



# Lao PDR: The Politics of Stability in Turbulent Times

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## INTRODUCTION

The Lao People's Revolutionary Party (LPRP) has governed Laos without political opposition since 1975. During this period, the maintenance of peace and stability has been the primary foundation on which the LPRP has staked its legitimacy. This emphasis on stability is grounded in the LPRP seizing control of Laos at the completion of the Second Indochina War, where it was tasked with reuniting warring factions and governing over a diverse multi-ethnic society dispersed across a highly heterogenous terrain.

Two central forces underpin the LPRP's model for stability in Laos. First, is the maintenance of strong economic growth and the use of economic growth rates to assert that the country is rapidly "developing". Second, is the use of state violence and oppression to prevent the formation of political opposition and any public criticism of the party-state. This twin-track approach to political and economic governance has seen the LPRP achieve much success in its pursuit of "political stability, peace and order" (Government of Laos, 2016: 87). However, it has also led to a myriad of social and environmental costs widely documented within critical literature (Gunn, 2020; Kenney-Lazar & Mark, 2021; Sims, 2021).

With the onset of the Covid-19 pandemic and the resultant lockdowns and border closures, Laos' strong track record of economic growth has ground

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to a halt. Deeply entrenched economic vulnerabilities have been amplified, and this has led to rising national debt, unemployment, and increased living expenses. This chapter considers whether the LPRP can continue to maintain its long-held balancing of growth, oppression, and stability, during these turbulent times. In addition, the chapter also considers how norms regarding development and stability require a rethinking in the wake of current, critical, economic governance challenges.

The first section of the chapter begins by demonstrating the prioritisation given to stability within the LPRP's national socio-economic development plans, followed by a summary of the importance of foreign investment and political oppression to the realisation of the party-state's development ambitions. The next section discusses the economic impacts of the pandemic within Laos at both the national and household scale. This discussion is then followed by an analysis of three expanding threats to stability in Laos, namely: China's political-economic influence; narco-economies, and growth-centric development. Drawing these themes together, the chapter concludes by arguing that the ongoing maintenance of stability in Laos would benefit from a shift in existing developmentalist norms away from debt-inducing growth-centrism and towards more equitable and sustainable agendas. This is a long-needed shift, but it is also a shift that is reaching a tipping point.

## STABILITY AS NATIONAL PRIORITY

Our country has political stability, the society is secured and in good order, the people are in unity and solidarity, and the market-oriented economic reforms have brought social development and growth. (Government of Laos, 2016: 82)

The LPRP's central focus on political stability and economic growth is showcased within its five-yearly National Socio-Economic Development Plans (NSEDP). In the most recent, 9th NSEDP (2021–2025), the first of three 'overall objectives' includes 'ensuring political stability', while the first of the six 'main outcomes' identified is 'continuous quality, stable and sustainable economic growth' (Government of Laos, 2021: 48–49). In the previous, 8th NSEDP, the 'overall objective' similarly emphasised the need to 'ensure political stability... [and] continuous, inclusive and sustainable growth' (Government of Laos, 2016: 87), while the overall objectives of the 7th and 6th NSEDP's were to, respectively, 'accelerate national economic growth and to maintain the country's stability and security' (Government of Laos, 2011: 5), and to promote 'economic development... and help keep the socio-political situation stable' (Government of Laos, 2007: iv, v).

To achieve its growth objectives, the LPRP has relied heavily on foreign direct investment (FDI), particularly into hydropower and natural resource extraction. According to Ministry of Planning and Investment data, from 1989 to 2019 the top 5 leading economic sectors for foreign and domestic investment were electricity generation (hydropower), mining, service industries

(notably tourism), agriculture, and industry and handicrafts (see Table 13.1). Economic growth in these sectors has been pursued via a range of different mechanisms, with notable effort being made to incentivise international flows via the expansion of transnational transport and electricity infrastructures, the establishment of Special Economic Zones (SEZs), and the awarding of vast land concessions to foreign investors. Reflecting a particular focus on attracting regional trade and investment, over the 1989–2019 period China, Thailand, Vietnam, and Malaysia have been the largest providers of FDI (see Table 13.2).

