year on year increased of 24.3 percent.
 - An average inflation for the entire year was 7
 8 percent. Because of the high oil prices in the last six months of the year 2006, manufacturing and services costs were proportionately higher than expected.
 - The exchange rate of the kip over the past year
 was stable; on average a dollar was valued at
 10,629 kip and one Thai baht at 266.3 kip.
 However, the rate was depended on various
 primary factors including: budgetary and
 foreign currency deficit, high oil price, strong
 dollar and Yuan, and trade deficit.

Micro Situation Analysis

The influences of social plan on social living of Lao people were enormous. During the operating of this social plan, numbers of changes were found. These changes include the increasing quality of life of the Lao people. It was a longer life expectancy as well as a better accessibility to public goods and services.

The study found that life is very sophisticated and full of detail in Lao. There were numerous dimensions of culture

and the diversity of life style. It was amazing to find native residents dress in the traditional style, living in a traditional way of belief but aggressive participation in political and development spheres. Some university students aggressively challenged their lecturers in class, before going home helping their parents in the family farm and nurturing their little sisters in a peaceful manner. The researcher was very surprised to find different generations woke up in the early morning donating food to the monks. Some of these local people later went to a local nightclub drinking beer Lao and dancing, in traditional Lao style, called bar slope. The dancers wore salong with a colorful see through and fashionable dress. It was interesting to see the combination between new life style and the old one among local Laos in a harmonistic way.

However, changes were increasingly found. These came from an increasing of more Lao people's contact with foreigners both inside and outside the country, more traveling abroad both to study and for diplomatic purposes, and more receiving modern ways of Thai's attitude from Thailand's national television. As a result, more cultural confrontation among the middle-class was founded. Social stratification based on the concept of class helped the researcher to explain the change in social life of local residents.

First, the numbers of lower class Lao were farmers and unskilled labors who remained in subsistence life style. The change in social life among these people tended to be far from reach. One may say that the external factors could create a great change to the social life of local residents. Others may argue that it was in fact the internal factors of Lao people including a strong sense of nationalism, public consciousness, the dynamic of social adaptation, and traditional belief of Buddhism which stilled very much existing in Lao. This accompanied with a well pre-planned policy provided a new model of development which combining four major socio-cultural factors in a harmonious way. In one hand, the dynamic of social adaptation among the local poor was commonly founded. This led to a

construction of the strong sense of community relationship. On the other hand, the situation provided an effective immune to local poor. For instance, the development plan and policy, based on the discrimination attitude of Thai people towards Lao people, leads to the empowerment of local culture and the ignorance of "Thai modernity" among Laos instead of the suppressive feeling. This accompanied the national policy of Lao to omit the Thai television programs such as dramas, and game – show programs reconstructed a shared vision and public consciousness about nationalism among local Laos.

Second, the study found that social changes as the consequences of the social policy based on modernization led to an emergence of new Lao middle class. The urban middle class were those under 30 years of age, high school educated, and income 12,000 – 15,000 kips. They were the most sensitive group to modernization. Their having more opportunity to receive international news and information allowed them to easier accept the western ways of modernization. Changes found among these middle class included eating habits, dressing, social value of working around the clock, and consumerism.

Generally, there had been an increasing quality of life among urban Laos. These included the accessibility to higher education, health care services, a better quality housing, public transportation, and information technology. Furthermore, these urban middle class had a better accessibility to public facilities such as play ground, library, post – office and parks.

During the Plan had been operated, numerous state government projects and activities to increasing a strong sense of national identity and Loa culture had been introduced to the people. The symbols of "being Lao" were commonly found in public place in various forms. These included the promotions of folk song, national costume, and Lao foods, speaking native Lao, morning food donation, and religious activities.

In sum, there were four major successful causes of Lao's cultural resistance towards globalization. First, the state development projects and activities related to socio – cultural promotions along with the increasing standard of living among local people. Second, the successful management of social policy which combined the centralized plan and local cultural preservation policy led to the strong sense of community identity. Fourth, it was the socialization process of Lao based on traditional belief of Buddhism which offered a flexible social adaptation and satisfactory of sufficiency living. Last, a socialism concept of critical ideology provided a challenging "community mind set" towards modernization. As a result, a strong sense of Lao identity, public consciousness, and national pride was common.

Recommendations

Changes are irresistible but controllable if they are well pre - planned. The future of Lao PDR will confront an increasing of urbanization and modernization. The next generation of Laos may comprise of more middle – class and elites who are keen of globalization and capitalism. Therefore, a better active adult learning programs both formal and informal needs to be reorganized. School curriculum and community active learning centers are crucial for a good preparation. In order to preserve the traditional culture and living style of local residents, effective folkways, mores and norms need to be preserved as well as those of effective rules and regulations. Modernization or globalization is not the evil couple. Indeed, they are merely an option to development which will be changeable from time to time. They cannot seduce mature residences who had a strong sense of community pride and public consciousness.

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