Chapter I. The Origin of Modern Ideology in Laos

1. Lao History

The Ancient Lao Kingdoms

The present state of the Lao is a result of the territorial expansion of China in the past 5000 years and the last direct testament of the Ai-Lao race.\(^1\) Even though there is no concrete evidence to prove that the Ai-Lao race was from the vicinity of Mount Altai in Mongolia, many Lao or Tai groups claimed that their ancestors originated at Mount Altai. They then moved southward to establish in the valleys in between Huang He (Yellow) and Yangtze Rivers in China's Hunan province. Meuang Lang was the first Ai-Lao ancient kingdom at area of Shi Ning (Ning-Hsia) in the upper part of Huang He River. Then the Ai-Lao moved southward to build Meuang Pah Kingdom in the middle part of the Yangtze River near Chongqing (Chungking) and Meuang Ngiao Kingdom was built somewhere in the southwestern area of Meuang Pah. The Ai-Lao had settled down in the Huang He River valley before the advent of Buddha, 2500 years ago.\(^2\) There were two reasons for the southward resettlement of the Ai-Lao population. Firstly the Chinese population was moving south while its states were risen by internal conflicts causing them to invade and occupy the Ai-Lao kingdoms as the result the Ai-Lao people were pushed southward. Secondly Ai-Lao searched for peace and arable land for cultivation and found it in the upper highlands of southwest China. By comparison the northern parts of China are rocky and desert land and wars.

In the year 843 BC the Tartars (Turks) invaded China, the Chinese people came to take the refuge in the Ai-Lao Kingdoms. In the year 246 BC the Chinese refugees took over the third Ai-Lao city of Meuang Ngiao that caused another wave of the Ai-Lao refugee exodus to move southward. They again established Peh Ngai kingdom with Khoun Meuang as king. The Peh Ngai kingdom consisted of six states in Sichuan (Szechwan) province, including Nong-Sae in the south. The invasion of the Chinese Wu dynasty of Peh Ngai kingdom took place when King Khoun Meuang refused passage to the Chinese ambassadorial mission who wanted to inquire about Buddhism in India. King Khoun Meuang fought to defend his kingdom against the Chinese for several years, lost, and became their vassal in the year 87 BC. When China was seized by internal revolt, Khoun Wang, who had succeeded Khoun Meuang, raised an army and waged a defensive war.
against the invaders. He renounced vassalage to China and proclaimed independence, but lost the majority of the kingdom's territory to the Chinese in 50 AD. At this point the Lao kingdoms became vassal once again to the Chinese and the Ai-Lao had split into two main groups, the Lao who remained at Peh Ngai kingdom remained the name "Ai-Lao" and those who fled southward called themselves "Ngai-Lao". The King Khoun Luang Lee Mau adopted Mahayana Sect of Buddhism, the larger vehicle, into the Ai-Lao kingdom in the year 69 AD. The Ai-Lao moved southwards in different directions and later each of the groups tried to set up their own kingdom and called themselves different names.

The Nan Chao Kingdom (Nong-Sae)

The Ngai Lao who fled farther south to the remaining southern part of Peh Ngai kingdom grouped themselves at Nong-Sae Lake and later established a kingdom known to the Chinese as Nan Chao kingdom in the present Yunnan province of China. In Chinese, 'Nan' means south and 'Chao' is kingdom or prince. The story of Nong-Sae became the subject of Lao poetry and folkloric songs (Luu Phinh or Luu Lao) as Nong-Ka-Sae-Saen-Yamm. The Chinese called it Tab-Li-Fu (modern Dali) or known as Nan Chao kingdom. The present city at Nong-Sae Lake is called Dali (Ta Li) in the East of the upper part of Mekong River. The kingdom of Nong-Sae was built during the period the Chinese power was declining when China was split into three groups and waged war at each other. The Lao took this opportunity to build up their unity and strength and were able to build six new cities in the kingdom with its capital city at Meuang Nong-Sae (City of Nong-Sae). The lost independence of the six principalities was regained by 649 AD and reunited into one unique kingdom and administration under the rule of King Singyo or Sihanara who was the first King of Nan Chao kingdom. The kingdom of Nan Chao was a strong independent state and its people lived in tranquility and happiness. The kingdom of Nan Chao consisted of six small kingdoms (Meuang), namely 1. Nam Meuang with the territory extended to the East to Hunan in China and on the west touched Bhugar or Pagan of Burma, 2. Xiang Saen 3. Lan Xang Kiang (Meuang Swa), 4. Thong Na Noi Oi Nu or Meuang Thaeng (east of Dien Bien Phu), 5. North Assam (Tai Ahom), 6. South Assam Manipura.
The Nan Chao (Nong Sae) Kingdom of Ai-Lao

Nan Chao during the Chin Empire around 1140 A.D. Nan Chao territory in 12th Century covered Yunnan and extended to the west of Kwangsi, Kweichow and Szechwan. Nan Chao was invaded and occupied since 1252.

King Khoun Borom (known to Chinese as Pi-Loh-Koh) was enthroned in 729 AD at the age of 32. He was said to be valiant, well-developed and experienced in the art of warfare. As monarch he added large areas to the Nan Chao kingdom or Meng Shae. He maintained the status quo of friendship with the Chinese emperor known as Yuan-T'ang-Hong-Ie or Tang dynasty by sending goodwill missions. Good relations with China were maintained throughout his rule. It was also a period when China organised Buddhist clerical system and expanded the development of Buddhist Monasteries of Mahayana Sect. However, Khoun Borom was mindful of the power of China and was aware of the Chinese invasions of the previous Lao kingdoms. He established a new principality in the area known as Thong Na Oi Nu in the south east of Nan Chao in the present Red River delta in 731. The new territory extended from East of Xiang Hontong to Thong Na Oi Nu or Meuang Thaeng in the east of present Dien Bien Phu beyond Nam Tae (Black River) and Nam Tao (Red River). Na Noi Oi Nu was in the upper highlands of the Black and Red Rivers in present northern Vietnam, with the capital at Meuang Kalong or Meuang Lai. The Tai Nung, Tai Tho, Tai Thay, Tai Meuang, Tai Kaya peoples and those in Cao Bang and Lang Son who later became the ethnic minority groups in northern Vietnam are the evidence of Meuang Thaeng principality.

Khoun Borom died in the year 750 AD at the age of 53 and was succeeded by his son Khoun Lo, the ruler of Meuang Kalong. Khoun Lo (known to Chinese as Koh-Loh-Pong or Loh-Peng) was a capable king and was the only Lao monarch who re-conquered Chinese territories and annexed 32 cities into the Nan Chao Kingdom. This territorial expansion required Khoun Lo to move his administrative capital to Hunan province. This occupation had prompted the Chinese invasion in the year of 751 AD but Khoun Lo managed in defending the kingdom’s territories. He was however aware that the Chinese would mount another invasion so in the year of 752 AD he sent a goodwill mission to the King of Tibet and established a strong alliance with this country. In the year of 754 AD the Chinese again invaded Nan Chao kingdom. This time Khoun Lo used the guerrilla warfare strategy against Chinese invasion army. He led a small army and diverted the Chinese in the direction of Tibet while his larger army attacked the rear of the Chinese army. According to the Chinese history in the year of 750s the Chinese Li dynasty waged a campaign against the new state of Nan Chao kingdom in Yunnan. The Chinese accounts also mentioned that the invasion led to the almost total destruction of
their army of 50,000 men.10 The Ai-Lao kingdom of Nan Chao was an independent state and was under the rule of 13 successive kings.

Nan Chao Civilisation

From 649 AD to 1254 AD the Nan Chao developed the first known Ai-Lao political, economical and administrative systems despite one Chinese invasion in 754 AD but was defeated by King Khoun Lo. The Nan Chao set up proper government structure and administrative networks such as the King’s advisers, the Mandarins, the administrative departments that included military service, registry service, religious affairs and traditions, justice, home affairs, public works, finance, foreign affairs, commerce and taxation. There were three groups of tax officials. A department in the home affairs was responsible for national security. These structures were similar to those of both contemporary Western governments and the traditional Chinese State. The army was also divided into three divisions such as Horses Division, Oxen Division and Rice Division.11 The two other administrative levels were provincial and rural areas. There were three levels in the rural administration, each of one hundred homes formed a village, each one thousand homes formed a sub-district and each ten thousand home was a Meuang or district. This was based on the bajiao (pa-chiao) system in China, in which households were organised into groups of tens and hundreds.

In the field of primary industry the people of Nan Chao grew mulberry trees and raised silkworms and produced beautiful silk fabrics for sale and for their own use. The silk fabrics of ordinary quality or pure white genuine silk fabrics were traded for rare oyster shells. The women wore silk skirts, their hair in braids hanging on the sides and rolling them up to the level of the ears showing pearl or other precious stones earrings. Acts of adultery were considered as crimes and liable to death penalty. The Ai-Lao people of Nan Chao used oxen or buffaloes to plough the land and they lived mainly on agriculture. By 1253 AD Kubilai Khan, the grandson of Ghingis Khan of the Mongols had established Yuan Dynasty through the conquest of the Southern Sung (Song). They ruled all China, and finally they invaded and occupied Nan Chao, which became and has remained a Chinese colony.12 Before the fall of Nan Chao there was a number of Chinese invasions waged against the Lao kingdoms. The Ai-Lao consisted of many
different groups called Tai. In the contemporary Tai-speaking world, each group speaks a
different dialect and wears different style and colour of costume.

It was believed that in the period of the Nan Chao some Ai-Lao people who fled further
southward continued in different directions but, mainly using the rivers as escape routes,
they settled themselves in various areas in the south, southeast and southwest of Nan
Chao kingdom. At this point the Ai-Lao was divided into two main groups, the first
called themselves Tai and the second retained the original name Lao by dropping the
prefix Ai (brothers), called themselves Lao or Tai Lao. The term "Tai" referred to the Ai-
Lao tribal groups who lived in a separate locality. The Ai-Lao people who lived in Assam
called themselves Tai Ahom, those who lived in Siam were Tai Siam and the people who
lived in Sipsong Panna were Tai Lao. Those who lived in Thong Na Noi Oi Nu or
Meuang Thaeng set themselves up as Sipsong Chu Tai kingdom (Sipsong Chao Tai).
Sipsong refers to the twelve Tai tribal groups in the upper highlands of present northern
Vietnam. The term 'Tai' refers also to the type of costume they dress, local traditions and
the language dialect spoken. The Siamese chose the term 'Tai' in claiming the territory
under their suzerainty from France in 1939-1940. They changed from Siam to Thailand
in line with its Grand Thai hegemonic policy. The Thai interpreted "Tai" as an exchange
or paying a ransom to set a person free from slavery but this interpretation has been used
only within modern Thailand since 1939.

The major escape routes at the time were the rivers such as the Red, Black, Mekong,
Chao Praya, Irrawaddy, Salween and Brahmaputra Rivers. The Ai-Lao who moved
downwards along the Red and Black rivers (Nam Tae) established themselves in Sipsong
Chu Tai kingdom or the Twelve Tai tribal groups in the upper highland area of northern
Vietnam. Those travelled down the Salween and Irrawaddy Rivers are of the Tai Nhui,
Tai Nhuan, Tai Ngiao in Burma and Chiang Mai, these Tai groups were known to
Burmese as Shans. The Ai-Lao who travelled down the Brahmaputra River established
Ahom kingdom in 1229 AD in Assam, now a state of India, and they called themselves
Tai Ahom.13

Another Tai group that followed downstream of Chao Praya River had established Lan
Pya (Ayutthaya kingdom) or Siam. This group called themselves Tai Siam or Siamese.
Siam later changed to Thailand. The group that came down the Mekong River had established Lan Xang kingdom and they called themselves Tai Lao or Lao. The remaining groups in Southern of Nan Chao kingdom were those who lived in Sipsong Panna, the Twelve Thousand Farms kingdom of Tai Lu, Tai Chuang (in Kwangsi and Kweichow), Tai Nung and Tai Tung in the southwest of Yunnan, China.\textsuperscript{14} Khoun Borom had seven sons, each was sent to rule over these seven kingdoms: 1. Khoun Lo over Meuang Lan Xang Kiang, 2. Khoun Phalan over Tuh-Hoh, north of Nong-Sae kingdom 3. Khoun Chu-Song over Meuang Chuli in northern Vietnam (Sipsong Chu Tai), 4. Khoun Khamphong over Meuang Yo-Noke or Lan Na (Xiang Mai), 5. Khoun Inh over Meuang Lan Pya (Ayutthaya), 6. Khoun Kom over Meuang Lao-Khammouane and 7. Khoun Chuong over Meuang Prakan (Xiang Kuang).\textsuperscript{15}

The Lan Xang Kingdom

In 757 AD Meuang Swa or Lan Xang Kiang was established in the south of Nan Chao as one of its principalities. It was later made the capital city of Lan Xang kingdom. It was Khoun Lo, the eldest son of Khoun Borom who ruled Meuang Swa as part of the larger Nong-Sae kingdom.\textsuperscript{16} Meuang Swa was later renamed Xiang Dong Xiang Thong. Before the advent of King Fa Ngum the three small Ai-Lao groups established three separate kingdoms, Lan Xang, Lan Na and Lan Pya. Lan Na kingdom consisted of Xiang Saen, Xiang Mai and Xiang Hai (Chiang Rai); Lan Pya consisted of Sukhothai, Ayutthaya and Phitsanulok while Lan Xang consisted of Xiang Hung, Xiang Thong, Phai Nam, (Xiang Chan or Vientiane) Meuang Lai, Meuang Xon and Meuang Thaeng.\textsuperscript{17}

The Lao, like many other Tai groups, established themselves in a number of small kingdoms about the size the district and ruled independently by a king or Chao Meuang. In the thirteenth century there was internal fighting between the kingdoms. The situation gave opportunities for the Burmese, Siamese and Vietnamese in turn to conquer Lao territory. The reign of Jayavarman VII (1181-1220) marked the greatest extent of the Angkorean Empire. At the commencement of his reign he conquered most of present-day Thailand, Laos and part of Malaysia.\textsuperscript{18} By the end of his reign the Angkorean Empire started to decline firstly by the expansion pressure mounted by Sukhothai and Vietnam. Secondly by the internal succession conflicts coupled with the increase of sea trade
The Kingdom of Lan Xang: 17th Century. The map indicates that the Lao Lan Xang territory extended in the north west to Sipsong Panna and the north east to Sipsong Chu Tai. The east border is delimited by Say Phu Luang cordillera. In the west by the Phetchabun Range and Pha Dai Pha Dara (Rock Cliffs) in Khorat Plateau.

caused the Khmers to move southward to Phnom Penh.\textsuperscript{19} However, in the year 1227 the king of Sukhothai renounced his dependence to the Khmer kingdom and later Sukhothai expanded the limits of the kingdom to include many parts of the Khmer kingdom's territory.\textsuperscript{20} The Khmers were thus under a heavy pressure and by the end of the thirteenth century Sukhothai extended its suzerainty over the north and the northeast over Xiang Thong. Their aim was to stage the attacks against Vietnamese occupation of Sipsong Chu Tai at Meuang La and Meuang Thaeng to the east of present Dien Bien Phu, which was then part of Xiang Thong or Luang Prabang kingdom.

During the mid-fourteenth century, Fa Ngum, an exiled Lao prince, returned from Angkor Thom kingdom with a Khmer army of ten thousand men. The kindness and generosity of the Khmer king were with purpose because it was the period when the Angkorian Empire had experienced a great setback from the rise of powerful Sukhothai and throne succession dispute in late of thirteenth century. Fa Ngum's army fought its way toward Ubol and captured Meuang Pak. It moved through Meuang Kabong, Meuang Xiang Khuang in the northeast and conquered Meuang Thaeng, and Meuang Xiang Hung, part of the old Nan Chao kingdom at Sipsong Panna now in southern Yunnan. In the northwest Fa Ngum secured Meuang Lan Na (Xiang Mai) and extended his territory to the southwest of Meuang Korat, or Nakhon Ratchasima as the Thais call it today.\textsuperscript{21} King Fa Ngum formed a larger Lan Xang Kingdom (a Million Elephants Kingdom) with the capital at Xiang Thong. Fa Ngum's power convinced the Vietnamese emperor to enter a territorial treaty, which stipulated these three clauses:

1. The people dwelling in houses on stilts shall be recognized as those of Lao Kingdom.
2. The territory of the Lao kingdom shall include the areas from Thong-Sam-Sam-Nga to Nam-Ma-Sam-Keo and from Hin-Sam-Sao to Nam-Pao-Sam-Keo at Kon Kwam (in Lao) or Con Caon (in Vietnamese) at present Nghe An province of Vietnam.
3. The border delimitation procedures shall take into account the flow of the rain water from the mountains of Say Phou Luang (Chaîne Anamitique), that is to say that when it rains, the part of lands covered by the rain water running in the direction of Lao territory shall be recognized as part of Lao territory, and the part of lands on which rain water flows in the direction of the Vietnamese territory shall be recognized as part of the Vietnamese kingdom. In the South of Sipsong Chu Tai, Say Phou Luang or mountaintop of Xai Lai Laeng mountain, a natural setting taken as the border demarcation between Lan Xang and Annam.
In the same border treaty the Lao people's way of life was clearly differentiated from that of the Vietnamese in the east with the provisions such as “the people dwelling in houses on stilts, chewing sticky rice with fermented fish (Padaek), blowing Khaen, a Lao musical instrument made of bamboo pipes were those of the Lan Xang Kingdom. Those who are dwelling in houses with floor attached to the ground, eat boiled ordinary rice with chopsticks and dressing with waist-cording-trousers (Song Hua Hout) were those of Vietnam.”

Fa Ngum acceded to the throne in 1353 and in the following years he issued five points for the new administrative order and co-existence between the different municipalities of Lan Xang kingdom. King Fa Ngum also dispatched a mission to his father-in-law, king at Angkor Thom, for Buddhist monks and experts to preach in Lao kingdom as part of his subject social and cultural development. The people of Lan Xang were animists who revered spirits of the locality. In response to the request the king of Angkor sent a Buddhist mission together with a golden Buddha statue known as Prabang Buddha. This Theravada Buddhist mission from Angkor arrived in Viang Chan (Vientiane) in 1359. This event marked the end of Buddhist Mahayana sect that was brought into Lao kingdoms 1200 years before and also, officially at least, of animist practice. King Fa Ngum died in 1373 and was succeeded by his son Oum Heuan who was later known as King Sam-Saen-Thai. In the post-Fa Ngum era, Lan Xang plunged into disintegration and turmoil punctuated by numerous succession disputes, rebellions for independence of the small municipalities, and followed by the intervention in the Lao affairs by the Burmese, Siamese and Vietnamese. They took turn to invade Lan Xang, each made an attempt to take over Lan Xang territory or make it a buffer state.

King La-Saen-Tai (1485-1500) brought a close relation with Ayutthaya; both countries signed a friendship treaty at Na-Song-Hak, Menang Dart Sai, a border district now in Thailand. In the Northeast the Le dynasty of Vietnam under Le Thanh Tong pursued a policy of territorial expansion to accommodate its increased population. The policy was a chief motive behind its effort to drive the Champs out of the fertile Mekong deltas in the south. In 1479 the white elephant diplomatic incendence was cunningly planned for Vietnamese invasion of Laos. It was the worst war that racked and sacked Lan Xang.
Peace and a rebuilding period was extended from La-Saen-Tai's to his brother's reign, Khu Visoun (1500-1520). Visoun promoted Buddhist education and appointed Buddhist monks as spiritual advisers. The kingdom developed Buddhist education to the extent that the monastery became the centre of the Lao education system. Lan Xang produced many outstanding thinkers and philosophers in Buddhist arts. The Buddhist holy text, Tripitaka or Triple Gems was for the first time translated into Lao language. Today Vat Visoun monastery at Luang Prabang is a Buddhist architectural masterpiece named after King Visoun.