**Table 13.1** Top 10 Foreign direct investment sectors 01-Jan-1989–31-Dec-2019

<i>Sector</i>	<i>Unit</i>	<i>Domestic private investment</i>	<i>Government investment</i>	<i>Foreign investment</i>	<i>Total investment (\$US)</i>
Electricity Generation	55	5,583,548,939	1,789,891,260	6,987,666,149	14,361,106,347
Mining	345	1,667,589,228	53,300,000	5,779,159,622	7,500,048,850
Service	687	581,078,458	862,131,987	3,737,280,640	5,180,491,085
Agriculture	991	327,199,529	17,483,387	2,745,355,584	3,090,038,500
Industry and Handicraft	932	681,576,010	46,852,289	1,368,914,442	2,097,342,741
Hotel and Restaurant	430	285,367,208	94,595,521	685,050,391	1,065,013,120
Construction	151	181,899,385	21,640,000	632,935,309	836,474,694
Public Health	16	702,446,170	no data provided	53,043,030	755,489,200
Telecom	19	112,030,509	129,062,400	444,415,986	685,508,895
Banking	32	27,570,000	23,220,000	378,871,122	429,661,122

Author generated using data from [https://investlaos.gov.la/wp-content/uploads/formidable/4/rpt\\_Invest\\_Summary\\_Sector1A\\_1989-2019.pdf](https://investlaos.gov.la/wp-content/uploads/formidable/4/rpt_Invest_Summary_Sector1A_1989-2019.pdf)

**Table 13.2** Top 10 Foreign investment providers by country 01-Jan-1989–31-Dec-2019

<i>Country</i>	<i>Unit</i>	<i>Total investment (US\$)</i>
China	862	10,031,161,583
Thailand	755	4,713,162,666
Vietnam	422	3,970,796,628
Malaysia	99	794,328,773
South Korea	291	751,072,139
France	223	545,626,243
Singapore	79	187,761,475
Japan	105	180,331,647
United States	114	149,800,113
Australia	89	135,162,582

Author generated using data from [https://investlaos.gov.la/wp-content/uploads/formidable/4/rpt\\_Invest\\_Summary\\_Country1A\\_1989-2019.pdf](https://investlaos.gov.la/wp-content/uploads/formidable/4/rpt_Invest_Summary_Country1A_1989-2019.pdf)

This FDI-led and largely extractivist economic agenda has successfully produced strong and continued economic growth. From 2000 to 2018 Laos' lowest annual GDP growth rate was 5.8% (2000) and its highest annual rate was 8.6% (2006). As seen in Fig. 13.1, growth remained fairly stable during this period, though a notable downward trajectory is evident from 2013 onwards. During this same period, Laos' human development index (HDI) also rose consistently from 0.471 in 2000 to 0.608 in 2018 (UNDP, 2022), with those below the national poverty declining from 24.6% of the population in 2012/2013 to 18.3% in 2018/2019 (World Bank, 2020: 10). This suggests that economic growth has provided substantial social benefits. However, neither GDP nor HDI figures tell us anything about the uneven distribution of benefits and harm that have accompanied modernization in Laos.

Critical scholarship on Laos demonstrates wide-ranging negative social and environmental effects resulting from growth-generating activities. Investments into hydropower dams, mining ventures, transport infrastructures, SEZs, and agribusiness plantations have seen forced displacements, loss of land and assets, as well as loss of incomes and livelihoods (Baird, 2021; Blake & Barney, 2021; Kenney-Lazar & Ishikawa, 2019). Increased flows across borders have brought growing trafficking of narcotics, people, and endangered wildlife, as well as social challenges resulting from substance abuse and prostitution (Sims, 2017). Large-scale investments across multiple sectors have also seen rising inequality (see Fig. 13.2), environmental degradation, and unsustainable

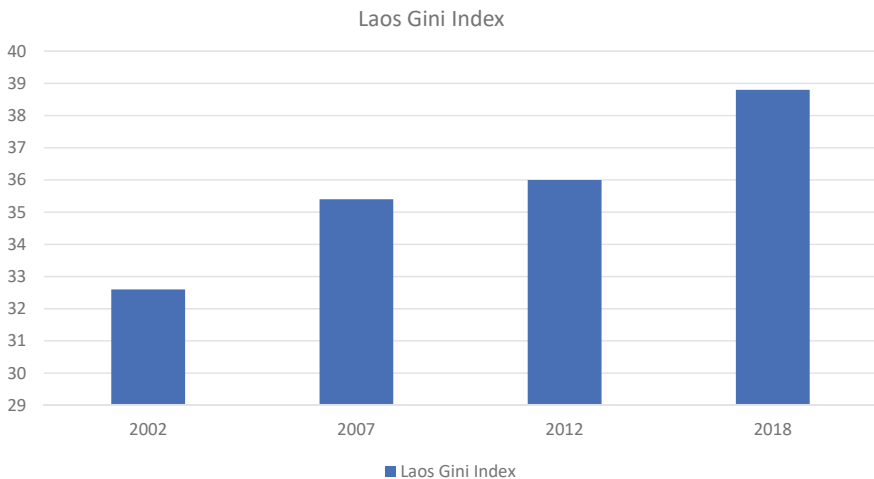


**Fig. 13.1** GDP growth (annual %)—Lao PDR 2000–2018 (Source <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2018&locations=LA&start=2000&view=chart>)

