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Capital, Savings and Credit among Lao Peasants

Joel Halpern



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Capital, Saving and Credit in Peasant Societies

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Studies from Asia, Oceania
the Caribbean and Middle America
Edited with two general essays by
RAYMOND FIRTH and B. S. YAMEY

Capital, Saving and Credit in Peasant Societies

STUDIES FROM ASIA, OCEANIA
THE CARIBBEAN
AND MIDDLE AMERICA

Essays edited with two general essays by
RAYMOND FIRTH and B. S. YAMEY

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PREFACE

With the exception of an historical sociologist to whom economics is no novelty, the authors of all the descriptive essays in this volume are social anthropologists, some with and some without formal training in economics. All have been impressed by the significance of a knowledge of economic processes and relationships for the understanding of the social relationships with which they are primarily concerned. Conversely, they have been impressed by the necessity of an understanding of social relationships for the interpretation of observed economic situations and behaviour. This book has been planned to present detailed studies, drawn from a variety of peasant societies, to illustrate this theme of the inter-action between social and economic factors, and the nature of the contribution of social anthropology to its study. It is also planned to show the interest and significance of such anthropological studies for students of the economics of 'under-developed' countries.

To delimit the scope of the individual essays, it was decided to confine them within an area of some specific, though broad, group of related topics. Since the formation and management of capital are central to the economic functioning and growth of all but the simplest societies, we have chosen 'capital, saving and credit' as the appropriate band of topics, leaving it largely to the individual authors to decide where, within this band, to place the major emphasis in their essays. We have not tried, that is, to impose a common pattern of content on all the essays; their authors have written about those phenomena or problems, within this broad field, which interested them most.

The essays cover a wide field geographically. They omit Africa, which in recent years has tended to take the lion's share of scientific publication in this socio-economic field. But they provide examples from two other continents and various oceanic areas; with two exceptions, all deal with communities in the tropical zone (see map). Culturally, the range also is wide, from small communities of fairly simple structure—Pacific islanders, Persian nomads, tribal villagers in Eastern Indian highlands—to sectors of more massive traditional farming societies of more elaborate structure, in south-east Asia and in Meso-America; and to the relatively sophisticated and complex societies of Mauritius, the Caribbean and the Maori of New Zealand.

As chapters in this volume the essays are not grouped either regionally or in any very strict thematic order. They are, however, arranged with general reference to the main problems and types of economic situation dealt with in each. An essay by one of the editors

begins the volume with an extended outline discussion of the main problems and issues. An essay by the other editor ends the volume with some comments and questions from an economist's point of view. The volume on its descriptive side begins with the examination of a credit system in a non-monetary stationary economy of apparently primitive type, and of operations in a more advanced system which still uses both monetary and non-monetary media side by side. Capital and investment problems among a money-using folk who still practise pastoral nomadism as a way of life are then considered. Then follow studies of capital and its management among traditional Asian peasantry in four countries—farmers for most of whom rice is a staple crop but who have other significant forms of production as well and who have a fairly wide range of economic choice. Aspects of rural savings and credit associations appear in many of the essays, but are specifically considered in further material from the south Pacific. Another two essays focus especially on questions of capital in market trading. In several of the preceding essays comparison is significant. But comparative economic performance between communities is studied specifically for Middle American examples, and is to the fore in the consideration of the position of some communities of Asian origin and plantation background, in situations of much ethnic diversity. Finally, an essay of much broader character summarizes and comments on relevant data for a major agricultural area, rural India. Though overtly it is very different in its statistical survey materials from the other essays, this essay belongs to the volume by reason of its complementary approach and its insistence on the need for a combination of economic and anthropological techniques of enquiry into these problems of capital and credit in peasant societies.

Preliminary drafts of most of the essays in this book served as data papers for a symposium on Economics and Anthropology at Burg Wartenstein, Austria, on August 21 to 27, 1960. The symposium was organized by Raymond Firth and Bert Hoselitz, under the auspices of the Wenner-Gren Foundation for Anthropological Research. The discussion of the data papers at the symposium has been of great help to the editors in the preparation of this volume, as has been the unpublished report of the proceedings by Mrs Lorraine Lancaster. The editors wish to acknowledge the generous help of the Foundation, and its late President, Dr Paul Fejos, in making possible the symposium and their participation in it. Finally, the editors acknowledge the co-operation and forbearance of the contributors to this book, in what has been inevitably a protracted task.

R.F.
B.S.Y.

April 1963.

CONTENTS

EDITORS' PREFACE	7
THE AUTHORS	11
1. RAYMOND FIRTH Capital, Saving and Credit in Peasant Societies: A Viewpoint from Economic Anthropology	15
2. LORRAINE BARIĆ Some Aspects of Credit, Saving and Investment in a 'Non-Monetary' Economy (Rossel Island)	35
3. SCARLETT EPSTEIN Personal Capital Formation among the Tolai of New Britain	53
4. FREDRIK BARTH Capital, Investment and the Social Structure of a Pastoral Nomad Group in South Persia	69
5. JOEL M. HALPERN Capital, Saving and Credit among Lao Peasants	82
6. F. G. BAILEY Capital, Saving and Credit in Highland Orissa (India)	104
7. M. G. SWIFT Capital, Saving and Credit in a Malay Peasant Economy	133
8. MARJORIE TOPLEY Capital, Saving and Credit among Indigenous Rice Farmers and Immigrant Vegetable Farmers in Hong Kong's New Territories	157
9. C. S. BELSHAW Institutions for Capital Formation and Distri- bution among Fijians	187
10. JOAN METGE Rural Local Savings Associations (Maori Komiti) in New Zealand's Far North	207
11. ALICE DEWEY Capital, Credit and Saving in Javanese Marketing	230

12. SIDNEY W. MINTZ	
The Employment of Capital by Market Women in Haiti	256
13. MANNING NASH	
Capital, Saving and Credit in a Guatemalan and a Mexican Indian Peasant Society	287
14. RAYMOND T. SMITH	
Ethnic Difference and Peasant Economy in British Guiana	305
15. BURTON BENEDICT	
Capital, Saving and Credit among Mauritian Indians	330
16. BERT F. HOSELITZ	
Capital Formation, Saving, and Credit in Indian Agricultural Society	347
17. B. S. YAMEY	
The Study of Peasant Economic Systems: Some Concluding Comments and Questions	376
BIBLIOGRAPHY	387
INDEX	394