King Phothisarath (1520-1550) was another great Lao king whose edict of 1527 the elimination of animist sacrifices to the spirits. During his reign a Vietnamese prince and an Ayutthaya prince sought asylum in Lan Xang. He was the first Lao king who was ordained as a Buddhist monk. In the mid-sixteenth century Ayutthaya and Burma invaded Lan Xang but Phothisarath was able to hold them off. Phothisarath's son, Sai Sethathirath (1548-1571) concluded a strategic alliance with Ayutthaya and moved the capital city to Vientiane in 1560, a suitable place in the middle of the country relatively close to Ayutthaya where Xieng Thong is at the Burmese border. Sai Sethathirath played good religious politics by leaving the Pha Bang Buddhavat, a famous Buddha statue that Fa Ngum brought from Angkor Wat in Xieng Thong and renaming the city Luang Prabang in honour of this statue. King Sai Sethathirath died at the age of 38 due to betrayal of Phagna Nakorn. However, he was a great Lao king who introduced the Lao guerrilla warfare strategies to defeat two successive Burmese invasions.

After his death Lan Xang experienced succession disputes followed by ten short period of rule (1572-1627) and Siam and Burma took turns to invade Lan Xang. Surinyavongsa (1633-1690) ended the troubles and brought tranquility and prosperity to Lan Xang during his long reign of 57 years. King Surinyavongsa was renowned as the sun king of Laos who presided over a Lao golden age. He enriched the Lao political thought as had Khoun Borom. Lan Xang was a centre of higher Buddhist education in the region. Monks came to study in Vientiane from Burma, Cambodia and Siam. It was known for the first time in Lao history that Lan Xang engaged in trade with the west through Gerrit van Wytoff, a Dutch merchant. King Surinyavongsa had a strong army and was able to maintain peace with neighbouring countries. After 1670, relationships with Ayutthaya
During 18th - 19th Centuries Lan Xang was divided into three kingdoms: Lan Xang Luang Prabang, Lan Xang Viang Chan and Lan Xang Champasak.

and Vietnam improved and border treaties were signed with both of these countries. With Siam the border demarcating Thart Sisong Hak stupa was built at Meuang Darn Sai.\footnote{14} The border demarcation with Vietnam was delimited at Nam Tae (Black) River and along the Say Phou Luang Mountain range.\footnote{32}

The most important of all was that King Surinyawongs found four Lao major political principles that included the development of education, the establishment of laws and order, the development of trades and the establishment of foreign relations. However, the fatal mistake he made for Lan Xang Kingdom was he refused to stay the death penalty of his only son who was found guilty of adultery in his determination to see justice applied. A grave consequence followed with the division of Lan Xang kingdom into three smaller kingdoms of Luang Prabang, Viang Chan (Vientiane) and Champasak (1707-1779).\footnote{31} Both Siam and Vietnam became involved and had further dragged Lan Xang into chaos and isolation for the next fifty years while these two countries enjoyed trade with European powers and improved military technology.\footnote{31} The three Lan Xang kingdoms were subject to frequent invasions by neighbouring countries but they managed to maintain their separate rule for seventy years before they became the vassal states of Siam in 1779.\footnote{35} Since then Lan Xang territory on the west and east banks of the Mekong fell under Siamese suzerainty for more than a century.

2. The Race for Colonial Empire
The French Power in South East Asia
France and Great Britain both were Western imperial power, which in the mid-nineteenth century strove to expand their colonial empires in Asia. Great Britain established a firm base in India, moved eastward to occupy Assam and Burma with the aim to explore an inland route to central China. The French invaded and conquered Cochinchina in 1859 with the pretext that they came to rescue the missionaries whom the Vietnamese had imprisoned. They then moved from the South China Sea to the Gulf of Tonkin and declared a Protectorate over Annam and Tonkin in 1883.\footnote{36} The French mission was in fact to assert the position of France in Southeast Asia. The colonial policy was the occupation of new territories for cheap raw materials to feed their industries at
home and to expand their markets abroad for the export of their manufactured goods and their capital.

When the French had a firm grip of Vietnam then they started to move westward by turning her attention to Laos on two grounds. The first was their desire to rebuff Siamese claims to suzerainty over Laos, which formerly had extended its territory to Black River (Nam Tae). This was the territory of Luang Prabang kingdom, an area where Siam had been in competition with Vietnam for over a century. The French saw the increased control of Siam on the left bank of the Mekong as a direct threat to their occupation of Vietnam. The latter claimed to the French that Lao territory was part of Vietnam. The second ground was simply stimulated by the need to find a trade route to southern China. The Vietnamese were successful in pressing the French to annex the Sipsong Chu Tai territory west of the Black River in 1888. The French incorporated Sipsong Chu Tai to Tonkin in 1899 filling the Sipsong Chu Tai people with resentment. The first phase of the Vietnamese expansionism was successfully carried out against the Cham Kingdom. The second phase was an occupation of the Lao territories of the Phuan Kingdom of Xiang Khuang and Sipsong Chu Tai through annexation and legitimate attachment by the French. Vietnam and Siam had both claimed suzerainty over Lao territory throughout the nineteenth and twentieth centuries at the time of France's territorial colonisation ventures.

Siam was a weak protector at the time and had relied on the support of Great Britain. In the end Siam gave away the territory on the left bank of Mekong River to France in exchange for its independence. However, the French claimed that if Laos was not under their protection, as ensured by August Pavie in 1893, it would never have the chance to be an independent State as it is today. In other words the left bank territory could either become part of Thailand or Vietnam. The lost territories of Sipsong Chu Tai east of Dien Bien Phu to Vietnam and the sixteen Lao provinces of Viang Chan Kingdom on the right bank of Mekong River to Thailand was a result of a weak Lao leadership. Laos was under foreign powers for so long and that foreign patronage has become a tradition in Lao statecraft. Such traditions created conflict among the Lao population and undermined the stability trust and confidence in indigenous Lao administration.
During 1779 to 1893 the three Lao Kingdoms of Lan Xang disappeared from the Southeast Asia map. The three divided Lan Xang kingdoms were placed under the Siamese suzerainty. From 1893 to 1953 Luang Prabang kingdom was under the French Protectorate.

From Missionary Protection to Colonization

The French were among other European countries, Great Britain, Netherlands and Portugal who came to Vietnam for a variety of reasons. France's major competitor in Southeast Asia was Great Britain. Among the French newcomers were the missionaries, explorers, administrators, soldiers and businessmen. Emperor Minh Mang of Vietnam declared that the profession of Christianity a crime punishable by death. Shortly after this imperial edict was issued in 1833, French missionaries were driven out of Vietnam. Many were imprisoned or executed. The Vietnamese repression of the missionaries in the 1840s prompted the French conquest. It provided the pretext French needed. A French and Spanish military force invaded Tonkin in Annam in February 1859 under the pretext that their citizens were in danger. Thirty years later, the French obtained an agreement with Siam to establish a consulate in Luang Prabang in Laos. August Pavie was appointed Vice Consul to the Lao Kingdom. Pavie persuaded King Ounkham to leave the Siamese suzerainty for the French Protectorate. After a successful French naval blockade of Bangkok, a Franco-Siames treaty was signed on 3 October 1893 by which Siam conceded all rights on the east territory of the Mekong River to France. The French had no further interest in the West Bank as the result of the Anglo-French rapprochement in Europe.

It was the Franco-Siamese treaty that created the embryo of the present Lao State. Once the Lao kingdom was under its colonial rule, the French totally neglected the social and economic development. They simply built two dirt roads to their Vietnam base. The lives of the Lao people under the French were the same as they were in the Lan Xang Kingdom in the late seventeenth and eighteenth centuries in particular the poor living standard of 85 percent of rural population. Their colonial administration was entrusted to their Vietnamese lieutenants who always sought Franco-Vietnamese territorial expansion and annexation. Some Lao have claimed that the territorial demarcation always favoured the Vietnamese because it was the Vietnamese who were the colonial staff whose surveys drew the borders between Laos and Vietnam.

The French Protectorate

The left side of the Mekong was placed under the control and jurisdiction of French authorities as part of French Indochina in 1893 in accordance with the Vietnamese claim
that Luang Prabang and Vientiane Kingdoms were under their suzerainty. The French divided Laos into two administrative regions, Luang Prabang kingdom was under the French Protectorate and King Sisavang Vong was appointed as a symbolic powerless monarch. The rest of the Lao territory was under direct French rule. With Vietnamese support, the French claimed that Luang Prabang, Viang Chan and Xiang Khuang were tributary states of Annam. As Annam was under their Protectorate, the French claimed the right of protection over these states. However, it was lucky that the French did not add these kingdoms to Vietnam. As the result of the incorporation of Laos into the French Indochina, Laos lost its sixteen provinces of Viang Chan kingdom on the west of the Mekong to Siam. In the east, Laos lost the twelve provinces in Sipsong Chu Tai. The territory of Xiang Khuang municipality has the border with Central Vietnam (Annam) at the mouth of Nam Pao Kham (Song Ca) and Nam Khon Rivers (Song Con) at Kon Kwam (large rock), renamed by the Vietnamese Con Cuong, a district of Vietnam in Nghe An province. Once there was a border sign in the old Lao language (Nung-Su-Dham) or Pali script carved on the rock cliff at Kon Kwam that was destroyed by the Vietnamese early in the twentieth century. In the Franco-Siamese treaties in 1904 and 1907 Laos lost Xiam Pang (Xiang Taeng) to Cambodia and Loei province to Thailand but regained some territories on the Right Bank of the Mekong such as Sayaboury and Champasak provinces.

It was difficult to determine the border demarcation in this rugged part of Laos-Vietnam border because the physical setting of Mount Say Phou Luang cordillera (Phou Xai Lai Laeng). This mountain range finishes in the south of Nong Het and Meuang Saen at Bane Thaen-Phoun-Samb-Noi east of Xiang Khuang province above the nineteenth parallel. The Vietnamese annexation of Xiang Khuang was under the pretext that Xiang Khuang king arrested King Anuvong and handed to Siamese. According to M.L. Manich, in early 1700s when Lan Xang split into three small kingdoms, Xiang Khuang remained a quasi-independent principality recognized by Court of Hue in Annam, but paid tribute to both Vietnam and Siam. The kingdom of Viang Chan was under the Siamese suzerainty, after the death of King Siribounyasane who was Anuvong’s father, Anuvong together with Intavong, his elder brother and a sister were taken down to Bangkok. Anuvong was brought up in the Court of Rama II of Siam. During the fourteen years King Anuvong fought for Siam against the Burmese invasion. He had repulsed the invading
army from Xiang Saen into Siam. He gained a heroic reputation among the Siamese Royal family.

In 1827 King Anuvong of Vientiane launched an independence campaign against Siam but failed and took the refuge in Xiang Khuang. Chao Noy of Xiang Khuang, who was desperate to save his principality from destruction from Siamese forces. He had no option but to hand over King Anuvong to the Siamese Army in 1829. But King Anuvong and his family were considered traitors by the Siamese King Rama III. In Bangkok they were put in iron cages exposed to public shame every day until they all died of such barbarous torture. King Anuvong died in February 1829. Another version stated by Arthur J. Dommen that King Anuvong died in 1835. The Lao history version and historical records written by the English and French historians are different from the Thai version. Even though King Anuvong was defeated he has been remembered to date by the Lao people of both sides of the Mekong River as a national hero who struggled for Lao Xang independence from Siamese domination.

Xiang Khuang paid tribute to three Kingdoms, namely Annam, Viang Chan and Siam. The emperor Minh Mang of Annam seized the regional political conflicts and used his treacherous tactics to takeover Xiang Khuang territory under the pretext that Chao Noy of Xiang Khuang arrested King Anuvong for the Siamese. Minh Mang considered that such an act was against Annam as Viang Chan was Annam’s vassal state. Minh Mang had Chao Noy of Xiang Khuang executed and annexed Xiang Khuang in 1832 and renamed it Phu Tram Tinh. This indicated that Vietnam was no different to Siam. When the French arrived they recognized the court of Luang Prabang as their protectorate. Sam Neua, Phongsaly, (Hour Phan Tang Ha Tang Hoi), Xiang Khuang and Sip Song Chu Tai (Meuang Thaeng) were under the Luang Prabang kingdom while the central and southern part of Laos became the French colonies. Annam was forced to return Xiang Khuang to Laos under the French Protectorate but retained Meuang Saen, formerly a Lao border district (now Vietnamese Huyen Kyson). As a result Annam retained large portion of Xiang Khuang and Hour Phan territories.

There was hope that Laos would regain its lost independence when the Franco-Siamese treaty placed the Lao territory on the left of Mekong River in the French Protectorate.
Although Laos was in the French Protectorate for more than half a century, it did not share the same French colonial development projects in Vietnam where schools, universities and industries were developed almost to the extent that Vietnam became a second France in Southeast Asia. The French ignored Laos because they had little interest in it. Laos had no sea access no trade and was a rugged area with no infrastructure. Laos had no natural resources of value to them. Laos accounted for only 1 per cent of the total French exports from Indochina. The six hundred French in Laos lived on the tax monies they collected from the underemployed Lao peasants.

The only business carried out by the French was tin mining at Thakhek. The French employed Vietnamese in key positions of their administration because they were better educated than the Lao. The Lao were employed only as coolies (labourers). When the Japanese coup in Laos took place on 9 March 1945 there were only 11,000 primary school students. The only known junior high school in Laos was Collège de Pavie, established in Viang Chan at the turn of the twentieth century. The collège was transformed into the Lycée Pavie in 1947. Its students who completed their year ten had to continue their higher education in Vietnam. But few Lao could further their studies at senior high school or tertiary level. Most of the 200 hundred students at the Lycée Pavie were the French and Vietnamese. The majority of Lao people were peasants living in a subsistence condition in rural areas, rooted in their confined villages with no interest in the wider world. The majority of the skilled labourers in the market were the Vietnamese while the Chinese controlled trade and commerce.

The French introduced their administrative system to the levels of central government and provincial administration but they retained the Lao traditional system of governance at the village and canton levels. The French paid little attention to the Lao village and made no attempt to improve the living standard of the peasants. The villagers saw the French and their district officers when they came to collect taxes and recruited the forced labour "Camie". In regard to the administration of Laos and Cambodia the French colonialists were contented with the capacity of their Vietnamese lieutenants to whom they gave certain degree of confidence in managing their affairs in Laos and Cambodia. The French failed to train the Lao and Cambodian officers for the administration of their own affairs in accordance with the introduced administrative system for the French.
Indochina Federation. The French collected taxes from every village without exception, the people who could not pay tax had to work on the forced labour at their own expenses and the period of forced labour was 15 days at the minimum. The forced tax collection and forced labour caused more hardship for villagers who lived on subsistence agriculture. The tax imposition led to a number of rebellions against French colonial rule, particularly among the Lao ethnic groups.

Before French Colonial Rule

Before the French came to Laos both Lao territories on the left and the right of Mekong River were divided into 3 kingdoms, all were under Siamese suzerainty since 1779 except Phuan kingdom (Xiang Khuang). Siam allowed each of the kingdoms to rule itself under covert supervision. The Lao administrative structure was originally based on the model set up by King Khoun Borom of Nan Chao or Nong-Sae kingdom and Lan Xang under Fa Ngum King. It was transferred from one reign to another for over one thousand years. The Siamese did not bring any change to Lao kingdoms except they left the Lao to handle some internal affairs. Each of the kings ruled the municipalities under his jurisdictions through a bureaucratic advisory council headed by the Maha Oupahart or Viceroy and the mandarins. The Lao elite, teachers, writers and philosophers were the products of the Buddhist Monasteries’ schools as there was no secular education until the French set up the Lycée Pavia in the mid of the twentieth century.

The Lao cultural backgrounds are similar to Tai in Siam. They had their own written and spoken language derived from Pali and Sanskrit, old Indian languages. Without infrastructure each region kept to their local traditions and dialects. Regionalism remains as an issue in contemporary Lao politics. The Lao community lived the same way as their ancestors in villages of less than one hundred households, smaller in size than those did in the period of Nan Chao kingdom. The typical Lao village had a Buddhist monastery, which served as a place of worship and an educational and counselling centre. Villagers made their living by wet rice agriculture or slash-and-burn method in the uplands. They spent six months farming and during the other six months they became sessional workers. With limited business knowledge a few Lao engaged in businesses such as opium trading.
About 85 per cent of the Lao people lived in the rural villages for survival rather than self-sufficiency. Despite their hardship they celebrated twelve Buddhist religious and traditional festivals yearly. Each month they had a few days of rest on the fifteenth day of the waning and waxing moon, the villagers went to the monastery to celebrate and worship. The nature of the Lao people was friendly, generous, happy and easy-going. About 95 percent of the Lao people were Buddhists and Buddhist monks were held of higher esteem. They consulted the monks on any matter ranging from private, family and public problems. When a dispute arose among the villagers or with other villages the chief of the village, his notables and the Monks were invited to act as arbitrators to settle the dispute. There were neither civil nor penal codes to be applied except the twelve traditional codes, fourteen family rules and some precedents. The guilty party would be asked to make a solemn apology before the arbitrators and pay a token indemnity to the other party. During the farming season every household produced food for next year consumption and the surplus was used to barter for other essentials. There were few artisans in villages, which specialized in silk and cotton production. Other villages specialized in other trades.

The village was a basic unit of Lao society and the life of the Lao people was regulated by custom. As Buddhists, the Lao people had a justice code such as "Do not kill a person if he or she was found guilty or do not fine a person if he or she was found with mental illness." The villagers generally lived in remote country areas without road access and the trail was closed during the wet season. All farm works were carried out with traditional tools, water buffaloes and through the self-help system. When a family needed help in its farm works other villagers assisted the family concerned, which had to return the same service when required. Their farms were of small and fragmented irrigated by natural flooding. With rudimentary methods the farms usually gave small yields, enough to feed the family if the year had good rain.

3. Marxism-Leninism and the French Rule in Indochina

Marxism-Leninism in Indochina

Marxism was the system of the views and teachings of Karl Marx, born in 1818. His views in their totality constituted modern materialism and modern scientific socialism.
Marx's doctrine had become the political theory and program of the labour, the revolutionary nationalists and the anti-colonialism movements throughout much of the world. Marx's central arguments were his consistent materialism which embraces the realm of social life, dialectics, the most comprehensive and profound doctrine of development, the theory of the class struggle and the historic revolutionary role of the proletariat. Thus Marx was seen as the founder of the ideas of communist society. As a materialist, Marx believed that human beings could not escape from material reality. In dialectics, the Marxist theory of knowledge or epistemology accounted for the transition from non-knowledge to knowledge. Marxist theory, dialectics and materialism were merged into what was called as 'Dialectical Materialism'.

In the sphere of economic development, communism claimed to be able to remove the barriers which hampered the development of productive forces, which in time would create the large material and technical basis essential for the achievement of an abundance of the good things of life for all. Communism claimed to be a social system of perfection in equality, justice and freedom and its supreme goal was to ensure full freedom of development of the human personality, a society in which individuals would develop their physical and spiritual perfection. The Communist Party was to be the supreme leading nucleus of this vision. Such aims and beliefs appeared to offer a utopia. It was the same as the idealists and spiritualists who anticipated reaching the state of heavenly paradise or nirvana. In contrast, the Marxist-Leninists believed they would achieve their ultimate communist goal by applying their Marxist-Leninist approach to humankind and the material world. They believed that through their dialectical materialism approach they would create a communist society. The communists ignored selfishness and laziness of human beings, yet they regarded their theory as scientific.

Marx asserted that his doctrine was not 'Utopian' but scientific. It was what later Marxists termed scientific socialism. It was a science of change and change making. Marx justified his approach to socialist society as based on an analysis of society, its past and present. Since these were subject to dialectical laws, from the interpretation of such laws one could also predict the future. Such studies formed the basis of what came to be known as dialectical materialism and historical materialism. This doctrine determined that Marxist socialism was not based upon vague hopes for a better world.
Marx also claimed that the victory of communism over capitalism was inevitable as advances in technology would make the capitalists accumulate more capital, employ more workers, gain more profit over production, which would lead to crises and wars. Such instability would intensify the class struggle. The capitalist ruling class could no longer govern and through the struggle the proletariat would become the ruling class themselves. A new socialist society would be created and the class struggle would come to an end. Thereafter a transition period from a socialist society to the communist society would occur. The communist society would be the realm of classless society, a heaven to be.50 The classless society would be the conclusion of the ultimate achievement of dialectical materialism under Marx's doctrine. It was a doctrine, which favoured of the proletariat alone, because once the proletariat took over the means of production from private ownership, they would build a society based on social ownership. The ruling class would be the dictatorship of the proletariat.