natural resource extraction. Inequality is also rising, with economic growth in urban centres far exceeding that of rural areas (OHCHR, 2019). Put simply, while some people's wealth and prosperity has substantially increased over recent decades, others have experienced new and enduring forms of disadvantage. The potential implications of this for future peace and stability will be discussed shortly.

To maintain political stability, and to prevent political contention, the LPRP has firmly (often violently) suppressed all public expressions of dissent (BTI, 2022). As I have detailed elsewhere, Laos is a single-party state with no political opposition (Sims, 2018). All political candidates are party members, all economic elites have party ties, and the Government of Laos (GoL), the judiciary, the legislative body (the National Assembly), the military, and the police all follow party directives. Free and independent media is not permitted in Laos, state-owned media is awash with propaganda, and any criticism of the party-state online via social media is met with intimidation, imprisonment or other acts of state violence. Many international non-government organisations (INGOs) operate in the country, but civil society is only permitted to engage in depoliticised and technocratic activities. It is for these and other reasons that Laos is rated by Freedom House as one of the least free countries in the world, ranking 28th of 210 rated countries and territories (Freedom House, 2022).

As the uneven effects of extractive development have become more acute in Laos, party-state persecution of those advocating for more equitable and sustainable development has also increased. Pervasive across the country and taking manifold forms, this persecution is perhaps most spectacularly visible



**Fig. 13.2** Laos Gini Index (World Bank estimate) 2002–2018 (*Source* <https://data.worldbank.org/indicator/SI.POV.GINI?end=2018&locations=LA&start=2000&view=chart>)

via a series of ongoing high-profile cases of oppression from 2012 onwards. In December 2012, at a time when many within the country felt that political freedoms were expanding in Laos, the enforced disappearance of the internationally esteemed community development worker Sombath Somphone sent shockwaves through the domestic and international community. Captured on CCTV video camera and undertaken in the presence of police, many felt that Sombath's abduction was intended to spread fear within Laotian (civil) society and thus prevent any criticism of the party-state (Meng, 2022). Od Sayavong, a prominent critic of Laos' party-state is also believed to have been the victim of an enforced disappearance as a refugee in Thailand in 2019, while Houayheuang Xayabouly, a young blogger, was imprisoned the same year on defamation charges for criticising the GoL on Facebook for its failures in supporting victims of the Xe Pian-Xe Namnoy Dam collapse in Champassak province (Civicus, 2020). These high-profile cases showcase the pervasive, and worsening, climate of fear and persecution through which the LPRP has maintained 'peace', 'security', and 'stability.' Indeed, it is believed that at least fourteen critics of the party-state disappeared between 2007 and 2018 (OHCHR, 2019: 20).

Alongside political oppression, two further important contributing forces to the maintenance of political stability in Laos have been the peaceful cohabitation of ethnic groups and a sense of national pride. Whether as a consequence of intentional LPRP efforts or of more complex, multi-scalar, historical, social, and cultural forces, relations amongst different ethnic groups in Laos are mostly harmonious. Inter-ethnic tensions do exist and were exacerbated by the Second Indochina War but, broadly speaking, the country's fifty different ethnic groups live together harmoniously (BTI, 2022). There are many multi-ethnic villages in the country, and inter-personal relationships (including marriage) across ethnic groups are increasing. Indeed, relations between ethnic groups in Laos are, broadly speaking and with exceptions, some of the most amicable in mainland Southeast Asia.