Capital, Savings and Credit among Lao Peasants¹

BY JOEL M. HALPERN

The Lao, who in language and culture closely resemble the neighbouring Thai, inhabit north-east Thailand as well as the Kingdom of Laos. The political entity of Laos thus includes only part of the Lao people. In Laos the Vientiane Plain is an important agricultural area, and almost all of the significant settlements in southern Laos are located there and elsewhere on the Mekong.² This discussion has reference to the Buddhist, valley-dwelling cultivators of irrigated rice in the Vientiane region and in the area of Luang Prabang in north central Laos. For the most part their villages are situated along the Mekong River or its tributaries. Most villages are composed of several dozen houses, and some have as many as several hundred people. Households are generally nuclear families, although the ideal pattern is one of matrilocal residence. In addition to the cultivation of glutinous rice, they raise some vegetables along the river banks, do a little fishing and grow fruits such as mangoes, bananas and coconuts. A few chickens and pigs are kept. In the Luang Prabang area numbers of Lao farmers engage in trade with the surrounding groups such as the Meo (Sinicized hill people of northern Laos) and Khmu (indigenous tribal group). A few villages are reached by jeepable roads,

¹ This essay has primary reference to the situation in Laos as it existed in the late 1950s. By 1962 the Communists and their allies had obtained effective control of all of the country beyond the regions bordering on the Mekong. It is to be presumed that they have made vigorous efforts to change or at least modify existing administrative and land tenure patterns. Significant migration also occurred during and after the fighting.

² Data for the Vientiane region derive principally from the monograph by Howard K. Kaufman (1961) supplemented by material from a community near Vientiane town studied by Tsuneo Ayabe (1961). Georges Condominas subsequently prepared a detailed socio-economic study of the Vientiane Plain which was not available at the time of this writing.

and jeep buses provide a means of taking goods to market. Others are accessible by dugout canoe occasionally powered by outboard motor. Walking is still the most common means of travel.

Significantly, Laos remains one of the least urbanized areas in the world. Only about 3 per cent to 4 per cent of the population live in urban areas, compared with about 8 per cent in Thailand and Vietnam, and 10 per cent and upwards in Burma and India.

Prior to French rule the Lao were organized in a series of petty kingdoms with small towns as their ritual and market centres. These kingdoms had elaborate gradations of rank and an inherited royalty, but the consumption patterns of all social grades were fairly uniform. There was not enough of an economic surplus to permit widely varying standards of living, although status distinctions were strongly marked.

The traditional hierarchical status system in Laos is similar to a pattern widespread throughout south-east Asia. Traditionally the King is the military and political leader, possessing great power. One of his titles implies the power of life and death. Extreme manifestations of outward respect were required, and this has been the case up to present times. Villagers squat down before a high-ranking government official and reply to his questions in a polite and formal manner. A special honorific language is reserved for conversations with the King. Conversations of peasants with high-ranking officials in most cases must be conducted through an intermediary. But the marginal geographic position of Laos in Asia, the lack of large irrigation systems and the scattered pattern of settlement have prevented a significant feudal arrangement from coming into existence. (An exception is the immediate vicinity of the royal capital of Luang Prabang, limited to a few villages where the royal family continues to have extensive holdings.)

It is not surprising that in Laos the villagers regard the government as an exterior force over which they have no influence. The Lao peasant is not particularly interested in the outside world and is, generally speaking, quite content with the economic aspects of his life. He does not value improvement of his position sufficiently strongly to justify continued hard work. Closely connected to these attitudes are two key characteristics of Laos: first, its relatively sparse population and lack of competition for land or for livelihood in general; and second, Buddhism as a state religion. The Constitution of Laos specifies that the King must be a fervent Buddhist, and he and the members of the royal family participate extensively in all Buddhist ceremonies which are closely linked to state occasions. Yet with its emphasis on individual responsibility and forms of reincarnation dependent upon accumulated merit, this religion does not lend itself easily to purposes of secular government.

The Lao villager then views himself as existing in a traditional hierarchy in which he accepts his place and in which prestige is obtained through birth and proper behaviour defined in the religious sense. In rural Laos material wealth is not of primary significance; being a devout Buddhist and having a pleasant manner are often considered more important. Colonial rule, subsequent Western aid and Communist political activities have tended to modify these attitudes, but have by no means obliterated them.

In contemporary Laos, in form a constitutional monarchy, the idea of a royal patron is still strong. During a rural tour made by the late Viceroy of the Kingdom, he was besieged with requests from the villagers. They asked him to do something for them, to build roads and irrigation canals, to provide school and medical services. He did promise to help, but he stressed emphatically that they must begin to make their own contributions as well. Thus formally even the traditional leaders have begun a reversal in manner. In addition government officials and even members of the royal family have begun to lose some of their sacred qualities as they have tended to mingle more directly with the people in efforts to implement various programmes. Here too technicians are beginning to play a role. The children of many Lao villagers want to go to live in the towns and become government workers or obtain skilled jobs. This has begun to affect the status of agriculture as being a valued way of life.

LAND AND AGRICULTURAL INCOME

Basic capital of the Lao peasant, as in other simple agricultural communities, consists primarily of land in which there has been great investment of human resources. Traditionally the state is the ultimate proprietor of all land. But it has been estimated for Vientiane Province that over 80 per cent of the rural households own their own rice fields. The remaining families rent land from wealthier farmers in the community, paying from 20 to 50 per cent of the rice yield to the landowner, or they work on the land of others for payment in rice. The actual rental fee is based on the kin relationship of the parties involved and also on the degree of fertility of the soil. Absentee landlordism in rural areas is virtually non-existent.

A somewhat different situation appears in the area near Luang Prabang town. Here the royal family, others of noble rank and some merchants, are absentee landlords. In a number of villages in the immediate vicinity of the royal capital only a small minority of the villagers own land; in others about half the villagers possess land. As far as can be determined, this situation is not general throughout the province, but is limited to Lao villages in Luang Prabang District. In addition to this absentee landownership there exists, as in

Vientiane Province, the renting of land by more prosperous villagers. A villager may also own one piece of land and rent another. A chief advantage of renting land in the Luang Prabang area is that the parcel is probably well irrigated by systems maintained by the royal family or other owner. Rental for land-use alone here is from 15 to 35 per cent of the crop. If the landlord supplies buffalo, provides the seed and maintains the irrigation system, the tenant must turn over 50 per cent of his crop as rent.

Laos is under-populated. Even in the river valleys and particularly in northern Laos, extra rice land is usually available to those who can clear the land. This takes considerable time and labour, especially in terracing and irrigation works. A poor Lao farmer with a small family cannot clear land by himself, and to invite others to help necessitates incurring the expense of their labour, or at least a feast. Thus, even though absentee landlords may not exist, some Lao will hire themselves out to work as agricultural labourers for others. These are exceptions, however, the general pattern being for the Lao to work primarily on their own or rented land in areas removed from the towns.