In the *Communist Manifesto* Marx wrote that 'The history of all hitherto existing society was the history of class struggles,' Marx had equipped the working class with details of tactics and of the political struggle strategies in strict conformity with all the postulates of his dialectical-historical materialist conception. He supported revolutionary democracy. This made *the Communist Manifesto* a very important political manual for those who lead the class struggles throughout the world.51 The first modern Communist Party on which all other revolutionary movements throughout the world were modeled was the Soviet Union Communist Party led by Lenin. Lenin was the first successful revolutionary leader who established the first socialist state in the world based on Marxism. Lenin achieved the building a socialist state not by Marxism alone. Lenin contributed other practical components to Marx's doctrine: organisation of a revolutionary movement, the implementation of scientific socialism, and the creation of a party of professional revolutionary cadres. Lenin emphasised the need for flexibility of the revolutionary party, that is the ability to adapt to changing situations. The Marxists called this "the Dialectical Concept."52 The working class in Marxist concept referred to the proletariat, the labourers in the European capitalist factories but not the peasants. The peasantry property was subject to the expropriation but this practice, as later abandoned by Lenin.
Lenin understood that the party must have a "poliburo", a high command of revolutionaries who were responsible for its strategies and tactics. It would work through hierarchical network from top to bottom of revolutionary cells. The first Southeast Asians indoctrinated in Marxism-Leninism from Moscow was a group of Indonesians and 20 Vietnamese in Tonkin. One of the group members was Ho Chi Minh, known then as 'Nguyen Ai Quoc'. He was a member of the Communist International appointed to its office in Canton, China. As a Comintern agent, Ho Chi Minh's mission was to set up the communist movements and to propagate the communist doctrine in Southeast Asia. His first task was to fight against French domination in Indochina. He first established a China base in 1925 and extended the network of revolutionary cells to Tonkin. During this period (1920-1925) the Chinese communists were allied to the Chinese nationalists, the Guomindang.

In northern Vietnam there were non-Communist Vietnamese nationalist movements who actively campaigned against the French rule before Ho Chi Minh's arrival. As he was assigned to set up Indochina Communist Party, Ho Chi Minh admitted to the Third Comintern Congress that he could not form the Indochina Communist Party because the people of Indochina knew nothing about communism. At the time they did not know what the word "Communism" meant even when it was translated into Vietnamese. Ho Chi Minh did not proceed with the creation of the Indochinese Communist Party as ordered by the Comintern. Instead his Marxist-Leninist practice was a flexible manner, seizing the opportunity when the time was ripe. His new plan was more conducive to the social and economical environment of Indochina, specifically in Vietnam. Ho Chi Minh set up two revolutionary organisations one for Vietnam and the other for all oppressed countries in Indochina and Southeast Asia. They were the Vietnamese Revolutionary Youth League and the League for Oppressed Peoples.

The two communist organisations initially consisted of the Vietnamese communists and nationalists who were in exile in Canton in southern China. People from other countries in Indochina and Southeast Asia did not take part in Ho Chi Minh's movement at the time. Thus the League for Oppressed Peoples did not last very long. He ran his Vietnamese Revolutionary Youth League from his base in Canton where he indoctrinated cadres with communist theory and experience that he gained from France.
and the Soviet Union. Ho Chi Minh also incorporated Sun Yat Sen’s Chinese nationalist theory into the training of his cadres not because it was appropriate to Indochina but he needed Guomindang (KMT) support to his base on Chinese territory.

The Struggle for Freedom in Indochina

The first Vietnamese nationalist organisation was modeled after the Chinese Nationalists, the Guomindang. This leading organisation was the Vietnam Quoc Dan Dang (VNQDD) founded by Nguyen Thai Hoc and his brother in 1927. In the late 1920s the nationalist struggle in Indochina shook the French colonial administration which adopted reforms to stifle the nationalist upsurge. After Albert Sarraut, a liberal Radical French Socialist and the Indochina Governor General left for France, most of the promised reforms affecting land, liberties and self-government did not happen as expected. The nationalist movements split into two groups, the moderates and the extremes. The latter consolidated their underground forces, propaganda and sought assistance from external powers. The extremists were further divided into groups, the revolutionary nationalists and nationalists pro-imperial system. The latter fought for the return of the emperor and independence while the former advocated the armed struggle to achieve an independent republic. Some of the moderates collaborated with the French urging them to establish the early promised reforms.

The French treated the colony and the protectorates differently. In Cochin China they allowed greater political freedom and an open press. Vietnamese in the south set up legal political parties and participated in a Colonial Council with a restricted suffrage. The French did not extend such latitude to the protectorates of Annam, Tonkin, Laos and Cambodia. These, the French declared political opposition illegal and subject to police reprisals. The absence of liberty and a free press blocked the channels of communication between the French and Vietnamese nationalists. The consequences were; on the one hand, popular discontent could not be translated into constructive political activity. On the other hand, the Vietnamese had no alternative but to operate clandestinely as revolutionaries.

Such policies were in accordance with the colonialists’ theory of “divide and rule”. The moderates, who worked with the French but could not convince them to bring about
reforms, were assassinated by the revolutionaries for being French collaborators. Such executions pushed the surviving moderates to side with the French against the revolutionaries. Most of the nationalist movements were Marxist oriented but they operated independently under different leaders. There were a Vietnamese Revolutionary Youth League (Thanh Niên) and four Vietnamese Communist Parties such as the Annam Communist Party (ACP), the Indochina Communist Party (ICP), the Vietnamese Communist Party (VCP), and the Indochina Communist League (ICL). Their common objective was to drive out the French, regain independence and establish a people’s republic ruled by the dictatorship of the proletariat.

The nationalist movements pursued their struggle against the French for more reforms, greater political freedom, more power sharing in the French administration and independence with the return to the imperial system. Some nationalist movements had underground networks. Others agitated openly within the French legal framework. The Vietnamese communist parties were equipped with the doctrine of Marxism-Leninism; an underground armed resistance and had established communist cells at all levels of Vietnamese society as well as within the French administration. The most disciplined movement was the Vietnamese Revolutionary Youth League (Thanh Niên Cach Mang Dong Chi Hoi) led by the intellectuals trained in France and the Soviet Union.

The French made every attempt to build Vietnam as their permanent base in Southeast Asia. They established infrastructure, education, small industries, plantation and business. They carried out their mission civilisatrice, aiming at transforming the Vietnamese into Frenchman. They opened Vietnam to the West bringing to it new science, technology, and new patterns of living and thinking. The French 100,000 conscripted Vietnamese soldiers and workers to defend France during the World War I. Upon their return to Vietnam these men were filled with resentment against the French and demanded national self-determination. Such a development consolidated the Vietnamese nationalist and revolutionary movements in Indochina. French business development in Vietnam created some 221,000 industrial workers who were subject to direct French oppression. The Lao people never experienced such developments. There was also a language barrier and communication between Lao and Vietnamese was so limited that
the Lao people knew little about the Vietnamese social and economical development worsened by the lack of infrastructure and education.

A few Lao students furthered their education in Vietnam. They were children from upper class families, among them were Prince Souphanouvong and his brothers. Others like Phoumi Vongvichith and Kaysone Phomvihane were families whose fathers held high positions in the French administration. The mass of Lao people was ignored. Nationalist feelings remained low and there was no driving force in the struggle against the French domination. The Lao nationalist movement came to existence only in 1945 when the Japanese imprisoned the French and encouraged all countries in Indochina to declare their independence. Phan Boi Chau and Ho Chi Minh had led the Vietnamese nationalist and communist movements more than 20 years before the Lao nationalists began their brief struggle against the French.

The Indochina Communist Party
The most active anti-colonialists were the nationalist revolutionary movements. The first generation of anti-colonialists of Phan Boi Chau and other orthodox Vietnamese nationalist movements faded away as they did not have the strong external support. The only active anti-French forces were the nationalist revolutionary movements. The second-generation nationalists managed to unite and this revolutionary movement profited from the failure of other nationalist movements. The birth of the Indochina Communist Party owed to its existence to the efforts of Ho Chi Minh and the communist cadres who arrived from Moscow in Canton in 1925. Ho Chi Minh known in China, as Nguyen Ai Quoc was a Comintern agent attached to the Mikhail Borodin mission in South China. Nguyen Ai Quoc's name was later changed to Ho Chi Minh. His real Nguyen Tat Thanh was the one he used when he travelled to France. In Canton Ho Chi Minh formed a Vietnamese Revolutionary Youth League, Thanh Nien Cach Mang Dong Chi Hai. It was a united organisation for all revolutionary nationalists and universally known as Thanh Nien. It was directly controlled by the Communist Youth League, Thanh Nien Cong Van Don.64

The historic event took place when the four Vietnamese communist parties formed a single party, the Vietnam Communist Party (VCP) at the Hong Kong football stadium.
on 3 February 1930 with a nine-man Central Committee and Tran Phu as Secretary General. The formation of the Vietnam Communist Party did not satisfy and meet the pan-Asianism of the Comintern because the name of VCP covered Vietnam only. The Comintern instructed the organization to change its name to the extent that it could represent Indochina, as it was the Soviet Union's intent to replace France with socialist nations in Indochina. The Central Committee of the VCP sought the Comintern's recognition and support, and changed the name to the Indochinese Communist Party or Dang Cong San Dong Duong in October 1930.62 A year after the Indochina Communist Party (ICP) was admitted to the Comintern and received finance and weapons. The struggle for independence of the revolutionary nationalists escalated when they received Comintern support and announced a liberation war against French in the name of communist international movement. The ICP became the only movement supported by the Soviet Union through Comintern.

In May 1941 Ho Chi Minh established Viet Nam Duc Lap Dong Minh Hoi or the Vietnamese Independence League or more commonly known as 'Viet Minh'. This organisation was used as an umbrella for all communists and nationalist movements in the Indochina Federation. It received support from both the US's Office of Strategic Services (OSS) and the China Nationalist Government, Guomindang or (KMT).63 The Viet Minh was a revolutionary replacement for the colonialist 'l'Indochine Francaise' or French Indochina Federation which had included Tonkin, Annam, Cochin-China, Cambodia and Laos.

In order to strengthen the ICP and reduce the suspicion of communism among the nationalists, the ICP Central Committee announced the dissolution of the Indochinese Communist Party on 11 November 1945. It was replaced by an Association of Marxist Studies. Ho Chi Minh officially and publicly indicated to the West that there were no communists in Indochina. Such a declaration was in response to the United States anti-communist policy in Indochina. It gave time for the ICP and the Vietnam Democratic Republic to consolidate their position without French harassment. In fact, the party continued to function as normal, enlarged its Central Committee, conducted two congresses in 1946 and continued recruitment. During this period the party membership
rose from 5,000 to 15,000 and the membership was 700,000 when the Vietnamese Workers Party was formed in 1951.64

Doctrine of the Indochina Communist Party

Before the establishment of the Indochina Communist Party in 1930, the Vietnamese Revolutionary Youth League called for the dictatorship of the proletariat and direct elections by the country's workers, peasants and soldiers. The Thanh Nien's Congress held in Hong Kong in 1929 issued an appeal directed to all Vietnamese to unite against French imperialism, the mandarinate and the capitalists. They also launched a large-scale program of nationalisation, social reform and the co-operation other revolutionary organisations and recognition of the rights of all peoples-Cambodians, Lao and the ethnic minorities in the Vietnamese lands to self-government and suppression of the court of Hue. It was the beginning of the shift from a bourgeois alliance to an orthodox Marxist relationship with proletariat and the peasants.65

Thanh Nien was the Indochina Communist embryo that followed Lenin's theoretical guide and Ho Chi Minh's Revolutionary Road.66 Ho's three political points were:

1. The revolution must have a proletarian, mass base; the worker is the unit, the city the vortex. (The peasant was yet to be brought to center stage).
2. Marxist-Leninist organisational principles must be employed that is organisation stressed over personalised leadership, the vanguard principle, the party as elite, the central committee hierarchical structure.
3. All policies must conform to the wishes of the Third International.

The early political program of the Indochina Communist Party (a) acknowledged that the Vietnamese and world revolutions were a seamless web; (b) accepted of the two-stage revolutionary scenario for Vietnam; as the Party's two main tasks were to end imperialism and feudalism in Vietnam, so as to avoid another Marxist stage of development - the capitalism; (c) broadened the revolutionary base to root the struggle in a worker-peasant alliance.67 The essence for assuring the victory of the revolution was to use Marxism-Leninism as the ideological foundation. The political program issued was for Vietnam, Laos and Cambodia was ignored. The Lao and Cambodian nationalists who fought against the French and Japanese had no alternatives but to fight under the directives of the ICP and under the banner of Viet Minh.
4. Emergence of Modern Politics in Laos

Influence from External Powers

The influence and intervention in the Lao affairs from the external powers were great and have shaped Lao history to the present. External influence and invasion were dated back as far as 843 BC. The Chinese emperors invaded and conquered a number of Lao kingdoms for over 2000 years. Neighbouring countries Burma, Siam and Vietnam invaded subsequent Lao Lan Xang kingdoms. Siam was a Tai tribal State; the majority of its population shared the same ancestors with the Lao people. Siam was the only Tai State with sea borders, giving Siam an access to East and West civilizations and technology so that it became the strongest Tai State. Early Siamese expansionist policy aimed at reunifying all Tai tribal groups under Bangkok rule. Such policy was later known as Grand Thai policy or Pan Thaiism under the Pibul Songkram government. This policy failed because it sought reunification through occupation. It extended Siam’s expansion beyond its power and was forced to abandon its suzerainty over the Tai tribal groups to the western powers’ zone of influence.

Lao people came into contact with Europeans in the seventeenth century during King Surinyavongsa reign. The country remained remote to western influence for the next two centuries. It was only late of the nineteenth century that a minority of Lao people came into contact with the French secular education system. A few Lao from prominent families had worked in the French colonial administration where most ‘native’ employees were Vietnamese. The masses of the Lao and Lao ethnic peoples were excluded from the French education system. Lao political ideologies of the Lan Xang kingdom subsided with the disappearance of the monarchical administration. The Lao elite turned to the French style parliamentary government two years before France granted a restricted autonomy to Laos within the French Union on 19 July 1949. This abrupt change by France came because the French position in Indochina had weakened. France failed to obtain swift victory against the Viet Minh, and was under pressure from the United States to make concessions to nationalist groups. Crucial to Lao identity was the continuous struggle for independence launched against the return of French by the Lao Issara Government. France never planned to give Laos self-rule until 1946. The French were in Laos to display a show of their token imperial influence and kept Siam
out of Vietnam. Laos was used as a French security buffer zone against Siam and Great Britain, to safeguard French commercial opportunities in Vietnam. The French occupied Laos for more than half a century but ignored Lao development.

The Struggle for Self-determination

The movement of Japanese troops into Indochina in 1940 marked the beginning of a new phase in anti-French activities. The new development took place when China looked for an ally in the south to mount an effective anti-Japanese campaign in Indochina. China wanted to keep open its only sea route to Indochina ports for its war supplies from western powers. China sponsored a meeting at Tsinghai in May 1941 for the Vietnamese nationalist movements. Soon after Ho Chi Minh established a Vietnamese Provisional Government with a coalition of Vietnamese communist and nationalist organisations based on the organisational structure formed in earlier meetings. This Viet Minh government was under the control of the ICP and its Central Committee. Ho Chi Minh led his provisional government struggle against the Japanese by political opposition and force of arms. It was supported by the Chinese Guaminglang (KMT) and the American Office of Strategic Service (OSS). In May 1945 the Viet Minh defeated the Japanese at the battle of Chan Pass. 

Under the leadership of the Indochinese Communist Party, Vietnam had several thousand armed troops under the command of the National Salvation Army. The Office of Strategic Service of USA and the ICP worked closely with each other against Japan. The President Harry S. Truman supported the French return to power in Indochina, which marked the reversal of the US policy on support for the oppressed nations struggled for self-determination and independence. His anti-communist policy emerged in March 1947 when the US Congress approved $400 million in aid to assist Greece and Turkey in the US anti-communist campaign. This was known as the Truman’s Doctrine that led to the cold war between communism and capitalism. This US policy forced the nationalists with no other options but to fight for independence under the communist leadership. Prince Phetsarath Viceroy and Premier of Luang Prabang Kingdom proclaimed Laos’ unity and independence headed by the Free Lao Government or Lao Issara. After the Japanese capitulation, the French reoccupation forces made their advances against the poorly armed Lao Issara forces. The Vietnamese learned about
the Japanese defeat launched the August revolution. Their forces seized power in Hanoi on 19 August. On 2 September 1945 Ho Chi Minh declared Vietnam’s independence and proclaimed the birth of the Democratic Republic of Vietnam.²⁵

Progress towards Independence

The Japanese army occupied Indochina from 1940 to 1945 but the Vichy-Tokyo pact prevented the Japanese from taking direct control of Indochina. It was left the local administrative affairs run by the French. In return the French provided to the Japanese army with food supplies and labour for their invasion drive in the south of the peninsula.

In Laos Japan maintained the Vichy-Tokyo status quo. After the liberation of France in 1944, when Free French commandos led by Captain L.H. Ayrolles parachuted into the Plain of Jars in Xiang Khuang,⁷⁶ the Japanese took summary retribution action against the French throughout Indochina in March 1945. They imprisoned all French people. The Japanese announced the death penalty for the local people caught assisting the French. Japan also supported the countries in Indochina in renouncing the French colonial rule and declaring their independence.

In March 1945 the Japanese pressed King Sisavang Vong to declare Laos’ independence. It was later declared it null and void. In fact the king wanted to retain a good relationship with France and incited people to rise against the Japanese. The latter then sent the Lao Crown Prince Sisavang Vatta as hostage to Saigon. On 8 April King Sisavang Vong was forced to repudiate all ties with France and declared Lao independence.²⁷ In the same year the Japanese army commander in Laos declared that Japan would not interfere with Lao internal affairs. On 1 September Prince Phetsarth who was the Viceroy and Premier, reaffirmed King Sisavang Vong’s independence proclamation. He renounced Laos as a French Protectorate and called for the reunification of all Lao territory and the independence of Laos. Without consultation King Sisavang Vong responded by rallying to the French. On 7 September he sent a telegram to Phetsarth advising him that the king remained under the French Protectorate and had requested the return of the French forces. On 10 October King Sisavang Vong dismissed Phetsarth as Viceroy and Premier as punishment for his insubordination but he refused to go.⁷⁸
With the support of the Chinese KMT force stationed in the northern Laos who came to accept the Japanese surrender in accordance with the Potsdam agreement, Phetsarat approved the formation of a provisional Lao Issara government and National Assembly on 12 October 1945. This occurred eight days after the Free Lao government passed a resolution deposing King Sisavang Vong who had betrayed the Lao people and sided with the French.79 On 10 November the deposed king sent a memo to Khammavong, the Premier of the Free Lao Government promising: (1) he accepted the administration under the Lao government (2) he had not signed any agreements with the French ambassadors over Laos and (3) he would not seek the revenge against the Khammavong Ratsadam or Provisional National Assembly and that a mutual apology should be accepted.80

Prince Souphanouvong, half brother of Phetsarat was at the time an engineer working in the French public works in Vietnam. He met with Ho Chi Minh in August 1945 before he entered Laos with a twelve-member Viet Minh escort wearing Lao uniforms. His mission in Laos was to set up resistance cells to fight the French in Laos with a direct support from the Viet Minh under the ICP. His delegation was welcomed by the Vietnamese community in Savannakhet and Khammouane and received more coolly by Oun Samanikone.81 Oun was in Savannakhet as commissioner appointed by Prince Phetsarat and the head of the Free Lao troops in southern Laos. Oun was surprised that there were 12 Viet Minh military advisers accompanying Souphanouvong, as he was only a minister for transport. It indicated that Souphanouvong was a separate head of another Free Lao Movement with a direct Viet Minh support and under the direction of the ICP. He was drafted into the Free Lao government when stationed in Thakhek as Minister for Foreign Affairs and Supreme Commander of Lao Issara forces.82

Phetsarat was different from his half brother, Souphanouvong who sided with Viet Minh. When he led the Free Lao Government he realized the plight of the Lao people and dismissed the Vietnamese from the key positions and sent them from the capital city. Phetsarat had confidence in the Free Lao Movement because he thought, after the surrender of the Japanese, the British and the Chinese nationalist forces would enter Laos in accordance with the Potsdam agreement by the Allied Powers. Phetsarat received such information from the US Office of the Strategic Services (OSS) through the Free
Lao Movement network of Oun Sananikone as he served the Free Thai in the Northeast of Thailand.\(^5\)

The British did not comply with the Potsdam agreement. Instead they ceded their authority to the French and their armed forces did not enter Laos. The British officers who arrived in Saigon assisted the French return to Indochina instead of implementing the self-determination of Indochina. The death of President Roosevelt on 12 April 1945 led to a drastic change in the US international trusteeship policy with regard to the independence of Indochina.\(^4\) The entry of the Chinese nationalist forces into Indochina was prevented by a French artillery officer who parachuted into Luang Prabang. Major Imfeld convinced King Sisavang Vong that France would gradually grant independence to Laos if he co-operate with France. The other impact on the Free Lao Government was the change of the US President. The new President Harry S. Truman did not oppose the return of the French to Indochina and declined to implement the 14 political points issued earlier by his predecessor.\(^8\) As the result of Potsdam Conference, Indochina was divided into north and south portions for the military operation to accept the Japanese surrender.\(^9\) Meanwhile the Phetsarath Free Lao Government which had stood firm waiting for assistance from the Western powers and refused to accept Viet Minh support was in limbo and was crushed by the returning French forces.