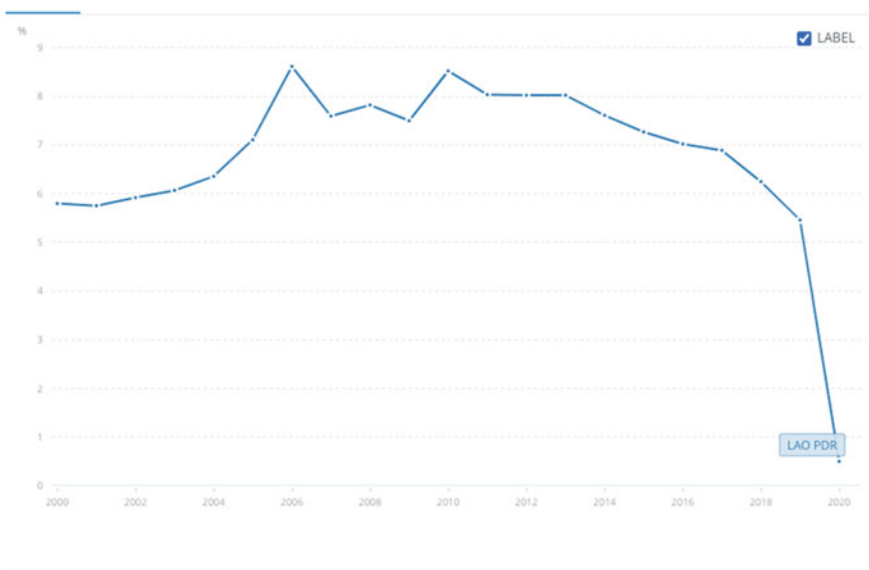
Turning to the issue of national pride, many people in Laos are pleased that their country has not experienced the same political turmoil as has occurred in neighbouring countries such as Myanmar and Thailand. This nationalist sentiment is repeatedly manufactured by the LPRP to preserve its single-party leadership, but is also bound up in deeper forms of cultural nationalism whereby many Laotians have sought to define their national identity via a rivalled differentiation from Thailand (Pholsena, 2006). Both the LPRP and everyday citizens have, for example, referenced pro-democracy protests in Thailand as examples of lawlessness and social decay that would never be seen in 'serene' or 'peaceful' Laos.

### COVID-19: HARBINGER OF TURBULENT TIMES

As outlined in the previous two sections, stability in Laos is the product of the balancing of political oppression with strong economic growth and associated narratives of development. This has resulted in the implementation of many investment projects with high social and environmental costs. As economic growth has tumbled in Laos, a critical question for future stability is thus whether those negatively impacted by modernisation, privatisation, and elite profiteering will tolerate harm and disadvantages in the absence of a convincing progress story.

From 2013 to 2018, Laos' economy experienced six years of declining economic growth (Fig. 13.1). With the outbreak of the global Covid-19 pandemic, this already declining growth shifted from a slow decline to a nosedive. GDP fell from 5.5% in 2019 to 0.5% in 2020, marking the lowest GDP recorded since 1989 and the first time that GDP had dropped below 5% since 1999. Then in 2020, Laos' credit rating was downgraded twice, falling to CCC ('currently vulnerable to nonpayment') in late September—making Laos the only country in the Asia-Pacific with a CCC rating (Fig. 13.3).

The pronounced drop in economic growth resulting from the pandemic was an important contributing factor to the downgrades, but so too were fiscal policy concerns including inadequate foreign exchange reserves, a widening current account deficit, contingent liabilities from public-private partnerships, poor governance—including weak institutional capacity and corruption



**Fig. 13.3** GDP growth (annual %)—Lao PDR (*Source* <https://data.worldbank.org/indicator/NY.GDP.MKTP.KD.ZG?end=2020&locations=LA&start=2000>)

controls—and limited accountability resulting from political authoritarianism. Due foremost to heavy lending for infrastructure projects, Laos also owes around US\$1.1 billion annually in debt repayments until 2024. Net external debt exceeded 70% of GDP in 2020 (World Bank, 2021), while publicly guaranteed debt equates to almost 65% of GDP. In other words, while Laos' economic challenges were made much worse by the pandemic, they are the product of multiple factors that have collectively resulted in a high level of vulnerability to external shocks (World Bank, 2022).

At the household level, Covid-19 has also had a significant economic impact on Laos, destroying businesses, livelihoods, incomes, and employment. With the closure of international borders and domestic lockdowns preventing travel between provinces, tourism revenues collapsed and heavy losses were felt in the service, handicraft and hotel and restaurant industries—three of Laos' top ten economic sectors (see Fig. 13.1). According to ADB surveys conducted across Laos' major tourist destinations in mid-2020, for example, half of surveyed enterprises were temporarily closed and 70% of those still operating had reduced employees (ADB, 2020). In May 2021, a survey of poor and low-income households revealed that more than 84,000 people (1/45th of the total national labour force) were made unemployed and suffered severe financial hardship due to the pandemic (The Star, 2021). By early April 2022, this economic hardship was also being accompanied by high transmission of the virus, with Laos experiencing more than 42,000 reported cases over the prior 28 days (Johns Hopkins, 2022).