The land is divided into several categories. For the Lao farmer it consists of gardens around the household compound, irrigated rice fields (*na*) and often some *hai* areas, swidden plots cleared by slash-and-burn cultivation, in which are grown corn, vegetables and occasionally rice. (The *hai* are used for only a limited number of years. A Lao swidden farmer said he used a cleared field for about five years before preparing another site; three years appears to be a more common figure.) Some land may also be devoted to orchards. Farms are highly fragmented and a land-use map resembles a fantastic jigsaw puzzle. The fragmentation of land through inheritance makes it difficult to attain maximum productivity even within existing technologies. A key point in this regard is often the great geographical separation of irrigated land, the rice fields in the valleys, from *hai* fields, the corn and vegetable fields on the hillsides.

The price of land has risen in the past decade due to general inflation and increase in the rural population, plus new and improved roads combined with better transport facilities which enable the peasants to market their produce more easily, and have consequently made land near the towns more valuable. Land deeds are kept in the district office, but disputes over land rights and division of land are quite common. The system of squatters' rights was practised until very recently in Vientiane and still exists essentially in most of the outlying areas, particularly with regard to *hai* land.

In most parts of Laos the approval of the traditional leader of a district may be required for land transfers. For example, the members of the hereditary princely family performed this function in Muong

Sing. In many areas the Government is now trying to establish exactly which land belongs to whom. This has created many problems, and in areas where the Government has taken action to reclaim land there has been much bitterness on the part of uprooted farmers. Also the resettlement of peoples such as groups of Meo on the plains in Xieng Khouang has created conflicts about land ownership and water rights.

There is little reliable statistical information concerning the size of landholdings. The average holdings in one village surveyed in northern Laos remote from Luang Prabang town range from six-tenths of a hectare to almost three hectares (of *na* land) although the latter is unusual. In the Vientiane area, a Lao agriculturalist estimated that there is ordinarily a 1-5 hectare variation in the size of peasant land holdings. The largest holding he could recall was one of thirty hectares. He thought that perhaps a hundred people had land holdings of this size, while 10 to 20 per cent were estimated to be without rice lands. (It is these landless peasants who appear most eager to work in the towns. But the north-east Thai appear to be more mobile than the Lao. In Vientiane, the capital, which has tripled in population in the past twenty years, much if not most of the unskilled labour has come from the Thai side of the river and not the Vientiane hinterland.)

Most villages are only semi-permanent, and forest land is still available. The irrigated rice fields, or *na*, have become fragmented because their yields are more reliable than those of the *hai*. However, the creation of new *na* involves the extension of irrigation ditches and a major investment of labour. This labour, if not hired, must be supplied by the family itself, and this implies existing fluid capital or a large extended family containing a number of able-bodied workers. Neither of these situations commonly occurs among Lao peasants. Therefore they tend to resort to the progressive division of existing *na* land and to the cultivation of *hai*, which requires less initial labour. But from the point of view of rice cultivation, given an adequate amount of capital or labour, an irrigated rice field is a much better investment: its yields are continuous and require much less maintenance than the *hai*. Moreover, the Lao feel that swidden cultivation carries less prestige than does wet-rice farming.

In Vientiane Province, a densely populated area, approximately 20 per cent of the Lao farmers rely on *hai* (swidden) farming. The villages surveyed were located mainly along river banks and near roads in the flat plain surrounding the town of Vientiane. The percentage of swidden cultivators is expected to be higher in the mountainous north of the province. Estimates obtained within Luang Prabang Province ranged from villages in which there were no swiddens, the population depending entirely on *na* cultivation, to

Capital, Savings and Credit among Lao Peasants

settlements in which only one house in thirty had a permanent rice field. Other villages yielded estimates of a tenth of the households having a *na* paddy field while in an equal number of villages about a third used swiddens. If to the Lao who practise swidden cultivation, either principally or as a supplement to wet rice cultivation, are added the tribal peoples of Laos, most of whom are swidden farmers, then swidden farming can be seen to be of great significance to the majority of the people of Laos.

A basic distinction between *na* and *hai* is, of course, the great difference in the population each can support. To cite an extreme example, the carrying capacity of irrigated land may be ten or more times as high as the maximum obtainable under swidden cultivation. But there appears to be a great deal of variation in yields from swidden farming (v. Izikowitz, 1951, p. 38; cf. Jin-Bee, 1958, p. 114). In Laos generally the swidden yields per household often seem to be comparable with those from the irrigated paddy fields. In many cases in Luang Prabang Province, Khmu swiddens supply the Lao traders in the valleys with a significant portion of their rice needs. According to available data, the Khmu yields from swiddens have a higher maximum than those of the Lao swiddens, a natural consequence of the fact that swidden farming is the primary Khmu technique, while *hai* cultivation is at best a second choice for those poorer Lao who practise it. An important point here also is that swidden land is free for the cultivating while *na* land must sometimes be rented. There are formal Government regulations to control this usage but little effective attempt has been made to enforce them.

But the idea that *hai* cultivation is a labour-extensive method of cultivation as opposed to the labour-intensive features of *na* cultivation is not true in the absolute sense. Among *hai* cultivators, clearing the field at the outset is certainly a labour-intensive process, and labour is required to guard the fields from marauders in both *hai* and *na* farming. It appears, however, that *hai* cultivators are less concerned about weeds and they do not have to go through the laborious transplanting process, nor do they have to worry about the maintenance of dykes and irrigation systems. Moreover, fertilizer is provided from the burnt wood in their fields, while *na* cultivators must use both green and animal manure. Again, the use of the plough and buffalo in *na* cultivation implies a greater capital investment, and so more associated labour, than does the hoe and digging stick of *hai* cultivation.

Despite the lack of precision of Lao agricultural statistics, they are specific enough to point up the problem that at present, generally speaking, the Lao farmer produces barely enough to feed himself and has relatively little if any rice to market. This makes it necessary for Vientiane, and even a smaller town of less than 10,000 population,

such as Luang Prabang, to rely on imports from Thailand. The case of Vientiane might be easily explained since Thai towns with good transport facilities are just across the river, but in Luang Prabang the rice must be brought in by river barge over a distance of several hundred miles. The shortage is particularly acute in extreme northern areas where even local government employees have difficulty buying enough to eat.

The most important source of income is, of course, rice, but there are other agricultural sources in subsidiary crops. The Lao of the Vientiane area generally do not plant a second crop in the idle rice fields, primarily because of lack of sufficient water and of implements for irrigation. Where adequate water is available, cucumbers and sometimes manioc and corn are grown in the paddy fields. Individual household compounds may have some peppers, cucumbers, sugar cane, betel and a few fruit trees. No compost or other fertilizer is used in either vegetable field or garden. Some villagers of the Luang Prabang area, in addition, grow egg plant and chili in their paddy fields. Gardens on the river banks are cultivated during the dry season. These are particularly important in the vicinity of the town, since they supply the market. In some villages where people have been forced for one reason or another to give up their rice fields (drought, breakdown of irrigation system, army confiscation) increasing emphasis has been placed on gardens.