Phetsarath was unpopular with the Vietnamese residents who were members of Viet Minh. When he headed the Lao Issara Government in Vientiane he removed all Vietnamese residents from the French colonial offices and sent them to Thakhek for fear that with the collapse of the French colonial administration, the Vietnamese would take over the administration because they held the key positions in every French administration in Laos. Phetsarath did not want Viet Minh involvement in the Lao affairs.\(^5\) Souphanouvong, whose wife was Vietnamese, advocated Viet Minh support and armed resistance while Phetsarath wanted peace and reconciliation. Most Vietnamese residents in Laos and Thailand were members of the Viet Minh movement.\(^6\) The Japanese in Laos gave their verbal encouragement for the Lao nationalists to declare independence but they did nothing to support such a proclamation. The Free Lao Government forces bravely against the French reoccupation forces with fewer weapons. The Free Lao Government was in power for seven months before its collapse and exiled
to Thailand. Four major events led to the defeat of the Free Lao Government and opened the way for the French reconquest of Laos are: (1) the Chungking Agreement between France and Guomindang government on 28 February 1946 on the withdrawal of Chinese forces, (2) The modus vivendi agreement between Ho Chi Minh and France on 6 March 1946, (3) the departure to Thailand by the defeated Japanese forces, they failed to hand power to the independent Indochinese governments and (4) the US support for the return of the French to regain power in Indochina. These four events favoured of the reconquest of Laos by French forces.

In the 1940s the Thai Government of Marshal Po Phibul Songkram, the former Lao protector could not support the Free Lao Government-in-exile. This was because Thailand had declared war as an ally of Japan against the West in 1942. In 1945 Thailand sought to preserve its independence when the West won the war. On the other hand, the Grand Thai Policy had only been temporarily shelved. In addition the Japanese coup on 9 March did assist to organise or equip the Lao Issara troops. Representatives of the US Office of Strategic Services in Thailand and a small Chinese Nationalist Force did nothing to enforce the ‘Atlantic Charter’ of 1941 or the so-called Potsdam Agreement. In such circumstances, Souphanouvong had no alternative but relied on Ho Chi Minh’s support and returned to the Viet Minh liberated zone in northern Vietnam. From there he rallied former Lao Issara nationalists, Lao communists and the Vietnamese volunteers to fight against French under the “Viet Minh”.

Fighting under the banner of Viet Minh

Although there was a single communist party for French Indochina, it was dominated by the Vietnamese. Kaysone Phomvihane and his predecessors such as Khamseu joined the ICP in early 1949 eighteen years after its establishment. The dominant members of the political bureau were all Vietnamese. Kaysone Phomvihane was among the few Lao admitted to the membership of the ICP. During 1936 to 1939 Kaysone Phomvihane studied in Hanoi, joined the Vietnamese Youth Movement for Freedom and in 1944 became a member of the Vietnamese Revolutionary Youth League (Thanh Nien), an arm of Viet Minh. He was an activist in the struggle against the French. This was seen to indicate that Kaysone worked for Vietnamese revolutionary ideals. Souphanouvong, another Lao nationalist leader established a relationship with Ho Chi Minh in 1945.
through his Vietnamese wife. He was a member of the Lao royal family and a civil
engineer who worked for the French administration in Vinh, Annam.91

Early in October 1945 both Kaysone and Souphanouvong entered Savannakhet province
in Laos with a small Viet Minh force. It was an Indochina Communist Party plan to
divert the French forces from one battlefront in northern Vietnam and expand the
nationalist movements into Laos and Cambodia. Ho Chi Minh assigned a small number
of Viet Minh troops, organizers, and a provision of funds to bolster the left wing of the
Lao Issara movement. Kaysone Phomvihane and Souphanouvong were sent to Laos as
Viet Minh organizers fighting against the French and Japanese in Laos. Kaysone
Phomvihane was in charge of the Lao-Vietnamese resistance movement against Japanese
and French in Savannakhet. Souphanouvong the "Red Prince" had similar mission in
Thakhek where there were a number of Vietnamese residents who were active members
of the Viet Minh.92

After the Japanese capitulation, the French re-inforced their troops and launched their
first attack on the Free Lao Government forces at Bane Keun on 15 November 1945.
After five months the French forces dispersed the Free Lao forces from Viang Chan.93
The majority of Lao Issara forces retreated to the remote rural areas and set up a
clandestine resistance with Viet Minh assistance. The return of the two Lao communist
leaders marked the Lao-Viet Minh co-operation against the French. This co-operation
took place a little before the proclamation of the Lao Issara or Free Lao Government on
12 October 1945. The French forces returned and captured Vientiane, the Free Lao
Government went in exile in Thailand on 24 April 1946.94

The frequent invasions of Laos by Thailand and Vietnam caused a great suspicion of
these two hostile neighbouring nations among the Lao. The Lao people reminded
themselves with their ancestors' teaching "Take the Thai advice, the thatch stocks would be
burned down. Take the Vietnamese advice, the rice seed crop would be destroyed." Souphanouvong
and his comrades ignored these adages were resolute in their pragmatism, returned to
Laos and then to Viet Minh headquarters in north western Vietnam to mount their
resistance. With Vietnamese support he would claim ultimate victory thirty years later.
Meanwhile, in the Lao Communist Party hierarchy he was leader number three after
Kaysone and Nouthak.
PLEASE NOTE

The greatest amount of care has been taken while scanning the following pages. The best possible results have been obtained.
Conclusion

The pre-Lao history was claimed to be dated back to the era of the Lung, Pah and Ngiao kingdoms established in the valley of Yellow River in contemporary north western China. Lao people claimed that their ancestors were Ai-Lao who established Nan Chao or Nong Sae kingdom in the upper Mekong River at present Dali (Ta Li) in Yunnan. The kingdom was demised by Kubilai Khan invasion and was later occupied by the Chinese in 1252. There was no archeological evidence of the these kingdoms but the Tai tribal groups in south western China proved to be a racial origin of the Ai-Lao race in the past kingdom of Nan Chao. The settlement of the Tai tribal groups in Assam (India), Shan States in Myanmar, Sipsong Panna in south western China and in Sipsong Chu Tai in northern Vietnam was proofs of their southward migration and the disintegration of these Tai tribal kingdoms. The Ai-Lao ruled Nan Chao kingdom for over six centuries before it was invaded and occupied by Mongols and Chinese in 1252. The Lao or Tai-Lao was one of several Tai tribal groups.

Kingdom of Lan Xang was established by King Fa Ngum at Meuang Swa or Luang Prabang in 1353. He was the first Lao king of Lan Xang Hua Khao or Million Elephants and White Parasol dynasty. The Lan Xang kingdom survived three centuries before it plunged into disintegration and turmoil. It was placed under the Siamese suzerainty until the French came to declare Luang Prabang kingdom their colonial protectorate. It was also a period which neighbouring regional imperialists occupied and retained the greater part of Lan Xang territory. The remaining territory of kingdom of Lan Xang was

Page 56  After Note 96 in Line 20 insert a new paragraph about the significance both of myth and control of peoples as factors in establishing the legitimacy of traditional Southeast Asian kingdoms as below:

"The expansion of the Tai peoples is broadly supported by the myths of origin found in the Lao chronic known as the Nithan Khoun Borom (The Story of Khoun Borom) and in various regional versions of Lao court chronicles (Phongsawan). Based on this mythical story, the Lao people refer to the Ai-Lao peoples in Nan Chao kingdom (Nong Sac) as their direct ancestors. Thus, the myths of origin appear to be significant factors in Lao peoples' identity and in establishing the legitimacy of Lan Xang dynasty or Million Elephants and White Parasol in 1353. These myths have become the Lao pre-history. At this time, and indeed right up until the delimitation of frontiers at the initiative of the new Western colonial governments in Burma and Vietnam, neither the Lan Xang kingdom nor the Lao people had any real notion of frontiers. Control of people rather than land was what made a king powerful. The area of complete or partial control of populations by Lan Xang extended across most of modern Laos, and parts of Yunnan, Burma, Thailand and Vietnam."
A serious threat to the French colonial administration in Indochina after 1930 was the Indochina Communist Party (ICP) led by Ho Chi Minh. This new emerging force was supported first by the USSR and later by China. The ultimate goal of the ICP was to oust the French colonial administration and to replace it with a new type of Indochina Federation nominally under the banner of nationalism. Such a federation would be under the command of the Vietnamese-dominated ICP. The Cambodian and Lao Communist Parties both aided by the Viet Minh and never negotiated for direct external aid. The Cambodians sensed Vietnamese expansionism and kept their distance from the ICP. Later they left the new type of Indochina Federation and established close relations with the Chinese Communist Party. This made the dream of Vietnamese ICP new Indochina Federation fracture. The Lao Communist Party, a creation of the Vietnamese-dominated ICP, remained faithful to Vietnam, accepted its hegemony ideological and organisation.

The loss of Lan Xang territory to the regional imperialists was brought by internal conflicts. The losers have a tradition of seeking military assistance from neighbouring imperialists to regain power. This tradition is double-fold in the Lao political arena, externally depending on regional powers and world superpowers, and internally depending on those in high positions. It is a tradition of clients and patrons or a patronage system. Independence of Laos in 1945 was communicated by Prince Phetsarath Rattanavongsa through the Office of Strategic Services (OSS) in Thailand. It was ignored by Washington as the new administration of President Truman implemented an anti-communist containment policy in Asia. The French received US support to regain control in Indochina. The moderate Free Lao Government members and the Thai-sponsored faction of Prince Souvanna Phouma returned to work in the French union for independence while Prince Souphanouvong his half brother, in Viet Minh-sponsored faction returned to northern Vietnam to fight for full independence.

This is another Lao historical characteristic of Lao princes seeking foreign military assistance. The two Indochina wars between 1945 and 1975 plunged Laos into chaos for half a century leaving it with a per capita income less than US$250. In the same period Thailand, a Laos neighbour, proudly joined the Newly Industrialised Countries. In 1995 Thailand had a GDP per head of US$8000. The Vietnamese were instrumental in the organisation of the Lao revolutionary movement. The Vietnamese communists had
fought in Laos in the name of the Lao revolutionary movement until 1945. The Neo Lao Issara continued to fight against France and the Royal Lao government under the Viet Minh banner and was under the respective direct control of the ICP, the VWP and the VCP until the Lao People's Party was established in 1955. The Vietnamese dependency subsided when the LPRP became the ruling party in 1975.
Chapter 1


7. Fairbank, John K., and Reischauer, Edwin O., *China, Tradition and Transformation*, Sydney, Allen & Unwin Australia, 1989, p. 111. (Fairbank and Reischauer mentioned that the Tai groups founded Nan Chao in Yunnan around 740 A.D., which was corresponding to the height of Nong-Sa civilization during the reign of King Khoun Baram).


16. Pradith, K., 'Lao Kingdom', in the *Ai-Lao People Heritage* p. 53. "Phana Lathinath, the great grandfather of King Pa Ngum was the king of Menang Swa in the same period, Khoun Ram Khimhaeng was the king of Sukhothai (Nām)".


22. Pradith, K., 'Lao Kingdom', in the *Ai-Lao People Heritage* p 56.


29 Vina Vong, Maha Sila, *History of Laos*, pp. 75-76.
33 Ibid., p. 77.
34 Stuart-Fox, Martin, *A History of Laos*, p. 13
38 Kain et al., *Government and Politics of Southeast Asia*, p. 381.
39 Ibid., p. 533.
41 The Tham Na was one of the leaders in the resistance movement against Vietnamese occupation of Muang Saen district, whose wife was the native of Ban Nong, situated at the mouth of Nam Pao Khan (Song Ca) at Kong Kwarn or Kon Cuong, both were the witnesses of the Lao border demarcation sign carved into the rock cliff at Ban Nong. The Tham Na was the leader of Bouathong, he was known to the Viet Minh by the name ‘Phu Ky’. When Muang Saen was taken by the Viet Minh in 1950, he brought 1500 Lao families to resettle in Muang Kham, Xiang Khuang province. The many other nationalists Tham Na sided with the French Colonial Administration to fight against Vietnamese occupation of the fatherland. When Tham Ka, Chao Muang of Muang Saen was arrested and executed by Viet Minh in late 1949, Tham Na continued the struggle along side with the French ‘Parish’. His Muang Saen liberation hope shattered when the French were defeated at Dien Bien Phu in 1954.


Ibid., pp. 77-78.

Ibid., p. 82.


Ibid., pp. 45-50.

Ibid., p. 77.


Ibid., p. 13.


Ibid., pp. 45-49.


77 Adams and McCoy, Laos, War and Revolution, p. 104.

78 Ibid., p.107.

79 Stuart-Fox, Martin, History of Laos, p. 62.

80 Viravong, Maha Sila, Laos History, the 12 October 1945, Melbourne, Wat Lao Lan Xang, 1988, p. 29.

81 Stuart-Fox, Martin, History of Laos, p.63.

82 Paphas Phothiymond, My Past Accounts, Than One (Vin Yen) Sanuathone, Bangkok, Duong Kamol Printers, 1977, pp. 204-205.

83 Dummen, Arthur J., Laos, Keystone of Indochina, p. 32.


86 Porter, Gareth, Vietnam: The Definitive Documentation of Human Distress, p. 56, (Telegram from President Harry Truman for Generalissimo Chien Kai-Shek, transmitted via Ambassador Hurley, 1945, August 1.)

87 Dummen, Arthur J., Laos, Keystone of Indochina, p. 32.


89 Adams and McCoy, Laos, War and Revolution, p. 109.


91 Social Science Committee of the Lao PDR, Prince Souphanouvong Biography, Vientiane, State Printers, p.2.

92 Ibid., p. 3.

93 Viravong, Maha Sila, Laos History, the 12 October 1945, p. 38.

94 Ibid., p. 53.

95 Fairbank & Reischauer, China, Tradition & Transformation, p. 166.

96 Stuart-Fox, Martin, A History of Laos, pp. 18-19.


Chapter II Background of the Lao Communist Movement

1. Communist Infiltration into Laos

The Origins of communist penetration into Laos

The Indochina Communist Party (ICP) or Dang Cung San Dong Duong divided Lao society into seven classes: the landlords, the notables, the urban capitalists, the rich, the middle class, the peasants and the working class. This division was based on its interpretation of Marxist ideology rather than any thorough analysis of Lao society. It was largely fictitious. In an open letter addressed to the communists in Laos, the ICP stated that contradictions between these classes would constitute a basis for rapid development of the revolutionary movement. The ICP pointed out that the level of the movement in Laos was low because of the poor organisation of the proletariat and the Party's incapacity to penetrate the mass at large. The ICP Central Committee criticised the Lao Regional Committee for failure to induce the indigenous Lao into the revolutionary movement. However, in its early social strata analysis of the Lao society, the ICP Central Committee failed to study the concept and values of Lao society and culture.

In October 1930 the Vietnamese Communist Party (Dang Cung San Viet Nam), had quickly changed its name to Indochina Communist Party (Dang Cung San Dong Duong) to include Laos and Cambodia into the Vietnamese-led Communist revolutionary movement in Indochina. The change of party name was a gain to get financial, military and political support from the Comintern and the support of Lao and Cambodian nationalists. The ICP cadres split into Laos via four border-passes: Batelemay in the north, Na Pue and Mu Gia in the central and Lao Bao in the south. The penetration of the ICP into Laos was not a communist propaganda in Southeast Asia but a move forced by French repressive measures and famine in Vietnam. Through the settlement of large number of Vietnamese immigrants in Laos and Thailand the ICP formed strong Viet Minh cells. In Laos they formed a militia for their outposts fighting in the rear of their enemies in two Indochina Wars. The Vietnamese in Laos and in Thailand became defence support, intelligence, underground sabotage forces and Vietnamese controlled militia guiding the resistance in Laos.

The Lao and Cambodian nationalists held reservations about the Vietnamese domination of the ICP. Dr Khamsengkeo Senesarathit, a former senior Lao leftist politician, pointed out that the Le Duan faction in the Vietnamese Communist Party disguised their intentions...
The ICP Lao Regional Committee

Organisational Structure of the ICP in Siam and Laos (1933-35)

French Communist Party

ICP (Exterior)

Orient Bureau of the Comintern (Shanghai)

SCP Committee of the north east
Provisional Executive Committee of the ICP (Ban Mai
April May 1933)
Committee responsible for advising and coming to the aid of the ICP sections
(Ban Vien Dua
Bo Okhr)
Nakhon Phanom (17 November 1933)

Siam

Tonkin

North Annam

Laos

Vientiane

Lao Regional Committee (Si Ly, At Lao)

Savannakhet

Thakhek

Boleng Phontiw

Cambodia

 Cochinchina

Transbasse

Orient Bureau of the Comintern (Shanghai)

flow of emissaries and propaganda

using the banner of international communism. Their aim was territorial expansionism by taking over Laos and Cambodia under a Vietnamese-led Indochinese Federation. Dr Senesathit feared that the Vietnamese intention was to sit on the same chair as the French in a new Indochinese Federation. A well-known Vietnamese revolutionary slogan was "whenever Vietnamese blood has been shed such land must belong to Vietnam." The Lao and Cambodian people feared integration into the Vietnamese Indochinese Federation. The Vietnamese were the dominant forces in Indochina peninsula. Their regular army disguised as volunteers were already in the territory of Laos and Cambodia. It was a socialist imperialist ambition patterned after Russian domination of the USSR.

The fear was based on the assumptions that Vietnam was scarce in natural resources, over-populated and a military power, while Cambodia and Laos were, in contrast, less-populated and abundant with natural resources. In 1828 Vietnam annexed the four Lao provinces of Xiang Khuang, Houa Phan, Kham mouan and Savannakhet. Xiang Khuang province was renamed Tran Ninh when Vietnam returned it to Laos; Xiang Khuang lost one third of its territory. Several eastern districts, east and north of Say Phou Luang or Chaune Anamathique were annexed to Vietnamese provinces of Thanh Hoa and Nghe An. The original border was at Kon Kwann (a rock cliff) at the mouth of Nam Mo River in the vicinity of Bane Arm in Con Cuong. The French delimited border was at Ban Nam Kanh but the present border was moved pass Bane Daen Din (in Lao, a border village) toward Nong Het. In the aftermath of war against the French re-conquest of Laos in late October 1945, the resident Vietnamese declared their annexation of the four Lao southern provinces to Vietnam.

On 12 April 1945 armed local Vietnamese in Kengkhtay made another attempt to annex Xiang Khuang and proclaimed it a Phu (prefecture) with allegiance to Vietnam and renamed it as Phu Trai-Niob. Xiang Khuang lost many of its border districts to Vietnam in 1932. Once was Meuang Saen, a Lao border district now renamed by the Vietnamese as Huyen Ky Son. The attempted annexation was halted by the pro-French Secretary Chao Saykham. He was the last descendant of Phuan Kingdom who was later appointed as Governor of Xiang Khuang. Houa Phan province lost three districts such as Meuang Lam, Meuang Hin and Meuang Hin and part of Houa Phan province to Vietnam. In Laos during the 1960s Hoang pointed out that history demonstrated that Vietnam was no less imperialist and territorial expansionist than France. At the conclusion of the 1990 borderline treaty, the Lao PDR lost another 795.5 square kilometres of its traditional
territory to Vietnam. The territory in question was of the former Houa Phan province which the French ceded to Vietnam when it attached Sipsong Chu Tai to Tonkin (North Vietnam) in 1889 and the east territory of Xiang Khuang province retained by Annam (Central Vietnam) since 1832.