As the LPRP seeks to steer Laos back to economic recovery, it will also need to navigate a number of potential forces of social unrest, potentially threatening peace and stability, that have been amplified during or as a consequence of the global pandemic. The first of these challenges concerns China's growing influence. China's political and economic relationship with Laos has grown rapidly over the past two decades, with trade between the two countries rising at an annual rate of more than 25% from 2000 to 2010. From 2011 to 2017 Chinese FDI amounted to 23% of total foreign investment, and, by 2019, China was the largest foreign investor in Laos, pumping more than US\$1 billion into 16 projects. Taking a longer-range view, from January 1989 to December 2019, China was again Laos' largest foreign investor—injecting over US\$10 billion (Government of Laos, 2022).

Investment from China has brought many new economic opportunities to Laos. In particular, China has been a major funder of hydropower dams and large-scale transport infrastructures—both of which are national development priorities that have seen little investment from more 'traditional', Organisation for Economic Cooperation and Development (OECD) development financiers. Chinese development financing and private-sector investment has also been critical to the funding of new urban landscapes in Laos, from condominiums to hotels, shopping malls, and sports stadiums (Sims, 2020). Putting aside the harmful social and environmental effects of some of these projects, this investment has accelerated economic growth and provided symbolic



displays of modernisation that reinforce LPRP development narratives. The construction of the contentious China-Laos high-speed railway project, for example, has provided Laos with a modern infrastructure that is lacking in many “developed” countries. Such investments are expensive, however, and borrowing to fund grandiose projects has placed Laos in a precarious position.

Almost half of Laos’ total public debt is held by China (Macan-Markar, 2020), and as Laos’ capacity to attract funding for such ‘high risk’ and contentious projects declines, the government has predominantly turned to China for further credit. This growing debt dependency on a single lender may present a number of challenges for the LPRP, amongst which the risk that it poses to sovereignty is paramount. The power imbalances—economic, militaristic, and other—between China and Laos are enormous. Laos is a small least developed country with a population of approximately 7 million people while China is a global superpower whose military population is more than 1/3 of Laos’ total population. While the LPRP has gained legitimacy from Chinese-investment projects, there are pervasive concerns, both within Laos and internationally, about the accelerating scale of China’s influence. A telling example of this concerns Laos’ national electricity grid.

In a measure to offset some of its current debt, the Government of Laos (GoL) awarded the Chinese state-owned company China Southern Power Grid a 90% shareholding in the state-owned electricity company Electricite du Laos (EdL), which has now become Electricite du Laos Transmission Company (EdL-T) (Barney & Souksakoun, 2022). EDL had outstanding debts of around US\$5 billion, so the foreign investment proposed in the takeover will go some way to ameliorate Laos’ total debt burden, but it will also increase China’s leverage over Laos. This handover comes alongside China becoming Laos’ largest provider of FDI and Chinese companies (including State-Owned Enterprises) and a leading investors in other key national industries including hydropower, mining, agribusiness, tourism, and construction. Chinese business owners are increasingly outcompeting local Lao businesses, and alongside fears of so-called ‘debt dependency’ there are also pervasive concerns that Chinese migration is a threat to Lao ‘culture’ and ‘ways-of-life’.

In late 2021, the controversial Lao-China railway began domestic passenger operations, with plans to open for international passenger travel when current Covid-19 restrictions are eased and the China-Laos border is reopened. Assuming the railway can operate at capacity, it will see millions of Chinese tourists enter Laos over coming years and will likely also contribute to increases in both formal and informal migration. Already, construction of the railway has displaced more than 4000 families across northern and central Laos, making this a highly contentious project (Duangdee, 2021a). If the LPRP awards too much influence to China, or allows Chinese migration and investment to expand too rapidly, there is risk that anti-Chinese sentiments will rise in Laos, and that this will spill-over into anger against both the party-state and Chinese diaspora.

Indeed, in a country where public opposition against state-sanctioned investments is not tolerated, concern about Chinese migration and investment is one issue where the Government of Laos has sought to be conciliatory. To provide one prominent example, in 2008 the awarding of a land concession for a Chinese-led joint venture to build a series of condominiums on Vientiane's That Luang Marshland led to a rare public announcement by Senior Party figure Somsavat Lengsavat to allay public fears that the condominiums would accommodate 50,000 Chinese migrants (Schuettler, 2008).