In villages in central and northern Laos bananas are grown in nearby fenced-off areas. (Prosperous villages near towns have barbed-wire fences which are designed to keep buffalo out of the cultivated areas.) Pineapple, cassava, mangoes, gourds, pomelo, papaya, yams, betel nut, sugar cane and some coffee are also cultivated in small amounts. In every Lao village there are innumerable coconut trees surrounding the houses. There are also quite often a few fruit trees within the pagoda compound.

An important item of Laos peasant capital is livestock. All Lao groups keep poultry. About 40 per cent of the households in Vientiane keep two or three pigs apiece. The villagers claim that there is never enough food for these animals and that during the rainy season the muddy ground makes it difficult for the animals to forage for themselves. More than half the households possess one buffalo; 20 per cent have two, and a few wealthier farmers have three or more. The buffalo are used primarily for rice cultivation, and occasionally are sold for slaughter in the capital. Farmers owning buffalo gain income from renting out their animals during the ploughing and harrowing season. Payment is in rice, the amount being determined by the number of days the animal is used and by the consanguineal relationship of the two individuals. Those households with wagons also possess a pair of oxen as draught animals. (Prior to 1938

Capital, Savings and Credit among Lao Peasants

these ox-wagons were the sole means of land transportation.)

Buffalo are definitely a wealth symbol among the Lao villagers. In some of the more prosperous lowland areas of Laos, cattle are also important as symbolic prestige items. No use is made of the milk¹ or blood, nor are they raised primarily for food. In the capital city itself, these prestige symbols can be seen grazing in front of the National Assembly building.

PATTERNS OF CASH INCOME

We have been examining the economy of Laos mostly in the context of what has been called a natural or subsistence economy, that is, a non-cash economy. Exchange in kind is very common among the valley Lao. When rice is milled or other services are sought, such as those of the traditional healer, these services are usually paid for in rice or other products rather than in cash. But every group, even in northern Laos, no matter how 'simple' their economic or cultural state, nevertheless participates to some degree in a cash economy. At some point in their economic life they are affected by cash transactions involving the use of paper money or the exchange of silver. The latter is more prevalent in the marginal areas of the north.

Market Gardening and Craftwork

Among the ways a Lao villager obtains a cash income are sales of rice, fruits and vegetables, forest products, domestic animals and home-prepared foods. Most towns in Laos are sites of military camps, as are a number of villages, and soldiers and their families provide an important market for nearby villagers. In certain areas, as near Luang Prabang, a number of farmers have abandoned their fields and set up stores and built houses to provide for the military and their families, and Khmu coolies come in great numbers to work for brief periods. Both Khmu and Meo come to trade in much greater numbers than was the case earlier. Some villages distant from Luang Prabang provide special food products such as oranges for market. One village in the valley of the Nam Ou cultivates large areas in pineapples, and it has been estimated by an FAO investigator that the fifty households each year produced 85,000 pineapples and also raised 1,500–2,000 coffee plants. Much progress has been made in the Vientiane area in the production of vegetables such as cucumbers, eggplant, pumpkins and beans. Previously these products were either raised by local Vietnamese truck farmers or imported from Thailand. A bus service linking Vientiane with surrounding villages

¹ Fresh animal milk is traditionally not used by people east of India. But both evaporated and powdered milk, imported under the US aid programme, are bought by Lao villagers for their small children.

Capital, Saving and Credit in Peasant Societies

has stimulated vegetable production for market. The line between village and town dweller is not always sharply drawn in this respect. Many of the inhabitants of Luang Prabang town raise vegetables in riverside gardens and others do considerable fishing.

At present crafts in Laos are for the most part not well developed, although they may have flourished in the past. Generally they are derived from Thailand and are usually inferior to those of the Thai. They may, however, provide a possible base for the expansion and development of local industry. In the Luang Prabang area are villages devoted to specialities such as blacksmithing, pottery-making and weaving. (These villages are said to be unique in Laos, and are thought to have developed for the purpose of serving the King.) In southern Laos skills traditionally transmitted in families include boat-building, healing, goldsmithing and the making of musical instruments and agricultural tools.

Inseparable from a description of the crafts themselves are the attitudes and values which the Lao place on their manufactures. Some craftwork, e.g. in silver, is of durable kind. But the Lao do not value permanence in much of their art work. A special art-form practised today is that of decorating coffins with elaborate geometric designs fashioned from gold-coloured paper. This takes long hours of work by groups of men, and the product is then consumed in the funeral pyre the following day. Equally painstaking are the floral offerings of minute concentric rings of vari-coloured buds and blossoms, skewered by bamboo splints to a core of banana stalk, surmounted by a crown of frangipani and set in a silver bowl, prepared by the women to be brought to the temple. What all these art forms share, however, is religious motivation. The many temples in Luang Prabang and Vientiane display a high degree of skill, from the graceful lines of the architecture to the painting of wall frescoes, carving of balustrades and casting of bronze Buddhas.

Trade, Commercial Enterprises and Wage Labour

Many rural Lao run small shops. There is no strict sex division of labour in this, although women tend to do most of the petty trading. In the larger settlements almost all the shops and commercial activities are run by the Chinese, and in a few cases cloth stores are run by Pakistanis. Lao women in both town and village indulge in small-scale business with roadside snacks, fresh fruit and vegetable sales, or prepared-food stands in the market. They raise the produce themselves and do the actual selling. (Their income from such enterprises is usually around 150 kip¹ on a good day.) All over rural Laos at the various temple festivals, young marriageable girls of the village set up small tables within the temple compound where they sell fruit,

¹ In 1959, 80 kip were equivalent to one us dollar.

Capital, Savings and Credit among Lao Peasants

candy, soft drinks, cigarettes and beer to the young men. A girl may net as much as 200 *kip* in an evening, or as little as 25 *kip*, depending on her popularity.

Of great significance as a part-time occupation in northern Laos is trade with the mountain people. Formerly contact between the Lao and the other ethnic groups of Laos was more difficult than it is today, due in part to language and transportation problems. This gave rise in northern Laos to *lam*, still in use to some extent today. (The term *lam*, meaning literally 'interpreter', designates the institution as well as the individual carrying out its functions.) The *lam* is a person who acts as an intermediary between traders, and occasionally the Government, on the one hand, and the tribal peoples, usually the Khmu and sometimes the Meo, on the other hand. The *lam* himself is a Lao, usually inhabiting a village that has relatively easy access to the market town.¹

The position of *lam* is relative to the power-political position of the various ethnic groups in a given area. The late Viceroy of the Kingdom acted as *lam* to a group of Lu living in northern Luang Prabang, a position he inherited. Here is clearly seen the hereditary and governmental aspects of the position of *lam*, which has certain feudal overtones. In this case he purchased certain Lu products and helped them attempt improved agricultural practices; in return, some of them acted as his retainers. By the late 1950s, however, only fragments of the pattern remained.

