



Measuring development and human wellbeing in the Lao PDR: Exploring Laos' development indicators



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ABSTRACT

Over the past 30 years, developing economies around the world have grown rapidly. Only in the last decade has the concept of wellbeing become part of development discourse. As material resources are limited, a promising concept has evolved so that development and wellbeing can be achieved even though development and as such improved wellbeing may not be attainable for all people. As wellbeing is essentially a social and cultural construction concept, its measurement must therefore take social and cultural concepts into account. This paper explores local conceptions of wellbeing and the extent to which these conceptions have been incorporated into the measurements used in the nation of Laos. Data were collected through qualitative methods. Content analysis was employed to examine and analyze participants' responses. This paper argues that in the diverse cultural settings of Laos, it is challenging to develop a standard set of wellbeing measurements. Although existing measurement includes social and cultural considerations, this study shows the local conception of wellbeing was largely omitted. Based on the findings, it is suggested that measurements of wellbeing in Laos be expanded to cover a wider number of aspects that encompass the Lao socio-cultural identity. This study proposed to add more indices of wellbeing into development measurement than have been used in Laos.

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Introduction

Post World War II, development policies for many Least Developed Countries (LDCs) have focused heavily on economic growth. It was assumed that economic growth leads not only to modernization, but also to an improvement in the quality of life. These policies were based on the premise

that a reduction of poverty is associated with a higher quality of life (Rerkrai, 1987). However, after an initial period of high growth, many LDCs found that a significant portion of their population still did not fully and equally gain the benefits of development; they still suffered from a plethora of social problems (Sanni, Onuoha, Christopher, & Harelimana, 2010).

The question arises as to whether increasing levels of international trade, investment, and cultural communication have a positive impact on wellbeing for the majority of the population. This paper examines the hypothesis that rapid economic growth has not delivered a concomitant level of wellbeing for all nations and people. In fact, experts

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argue that rapid economic development has increased hunger and poverty in many LDCs (Xing & Muchie, 2003). Research content indicates that the tools used to measure development have employed indicators more directly related to Gross Domestic Product (GDP) (Vázquez & Sumner, 2013).

According to Sen (1988), there are serious deficiencies in using GDP as a measure of human development. Sen recognized the limitation of using GDP as a primary measurement of development. There are five weak points with regard to using economic growth measurement: First, it lacks distributional aspect, because it considers only national growth of income without being concerned that the essential factor of income distribution, will ignore some other groups in a community. Second, the market value on which the GDP calculation is made fails to reflect externalities, both economically and socially. Third, allocation by market does not necessarily correspond to the optimal social choices due to monopoly and disequilibria. Fourth, GDP measures a snapshot of the average person's life, whereas the quality of life needs a consideration of the entire lifetime. Finally, income and commodities are only means but not ends to wellbeing. As such, the notion that GDP translates into improvements in wellbeing for all people is under question. This paper both examines and envisages a new concept of wellbeing which places human society at the center of “development”.

In the past two decades, since the introduction of the New Economic Mechanism (NEM) in 1986, Laos (one of the smallest countries in Asia) has been transitioning from a centrally planned system to an open market economy. These policy changes have contributed a high rate of GDP growth, with an annual average growth in GDP of 6.4 percent in the 1990s and about 7.4 percent in 2000–2012 (World Bank, 2013). While these policy changes have led to the liberalization of prices and markets, Laos is still one of the poorest countries in the world. Increasingly, Laos has faced rising rates of unemployment, income distribution gaps, and environmental deterioration. Moreover, data shows unequal development between the urban and rural areas (National Statistical Center of Laos, 2011).

Low per capita income has in itself become a justification for development, and often, the principal aim of related government policies is to increase household earnings. What lies behind these ideas are the assumption that increases in income will help to serve peoples' needs, and improve their quality of life. It is assumed that with GDP and average real income growth, wellbeing is achieved through higher consumption levels. In contrast, economic research shows that there are no clear links between income and wellbeing; although a high level of wealth brings comfort, but, in many cases, it prevents people obtaining pleasure or wellbeing that results from incomplete satisfaction of desire (Frank, 1999). Some studies have shown that while higher levels of national wealth are associated with greater happiness, a rise in income produces diminishing or even no increase in happiness or quality of life for a given population (Venkatapuram & Bunn, 2012). If we agree that development means an improvement in quality of life, and is in part defined by peoples' perceptions, the use of GDP as a central measure is inadequate. As experts

have recognized the limitations of GDP growth, there have been attempts to develop new measures. Integral to these new approaches are the inclusion of Basic Human Needs, Quality of Life (QoL), the Millennium Development Goals (MDGs) and more recently a Human Development Index (HDI) (Doyal & Gough, 1991; United Nations [UN], 2013; United Nations Development Programme [UNDP], 2013). Another approach falls under the idea of “Wellbeing” which is one attempt among these (Sen, 1988; Venkatapuram & Bunn, 2012; Xing & Muchie, 2003).

In the Lao PDR, the word “Wellbeing” in a local context means being opulent and being happy (*som-boun-poun-souk*) or being well and having strength (*yu-dee-mee-hang*). Those words are usually used to describe human health. However, the indicators and tools used to measure the Lao concept of wellbeing require further development. Besides using GDP to measure development, there were some studies that examined the adequacy of Lao livelihoods. When Lao PDR set out to formulate a National Social and Economic Development Plan (NSED) and a strategic poverty reduction plan, it drew upon previous research (National Statistical Center of Laos, 2011). However, the extent to which social cultural notions were incorporated into development measures is questionable.

This paper explores local conceptions of wellbeing, central to three questions. What are the needs and resources that the Lao people have—“having”? What satisfaction with life do the Lao people have—“thinking”? What can they do in order to achieve the things to make them satisfied—“doing”? This is followed up by extending to which international measures of wellbeing have been incorporated into approaches used by the Lao PDR: the MDGs, HDI, the Poverty Vulnerability Index (PVI), and the Lao Expenditure and Consumption Survey (LECS). The purpose is to seek a way to add more indices of wellbeing into these development measurements. First, this paper begins by providing a short introduction into the conceptualization of wellbeing and development in LDCs as a framework for the sections that follow. Second, an in depth analysis of the local context and conception of development in the Lao PDR provide a basis for a new vision of wellbeing. The final substantive section offers a discussion of the findings and further recommendations.

Wellbeing and Development in the Developing World

The relationships between development and wellbeing can be variously conceived (Promphakping, 2006). Wellbeing is at the core of diverse development policy agendas ranging from social inclusion to environment sustainability (Prescott-Allen, 2001). Wellbeing measures provide information on social and economic progress for policy makers and can inform policy development. These new measures of wellbeing have attempted to engender a shift from national accounting to place a greater emphasis on people's quality of life.

Definitions of wellbeing vary as do the terms used to explain it. Wellbeing can refer to an emotional state, such as happiness or anxiety. It can also be a judgment about overall life satisfaction or with certain domains (McGillivray, 2007). A contrasting view is that it refers to an

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