China's presence in Laos generates mixed feelings amongst the population, but fears concerning migration and the selling of land and other national assets to Chinese investors present notable threats to the LPRP's legitimacy, as well as to its efforts to promote 'peace and stability.' Post-independence Laos has long welcomed foreign aid and investment from a wide diversity of partners and has been highly successful in balancing the competing diplomatic interests of foreign powers. What marks China as distinct from many of these powers is its proximity, the current scale of its investments in the country across multiple scales, and the number of Chinese migrants and business owners entering Laos. Over the past decade violence against China's expanding diaspora has occurred in multiple countries across Southeast Asia, including in similar contexts to where there has been heavy Chinese-investment in Laos, such as Cambodia's Chinese-dominated casino economies in Sihanoukville (Nachemson & Meta, 2019). Accordingly, the growth of Chinese migration, tourism, and investment into Laos—as well as the uneven opportunities that will accompany these flows—poses a new risk to social stability.

A second concern for peace and stability in Laos is the growth of narcotics consumption and trafficking through the country, and particularly of crystal methamphetamine. One of the central means through which the LPRP has pursued development in Laos is via increased transnational connectivity. With support from international donors and investors, new roads, airports, railway projects, and transnational riverine bridges have been built to shift Laos from being 'land-locked' to 'land-linked.' New transport infrastructures have facilitated trade, tourism, and investment and increased transnational flows of goods and information. Expectedly, however, new infrastructures of connectivity have facilitated the movement of both licit and illicit flows, with the governance and policing of Laos's porous northern borders remaining an ongoing challenge.

The closure of national borders during 2020–2022 to limit the spread of Covid-19 reduced many transnational flows between Laos and neighbouring countries. This was not the case for narcotics, however, which instead increased during the 2020–2022 period (Duangdee, 2021b). To provide one poignant example of this expanding challenge, in late 2021 Lao authorities seized 55 million methamphetamine pills and 1.5 tons of crystal meth in a single bust that was, reportedly, the largest illicit drug seizure in Asian history (RFA, 2021a). The seizure occurred in Bokeo province, which shares borders with

Thailand and Myanmar, and was the third major seizure in the province within a single week (*ibid.*).

Efforts to police narcotics syndicates and other organised crime networks in Laos are made complicated by the GoL's apparent complicity in some illicit economies. A known hotspot for the trafficking of illicit flows through Laos is the Golden Triangle region, which since 2007 has featured the Kings Romans Casino at the Golden Triangle Special Economic Zone. Located approximately fifty-five kilometres north of Bokeo Province's capital of Houay Xai, the Kings Roman Casino has been linked to money laundering, prostitution, extortion, wildlife trafficking, narcotics networks, and other illicit activities (Laungaramsri, 2019; Sims, 2017). During the pandemic, continued cross-border mobilities during national lockdowns saw the casino SEZ become a hotspot for the transmission of Covid-19, while reports have also emerged of 'trapped' workers, who are being held at the SEZ through debt bondage (author pers. comm; RFA, 2019). This hub for illicit activities is seeing criminal networks strengthening and spilling out into other parts of Laos, although the Government of Laos partially owns the casino (Sims, 2017).

The management of narco-economies is not a new governance and policing challenge for the party-state. As recently as 1998 Laos was the third-largest illicit opium poppy producer in the world, and eradication efforts by the GoL have been described by the 'United Nations Office on Drugs and Crime' (UNODC) as an 'enormous success' (UNODC, 2022). Yet, as the above referenced seizures indicate, successes in opium eradication have been offset by increased methamphetamine trafficking and consumption. In the context of widespread loss of incomes and livelihoods, increasing narco-economies present a novel challenge to familial and social stability and security, as well as a threat to GoL efforts to promote greater connectivity across Laos' 'land-linked' national borders.

Third, and perhaps most significantly, is the rolling out of new investments and projects that have high social and/or environmental costs. As outlined throughout this article, there is now a wealth of critical literature demonstrating the highly uneven, and often harmful, consequences of so-called 'development' efforts in Laos. As I have argued elsewhere, much of these harmful effects are a consequence of the prevailing technocratic and growth-centric approach that has underpinned party-state development planning. This approach presents economic markets as naturally efficient and impartial, prioritising economic growth, trade, and marketisation over social welfare and the redistribution of resources. While it is beyond the scope of this chapter to provide a detailed interrogation of the myriad forms of harm produced by development and foreign investment in Laos, some key challenges can be summarised.