The institution of *lam* has been given an orthodox Marxist interpretation by a Communist observer (Burchett, 1957, 236-7). Among the mountain people, he holds—except the Lao Xung [Meo]—almost every village has a 'professional' Lao Lum [Lao] who settles in as a doctor or a lawyer might into a village community in Europe. Because he has learned to read and write in the pagoda and has a higher social status, he sets up as 'general adviser'. He arbitrates in quarrels between villagers, and offers to settle inter-village disputes by collecting a fee from both sides. He provokes disputes in order to settle them. He lends money at exorbitant interest rates. On holidays he makes some insignificant present to each household and collects an important contribution of rice, meat or alcohol in return. The principle was imposed that the mountain villagers 'owed' a living to any Lao Lum who condescended to live with them. 'As a tree has leaves, so a Lao Thenh must have the Lao Lum,' says a Lao Thenh proverb. This author then goes on to describe the ways in which the French increased inequalities and exploited the mountain peoples.

¹ This is the pattern in Luang Prabang Province. In some parts of northern Laos where there are no Lao the function of the *lam* may be assumed by tribal Tai. For example, in Muong Sing in northern Nam Tha a descendant of the hereditary 'Prince' of the Tai Lu acts as *lam* for the Kha Ko of the area.

But although some Lao may have lived in mountain villages, the function of the *lam* was more expediently served when the mountain people brought their trade goods to him. There is no question that the Lao and others often exploited the less culturally developed tribal peoples, but to ignore the very real symbiotic functions of the inter-relationships does violence to the facts. Traditionally the Khmu came to the *lam* whenever they had some forest products to sell or wanted to buy salt or clothing. Then the *lam* would arrange the trade with a merchant, or sometimes the *lam* himself engaged in commerce directly with the tribal people. *Lam* is distinctly a reciprocal relationship. Head taxes levied by the French were often paid by the *lam*, and in return the Khmu worked in the fields of their *lam* when necessary, supplying him with game and forest products. In those cases where the *lam* was also a merchant he enjoyed a complete monopoly, with all the tribal trade funnelled through his hands. The relationship between a *lam* and his clients was not formalized and depended largely on individual personalities. A man might act as the *lam* for a few tribal families or for an entire tribal village. He might be the *lam* to these people by virtue of inheriting the position, or, if the Khmu found him to be dishonest in his dealings, the latter could seek another. One of the chief reasons why this institution is beginning to break down is that the Khmu are beginning to market their own products directly.

It might seem from this description of the *lam* and the fact that it has started to disintegrate, that trade with the tribal peoples involves only a small number of the Lao valley farmers. This is not so. Almost every Lao village of any size, located along the Mekong or one of its major tributaries, is a centre of trade with tribal peoples. All households participate in this trade, even if they do not act as *lam*. Barter trade is very important, the Lao supplying such goods as cotton or woven cloth produced in their own fields or homes, fish or fish products, pottery, sugar and salt; while the mountain peoples offer opium, woven bamboo mats and baskets, betel, sticklac, forest game and other products. Both groups exchange rice, depending on which has the surplus. In addition, the Lao villagers act as a channel for the distribution of goods derived from urban markets. This includes silver for jewellery and currency, iron bars, rifles, tools, blankets, soap, matches, thread and needles. During the dry season when there is little work in the fields, many Lao farmers buy a small stock of these goods and take them into the hills to trade. This is especially true in those areas of northern Laos where the hill peoples equal or outnumber the Lao, who are confined to the narrow river valleys. Barter is perhaps the most common type of transaction there, since paper currency is not valued and silver is relatively scarce, being reserved largely for transactions involving opium.

Capital, Savings and Credit among Lao Peasants

Large villages in Vientiane Province often have one or two tailors, male or female, who earn their livelihood making pants, shirts, mosquito nets and sheets. They have purchased their foot-pedalled sewing machines in Vientiane. Profits range from 60 to 80 per cent, and in villages with several sewing machines, tailoring costs tend to be uniform. One or two members of a community may supplement their income by being herb doctors or midwives. There is also usually a barber in each village, who works from house to house. Every village has a few skilled carpenters. When not employed in construction they saw lumber to sell for 10–15 *kip* a board-foot. In larger villages there is usually one villager who owns and operates a rice mill.

As to wage labour, in Vientiane Province most landless villagers hire out their labour during the busy transplanting and harvest seasons. They work on either a daily or seasonal basis and receive their wages in rice (thirty-six pounds per day or 1,500 pounds per season from May to October). While some Lao may work for others in the village and receive payment in cash or kind, others will go to work as labourers in town. They dislike being designated by the term coolie, which they feel should be properly applied only to various Kha groups. These Lao work for local merchants, the army and the various Government offices, doing menial chores. Sometimes they work for only a month or so and then return to their villages. Recently an increasing number of people from villages near Luang Prabang have tended to give up agriculture for permanent jobs, a trend accelerated by poor rains and army confiscation of some rice lands on the town's outskirts. Yet although it is true that larger numbers of Lao peasants and tribal people have gone to work in the expanding towns since the end of World War II, their periods of work are usually short and their objective has most often been to accumulate a small sum in order to purchase some consumer goods such as clothing, and then to return home. Clear evidence of their limited participation in a cash economy has been the chronic shortages of food in the towns, forcing the importation of rice and other foods from Thailand. It is an indication of the scarcity of cash in rural areas that the Government of Laos has thought it not feasible to levy any taxes on the rural population.

CONSUMPTION PATTERNS

To the average villager real wealth is determined not by his secondary sources of income or even by size and number of fields under cultivation, but by the amount of rice harvested. In Vientiane Province a man harvesting under 200 *myn* (5,300 lb.) is poor, while a comfortably situated farmer harvests over 300 *myn*. A man obtaining 400

myn (10,600 lb.) or more, is considered wealthy. (In contrast, in the Thai village of Bang Chan near Bangkok more than half the households produced over 25,000 lb. of rice each.)

The ways in which the rice crop is disposed of provide significant insights into the meaning of capital and the importance of investment. Production for home consumption is the primary factor; although this is true, barter and sales for cash are also practised. There are certain types of purchases that can be defined as essential. Metal farm implements, cooking utensils, some items of clothing, salt, sugar, supplementary purchases of vegetables, fruit, meat and sometimes even grain are all felt to be required. But the Lao is not consumer-oriented; even today the peasants produce enough to satisfy most of their own needs themselves. It should be stressed that this is becoming progressively less true, however. Once immediate personal needs have been satisfied, more complex decisions are necessary.