The Communist Party of Cambodia had similar suspicions of Vietnamese territorial expansionism. The disappearance of the Champa Kingdom from the Indochina map in the end of seventeenth century was the result of Vietnamese territorial expansionism. By the turn of seventeenth century the Nguyen overlords of Vietnam invaded and occupied the southern part of Cambodia including Prey Nokor (now known as Saigon) and the Mekong Delta areas. The recent loss of Lao territory in 1990 to Vietnam was the evidence of the Vietnamese expansionism. Both Cambodia and Laos experienced the suzerainty of Siam and Vietnam, the archrivals in the region. The Lao-Vietnam Special Relationship Treaty signed in 1977 was interpreted by Democratic Kampuchea as Vietnam's plan to encircle Cambodia and to reconstitute and control the Indochina Federation. In this special relationship Laos lost more territories to Vietnam. Besides, the local resident Vietnamese formerly Viet Minh have more privileges in bringing more relatives for settlement in Laos. Such suspicions led to the Vietnamese invasion of Cambodia in 1979 under the pretext of a Khmer race salvation mission. The world viewed the Vietnamese invasion as a salvation and attempted to end the rule of the Khmer Rouge. The radical Khmer nationalists held different view it was a just struggle to regain the lost Khmer territories and free Cambodia from Vietnamese domination. The world has done its duty to condemn the radical Khmer nationalists over the massacre of Khmer population. It was the regime that brought Cambodia into the Dark Age. The world failed to provide proof that there was no Vietnamese involvement in the massacre of Khmer people while thousands of resident Vietnamese were the target of the Khmer Rouge.

The nationalist view held by Prince Phetsarath was that the Vietnamese were "the cruelest of imperialists" who "sought to exterminate the Lao race". Such a view was similar to sentiment expressed by the Communist Party of Kampuchea (CPK) radicals. Dr Senesathit, who spent more than twenty years in the Lao revolutionary movement under the leadership of Vietnamese communists, had uncovered the territorial expansionist policy of the Lao Dong or Vietnamese Communist Party. Gunn pointed out that the sentiments held by Prince Phetsarath were to be denounced because they emphasised the racial not class struggle. Dr Senesathit notes that it was a combination of the class and racial struggles.
where the racial struggle was hidden under the banner of the class struggle. The internationalist revolutionary spirit of the proletariat was simply the "mil d'ordre" of the communist warfare strategies against capitalism. However, we cannot regard the infighting in the communist bloc such as the Russo-China border dispute, China-Vietnam conflict and Vietnamese invasion of Cambodia as simply class struggles. When the Soviet Union collapsed its empire was revealed as being based not on class struggle but on the takeover of other sovereign states under the banner of communism. For Laos and Cambodia, it was a question of their survival as nation states.

The Anti-French Colonialism of the Resident Vietnamese in Laos

The majority of Lao people were peasants who hardly left their village to work elsewhere. It was a social reality that Lao people did not tend to work as labourers for they were living in conditions of self-sufficiency. The French invested only in tin mines at Phontiou and Bonneng. A handful of Lao people was employed at these mines. The majority of 3000 workers at the Phontiou mine were imported Vietnamese labourers who were later made Lao residents by the French authorities. It was the Vietnamese workers at these mines who began the opposition to the French in Laos. It was obvious that the comrades in Laos to whom the ICP referred in their open letter were the resident Vietnamese who were supporters in Laos and later known as Viet Minh supporters and communist cadres. The Lao indigenous population took no part in the Vietnamese anti-colonialist activities in 1930's.

There was no known Lao anti-colonialist movement before the mid-1940s except some Lao ethnic minority rebellions in the early 1900's. When the French established their presence in Laos they brought with them Vietnamese civil and military personnel, including interpreters, servants and their families. Later Vietnamese communists and nationalists who escaped the French purges in Vietnam found refuge in Laos, Cambodia and Thailand. The Vietnamese migrant labour force employed by the French at Phontiou and Bonneng mines was largely recruited from the "soviets" in the Houang Khe region of Nghe-Tinh province. The Annamese mounted widespread rebellions throughout the two north-central Vietnamese provinces of Nghe An and Ha Tinh in 1930. The rebel militants consisted of the ICP cadres and Vietnamese nationalists. Amongst the Vietnamese community they did not even know who were the ICP members because they were all members of the independence league. The ICP cadres
infiltrated in every Vietnamese nationalist organisation. They established autonomous village republics in September 1930 and maintained their self-administration for nine months before the colonial authorities put an end to it. The village republics became a favoured example of the ICP that boosted morale in the anti-colonialist movement, despite its violent suppression by the French.

Across the Laos-Vietnam border at Mu Gia Pass, strong anti-colonialist activity occurred against French throughout Annam in 1931. The construction of Trans-IndoChinese railroad made the Houng Khe region overpopulated with labourers and the region was hit by famine and poverty. Six thousand peasants staged a hunger march to Vinh on 12 September 1930. It ended with the establishment of the people's administrative council. The hunger strikers became soviet troops and called themselves _Xa-Viet_. The successful demonstration served as a springboard for the extension of communist activity into Laos. The Houng Khe "soviets" became the centre launching anti-colonial activities in Laos via the Mu Gia Pass between central Vietnam and Laos. In French Indochina the movement of peoples between the three countries was free.

The Influx of Vietnamese Labour into Laos

A large number of Vietnamese refugees entered Laos during 1931 from Tonkin and Annam seeking work and permanent settlement. They concentrated in major cities including Xiang Khuang, Vientiane, Thakhek, Savannakhet and Pakse. The Vietnamese became a majority in these cities. The influx of Vietnamese refugees coincided with the reduction of labour demand at Phontiou mine resulting from the French security screening measures and the possible retaliation by the Vietnamese workers for political motives. The French suspected that the coolies' activity was aimed at crippling the French businesses in Laos. Among the Vietnamese refugees were communist cadres who had led the Nghe An and Ha Tinh rebellions. The Vietnamese coolies and workers employed in major cities of Laos were the former anti-colonial agitators from Nghe-Tinh. In mid 1930's the French intelligence uncovered communist cells in the large Vietnamese communities in Thakhek, Pakse and Napae. The ICP established cells in all sectors of the French Indochina Federation ranging from private businesses, coolies, teachers, and administrative clerks.
The early communist organisations in Laos were placed under the supervision of the general northern Indochina communist network, which also included Northern Annam, Tonkin, Laos and Northeast of Siam. The general northern Indochina network was responsible to the Overseas Leadership Committee in Macao under the leadership of Le Hong Phong. From the underground network in Tonkin, Pham Van Dong, (a future Prime Minister of Vietnam), organised strikes in Annam’s coal mines and rubber plantations until he was arrested and sent to Poulo Condore prison. The ICP directed its Khammouan base to organise resident Vietnamese labourers at the Phontiou and Bonong mines in Laos to launch anti-colonial activities. Khammouan was a province with a large concentration of resident Vietnamese labourers. The ICP made the region a communist forward base area. They formed themselves into Worker’s Syndicates at Khammouan Mines. Cam Mon was the Vietnamese pronunciation for Khammouan. The Khammouan worker’s syndicates had its subcommittees at Nape, Xiang Varng, Vietiane, Thakhel, Savannahker and Pakse. The Khammouan base controlled by other communist organisations namely the Red Peasant Associations, the Houng Khe soviet (Ha Tinh) and the Provincial Committee in Nghe Tinh. The highest communist commands in Vietnam were the three regional committees in Tonkin, Vinh and Saigon. They in turn reported to the northern and southern Indochina communist networks abroad. For example the Comintern network in Shanghai, Singapore and Malaysia.

The lines of communication were open between the ICP and the Comintern and the French Communist Party. The Comintern agent Nguyen Ai Quoc was busy used many aliases to travel between Siam, Hong Kong and South China. The ICP was crucial to all communist and nationalist anti-colonial activities in Laos. The anti-French colonial activities of the ICP members in 1930 were under the surveillance of the French Shinete were in the position to neutralize them. Throughout 1930’s the anti-colonial activities in Laos were the work of resident Vietnamese. The French viewed the Lao people as a peaceful, subservient and fatalistic. In contrast, the Vietnamese were seen as nationalist, aggressive and active in the political affairs of their country. According to the French Shinete reports (quoted by Gunn) there appeared no known Lao national or other Lao ethnic minorities recruited or engaged in anti-French activities in 1930. Communism at the time had no roots in the Lao community, Laos was not roused politically. The French view of the Lao people bred complacency: The French resided in the former Kingdom of Lan Xang and ignored its social and economical development. In Vietnam, in contrast the French were busy in building Vietnam as the second France in Southeast Asia.
The ICP Rear Base in Siam

A number of Vietnamese and Chinese refugee havens were established in Siam. The Vietnamese nationalist exodus occurred when the French intensified suppression of communism throughout Vietnam at the end of 1920. The Guomindang (Kuomintang) took similar action in Shanghai, Nanking and Canton driving the communists out of their southern stronghold including members of the Vietnamese Youth League, the “Thaeb Niep” in Canton. Many communist Chinese and Vietnamese cadres escaped to Siam. Among the escapees were Nguyen Ai Quoc and Lim Khat Hong. Nguyen Ai Quoc avoided capture by the French after shaving his head and beard disguising himself as a Buddhist monk. He entered Siam in July 1929 where he set up a number of cells to launch the anti-colonialist propaganda. His presence in Siam boosted the morale of resident Vietnamese who participated in the ICP anti-colonialist activities. Thereafter the northeastern of Siam became a communist strong rear base for launching clandestine activities in Laos and in Annam via Mu Gia and Lao Bao passes in Thathek and Savannakhet.

Most of the Vietnamese émigré communities in Siam were concentrated in the northeastern provinces of Udon, Ubon, Sakon Nakhon, Mukdahan, Nakhon Panom and Nongkhai. This is the Isan region where the indigenous population is Lao. The Vietnamese communities formed a strong rear base for the ICP but using the name of Vietnamese Independence League. The Party executive committee was based in Udon and was responsible for Indochina. The Siamese Communist Party (SCP) claimed that they assisted Pridee Panomyong, the leader of the People's Party in the struggle against the absolute monarchy of Siam. Anti-monarchist and anti-imperialist SCP leaflets were distributed in Bangkok and along the railway lines, in provincial cities and among the Vietnamese communities. The leaflets called on peasants, workers, soldiers and all oppressed people to rise against the monarchy and imperialists, namely France and Great Britain. France feared that the new Siamese government was antagonistic and that the SCP would extend its activities into Indochina. Under pressure from France and Great Britain, the new Siamese government cooperated with the British and French police by launching an anti-communist campaign which expelled and arrested Chinese and Vietnamese communists. A new Siamese government imposed penalties of 5000 Bahts or ten years imprisonment for anybody found advocating communism.
France realised that the SCP was not completely a national party, as 450,000 Chinese and 40,000 Vietnamese immigrants constituted an important section of the Party. Among these immigrants were ICP cadres who were Siamese patriots. The SCP was never the national or even an indigenous party of Siam. The presence of Nguyen Ai Quoc in Siam convinced the French colonial administration in Indochina that Siam was a dangerous rear base for communist cells in Laos. As Gunn emphasises the northeast section of SCP’s responsibility covered Siam and Laos. The French and the ICP were fully aware that the people on both the Siamese and Lao sides of Mekong were of the same language and ethnicity. Whether under Siamese or French rule, they were Lao. Such a relationship had served as a bridge for communist activities that worried the French. The kinship bonds meant that some of the Lao born (that is, Lao in northeastern Siam) became senior leaders in the SCP and the future leaders of the Lao PDR government.

The Lao people on both sides of the Mekong River shared the same ethnicity. Those on the left bank were under the French control while the right bank was annexed by Siam. At the time Lao on both sides of Mekong felt that they were in the same boat. Thus Lao nationalists joined the Vietnamese communists for support in their own liberation. The struggles of the Lao born were to resist high Siamese taxation and to reconstitute a separate Lao state. A disguised political coup mounted by a Samreui man called Phuviset (a person with alleged supernatural powers) against Siamese rule occurred in 1925. In 1933 a separatist political activist in Korat attempted a similar coup. Both these Siamese provinces held indigenous Lao populations. The two activities launched against the Siamese government appeared to be based on the anti-colonialist campaign outlined in the leaflets distributed in Siam and in Laos throughout the 1930’s. Throughout the 1930’s the anti-colonialist activities on both sides of Mekong orchestrated by the resident Vietnamese minority.

Despite the Siamese laws against communism, the resident Vietnamese in Siam served as strong rear base for both the SCP and ICP in their anti-colonial activities. The base served as a place to hold meetings, run training schools and carry out propaganda. The SCP made several attempts to establish links with the Chinese Communist Party. Ngo Chinh Hoc was one of the emissaries sent to China by the SCP to contact the ICP’s Central Committee. His mission failed. The success of the SCP General Assembly in the northeast region was due to the help of the six ICP emigrés from Hu Tinh residing in Siam. Communist organisations in northeastern Siam undertook activities on both sides of the
Mekong River. The conflict between Siam and France made Siam’s Isarn a safe sanctuary for both the Viet Minh and the Free Lao.21

The Lao Regional Committee

The first Lao Regional Committee known in Vietnamese as Xu Uy Ai Lao of the ICP was founded in October 1930 by resident Vietnamese.22 This marked the implantation of communist cells in Laos. Some ICP cadres had assisted in this establishment as they were in the region as the result of the French suppression of the sásiets in Nghe An. The foundation was under the authority of the Annam regional Party apparatus. The immediate support given to the Lao Regional Committee came from the ICP rear base in Siam. They also hosted the Assembly of Delegates of the Lao organisations at Nakhon Panom, a Siamese city near the Mekong River. The Siam ICP apparatus also ordered the delegates to indoctrinate the indigenous population of Laos and diffused propaganda in Laos.

By 1934 the ICP was able to establish four cells in Laos at Vientiane, Phontiou, Bonaeng and Thakhek.23 The ICP rear base in Siam was in better position to provide support to the cells in Laos rather than its cells in Viet Nam and overseas. The Thakhek cell founded in 1934 was seen as an active anti-colonialist group in Laos. In the same year the ICP progressed in its recruitment of Lao members. The first three indigenous Lao appeared in the ICP record in the Vientiane cell. Evidence of further progress was the publication of communist propaganda in the Lao language, which appeared for the first time in 1935. The joint operations between the ICP rear base and the northeastern SCP across the Mekong River coupled with the commencement of reorganisation of the Lao Regional Committee in 1934 known in Lao as Khuna Khmuon Lao, which marked a new turn in communist strategy in Laos. The ICP equipped itself with propaganda in the Lao language, permitting the Lao nationals to participate in the movement. The ICP stepped up its operations not only propaganda but also symbolic attacks. Gunn notes that there was an incident in the capital city of Laos where a group of young resident Vietnamese launched an attack on the pro-French Vietnamese. Such a move posed a threat to the French authorities in Laos. It was, however, easy for the French authorities to stifle the agitators because they were resident Vietnamese.
A setback for the communists in Vientiane was the personality clashes between the communist cadres themselves. Regular clashes occurred between the youth of resident Vietnamese and the indigenous Lao. The situation allowed the French authorities to uncover the communist cells and suppress their operations throughout Laos especially at the Phoumou and Bouaeng mines in Khammouan. In this repression two leading figures from the Lao Regional Committee were arrested. One of these was Tran Van Dat, a Lao delegate to the Party Congress in Macao. He was a resident Vietnamese not a Lao national. According to Gunn, a similar repression took place in Siam where seventy Chinese communists including the leading militants were deported. Those who escaped arrest in Indochina regrouped in Siam with SCP help.

In mid 1936 the Lao Regional Committee or (Khme Khouaen Lao) was reorganised and created an external anti-imperialist committee in the northeast of Siam. The objective of the external machine was to rally the Indochinese émigrés, the Lao and the Lao Isan in Northeast of Siam to form a single united front. The new Lao Regional Committee issued the mèl's d'ordre as below: 22

1. To overthrow French imperialism, the Kings, the mandarins and the indigenous landowners.
2. To liberate all political detainees in Laos and in other countries of Indochina.
3. To support the revolutionary struggle of the workers of Cochinchina, Tonkin and the tin-mines of Laos.
4. To oppose the sending of Indochinese soldiers to war in Europe by the French imperialists.
5. To lend support to the USSR and the Chinese “soviets”.

The Lao Regional Committee established a number of communist branches including the Anti-imperialist League, the Red Relief Groups, the Women’s Associations, and the Communist Youth Groups. According to Samane Viyaketh the Lao national joined the membership of the LRC in 1936 that marked the embryo of the Lao Communist movement in Laos. The Lao Regional Committee’s head office was in the ICP Bureau of Western Affairs in northern Vietnam. Comrade Khamsaen, Kayson Phomvihane and Nouhak Phoumsavanh were committee members and LRC leaders. The ICP achieved their first objective in 1954 and twenty years later the future Lao People’s Revolutionary Party, a Vietnamese-sponsored communist party was established. The ICP founded similar cells throughout Laos, Siam, Cambodia and at Sipsong Chun Tai in upper highlands of
northern Vietnam. The ICP successfully recruited ethnic minorities such as Tai Tho, Tai Nung, Tai Caohang, Tai Langson, Tai Dam, Tai Khao, Tai Kaya, Tai Moei, Khamu and Hmong in Laos and in North Vietnam highlands. Tai Kaya and Tai Moei largely settle in the highland of Thanh Hoa and Muang Saen. Following French repression by the end of 1935 the four Lao recruited by the ICP abandoned the cause. One of the first Lao communists was Khamsaen, originally from Luang Prabang. The communist activities in Laos were lessening. No progress was made by party cadres during 1935-1938. It was a calm and peaceful period for the French authorities because the revolutionary movements in Vietnam were suppressed.

2. Emergence of Lao Nationalism

The Pan-Thaïism versus the French-sponsored Lao Grand policy

Siam and Vietnam were the regional archrivals, and both countries had claimed suzerainty over Laos at different stages, sometimes simultaneously. Siamese nationalist and militarist adventurism after 1932 had forced the French to act against “Pan-Thaïism”. Luang Pibul Songkhram took office as Prime Minister of the Kingdom of Siam in 1938. The following year he managed to change the name of Siam into Thailand. The term “Thailand” was in fact, a “Greater Thailand” policy. It referred to the territories that populated by the Tai clans, the Lao are included. However, Pibul claimed that his policies were simply the economic nationalist planning and to build the Thai nation or (Song Chai Thai). Their slogan was “Thailand for the Thai”. The implicit object of the policy was to unite all Tai-speaking peoples in Laos, Burma, northern Vietnam, northern Cambodia and southwestern China.23

The claim made by Pibul over Lao and Cambodian territories was rejected outright by the French. The Thai then mounted a vigorous propaganda campaign against the French in Indochina whose position was made more difficult. In Vietnam the French were faced with anti-colonialism and in the West the resident Vietnamese and Thai nationalism. The Thai directed radio broadcasts and distributed leaflets to the Lao people. Their regular army was moved to Savaboury in northwestern Laos while their voluntary youth militia or janjaw occupied Champasak in the south. The war between the French and Thai broke out in December 1940. The voluntary youth militia was in fact the Free Indochinese Army directly supported by Thailand. The Thai airforce bombed Vientiane, Pakse, Savannakhet and Samuan. The French retaliated by bombing Ubon, Udon and Sakon Nakhon. The

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Japanese offered to mediate and brought the parties to the negotiation table. A treaty was signed on 9 May 1941. The French were defeated, and gave up the Sayabouy and Champasak provinces to Thailand. This was the territory Thailand lost to France under the Franco-Siamese treaty of 1904. The French recovered the two west-bank provinces after the Second World War, as Thailand was an ally of Japan during the war.