First, much of the land awarded to foreign investors has been allocated by the GoL in the form of land concessions. More than 1,750 concessions have been awarded—to support agribusiness, mining, transport infrastructures, special economic zones, and other urban-industrial projects (OHCHR,

2019: 5). In many cases, such concessions have included already-occupied land, and has consequently resulted in loss of livelihoods, homes, and other assets. Indeed, development-induced displacement has been a pervasive, and contentious, challenge across Laos, with compensation frequently being insufficient to meet resettled communities' losses and needs (OHCHR, 2019).

A second challenge presented by the dominant econocentric approach to development pursued by the LPRP concerns the uneven effects of aforementioned infrastructure expansion. To take roads as one example, research on the North–South Economic Corridor (NSEC)—linking Vientiane to the China border—has demonstrated that the highway has been responsible for rising inequality, land grabbing, new competition over natural resources, decreased food security, environmental degradation and many new health and security threats (ADB, 2009; Doussantousse et al., 2011; Dwyer, 2020; Kemp, 2011). While roads and other transport infrastructures often accelerate the expansion of economic markets, such market expansion offers little to impoverished communities that are unable to produce market goods due to lack of suitable land or other constraints (Chamberlain, 2007: 77). Furthermore, while national and transnational transport infrastructures have received considerable investment, less funding has been targeted at community infrastructures.

A third key concern resulting from modernization efforts in Laos has been the detrimental impacts of foreign investments on natural habitats and biodiversity (Barney, 2009; Cox, 2004; Philip, 2001; Middleton, 2009). Hydropower projects, increased industrialisation and urbanisation, mining, legal and illegal logging, and monoculture plantations have all had a serious ecological impact. Taking the extensive rubber investments that have occurred across the north of Laos as one example, large-scale investments have caused increased soil erosion in upland areas, threatened watersheds, reduced food security and access to non-timber forest products (NTFPs), undermined biodiversity, and led to the death of livestock and native species through exposure to pesticides (Baird, 2010; Cohen, 2009; Kenney-Lazar & Ishikawa, 2019). This environmental degradation, coupled with loss of land, has transformed subsistence farming communities into wage-labourers, forcing people to purchase food items they previously grew themselves and causing many to become further impoverished (Baird, 2010). Indeed, some have even argued that vulnerabilities created by rubber plantations have been responsible for increased human trafficking and the spread of communicable diseases amongst upland ethnic minority communities (Chamberlain, 2006). This longstanding trend of extractivist, resource-depleting development has continued into the present period where its effects on livelihoods have been amplified by further reductions in alternate livelihoods as a consequence of policy responses to Covid-19.

As noted above, a further critical industry for environmental degradation has been hydropower. Laos has 78 dams in operation and has signed memorandums of understanding for 246 other hydroelectric projects (Stimson, 2020). Hydropower is a core national development priority, with the LPRP

long seeking to use hydropower electricity exports to become the ‘battery of Southeast Asia’. According to Radio Free Asia, however, in 2019 Laos’ exported electricity valued just over US\$1.1 million. The LPRP hopes to dramatically increase hydropower revenue by exploiting a still largely untapped total 26,500-megawatt hydropower potential, which includes a total of nine, highly contentious, planned dams on the Mekong mainstream, in Pak Beng, Luang Prabang, Xayaburi (complete), Pak Lay, Sanakham, Pak Chom, Ban Koum, Phu Ngoy and Don Sahong (complete) (RFA, 2021b). Yet Mekong inland fisheries, which rank amongst the world’s largest and provide a source of both nutritional security and income generation to millions of people in China, Laos, Thailand, Vietnam, and Cambodia, face critical threats of habitat degradation resulting from hydropower investment (Campbell & Barlow, 2020). Multiple assessments have found that hydropower dams, especially on the mainstream Mekong River, have ‘serious negative impact[s] on fisheries’ (Foran et al., 2010: 10), thus undermining both riverine biodiversity and food security (Suhardiman & Rigg, 2021). In addition to domestic challenges arising from hydropower, Laos’ hydropower ambitions are also producing tensions with downstream countries and civil society organisations across Mainland Southeast Asia.

The growth of Chinese migration, tourism, and investment into Laos poses a notable risk to stability that is interwoven with narcotics networks and extractivist development. These challenges are not new for Laos, but their significance has been increasing over recent years. With the onset of Covid-19 and the associated loss of livelihoods and slowing of economic growth, these persistent threats to stability will require new thinking and new policy responses from the GoL. This, in turn, will require reconsidering current developmentalist norms of growth-centric development combined with political authoritarianism.