It has been estimated that a typical rural Lao family in central Laos spends in cash about us \$150 a year (data from 1957), or approximately us \$35 per family member. Of this sum, about half goes for supplementary food purchases and perhaps another 20 per cent is spent on clothing. The remainder is divided among expenses for tools, entertainment in the form of gambling at holiday festivals, and gifts to the temple and priests. Although the Lao villager is not poor, in that he usually has ample food to avoid starvation and frequently has small luxuries as well, still this figure is not very high even by Asian standards. A prosperous villager in Vientiane Province may have the equivalent of us \$250 a year to spend (in contrast to a prosperous Bang Chan (Thailand) farmer who spends as much as about us \$500 a year). A rural household budget for the Luang Prabang area would be approximately the same, since fewer commodities are purchased while the cost of living is somewhat higher due to transportation costs. In most cases cash income would be proportionately less in areas away from the vicinity of the town.

In the Laotian context a minimum with regard to food involves getting enough rice to avoid hunger and to carry on one's daily activities. Although actual starvation is rare or non-existent in Laos, and people do not have to struggle to survive in an inhospitable environment, they often know hunger, particularly in the period before the rice harvest when the previous year's stocks near depletion. Rice forms the basis of every meal and is reflected linguistically in that the verb 'to eat'—*kin khao*—means 'to eat rice'. The Lao often mentions his preference for glutinous rice as a means of asserting cultural identity, differentiating himself from the Chinese and Vietnamese.

It is difficult to say which groups have enough only for themselves,

Capital, Savings and Credit among Lao Peasants

have a surplus to sell, or are forced to buy rice. There is a good deal of variation among ethnic groups, villages and even households in addition to yearly differences due to fluctuating climatic conditions. There are some general patterns, however. The Khmu and the Lamet often produce in their *hai* surpluses to sell to the valley Lao. But this is not universally the case, particularly in the area surrounding the royal capital, where the impoverished Khmu frequently must purchase rice from the Lao. The Meo appear for the most part to be self-sufficient. Poor crops due to lack of adequate rainfall in recent years have compelled more Khmu and Lao to buy rice to a greater degree than was previously the case.

To sum up, rice is the basic food of Lao, supplemented by vegetables and meat, fish and forest products. Fish is of varying importance among the Lao and meat is consumed sparingly or on special occasions by all groups. With the exceptions of rice, salt, certain vegetables, forest products and possibly crude sugar and tobacco, all other items of food for personal consumption are considered luxuries consumed on special occasions.

Housing is an important item of peasant Lao investment. There are a number of essential features which all Lao dwellings have in common. They are rectangular and are adjacent to paths and rivers, and avoid facing the west, the direction said to be travelled by the dead. They are built elevated on wooden piles about six feet off the ground, a form of construction with many advantages: it separates the living quarters from the rainy season mud, keeps out the village dogs and chickens and, in the space underneath, provides storage place for a loom, firewood, livestock and sometimes the rice bin. A house of minimum standard has a split bamboo floor and woven bamboo walls, with one main room. The thatch roof slopes over a bamboo veranda running along one length of the house, and at the rear of this porch is usually a wooden frame filled with sand, which is used as the base for the charcoal or wood fire over which cooking is done. Bamboo is usually available locally, as is hardwood (usually teak) for the house posts. The woven bamboo walls allow for relatively free circulation of air, and the floor has enough spring to make sleeping on it on mats extremely comfortable. Windows are found only in the more prosperous homes.

An average bamboo dwelling can be constructed rapidly, with a minimum of expense, at a cost of about 10,000 *kip* (us \$125), when a group of villagers pool their labour in customary fashion. The builder supplies food and rice wine for the workers, who usually contribute their labour on the same reciprocal basis as in transplanting and harvesting rice. Often a celebration is held in connection with construction and dedication of a new dwelling, in which the women of the neighbourhood share the cooking, and in the evening

the village youth participate in a traditional love court.

A bamboo house does not carry much prestige, nor is it adequate for a large household. Where possible it is improved upon. This means first of all a larger layout. A larger house is constructed of wooden planks although in many cases thatch continues to be the roofing material. In some of the more developed areas, such as among the Lao around Vientiane, wooden plank floors are a regular feature in house construction. These floors imply a higher standard of living, since they are usually accompanied by the use of kapok-stuffed sleeping pads instead of woven fibre mats. In more prosperous homes the walls are also of wood. The cost of materials for an all-wood house with thatch roof is approximately 16,000 *kip* (us \$200). In some cases the traditional roof is replaced with corrugated iron, or more customarily, tile. A further development is the use of a sort of wattle-and-daub cementing over a bamboo framework. Sometimes there are separate sheds for cooking and storage. A small granary is often mounted on piles adjacent to the house, and occasionally there are seed beds on platforms out of reach of the animals. Larger compounds include a vegetable garden; clumps of bamboo and banana trees often serve as boundary markers.

Although wooden houses doubtless offer more protection during chilly winter nights, many of them lack sufficient ventilation. Windows, if constructed, are frequently small and ineffective, so that for most of the year these more elaborate dwellings are actually less comfortable than the simpler bamboo houses.

Only the major towns of Laos are electrified. Some rural homes use crude kerosene lamps made from tin cans, and a very few have pressure lamps with incandescent mantles; flashlights are also used. General speaking, because of the constant draughts, candles are not employed as a source of light, and the villagers retire when it gets dark.

Rural Lao consider their homes sacred places, presided over by a resident spirit (*phi huan*) for whom an altar is built near one of the posts. This spirit is frequently consulted and offerings of balls of rice, flowers and candles are left for it. Several small images of Buddha may also be kept here.

Since the Lao live and eat on the floor, home furnishings are at a minimum. There are a few low, round stools and tables, and perhaps a cradle made of plaited bamboo is suspended from the rafters. Sleeping mats are rolled up along the wall during the day. The home of a village headman might have a table and chair for conducting official business, plus a few cheap suitcases for storing clothes, and some enamel dishes and other utensils including the omnipresent spittoon. The use of mosquito nets is a conspicuous status symbol in the homes of teachers, headmen and some of the wealthier farmers.

Capital, Savings and Credit among Lao Peasants

For most, however, the cost of the netting combined with a lack of felt need precludes its widespread use.

What constitutes basic necessities of clothing is difficult to define, since during most of the year it is possible to survive quite well with only a negligible amount. Among the Lao, infants and small children frequently go naked. When possible, most Lao villagers have at least one set of clothes for work in the fields and another for holidays. The former is usually woven at home, while the good clothes for men, a Western-style pair of trousers and shirt, are bought in town. For men, homespun clothing is regarded as inferior, Western-style clothing being considered more attractive. A Lao male outfit consists of a hand-woven indigo dyed cotton shirt and short pants for work in the fields. Sometimes a Western-style shirt is also used. A man may work in, and also bathes in, a short cotton sarong wrapped around the waist. In addition, he may have a longer plaid silk sarong for informal use around the house. The traditional male garment, still worn on ceremonial occasions, is the *sampot*, of bright silk and like a sarong, but drawn up loosely between the legs and tucked into the rear waistband. The basic dress of the rural Lao woman is a hand-loom woven skirt of cotton or silk, embellished with a characteristic Lao border woven of coloured or precious-metal thread.