The Lao and the Thai people share a similar cultural and linguistic background. Thai propaganda influenced certain groups of the Lao. Among these were the people who experienced French oppression and those from a similar cultural background including Prince Ralalai, Boun Oum's father and Oun Sananikone. Lao nationalism in the early 1940's was rooted in the territorial rivalry between French and Thai. To retain hold of the Lao territory east of the Mekong the French were forced to counter the Thai psychological warfare. The French authorities in Laos stimulated the Lao elite to form what was called *Lao Nhay* or (the Great Lao Homeland). The goals of the *Lao Nhay* were to provide Lao people with their own identity with respect to its neighbours and to instil patriotism of their homeland or "La patrie". The rationale for the creation of *Lao Nhay* was not only simply to enhance a Lao identity. Gunn notes that Governor General Decoux's declared policy in Indochina was "to develop a lively sentiment of gratitude towards France on the part of the indigenous masses" and to stimulate indigenous politics in a positive pro-colonial direction. On the other hand it was a policy to psychologically annul Lao anxiety over the French defeat by Thailand. That policy struck a nationalist cord of the Lao people on both sides of the Mekong River.

*Lao Nhay* induced a belief that Lao people of the old Lan Xang Kingdom could reunite. Paradoxically the Grand Lao policy served as a strong driving force in developing anti-French nationalism. The policy led to the creation of a Lao national political philosophy, the *Lao Pen Lao* or the Free Lao. The philosophy not only encouraged Lao nationalist sentiment but also it was a modern Lao political philosophy that led the Lao to claim their own homeland. *Lao Pen Lao* put the French as well as the Thai on the defensive. This nationalist philosophy also served to promote further nationalist stirring of the Lao people on both sides of the Mekong. In Laos the French authorities arrested a number of Lao nationalists and in Thailand Tiang Sirikhan, the future Free Thai leader and some Lao Isan members were arrested on the charges of separatism. Sirikhan was accused of acting with the Soviet Union to break the sixteen Lao Isan provinces in the northeast of Thailand to form a separate Lao state.

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Sipsong Chu Tai

The Pan-Thai policy also caught the Vietnamese off-guard in *Sipsong Chu Tai*, the Black and Red River highland regions annexed to Vietnam by the French in 1888. Phibul’s policy had stirred Lao and Thai claim to *Sipsong Chu Tai*. Phibul’s pan-Thaiism had forced Vietnam to retaliate at all costs in the future well-known strategic war at Dien Bien Phu. It was a one stone throw that kills two birds. The objective of the Viet Minh was to rid Indochina of French colonialism and the pan-Thai policy. The world saw that Viet Minh had won the war and achieved the Vietnamese independence. In the view of the Vietnamese nationalists Vietnam had achieved its hidden ambitions. The French defeat prevented France from adding Sipsong Chu Tai to the Kingdom of Luang Prabang or to declare Sipsong Chu Tai an independent state with the capital city at Dien Bien Phu. It was to this tent city that the Free French authorities pinned their last hope in the grip of a foothold in Indochina.

As a member of the Western Alliance and with the support of the US, the French authorities had the power to grant independence to any of its colonies. Nevertheless it was too late for the case of Sipsong Chu Tai because the French had neglected the region since they set foot in the peninsula. The French viewed Sipsong Chu Tai as part of greater Vietnam while they took Laos as a security zone against Thai and British influence. Ho Chi Minh and Vo Nguyen Giap sensed the danger and would not tolerate the French attempts to found an independent state anywhere in northern Vietnam. The Viet Minh put all available resources in the revolutionary movement to launch a total assault to defeat French colonialism at Mekong Thaeng or Dien Bien Phu. The French defeat was a near complete annexation of Sipsong Chu Tai by Vietnam, the victor. The French were in no position to argue the case for the people of Sipsong Chu Tai or to oppose the continued occupation of the territory by Vietnam. The Vietnamese victory marked the final burial ceremony for Phibul’s pan-Thai policy as well as for France’s Far Eastern Empire.

The Underground Lao Pen Lao Movement and Prince Phetsarath

The embryonic Lao Issara movement was an anti-French nationalist group organised by fifty Lao students from Collège Pierre in 1940. The group named their underground movement “Lao Pen Lao” literally meaning Lao is Lao or Free Lao. Lao people were under foreign suzerainty for so long they could not find a proper Lao term to mean Free Lao or Lao Independence. It was a true Lao nationalist movement with no outside support. The
term Lao Pen Lao had stirred Lao nationalist sentiment for the first time in two centuries and it helped to unite Lao elites at the time. The Lao Pen Lao also offered a hope for a Lao homeland. The movement staged a coup against the French in Vientiane but failed and was forced into exile in Thailand. Those who survived the French repression continued to work for the colonialists in Laos but had the frequent contact with those in exile. The Lao who joined the Lao Pen Lao were proud of themselves as the leading example for their compatriots.

The Free Lao members came into contact with the Free Thai or Seri Thai whose leader was Tham Sagnatsensana. It was known that Lao Pen Lao was the first Lao contemporary nationalist movement. Its underground spread throughout the country and was in-exile in Thailand and Vietnam. The Free Thai had helped the Lao to organise the Free Lao in Thailand in 1942. The Free Lao was named Lao Issara rather than Seri Lao. Leading members of the first Lao Issara in exile were Bouachanh Inthavong, Bong Souvannavong, Oun Sananikone, Maha Siha Viravong and Khambay Philaphanderh. The aim of the group was to free Laos from French colonialism and the Japanese occupation. The Lao Pen Lao members played an important role in the organisation of the Lao Issara Government. Many of them were appointed to Khoun Kammavera Latsadon or the People’s Committee. Prince Phetsarath was the protector for the underground Lao Pen Lao members.

The Thai-Sponsored Nationalist Movement

In Thailand the Lao Pen Lao (LPL) or Lao is Lao Movement came in contact with Oun Sananikone who was a Thai public servant in the Bureau of Pan-Thai propaganda. He was known as the Lao figure, “Thao Oum”, in the inner Thai government circle led by Pridie Phanomyong and Pibul Songkram. Oun who was a Free Thai member was a Lao by birth who encouraged the formation of the Free Lao Movement or Khounkham Lao Issara. The group received moral support from the outer circle of Pridie Phanomyong’s Free Thai Movement or Seri Thai. The figurehead of Free Thai in the north east region was Tjiang Sirikhan, a Lao Issara person. Tjiang encouraged Oun Sananikone to set up a similar movement for Laos. The Thai intention was to use the Lao name to gain US military aid. This was part of the Thai strategy to avoid the stigma of their wartime alliance with Japan.
The disarming of Free Thai Movement in Isan aimed to prevent a war of secession by the Lao Isan people led by Tiang Sirikhun. The Thai military believed that Pridee had communist connections and was involved in the plot against the monarchy. The military discovered an arms cache including many Russian weapons at the house of Thong Inh Phouriphat who was a minister in Luang Thamrong's government. Thong Inh was a Free Thai leader who was close to Pridee. After his military coup group forced Thamrong's government to resign and Pibul Songkhram became the Prime Minister on April 8, 1948. Thong Inh Phouriphat and Tiang Sirikhun were arrested and charged with plotting the separation of the north east and its incorporation into a communist-dominated Indochina. The Thai source said they were shot death while attempting to escape from prison in 1949. Other sources stated that Tiang Sirikhun, Thong Inh Phouriphat and Chamlong Daoheuang were executed by Thai military intelligence personnel at Dong Praya Fai in Khorat province, when they were invited to Bangkok.

Prince Phetsarath Rattanavongsa, who was the viceroy and the premier of the Luang Prabang kingdom, morally supported the underground Lao Pen Lao. The Free Lao Movement had neither the legal nor official right to represent Laos. The only kingdom recognised by the French, as their protectorate was Luang Prabang kingdom. Laos had no opportunity to establish relationships with any Western countries except France, the colonial power. None of the neighbouring countries recognised Laos as a State. Both Thailand and Vietnam put forward a claim to France and Great Britain that Laos was part of their territory. The Lao Pen Lao (LPL) became members of the Lao Issara Movement (LIM) since 1942. During their struggle against the French colonialism and Japanese occupation the group claimed they had frequent contacts with Prince Phetsarath in Vientiane.

Oun Samanikone served as a veterinary officer in the Office of the French Resident in Houa Phan, a Lao northeastern province and the future headquarters of the Free Lao resistance or Nez Lao Issara. He listened to the Thai radio programme from a hidden ear radio. The French authorities banned the Lao people from listening to Thai radio broadcasts. Oun claimed that he was attached to the Thai songs. The broadcast of Pan-Thai propaganda was a possible influence in his decision to flee to Thailand. He relinquished his employment and made his way toward Thailand via Hanoi and Vinh. He crossed to Laos through Mu Gi Pass and swam to Mukdahan from Thakhek. The Thai authorities offered him a position in the Thai Public Relations Department, the Bureau of pan-Thai
propaganda. He was later commissioned to serve in the Royal Thai Cavalry in the rank of captain. As a Lao, Oun was secretly transferred to serve in the Free Thai Movement under the supervision of Tiang Sirikhan in Isan. The movement was part of a political ruse created by the Thai Government to appear as Western Allies. Officially Thailand was a Japanese ally and facilitated the latter's attack on British forces in Malaya. Thailand position was that it could neither fight the Japanese invasion force, nor rely on the Allied Forces for protection. In such circumstances Thailand was bound to hold a two-card strategy.

The common task for Free Thai and Lao Issara Movement was to side with the Western Alliance to fight against the Japanese. To distinguish from the *Serì Thai* the Free Lao Movement took the name *Lao Issara* instead of *Serì Lao*. It was Oun Samanikone who played a key role forming the Free Lao Movement in Thailand. Oun claimed that he had appointed a number of Lao leaders to head the Lao Issara Movement (LIM) including Tham Saignaisisena whose mission was to establish a guerrilla base in Vientiane and to contact with Prince Phetsarath. Thao Toulan and Phoumi Nosavan were appointed to command the Free Lao forces in Savannakhet and Thakhek.\(^{30}\) Oun had close relationship with OSS officers in Thailand when he served in the Free Thai.

**Independence Declaration and the Free Lao Government**

The underground Free Lao Movement had sent a secret delegation to meet with Prince Phetsarath in Vientiane. They asked him to appeal to the Allies for Laos' independence and support for the Free Lao Movement. On 22 August 1945 Premier, Prince Phetsarath called for Lao independence through the US Office of Strategic Services (OSS) as Laos had no diplomatic ties with other countries as it was the French colony. Phetsarath issued three letters respectively addressed to Captain Winn, an agent of British Force 136 in Nongkai; Major John S. Holliday, an OSS representative in Nakhon Phanom; and Nai Pakorn Angsusee, the Thai governor of Nakhon Phanom.\(^{31}\) These letters were sent seven days after the capitulation of Japan. The communication was 'lost' in the US OSS and US diplomatic systems in Bangkok. No response was received from the Allied Representatives who ignored the plea because of the new US administration under President Truman had changed its policy from an emphasis on anti-colonialism to anti-communism. The US administration later acknowledged that the Free Lao Government appealed for Laos' independence but was never considered as the request was made.
through an undiplomatic channel. The *Lao Issara Government* believed that the OSS was the legitimate US representative in the region and perhaps was not aware that OSS was simply an intelligence agency. This was a complete ignorance of the US administration, as it knew that Laos was a French colony and had no diplomatic relations with any other countries.

With the Japanese surrendered in mid-August, Phetsarah decided that the French, who was removed from power by Japan, had no right to resume their control of Laos. He officially reaffirmed King Sisavangvong’s April independence proclamation and on 1 September 1945 Phetsarah declared Laos an independent State incorporating the four southern Lao provinces into the Lao kingdom. On September 17, the king sent a telegram to Phetsarah informing him that the French Treaty of Protectorate of Luang Prabang Kingdom was still valid. On 10 October, the king dismissed Phetsarah from his viceroy title and the premier position of Luang Prabang kingdom. With strong popular support of the Free Lao Movement and the need for independence, on 12 October, Phetsarah formed a Free Lao Government in Vientiane.32

The Free Lao Government in 1945

![Chart 2: The first contemporary Lao Government formed after two centuries of foreign domination](chart)

Prince Souphanouvong was appointed Minister for Transport while he was in Vietnam. In a later reshuffle, after he returned from Vietnam escorted by fifty armed Viet Minh soldiers, he was appointed to Minister for Defence and Commander in Chief of the Lao Issara Armed Forces.33 On 30 October, a friendship and cooperation agreement to jointly
fight for the independence of Laos and Vietnam was concluded between Khammao Free Lao Government and Tran Duc Vinh, the official representative of Ho Chi Minh’s Government. The agreement was later countersigned by Souphanouvong in the capacity of Minister for Defence and Commander in Chief of the Free Lao Armed Forces. The Agreement allowed Viet Minh units to operate in Laos. On 6 March 1946, a Franco-Viet Minh agreement was signed in Hanoi, under which the Democratic Republic of Vietnam was recognised as a ‘free state’ within the French Union.

Ho Chi Minh’s prompt decision was a measure to remove 180,000 Chinese occupying forces from northern Vietnam. Ho Chi Minh had ignored the Lao-Viet agreement that was concluded four months earlier. Ho did not bother to advise his Lao counterpart about his decision and deliberately let the French forces crush the Free Lao Government forces the following month. The commitment to the Lao independence pursued by Phetsarath was based on the Lao-Viet agreement and US anti-colonialism and the belief that the OSS was the US diplomatic representative. Three years later a Franco-Lao treaty was signed making Laos an ‘independent state’ within the French Union leading to the dissolution of the exiled Free Lao Government. Most of its members returned to work for Lao independence within the French Union. Ho Chi Minh encouraged the Viet Minh-sponsored faction to break away from the Free Lao Government and returned to work under the Viet Minh for independence.

As Gunn pointed out from the correspondence from Stanton, the then Ambassador in Thailand to the US Secretary of State, the plea made by Phetsarath did reach the US Embassy in Bangkok in 1946. Stanton intimated that the Democratic Republic of Vietnam, Lao Issara and Khmer Issarak had pleaded for independence to the USA. The three anti-colonial movements dropped their request to the USA and addressed their appeals to the United Nations. The change was a response to the USA’s anti-communist containment policy of President Truman. The new US policy supported the return of the French in Indochina. The evidence shown to the anti-colonial movements was that the US did not overrule the objections from Great Britain and France to granting immediate independence to the countries in Indochina. Following the implementation of the communist containment policy the US increased its assistance to France in its reconquest of Indochina. The US containment policy aimed to fence off the spread of communism especially after the communist takeover in China and the Chinese involvement in Korean War. The US administration believed that Indochina was the last front in Asia against
communism. The US failed to consider the nationalist sentiment of the people in
Indochina in their policy making and instead drove the nationalists towards communism.
The ICP recruited the Lao and the Khmer elites into their revolutionary movement only in
the late 1940s, after the change in US policy.

Singkapo Sihotchounnamaly was one of the Lao Issara leaders and also known as
General Singkapo. He married a Viet Minh cashier whom he and his Lao Issara friends
believed to be the daughter of a restaurant proprietor. His marriage, which cemented his
special relationship with the Viet Minh, took place at Do Luong, a former French outpost
town in Nghe An province. Singkapo pointed out that the marriage was partly intended as
a financial source to assist his troop of one hundred soldiers who followed him to
Vietnam.\textsuperscript{17} Do Luong was the first left wing Lao Issara rear base on Vietnamese soil.
Their outpost was at Lao Bao Pass, a small village at the Lao-Vietnam border. It was a
Viet Minh stronghold outpost under the command of Ong Quy and Ong Phi.

Singkapo proved himself to be a true Lao nationalist. During his thirty years revolutionary
struggle he was approached by the Vietnamese ICP cadres to join the Party but he
deprecated.\textsuperscript{38} He later joined the Lao People's Party after this organisation was set up as a
Lao Communist Party on its own right. Singkapo was one of the so-called thirty-year
veterans in the revolutionary movement and a former commander-in-chief of the Lao
Issara troops at the Thakhek battle against the French reconquest. Singkapo's marriage
with the Viet Minh cashier gave him immediate elevation to higher position in the Neo
Lao Issara Movement, a superseded name for its two respective predecessors, the Lao Pen
Lao Movement and the Lao Issara Movement.

The No Man’s Land
After the Japanese capitulation Laos became a no man's land. The resident Vietnamese,
the defected \textit{garde indigènes} led by the Viet Minh cadres formed Vietnamese armed
volunteers in Vientiane, Thakhek and Savannakhet. Some of the Vietnamese nationalists
saw it as an opportunity for them to attach the central and the southern provinces of Laos
to Vietnam. The idea was welcome by the Vietnamese cadres from the ICP Central
Committee. The move was implicit but later overruled by the greater Indo-Chinese
revolutionary policies. Such policies were clearly expressed by the Viet Minh special
operations cadres “\textit{Các Phong Quân}” who accompanied Prince Souphanouvong to
Savannakhet. When the contingent arrived in Savannakhet, Tran Van Dinh's impression of the town was that it was a Vietnamese one because most of the people who came out in the street to welcome them were resident Vietnamese. The Lao people did not even bother to take part in political activities. The Vietnamese volunteers became the backbone in the future Pathet Lao liberation forces.

In Thakhêk the Vietnamese volunteers were under Nguyen Tang who was promoted to the rank of major general in the Vietnamese Liberation Army. Prior to the formation of the Lao Issara Government on 12 October 1945 Kaysone led a small Viet Minh troop to liberate Savannakhet and to take over the local administration from the Japanese forces. He was appointed the provincial military commander, presumably of the Viet Minh and the Lao-Vietnamese volunteers. Oun Sananikone notes that when he and his Lao Issara troops entered Savannakhet from Bane Khanh Thacham in Mukdahan he found that the armed Vietnamese were in town before him. They had taken over the Japanese green-leg army camp, which meant that Kaysone was in Savannakhet before Oun Sananikone. As a Lao national, Oun ordered the Vietnamese troops to vacate the camp. The Vietnamese did not intend to make way for them to enter the camp. Oun saw such an attitude as a provocation to the Lao in their own country. Without hesitation he declared that he would hold the resident Vietnamese in Thailand to ransom if any violence occurred.

According to Oun's memoir, when he set up the Free Lao provincial administrative network in Savannakhet to replace the Japanese administration he appointed Kaysone as director of the Local Government Printing Press while Nouhak was responsible for the management of Bungalows. Kaysone and Nouhak were among the Lao intellectuals in Savannakhet. Oun was not aware that Kaysone was the commander-in-chief in Savannakhet in the name of the Savannakhet Neo Lao Issara or Free Lao Association, established by Ho Chi Minh at Do Laong prior to his entry to Savannakhet. The Neo Lao Issara Association was a united front for the Lao struggle for independence, established in Vinh. The Neo Lao Issara Association was the predecessor of the Neo Lao Issara or Free Lao Front; the Viet Minh sponsored organisation. With Oun's threat to exterminate the resident Vietnamese in Thailand, a modus vivendi was reached between the Vietnamese volunteers and the Lao Issara troop in Savannakhet.

Gunn notes that the Savannakhet governor "Chao Khoineng" recruited Kaysone as a clerk "Outpourt" in the provincial administration. The recruitment took place prior to Oun's
Free Lao troops entered Savannakhet. The Viet Minh supported the Lao left wing and organized the Free Lao Association before Souphanouvong returned to Laos. The declaration of the Lao Issara Government formation occurred when Souphanouvong was in Vietnam. Shortly after his arrival Souphanouvong pressed Khammavong the Lao Issara Government to appoint him as Minister for Foreign Affairs and Supreme Commander of the Lao Issara Armed Forces. Prince Souphanouvong was supported by Ho Chi Minh and backed by the well-disciplined armed resident Vietnamese and the garde indigenes under the command of Kaysone Phomvihane who was the prominent leader in the Lao Regional Committee or Khuna Khouaen Lao of the ICP.