Stability, and an associated lack of tolerance for any criticism of the party-state, is likely to remain a persistent priority in Laos. Since its formation, the country’s single-party system has curtailed the public debate of ‘sensitive’ issues, and as elite power has become further entrenched, the space for open political dialogue has been further reduced. The most critical constraint to political reform in Laos is the lack of any substantive political opposition. Somewhat ironically, perhaps, one consequence of this is that the greatest threat to party-state stability is internal. As the country enters what increasingly appears to be the beginnings of a period of severe economic hardship, stability may be tested by elite power contestation. The normative support for stability is likely to remain unchanged due to its critical importance to legitimising the single-party system, but the turbulence of current times may lead to fractures in the political-economic landscape driven by both a strained mainstream population and threatened political-economic elites. Dramatic regime change, while still unlikely, may come slowly and then suddenly.

## CONCLUSION: SUSTAINING STABILITY

As a growing body of critical academic literature demonstrates, the pursuit of harm-inducing investment projects in Laos has been occurring for many years. Indeed, such projects have been central to the country's strong history of economic growth. As Philip Alston, UN Special Rapporteur on extreme poverty and human rights noted in his 2019 summary report on development in Laos, while the LPRP has 'achieved impressive economic growth and... poverty levels have diminished significantly... An excessive focus on large infrastructure projects such as hydropower and railways, land concessions, resource extraction and foreign investment incentives has disproportionately benefited wealthy elites and saddled the country with large debt repayment obligations, without raising significant tax revenue or generating significant employment for Lao people' (OHCHR, 2019; 1, 4). What is new in the current moment, however, is that harm-inducing projects now take place in the context of the effects of the covid-19 pandemic—which has rapidly accelerated the downward trend in the country's economic growth, amplified existing fiscal vulnerabilities and had a devastating impact on many people's incomes and livelihoods. This poses challenges for the LPRP and the continuation of its balancing of peace and stability in Laos.

A myriad of factors can shape why citizens tolerate or do not seek to oppose so-called 'development' projects and private investments that negatively affect their livelihoods or wellbeing, and this must be emphasised when highlighting broader trends. Bearing this in mind, however, people's willingness to endure disadvantage is often informed by their beliefs that their lives are improving, or will improve in the future, as well as that some greater purpose (e.g. national development) is being served. As a consequence of the pandemic, many people's lives have worsened, and prospects for the future have narrowed. Furthermore, while the vulnerable rural poor have long been the most negatively affected by the LPRP's growth-centric development agenda, many urban residents are also experiencing significant livelihood threats due to the pandemic.

Historically, stability and growth have been the basis on which party-state elites have achieved popular acquiescence for elite capture. As the LPRP seeks to reinvigorate economic growth across the country a more sustainable, equitable, and inclusive approach to development is needed to assist the population in recovering from the economic shocks of the pandemic. Without the justification of 'progress', it will become increasingly difficult for the LPRP to justify its previous approach to economic growth, which required the erasure of people's livelihoods, the rapid extraction of resources, and the acquisition of vulnerable citizens' homes and lands. It is highly unlikely that growing discontent towards the LPRP will lead to anything resembling the public protests that have occurred to challenge the regime in Thailand and Myanmar. Regime change is, at this point, extremely unlikely. However, public discontent with the party-state and its preference for growth-centric development is

likely to increase, posing more subtle challenges for the maintenance of peace and stability.

In these turbulent times, it appears then that the LPRP is left with two choices: to seek to improve social and economic stability through a more equitable and sustainable growth model, or to continue with its current extractivist model while increasing the severity of its political oppression. Stability will continue to remain a key priority for the party-state, but how stability is maintained may need to change. While history suggests that the most likely trajectory is the maintenance of growth-centric developmentalist norms coupled with increasing oppression, these are turbulent times for Laos and no trajectory is inevitable.

This chapter has focused on three key threats to social and political stability in Laos: China's growing presence within, and influence over, the country; narcotics networks, and; extractivist development. As a moment of global crisis, the Covid-19 pandemic presents an opportunity for the party-state to shift existing political and developmentalist norms and to adopt novel responses to these longstanding and worsening challenges. Elite interests are unlikely to see this occur, but alternatives are possible, and the current moment may provide a rare opportunity for a shift in norms without a domestic loss of face. Without such a shift, the tensions between Laos' twifold development priorities of growth and stability will continue to tighten.

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