More important than clothing, particularly for children, is silver or preferably gold jewellery in the form of anklets, bracelets or small gold medals of Buddha suspended on chains or cords around the neck. Jewellery is believed to protect the wearer from harm and prevent the soul from leaving the body and so causing illness. Village people believe the soul has an affinity for gold. In terms of Lao culture, this jewellery can, because of its supposed protective and therapeutic value, be considered an essential item. Much gold jewellery is worn by women and to a limited extent by men. This is said to be because the soul of a woman is weaker than that of a man and so requires more protection. Among wealthier Lao, investments in gold are quite significant, amounting to several thousand *kip* just for hair ornaments, a characteristic feature of the female Lao dress, consisting of strands of small gold beads arranged around the traditional chignon surmounted by an ornate gold hairpin. Bracelets, necklaces, rings, earrings and silver or gold belts are also worn. The Lao say, 'A chicken is pretty because of its feathers, and a woman is beautiful because of her dress.' The villager considers jewellery a sound investment, and sometimes he uses it as security for a loan when he is in need of cash. Wrist-watches are worn by some men, but can also be included in the category of jewellery, since the need for accurate time-telling cannot be called necessary or even desirable in rural Laos. Certainly a strong supporting reason for the investment in jewellery is the pronounced lack of faith among villagers in paper

currency, a feeling no doubt intensified by current political changes.

In the last fifteen years, and particularly within the last five years, a whole range of new consumer items has become more easily available to the Lao villager. Bicycles, manufactured cloth, kerosene lamps, flashlights, vacuum flasks, tinned condensed milk and suitcases for storing clothes, are only a few of the items that have begun to attract the rural Lao consumer. In a village near Vientiane there were (in 1959) eighty-one bicycles, or almost one per household, two motorcycles and two cars. The latter were owned by wealthy villagers and used as taxis. This situation represented perhaps the ultimate in mechanization in a Lao village.

While the disparity between urban and rural standards of living has been a cause of social conflict, it appears that the standard of living of people in rural areas has improved somewhat over the past decade and that they now have access to many more types of goods. Here too the change has been disproportionate, with those who live along the main road benefiting most, and the mountain peoples affected to a much lesser degree. These developments are hardly surprising in view of the abundant external aid Laos has received during the past five years. Most of the consumer goods in rural areas have been a direct result of the American aid programme. Per capita, Laos received in the latter 1950s more foreign economic assistance than any other country in the world. This has been an artificial situation and has already begun to change.

Taxation does not constitute an important demand on the village economy. The head tax which existed under the French was abolished with independence. As far as the writer is aware, no effective land tax exists. The government derives its chief revenues from customs duties, levies on urban merchants and foreign aid. There are theoretically certain types of taxes levied on farmers, as on goods shipped from one village to another, store sales and on forest products. But exemptions are liberal; if a farmer breaks an arm or leg he is exempt for one year. Even more to the point is that for all practical purposes the Government, largely for political reasons, makes almost no effort to collect taxes. (In recent years, however, some Government ministers have thought about reinstating a tax of about 100 *kip* to be paid by the head of each household.)

ATTITUDES TOWARDS CONSUMPTION AND INVESTMENT

It is easy to draw an idyllic picture of the Lao peasant as a charming loafer in the midst of tropical plenty. This is definitely not true. If the rains do not come soon enough or in sufficient quantity, the Lao farmer may know real privation. Also, farming in a semi-tropical climate, the productivity of which is more mythical than real, can

be very hard work. Ploughing a paddy field under a hot sun, spending hours stooped over transplanting rice seedlings, hacking a clearing from the jungle, are all tasks that require hard labour. Work for its own sake is not valued in Lao society, nor is an extremely high value placed on the acquisition of land or capital. In fact, an individual who is overly aggressive in the pursuit of these things is looked upon with disfavour, if not open hostility, by his fellow villagers. This is not to say that the Lao are not interested in material goods or their accumulation, for they can see the advantages of possessing more land, livestock, tools, better house, personal clothing and ornaments. Yet a stronger attitude in Laos is the credo '*Bo peng yang*' (it doesn't matter, i.e. I cannot determine my own destiny). Success is not felt to be capable of achievement through hard work, but rather by forces present in the individual at birth as well as those acting upon him from outside. Formal status by birth remains an important factor.

One cannot discuss rural Lao economy without detailed reference to the local pagoda. The primary objective of the villagers is to produce enough from their land and animals to feed themselves and reinvest enough in the form of seed and livestock feed to continue the production at the same level. Once this has been accomplished, it must be decided whether to work harder to increase production and how to dispose of any surplus above and beyond the family's immediate consumption needs. In Lao culture the purchase of additional consumer goods has secondary priority. Rather, first priority is the allocation of resources for religious purposes.

Every morning the Lao villager makes a religious contribution, when the Buddhist monks make their rounds with their begging bowls for their daily ration of rice. Every Lao village, even if it has only a few hundred people, possesses at least one pagoda with several monks and/or novices. They are completely supported by the local population, not only in terms of food but also with clothing and many miscellaneous gifts. A contemporary Buddhist monk requires more than a yellow robe and a begging bowl. He needs cigarettes, betel-chewing equipment, writing materials, cooking utensils, mosquito net, vacuum flask, parasol, all small items in themselves but important in their total value since they represent cash purchases made by the villagers. Unlike Christian monks in some countries, Buddhist monks do not cultivate any of their food themselves, although they do engage in physical labour necessary for the upkeep of the pagoda compound. However, the purchase of cement and other materials is the responsibility of the villagers. Almost universally the local pagoda is by far the most substantial structure in the Lao village and expenses to maintain it are not resented by the population. The monks may do some of the work of keeping the pagoda in repair, but it is the laity who provide whatever tools and materials are needed

and who often contribute labour as well. Various sums are also spent in decorating the interior and particularly for gold leaf for the statues of Buddha. Villagers bring candles and elaborate floral offerings on their frequent visits to the pagoda. In a modest village of fifty houses near Vientiane the headman estimated that over 30,000 *kip* (US \$3,750) had been raised for a new *wat*. Government aid was also solicited for this construction, although the road was poor and there was no school or first aid station in the village.

A further example of the value system with regard to the allocation of resources is provided by the programmes undertaken by the Bureau of Rural Affairs during the first half of 1959. Of 992 projects, 238 were for the repair of pagodas throughout Laos. (This was exceeded only by the 249 schools constructed and 59 repaired. In some provinces the majority of projects were for the repair of pagodas.) When the Lao Government recently began to undertake a programme of rural development and villagers were asked to indicate what they felt to be their most important needs, they replied, 'Metal roofing for the pagoda, cement for the pagoda, lumber for the pagoda.' Schools, roads or health facilities ran a poor second.