Power Struggles between the Viet Minh-Sponsored group and the Free Lao

After arriving in Savannakhet Souphanouvong with the support of the Vietnamese advisers convinced Oun Sananikone to form a resistance force composed of the Lao Issara troops from Thailand, the armed resident Vietnamese and the Viet Minh under the command of Kaysone Phomvihane. Kaysone was a Lao senior member in the ICP Lao Regional Committee. Kaysone's mission was to disarm the Japanese and amalgamate of the Lao Issara in Savannakhet. The Lao-Vietnamese resistance troops were under the command of Souphanouvong, the future titular leader. In reality the armed resident Vietnamese and Viet Minh troops remained under Kaysone's command. The amalgamation was to recruit more Lao nationalists into the revolutionary movement. In Vientiane, Souphanouvong succeeded in encouraging his half-brother Prince Phetsarath to recognise his military organisation called the joint Lao-Viet Army of Liberation and Defence. A Lao-Viet Treaty was signed by the Lao Issara Government and the representatives of Democratic Republic of Vietnam as a formal endorsement of military co-operation. Many moderate Lao Issara leaders suspected the treaty was signed before the meeting in Laos. For the Neo Lao Issara and Viet Minh the treaty was enforced throughout the thirty-year liberation war and endorsed the presence of the Vietnamese regular army in Laos.

The Viet Minh-Sponsored Nationalist Movement

In the northern tip of the peninsula a new anti-colonialist development occurred: the revolutionary movement of the Indochina Communist Party. The ICP launched its anti-French colonialist war under the banner of the Vietnamese Independence League or Viet Minh in 1941. Both organisations later became the umbrella organisation and the
The Pathet Lao Leaders

Prince Souphanouvong, President of the Free Lao Front (Neo Lao Issara) meets President Ho Chi Minh in early 1950s.

Kayson Phomvihane, the LPRP Secretary General meets President Ho Chi Minh in 1962.
command nucleus for the Free Lao Front or Neo Lao Issara. The major breakthrough in the anti-French movement in Indochina was the formation a united front for both Vietnamese communists and nationalists in May 1941. The ICP Sixth Plenum in November 1939 issued a dual confrontation, which was an anti-imperialist and anti-Japanese. The Party started to shift its strategies from the cities to rural areas. As Douglas Pike notes items on the agenda for discussion at the ICP's Seventh Plenum were the concept of armed struggle, the creation of armed forces and the establishment of liberated zones. They were implemented with the creation of the Việt Nam Dân Lập Động Mính Hội or Vietnamese Independence League or Viet Minh under the leadership of Ho Chi Minh.44

The armed struggle was the campaign Vo Nguyen Giap put to Ho Chi Minh in the early stage of the anti-colonial struggle. It was rejected by the latter as it was inappropriate at that time. The Viet Minh was inexperienced militarily and needed time to organise and consolidate the Party's position and cell network. On the other hand Vietnam had two powerful enemies, the French and the Japanese. The future Neo Lao Issara led by Prince Souphanouvong began their struggle for independence of Laos under the umbrella of Viet Minh. As a Lao of Royal blood and an intellectual he was regarded an asset. He was respected by all in Laos as a Lao Prince, Chen Lao. In theory the royalists and the bourgeoisie were the class enemies of Marxism-Leninism. Paradoxically Souphanouvong was recruited to the revolutionary movement by Ho Chi Minh who used the Prince's standing background for the revolutionary and anti-colonialism struggle. The flexibility of Marxism-Leninism allowed Ho Chi Minh to use Souphanouvong as a key for revolutionary activities on Laos. By recruiting Souphanouvong greater participation would occur amongst the Lao people. Souphanouvong received direct ICP support, the Viet Minh and the resident Vietnamese in Laos who made use of his aristocratic title. He was appointed as titular leader of the Free Lao Front but under the command of Kaysone Phomvihane who was the senior Lao Communist in the ICP Lao Regional Committee.

The early anti-colonialist activities in Laos were monopolised by the resident Vietnamese. The delegates attending the ICP Congress in Macao on behalf of the Lao people were resident Vietnamese. Souphanouvong was the head of the mass organisation such of the Lao united Free Lao Front or Neo Lao Issara. His membership was probationary. Upon full membership he was not immediately appointed to leadership level of the Lao communists. Souphanouvong as Lao leader improved the image of anti-colonialism in
Indochina while anti-colonialist activities in Laos were orchestrated by the resident Vietnamese for and on behalf of the Lao people. Souphanouvong was promoted to the Vietnamese-led anti-French colonialist movement when he emerged for an interview with an American OSS officer at the Palais of the Resident Supérieur in Hanoi in the company of President Ho Chi Minh and former Emperor Bao Dai.45

The attempt to recruit indigenous Lao into the movement was unsuccessful for a number of reasons. Lao people suspected Siamese and Vietnamese as both claimed that Laos was part of their territories. Laos had suffered the loss of vast territory to Vietnam and Siam. Both of Vietnam and Siam saw themselves as superior to Laos. The Vietnamese treated the Lao as their Ai Nong or elder and younger brothers. The actual Lao term Ai Nong referred to the brothers born of the same parent. The term was also used to refer to the persons whose age was older and younger. The Vietnamese version for the Lao was young brother or Nong. The Thai shared similar cultural beliefs with the Lao and their relationship was seen as Pee Nong (brothers). To the Lao the Thai always regarded themselves as Pee or elder brother. In such circumstances Laos had no option but to side with an external powerful nation even if as a colony. France was the dominant external power in Indochina.

This was the principal of political and strategic question for Laos. Traditional Lao political thought was reversed by Souphanouvong who believed that the Viet Minh would help Laos gain independence. He opted for Ho Chi Minh’s strategy of a joint liberation force of all peoples in Indochina with armed resistance. This idea was rejected by the majority of the Lao Issara nationalists. The future Lao PDR Government regarded such split as a strategic plan for independence of Laos. It claimed that the Lao Issara Government decided to divide the Lao Independence League into two main groups. The first returned from the exile to continue the political struggle within the French legal framework while the second went underground to take up the armed resistance for independence. The movement fought under the original Lao Issara flag for thirty years before it became the future Lao PDR national flag.46 This is seen after the dissolution of the Lao Issara Government in 1949, when Phetsarath appointed Khamtay Siphandone and Sithone Kommadam to head the resistance in southern Laos.47 Both were the future president and the leader of the Lao PDR Government.
Chapter 2

Background of the Lao Communist Party Movement

The Viet Minh mentors spent a decade before they convinced the indigenous Lao to form the future Khmer Pathet Lao or Party of the Lao Country. For political reasons the ICP set up three fronts in their anti-imperialist campaign. These were the Front for Vietnamese Independence or Viet Minh, the Front for a Free Laos or Neo Lao Issara and the Front for a Free Khmer or Khmer Issarak. As Ho, the Comintern agent and the only well known international communist figure in Indochina, the future Neo Lao Issara and Khmer Issarak depended on the Viet Minh for support.

3. Formation of the Viet Minh-Sponsored Movement

The split of Lao Issara left wing

A Franco-Lao treaty, signed by French President Vincent Auriol and King Sisavang Vong in Paris on 19 July 1949, made Laos an independent associated state within the French Union. The event created divisions within the Lao nationalist movement and the dissolution of the Free Lao Government-in-exile on 24 October 1949. A majority of Laos’ nationalists opposed to Souphanouvong’s pro-Viet Minh stance. They understood the suzerainty claim of Vietnam over Luang Prabang and Xiang Khuang and the claim of the resident Vietnamese to attach the four southern Lao provinces to Vietnam. The resident Vietnamese formed the majority in every major Lao City, which posed an immediate threat to Laos’ security.

The Lao nationalists who did not accept the French treaty were Prince Souphanouvong and his left faction friends such as Phoumi Vongvichit, Souk Vongsak and Singkapo Sithichowchannalay. After Souphanouvong’s dismissal on 16 May 1949, the members of the Neo Lao Issara Association returned to their headquarters in Vietnam to plan for the complete independence of Laos. The left wing faction retained their allegiance to the alliance with Viet Minh support. Such determination was in line with Ho’s united-front strategy. Souphanouvong earned strong support from the ICP and Viet Minh. The Neo Lao Issara Association was renamed Free Lao Front or Neo Lao Issara that Souphanouvong endorsed and proclaimed in Thai Nguyen northern Vietnam it on 13 August 1950. It was a broad-based Free Lao Front under the supervision of the Lao Regional Committee and Bureau of Western Affairs of the ICP. Neo Lao Issara literally means Free Lao Origin Front or a foundation crop of the Free Lao. Its new name superseded and distinguished it from the Free Lao Government or Lao Issara who had favoured the return of French rule. The formal declaration of new re-organised united
front was simply a political promotion designed by the ICP. The new united front was a superseded organisation of the Neo Lao Issara Association established by Ho Chi Minh at Vinh in 1946. Nouhak Phoumsavanh was president of this Association. At Thai Nguyen in northern Vietnam, Souphanouvong officially announced the establishment of both the Lao Resistance Government called Khuna Lasdonai Lao To Ten and the Lao united front known as Neo Lao Issara. It was a political term to promote their "émas libérés". The areas occupied by the French were branded as a French colony. The Pathet Lao consisted of the Lao and the Lao ethnic minority leaders. The command nucleus of the organisation was the Lao Regional Committee in the ICP’s Bureau of Western Affairs, which served as the Lao-Vietnamese Liaison Office. The establishment of the Lao united front was modelled on the Vietnamese Independence League, Viet Minh.

The Neo Lao Issara or Pathet Lao was a large-scale mass organisation and served as a united front for Lao nationalists and communists. The Pathet Lao had Viet Minh recognition and support. The top command of the movement was in the hands of Lao and Vietnamese who were members of the Lao Regional Committee and the Indochinese Communist Party (especially those who worked in the Bureau of Western Affairs of the ICP). Kaysone Phomvihane and Nouhak Phoumsavanh were the two senior Lao communists appointed by the ICP to work in the Lao Regional Committee. Nouhak was in charge of Lao armed resistance on the Lao Bao front in the central region, while Kaysone’s task was to mobilize the Tai ethnic group resistance in Moc Chau, a far-western town of northern Vietnam. Moc Chau was the heartland of Sipsong Chu Tai, a town close to Dien Bien Phu. Thao O Anouarak the Commander-in-Chief of the Lao Issara forces was under the leadership of the two prominent Lao-Vietnamese Liaison Officers.

The Bureau of Western Affairs served as a Lao-Viet Liaison Office for the Viet Minh. It supervised and supported the activities of the Pathet Lao. Later a new office called PC/38 was assigned by the ICP to work as a policy-making unit for Kaysone. North Vietnam promoted the Lao Regional Committee in the ICP Bureau of Western Affairs as a Secretariat of the Lao Communist Party. Kaysone and Nouhak who were the future presidents of the Lao PDR were pioneers of the Lao Communist Movement trusted by the ICP. They were the figureheads of the Joint Lao-Viet resistance army while Souphanouvong held a lesser political position in the Lao united front. With Souphanouvong as its leader the Lao revolutionary movement gained a widespread
national recognition. The liberation in 1975 was based on the success of his reputation and
the Lao nationalist course of struggle in the name of Lao Patriotic Front or Neo Lao Hak
Sat.

Lao Resistance Committee of the East
The prominent left-wing Lao leaders at the level of provincial administration of the Lao
Issara Government in Khammouan and Savannakhet were Nouhak Phoumsavan, Tao
Souk Vongsak, Sisomphone Lovansay, Singkapo Sikkotchouanamaly, Sisana Sisane and
Soth Phelasy. The provincial Lao Issara committee was responsible for the command of
the anti-defense troops. Thakhek was a stronghold of the Lao-Viet volunteers. Fighting
against the re-conquest by the French forces took place at Thakhek on 23 March 1946.
The French were supported by the British spitfires and tanks. The battle caused heavy
military and civilian casualties to the Lao Issara Government new army. Thakhek was the
first battlefield experience for the Lao, who did not want the return to French colonialism.
After Thakhek defeat, some of the Lao Issara troops swam across the Mekong into exile
in Thailand. Others retreated to the Lao Vietnamese border regrouped at Lao Bao then
marched to Do Luong, a small Vietnamese district of Nghe An province. The new
resistance committee in the East was led by Kaysone Phomvihane, Nouhak Phoumsavanh, Tao O Amouneck was the commander of the Lao Issara troops at Lao
Bao forward base in the East. His army founded by the Lao Issara Government was
abolished and was placed under the command of the Neo Lao Issara Association.

The Retreat of the Lao Issara Troops
After the French conquered all cities, the Lao Issara troops retreated in two directions.
Some went into the jungle and then to the Lao-Vietnam border. Government members
and other troops crossed the Mekong into Thailand. Singkapo stated that he remained in
Thailand regrouped and made his way to join others in Vietnam. At Do Luong, Phoumi
Nosavan and Sing Rattanasamy, the future generals in the Royal Lao Army were
integrated into the Vietnamese-sponsored resistance movement called the "Neo Lao Issara
Association". Relations between the Lao Issara and the Vietnamese-sponsored resistance
movement soured when Sing and Phoumi were given junior ranks. Sing was a former
Minister for Defense in the Lao Issara Government while Phoumi was the Lao Issara
commander in Savannakhet. Sing Rattanasamy was in conflict with Souphanouvong who
attempted to deepen his influence over the Lao Issara Government.

Political Ideologies & Development in the Lao PDR since 1975
Sing and Phoumi defected to the French outpost at Nong Het. They fled when they were assigned to operations at Meuang Saen, a border district town in the northwest (of the traditional Lao border at Bane Ang, Kon Kwam in the mouth of Nam Pao River (Song Ca), in present Vietnamese town of Con Cuong. Meuang Saen was formerly part of Xieng Khouang province. As Gunn notes, in 1830 Houa Phan became an outpost of the Hue mandarinate as part of the Vietnamese province of Thanh Hoa.\(^{52}\) Xieng Khouang was made part of Nghe An province and called "Tran Ninh". As the people of Muong Saen were of the Tai highland ethnicity, the French authorities had placed them under the shadow of Siipsong Chu Tai. As Langer points out, at this stage the Lao resistance leaders were divided into two broad categories: those who, like Souphanouvong, Souk Vongsak and Phoumi Vongvichit, for reasons of birth and education had a claim to status and positions of influence within the Lao society; and others like Kaysone and Nouhak, who could only attain power through Vietnamese support. The first group regarded themselves as nationalists while the second saw themselves as revolutionary.\(^{53}\)

Lao Issara under the Lao-Viet Joint Command at Do Luong Headquarter

On 23 March 1946 Singkapo and his Lao Issara friends crossed the Mekong into Thailand. They were received and hosted by the Vietnamese Overseas Association "Hoi Viet Keu Cau Quot" in Nakhon Panom. The political circumstances in Thailand did not allow the Lao Issara to consolidate itself nor it was in position to resist. Singkapo reunited his troops, with forming one company equipped with seventeen rifles. They returned to Laos then journeyed toward the Lao-Viet border. The Vietnamese Overseas Association in Thailand played a significant role in advising Singkapo to retreat to the Viet Minh headquarters. Prince Souphanouvong viewed Vietnamese assistance as indispensable to the struggle for Lao independence.\(^{54}\) When Singkapo arrived in Do Luong he discovered that President Ho Chi Minh had established the Neo Lao Issara Association for the Lao in exile in Vietnam.\(^{55}\)

The Lao Issara 500 soldiers and political leaders were stationed at Do Luong in the Con Cuong district of Vietnam. The soldiers were integrated into the new Vietnamese-sponsored resistance organisation as an umbrella body known as "Neo Lao Issara Association" with Singkapo as commander. Thao O Anourack, the commander of the Lao Bao Army of Liberation was relegated to second in command. As he remained faithful to the Lao Issara Government in exile in Bangkok that offered him only moral support. His
troops succumbed to the Neo Lao Issara Association, as it was the only resistance movement to receive full support from the Viet Minh.

Do Luong was a reunifying place for the retreating Lao Issara who wanted to continue the fight for independence. Nouhak was the president of the Neo Lao Issara Association responsible for the Lao Issara troops in the East. The one hundred men led by Singkapo from Thailand were integrated into the new Viet Minh-sponsored Free Lao army under Neo Lao Issara Association. On arrival Singkapo was placed under the command of Thao O Anouvong while Thao Ke was the commander of the seventh battalion. Singkapo, Phoumi Nosavan, Sing Rattanasamy and other senior Lao Issara officers were nominated members of the joint high military command in the Do Luong headquarters. Phoumi and Sing were later assigned to the Meuang Saen-Nong Her outpost under Singkapo’s command. From the Meuang Saen outpost in Vietnam Singkapo launched his operations into Laos at Napae, Meuang Mo and Nong Her.

Singkapo recalled that on his arrival at Do Luong Kaysone was absent. He was recalled to work in the Lao-Viet Liaison Office in Hanoi and later assigned to mobilize the ethnic Tai and Hmong in Moc Chau and the Lao at the border province of Houa Phan, the future headquarters of the Neo Lao Issara resistance movement. The Lao Regional Committee operated from the Western Affairs Bureau of ICP, (the office was known as the Lao-Viet Liaison Office). The Lao Communists in this office were placed under Kaysone and Vietnamese advisers. The office became the supreme command of the Neo Lao Issara armed liberation forces under the collective leadership of Kaysone, Nouhak and other prominent left wing leaders in the Lao Regional Committee and Vietnamese advisers. Under the ICP instructions, Kaysone returned to Hanoi in 1946 to work on the establishment of the Lao resistance movement.56

4. The Birth of the Lao People’s Revolutionary Party

The Lao-Viet Treaty

The Viet Minh elements in Viêt Kiên Cty Quê Thai-Lào or Vietnamese Overseas Association in Thailand and Laos had organised the armed “auto-defense” units in Thakhek and Savannakhet with the help of deserted nationalist Garde Indigènes. These units were under the command of Kaysone Phomvihane. They had seized the opportunity to disarm Japanese troops in Laos on behalf of the Viet Minh and to fight the reconquest by the
French. According to certain Lao Issara leaders the Viet Minh had a hidden aim to take over the Lao southern provinces and made them Vietnamese. Tran Van Dinh notes that most of the resident Vietnamese thought that the revolutionary contingent from Vietnam as the vanguard of a conquering army in Laos. Because of the overwhelming Vietnamese community support for the **modus vivendi** in Laos, it was decided to create the Lao Army of Liberation and Defence.

Such influence caused Oun Samanikone to accept Souphanouvong as the commander-in-chief of the joint Lao-Vietnamese liberation army. The Viet Minh army officers who accompanied Souphanouvong were appointed advisers. These advisers were the Viet Minh general staff of **Chủ Phủ Quân** Liberation Army. The agreement was endorsed and signed by Lao Issara Government and the representatives of Democratic Republic of Vietnam in Vientiane on 30 October 1945. The decree issued to dissolve the Lao Issara Government in Bangkok on 24 October 1949 marked the death of the Lao-Viet treaty. Souphanouvong and the DRV continued to honour this treaty over the next thirty years of their liberation struggle, as he was the person who endorsed the treaty on behalf of the Lao Issara Government.

**The New Free Lao Front, Neo Lao Issara Association**

The Committee of Lao Liberation (**Khana Kommakariu Ku Sai Lau**) founded and located in the Rue Batien in Hanoi by February 1946 was the original power base of the Lao revolutionary movement. In March 1946 similar organisations were established elsewhere in Laos and in Thailand. Samane Viyaketh notes that these organisations were under the leadership of the Lao Regional Committee (LRC). The Committee of Lao Independence had been established prior to the defeat of the Lao Issara troops at the battle at Thakhek on 21 March 1946. It was a Vietnamese-sponsored resistance movement, set up by Kaysone Phomvilhan, who worked in 1946 as a member of the Lao-Viet Liaison Office in Hanoi. During this period Nouhak Phoumsavan was the president of the Lao Resistance Committee in the East (**Khana Kommakariu Lao Tor Tom Ta Van Oë**). The Committee was superseded by a new united front organisation known as Neo Lao Issara Association with Nouhak as president. The Lao Regional Committee established a Committee of Lao Independence to recruit nationalists into the revolutionary movement. The committee was jointly under the control of the LRC and ICP. Kaysone assumed the leading position in the LRC while working for the Lao-Viet Liaison Office.
The Vietnamese-sponsored resistance movement operated in the name of Neo Lao Issara. The new organisation consisted of two main factions: the revolutionary elements and the Free Lao nationalists of the former Lao Issara Government. The first was a Vietnamese-sponsored organisation established for the Lao left wing and affiliated to the LRC and the ICP. The revolutionary faction consisted of Kaysone Phomvihane, Nouhak Phoumsavanh, Boun Phommahasay, Sisavath Keobounphanh and Khamphaeng, leaders of the Vietnamese-sponsored movement known as the Lao Regional Committee and the Neo Lao Issara Association. It included Thao O’s Lao Bao Liberation Army of about 500, which had retreated to Con Cuong rear base. As a commander of the army he was invited to found a Committee of Lao Liberation or Khuna Kommakarn Ku Sat Lao. The creation of such committee was held Hanoi. It was another military committee of the East (Khuna Kommakarn Lao Tor Tarn Ta Vinh Ok). Both were under the control of the Lao Regional Committee in the name of the Committee of Lao Independence and the Neo Lao Issara Association. The two organisations were political networks modelled on the ICP politburo and the Viet Minh.