These attitudes are, of course, closely connected to the Lao system of religious beliefs, where it is a privilege to be able to contribute to the support of the pagoda and the monks. In this way an individual acquires merit and consequently assures himself a better rebirth. It should be stressed that there are also auxiliary expenditures such as seasonal religious festivals, ordination ceremonies sponsored by individual families and elaborate funeral rites.

Associated with Buddhism, but far antedating it, is the system of animistic beliefs in the *phi*, or nature spirits. To appease these resident spirits of the mountains, fields, villages and homes, animal sacrifices are often necessary. These may range from chickens to water buffalo, and their frequency is highly variable although their occurrence is widespread. Buffalo sacrifice has been practised by the Lao of both Vientiane and Luang Prabang. It has the function of both propitiating the spirits and controlling rainfall. This ceremony occurs before the beginning of the monsoon rains. In certain regions of northern Laos there is active collaboration in sacrificial ceremonies among the Lao, Kha peoples and tribal Tai, and it is possible that the cultural influence of aboriginal peoples is a factor in Lao buffalo sacrifice. It would be incorrect, however, to state that the majority of the poultry, pigs, cows and buffalo of the Lao serve only sacrificial purposes, since buffalo are important as draught animals, and the animals slaughtered for ritual purposes are eaten 'after the spirit has had his fill'.

There is no precise data available for any one group of the annual cost of these ceremonies. One Lao official, however, made these

Capital, Savings and Credit among Lao Peasants

estimates for sacrifices to the village spirit during the course of a year, as a result of his conversations with people in two Lao villages in Luang Prabang district. In the first village, the forty-four households each sacrificed two chickens which, at the then current market rates, amounted to an expense of about 8,000 *kip*; in the other village of approximately similar size, two buffalo were sacrificed by the village as a whole, each buffalo valued at 4,000–5,000 *kip*. These sacrifices represent only those to the spirits of the village, for which the village population shared expenses, and not those to spirits involved in individual personal matters.

Thus, although the inhabitants of central and northern Laos do eat meat and fowl as a result of their sacrifices, the occasion is not determined primarily by dietary needs—any discussion of domestic livestock in Laos cannot lack reference to its sacrificial significance. Since the Lao and other peoples of northern Laos can hardly be termed wealthy in poultry and livestock, it is not difficult to see that such sacrifices exert a considerable drain on their economy.

In rural areas among non-Lao groups such as the Khmu debt slavery is still reported to exist. One of the important reasons for this is the strongly felt necessity to obtain animals, especially buffalo, for sacrifice. Illness, failure of crops, demands of social status, may all force a family to go deeply into debt. Since cash or material goods to secure a loan are lacking a child is sometimes given to the creditor. This in effect often amounts to bonded servitude. Such practices are outlawed by the Lao Government, but they have by no means been eliminated. By contrast the rural Lao are largely free of such constraints. They do not have the standard of living of their urban compatriots, nor such a strong cultural imperative as the Khmu for providing sacrificial animals.

RURAL AND URBAN CREDIT AND INDEBTEDNESS

The Chinese play a very prominent role in Laos commerce, in both urban and rural areas. The most important Chinese business concerns are, of course, concentrated in Vientiane. A brief survey conducted in 1959 showed that the Chinese operated 749 or almost exactly 50 per cent of a total of 1,550 businesses. The other 50 per cent was divided among Lao, Vietnamese, Thai, French and others.

Most large enterprises such as banks, insurance companies, saw mills, motor truck transport firms and particularly export-import houses have Chinese capital and/or management, so that actually the Chinese community participates in more than half of the total commerce in Vientiane. This is particularly true in the case of Lao-Chinese partnerships, where the former supplies his name and Government contacts with perhaps some capital as well, and the latter manages

Capital, Saving and Credit in Peasant Societies

the enterprise and provides capital. In the case of import-export concerns it is the Chinese partner who provides contacts in Hong Kong, Saigon and other trade centres. Lao-Chinese intermarriage is also an important factor here since a business may sometimes be registered in the name of the Lao wife. In certain cases the Lao and Chinese partners may be linked through marriage bonds between their children. Although formal Government regulations limit certain types of trade and commerce exclusively to Lao citizens, these requirements are met ostensibly by the Lao partners who supply their name, and such business relationships reach up to the highest levels of Lao society.

In rural areas not only do Chinese operate shops in many villages, but they also lend money. The villagers often feel they can obtain loans at lower rates from the Chinese than they can from their own kinsmen. The Chinese are willing to take their interest payment in rice at the next harvest. Psychologically speaking, a farmer would rather part with 100 pounds of rice at harvest time when he has thousands, than 100 *kip* in cash when he has practically none.

When a Lao peasant wishes to borrow money, he usually makes a contract before three witnesses and lists his house, garden, livestock or gold as security. The interest rates in urban areas vary from 4 to 10 per cent per month. The larger the amount borrowed, the smaller the interest rate. Generally speaking, there is more indebtedness among the urban Lao who may want to build a house (hired labour is usually used in town), start a business or buy a car. There is a tendency for Lao farmers to go into debt when there is a failure of the rice crop, but rural debt does not appear to be a major problem. This may be a reflection of the general undeveloped state of the total rural economy as far as cash exchanges are concerned. By contrast, indebtedness is a major problem among urban Vietnamese and Lao-Thai coolies and pedicab drivers, due in part to their enthusiasm for gambling.

A great deal of borrowing is done by Lao villagers, with sums of 500 *kip* or less borrowed from relatives. Larger amounts, for the purchase of a sewing machine, bicycle, radio, buffalo, rice seed for the planting season, lumber for a new house, and for weddings or funerals are borrowed in secrecy from merchants. Large loans must be repaid within six months and rural interest rates range from 10 to 15 per cent monthly. Rice is 'borrowed' quite freely among relatives in amounts not exceeding 20 lb., and is rarely expected to be repaid. Money for construction or major repair of a *wat* building is lent at interest rates of only 5 per cent, and on rare occasions, at no interest. The lender, in both cases, obtains merit by not charging the normal rate. Unfortunately, the credit of the majority of farmers is very poor since they have little which can be offered as collateral. Thus

Capital, Savings and Credit among Lao Peasants

ambitious farmers interested in raising cash crops such as coffee or kapok, often do not do so, because they cannot obtain the funds.

The sources and availability of credit and accumulation of indebtedness are closely connected to the extent of participation in a cash economy. In the towns of Laos the elite and the Chinese and Vietnamese merchants definitely do engage in a considerable amount of lending and borrowing, usually at very high interest rates. Houses or other personal property are given as security, with the interest rate running as high as 10 per cent a month. There is a tendency to confine borrowing within one's ethnic group and if possible to one's extended family unit. However, it not infrequently happens that the Lao elite extend credit to the Chinese. (This may be a reflection of the channeling of foreign economic aid through the Lao Government.)