The Pathet Lao

The dissolution of the Lao Issara Government-in-exile in Bangkok on 25 October 1949 prompted the proclamation of a new Free Lao Front. On 13-15 August 1950 Souphanouvong convened the first Lao National Congress of his loyal Lao elements in Vietnam included the nationalist and the revolutionary factions. The delegates attending this Congress consisted of 150 representatives of various ethnic backgrounds, social strata and regions of the country. It resulted in the proclamation of a united front called Neo Lao Issara or Free Lao Front led by a 19 member central committee that replaced both the Committee of Lao Independence and Neo Lao Issara Association (previously established in Hanoi and Vinh). Both the Lao Resistance Government and the Free Lao Front assumed the role of mass organisations under the direction of the ICP and the Viet Minh. The Lao-Viet Liaison Office became a secretariat of the central committee with two important Vietnamese political advisers, Hung and Chanh, who guided the Lao leaders. In 1961 Chanh was later appointed to the rank of general in the Vietnamese People’s Liberation Army. Souphanouvong undertook the role of premiership of the “Lao Resistance Government” also headed the Free Lao Front. The Neo Lao Issara was later known as Pathet Lao modelled on Viet Minh. As Gunn states, the presence of the two Lao Issara emissaries sent by Phetsarath were not mentioned at the Congress. Although they
were satisfied with the Congress decisions, they disapproved that the event was held inside Vietnam. The Pathet Lao remained under the close Vietnamese guidance although its headquarters were transferred from Vietnam to Lao territory at Houa Phan in late 1953.

The Birth of the Lao People’s Party

On 8 February 1951 at the Second ICP Congress, Ho Chi Minh dissolved the Indochina Communist Party to allowing each country to set up its own national communist party. The Vietnamese announced the foundation of the Vietnamese Workers Party (VWP) or LaoDoug. In reality the ICP continued to lead the Indochinese revolutionary movements secretly until the establishment of the Vietnamese Communist Party (VCP). From 1951 the role of the central committee’s secretariat of the Neo Lao Issara was undertaken by the former Lao-Viet Liaison unit of the ICP. Kaysone Phomvihane worked in this unit since 1946. Kaysone was appointed by the Second ICP Congress to found the Lao Communist Party. From 1951 to 1955 Kaysone acted as general secretary of the central committee of the Lao Regional Committee. The LRC also acted as a nucleus for the Neo Lao Issara, a new Free Lao Front. The Pathet Lao support base grew when China, the Soviet Union and other socialist states established diplomatic relations with the Democratic Republic of Vietnam in the early 1950s. This marked the beginning of a flow of socialist aid and modern weapons to the Viet Minh. The joint Lao-Viet resistance units made a thrust into Laos in the spring of 1953 which was described by the Royal Lao Government under Phouvi Samanikone as a purely Vietnamese invasion. He regarded the Pathet Lao Resistance Government as “phantoms” and claimed it was a Vietnamese fabrication.

As part of the Viet Minh campaign to drive out the French forces from Dien Bien Phu, the Pathet Lao troops, with the help of three divisions of Vietnamese People’s Army assembled at Moc Chau in Sipsong Chu Tai, made a thrust into Laos. The Pathet Lao regarded it as “liberation”, aimed at driving out the French and the Royal Lao Army from Houa Phan and Phongsaly. The Pathet Lao objective was to secure Houa Phan as their official base. The Houa Phan liberation helped the Pathet claim as a legitimate Lao political party. The methods the Vietnamese used in helping the development of the Pathet Lao movement was through the Lao-Viet Liaison Unit of the ICP. Kaysone was one of the Lao ICP members, who received and carried out the instructions of the ICP politburo. The Lao-Viet Liaison Unit acted as the shadow politburo of the LRC Central Committee for the Neo Lao Issara with the help of the Vietnamese advisers.
The ICP Second Congress in 1951 appointed Kaysone to lead the establishment of a Lao Communist Party. The Lao People’s Party (LPP) was founded on 22 March 1955 at Bane Na Meo in Houa Phan province, a year after the Vietnamese victory at Dien Bien Phu. The Lao-Viet Liaison Unit was transferred to assume the secretariat role for the LPP to guide Pathet Lao. Kaysone was appointed to the three party’s highest positions of the LPP’s general secretary, secretary of the military committee and the supreme commander of the Lao People’s Liberation Army.

The Lao Patriotic Front, Neo Lao Hak Sat

At the Geneva Conference the Vietnem Democratic Republic Government demanded recognition of the Pathet Lao. Premier Pham Van Dong, head of the Vietnamese delegation, lobbied for Chinese support. They managed to secure the position of Pathet Lao in the negotiations. The Agreements recognised two Lao provinces, Houa Phan and Phongsaly, as a place for regrouping the Lao revolutionary troops. The Pathet Lao won a foothold in the Lao soil and an international recognition of their political status.

The second Congress of the Neo Lao Issara on 6 January 1956 aimed at the expansion of the united front in all spheres. The Congress resolved to change its name to the Lao Patriotic Front or Neo Lao Hak Sat. The restructure included the Lao People’s Party as the supreme directing body, the Lao Resistance Government and Lao People’s Liberation Army. The Lao Resistance Government issued 12 points policy with the aims of driving out the French and establishing a coalition government with the Royal Lao Government in Vientiane. As Phoumi Vongvichit claimed, the Pathet Lao held an open option for a coalition government with the Royal Lao Government. It was a move by the Pathet Lao to gain legal recognition as a party in Laos’ politics. Phoumi stressed that such a move was a method to fight for liberation within the legal framework of an independent state of Laos. Neo Lao Hak Sat achieved recognition within Laos as a legal Lao political party when they took part in the first Lao Coalition Government in 1957.

Conclusion

The first phase in the anti French colonial activities in Laos through the 1930s was dominated by the Vietnamese Communist Party (VCP). The VCP was renamed Indochinese Communist Party (ICP) to include Cambodia and Laos in the struggle for independence against the French colonialism. The ICP’s operations and the infiltration in
Cambodia, Laos and Thailand were made easier with the help of numerous resident Vietnamese in these countries. The early Lao Regional Committee or Lao communist nucleus was created in 1934 by the Vietnamese immigrants in Laos who operated for and on behalf of the Lao people. In mid 1930s few Lao were recruited and trained for the anti-colonial cause. Some Vietnamese immigrants were former ‘soviets’ or rebel militants from the Houang Khe region who had escaped French suppression. Strong communist cells in Laos were formed in the locations where the Vietnamese immigrants were concentrated. Ho Chi Minh escaped the Guomindang (Kuomintang) suppression and took refuge in northeastern Siam where he set up strong communist rear base for future anti-colonialist activities in Indochina.

The emergence of modern Lao nationalism was born out of the colonialist rivalry between the Siamese nationalist and militarist adventurism in 1939 armed with the Pan-Thaiism or greater Thailand policy. The French retaliated by stimulating the Lao elite to form the ‘Lao Nhay’ or the Great Lao Homeland. By a French policy attempted to provide the Lao people with their own identity with respect to the Thai or Siamese and to instil the sense of their own homeland or ‘La Patrice’. The Lao Greater Homeland policy evoked a nationalist consciousness of the Lao people on both sides of the Mekong River. The Pan Thaiism was buried at the Dien Bien Phu battlefield when the French were defeated. The ICP became the only power contender in Indochina against the US communist containment policy.

The first Lao contemporary nationalist struggle occurred early in 1940s when members of the Lao Pen Lao underground movement attempted failed coup against the French authorities. The ideology of the Lao Pen Lao or Free Lao Movement directly referred to the reunification of all Lao people, Lao territory and the struggle for independence and against French colonialism. Their aims was to found an independent Lao homeland. The Lao Pen Lao members escaped to Thailand and continued their anti-French activities. On 1 September 1945 Prince Phetsarath proclaimed Lao unity and independence and on 12 October 1945 a Free Lao Government was formed. Phetsarath proclaimed Lao sovereignty a day before Ho Chi Minh declared Vietnamese independence. The hidden agenda was to avoid the loss of Lao southern provinces to Vietnam. The fall of the Lao Issara Government on 24 April 1946 was the outcome of Franco-Viet Minh agreement signed in the previous month.
The Franco-Viet Minh agreement on 6 March 1946 was a move for the sake of Vietnamese national security in exchange for the withdrawal of 180,000 Guomindang (KMT) force from northern Vietnam. There are no known reasons why Ho Chi Minh did not want to advise his Lao counterpart about Democratic Republic of Vietnam's acceptance ‘free state’ status within the French Union. Ho deliberately ignored the Lao-Viet agreement of four months earlier in which Lao and Viet Minh agreed to fight for independence against the French and the Japanese. Many Lao nationalists regarded the situation as a stab in the back by Viet Minh and the Lao-Viet agreement was null and void. Following the proclamation of Lao reunification by Phetsarath on 1 September 1945 King Sisavang Vong responded by informing Phetsarath that his kingdom regarded the French Treaty of Protectorate as still valid. Phetsarath could no longer accept the French Protectorate when French were removed from power by Japan, France had no right to resume their control of Laos. The decision to form the Free Lao Government and pursue independence was based on two factors; the Lao-Viet agreement to jointly fight for independence and the belief that anti-colonialism was still US policy. It was hoped that the US would assist in pressing France to grant Laos independence.

The Lao independence proclamation was not recognised by any external powers. Political miscalculation and the wrong intelligence led to the collapse of the Free Lao Government. King Sisavang Vong stance sought to work for independence within the French Protectorate. The status of ‘independent’ associated state within the French Union was achieved on 19 July 1949. The French defeat at Dien Bien Phu on 8 May 1954 marked the end of French power in Indochina and caused the world powers to convene the Geneva conference to discuss Indochina. The French were forced to concede independence to all states in Indochina. With the change from anti-colonialism policy to the containment of communism, the US policy destroyed the hope of independence from the colonised nations in Indochina and pushed the nationalists into alliance with the communists. The first test of the US anti-communist policy was at the Dien Bien Phu where the French were let down by the US which it refused to bomb the Viet Minh encirclement of the French troops.

Thailand and Vietnam had meddled in the Lao internal affairs by creating sponsored movements. The Thai-sponsored movement led by Oun Sananikone had fifty Lao Pen Lao Movement members. Oun was encouraged by the inner Thai government circle to form a Free Lao or Lao Issara along with the Free Thai in order to use the Lao card to
Kingdom of Laos (1953-1975)

Prince Phetsarath Rattanavongsa
1889-1959

His Majesty King Sisavang Vattana.
1907-1978

Lao People’s Democratic Republic (1975-Present)

Prince Souphanouvong
1909-1995

Kaysone Phomvihane
1920-1992
gain US military aid as Thailand allied itself with Japan. The Free Thai was successful in obtaining US aid at the expense of the Lao Issara. Oun's Free Lao troops came to Laos without rifles because the Free Thai seized their US supplied weapons. The Viet Minh-sponsored resistance faction known respectively as Free Lao Front (Neo Lao Issara) and Lao Patriotic Front (Neo Lao Hak Sat) continued to regard the Lao-Viet agreement signed in 1945 valid so it allowed the Vietnamese armed forces to operate in Laos. Upon the Japanese capitulation, Laos became a no man's land. A majority of population in central and southern Lao provinces were Vietnamese immigrants who were armed and under the command of Viet Minh cadres such as Nguyen Chang and Kaysone Phomvihane. Thailand and Vietnam had their sponsored factions in this no man's land as part of their hidden territorial expansionism.

Colin Summer argues that the concept of ideology is central to three areas, the legal system, the means of mass communication and the social definitions of morality and deviance. One of Summer's definition of ideology is "Ideology is a political thought system, usually motivated by self-interest or Utopian hopes". The simple motivation of the Lao nationalists in the wake of 1940 was the reunification of Lao people, territory, independence and a homeland. Souphanouvong was a Lao political leader who believed that Lao independence from France could only be achieved through armed struggle and with Vietnamese support. Souphanouvong did not considered the absence of Lao troops on his side or that his force was comprised of only Viet Minh. The Lao-Viet treaty led to a close cooperation between Laos and Vietnam in the post liberation period. It had formalised the stationing of Vietnamese troops in Lao territory. The 1977 twenty-five year friendship and cooperation treaty is always regarded as a special relationship between Lao and Vietnam. This treaty is a renewal of the Lao-Viet agreement signed in 1945.

After the fall of Lao Issara Government, several resistance committees were set up including the Committee of Lao Independence, the Resistance Committee of Eastern Laos, the Committee of Lao Liberation and the Neo Lao Issara. The founding of the Lao People's Party and the Neo Lao Hak Sat were the joint effort of the Lao communists and nationalists. The establishment of these organisations was under the indirect auspices of the Lao-Viet Liaison Unit of the former Western Affairs Office of the ICP Lao Regional Committee. This unit played the role of a politburo in dictating the party's policies and its liberation activities throughout the thirty years liberation war. Such policies were dissimilar to those adopted by the Vietnamese Workers Party. The
Lao People's Party was renamed 'Lao People's Revolutionary People (LPRP)' in 1972 before it became the ruling party in 1976. The united front of the Lao Patriotic Forces lead by the Lao Patriotic Front was the driving force that won the seizure of power from the Royal Lao Government in December 1975. The Lao Patriotic Front (LPF) was downgraded and was renamed the Lao Front for National Construction (LFNC) or Neo Lao Sarng Sat responsible for only the ethnic affairs.

The Vietnamese Communist Party formed the 'Indochinese Federation' patterned after the Russian domination of the USSR. The Vietnamese dream was shattered when the Cambodian Communist Party rejected the idea of Vietnamese 'Indochinese Federation'. The Vietnamese annexation attempts of Lao territory were made in the early nineteenth and in mid twentieth centuries. The Vietnamese and Siamese were the archrivals for domination of Laos. The Lao Issara Government was a coalition government of Thai and Vietnamese-sponsored factions. The Franco-Lao treaty signed on 19 July 1949 making Lao an 'independent' associated state within the French Union led to the dissolution of the Lao Issara Government in exile on October, 24. It also marked the separation of the Thai and Vietnamese sponsored factions. Moderate Lao nationalists of Thai sponsored-faction, returned to work for independence within the French Union. The Vietnamese-sponsored faction led by Souphanouvong returned to northern Vietnam and to fight under Viet Minh leadership.

The Vietnamese-sponsored faction was under the control of the ICP through the Lao Regional Committee or Khana Khammakhan Khounen Lao established in 1934 and later reorganised to include more Lao cadres in 1936. Kaysone Phomivhane was the most senior Lao communist in the Vietnamese Revolutionary Youth 'Than Nien' in 1936 before he entered Laos to seize power from the Japanese at Savannakhet in 1945. Souphanouvong was encouraged by Ho Chi Minh to lead the Neo Lao Issara, a united front (patterned after the Viet Minh) before he entered Laos in the fall of 1945. Nouhak was appointed president of the Neo Lao Issara Association, which was established by Ho Chi Minh for regrouping the Lao Issara troops at Do Laong in Vietnam. The Vietnamese organised everything for their sponsored faction long before Kaysone, Nouhak and Souphanouvong joined the Free Lao Government in late 1945.

Laos was granted independence within the French Union on 22 October. The Royal Lao Government continued to be attacked by the Neo Lao Issara or Pathet Lao as
French stooges. After the French defeat at Dien Bien Phu on 8 May 1954 the Viet Minh successfully lobbied for the inclusion of the Pathet Lao at the Geneva negotiations. The Royal Lao Government conceded the two north eastern provinces of Phongsaly and Houa Phan as Pathet Lao areas allowing the Lao Patriotic Front to have a base in Laos for the first time and was internationally recognised as the Lao leftist political party.
Chapter 2


6 Interview with Mrs Kham Prakhamheuang, *The Account of Thao Na Bounthong*, Sydney, 19 March 1978. Thao Na was one of the resistance leaders who fought against the Vietnamese occupation of Meuang Saen. Kham was a native of Bane Arng situated at the mouth of Nam Pao Kham (Song Ca) near Con Cuong, (Kon Kwan). Both were the witnesses of the Lao border demarcation sign carved into the rock cliff at Bane Arng. Thao Na was renamed Bounthong. He was known to the Viet Minh as Teua Ky Sui. When Thao Na took the refuge in Laos in 1950, he brought about 1500 Lao families to resettle in Meuang Kham, Xiang Khuan province. Like many other nationalists he sided with the French Colonial Administration to fight against Vietnamese occupation of his fatherland. When Thao Ka, Chao Meuang of Meuang Saen was arrested and executed by Viet Minh in late 1949, Thao Na continued to fight Viet Minh along side with the French as ‘Partisan’. His Meuang Saen liberation hope shattered when the French was defeated at Dien Bien Phu in 1954.


9 Bernard Gay, *La Nouvelle Frontière Lao-Vietnamienne, Les accords de 1977-1990, Histoire des frontières de la Viêtminh indochinoise* – 2, sous la direction de P. B. Lafont, Paris, Edition l’Harmattan, 1995, pp. 310-323. (The largest portion of 125 km2 was lost to Vietnam is the Croquis No. 13 refers to south of Saravane and north of Attapu provinces of Laos where was the main concentration of Vietnamese forces in the Ho Chi Minh Trail. This portion of Lao territory was later occupied for settlement by the Vietnamese veterans).


34 Dommen, A. J. *Lao, Keystone of Indochina*, p. 36.


43 Ibid., p. 4.


46 *Laot News Review*, Published by the Embassy of the Lao People’s Democratic Republic No. 05/95 Canberra, 23 September 1995, p. 6.


48 Seneasathit, S. *Indochinese Federation, the accounts of the Lao-Viet Special Relationships*, pp. 8-9.


50 Ibid., p. 17.


54 Ibid., pp. 32-33.


Donnem, A. J., Laos, Keystone of Indochina, p. 36. (A Lao-Viet Agreement was concluded on 30 October 1945 between Khammao and Tien Duc Vinh, the official representative of Ho Chi Minh's Government. The Agreement was counter-signed by Souphanouvong, the Red Prince, which allowed Viet Minh units to operate in Laos. Thathek of Khammouan province of Laos was in the hand of Viet Minh troops and the Viet Minh or the ICP cadres were known as Technical Advisers.)

Sagar, Major Political Events in Indo-China 1945-1990, p. 28.

Langer and Zasloff, North Vietnam and the Pathet Lao, Partners in the Struggle for Laos, pp. 32-33.
CHAPTER III  Development of the Lao People’s Revolutionary Party

1. The Political Strategies of the Lao People’s Party

ICP Legitimacy and Power in Indochina

The aim of the dissolution of the ICP in November 1945 was simply to court the majority of anti-French nationalists who were suspicious of communism. The ICP Central Committee declared that only a Marxist study association remained to continue its research in the theory of the system. While underground, the Party machinery put all effort into reorganisation, indoctrination, and recruitment. The latter was carried out in the name of Viet Minh with success. The Viet Minh was a national mass organisation, a body in which Vietnamese nationalists thought they shared power with communists. This disguised dissolution helped the ICP to build a stronger united front and in a period of only nine years the Vietnamese guerrilla groups were transformed into a full strength of people’s liberation army. Through the Viet Minh united front the ICP put the French in Indochina into retreat. At first the ICP was met with suspicion, mainly from the nationalists who distrusted the communists.

After its 1954 victory at Dien Bien Phu, the immediate task of the Vietnamese Communist Party politburo was its consolidation of power in northern Vietnam. The Party set out to achieve three main goals; (1) the implementation of socialist economic development in the North in accordance with Marxism-Leninism; (2) total reunification of the North and South, if necessary through war; and, upon the liberation of the South, (3) the transformation of the whole Vietnam into a Marxist state. To achieve reunification the VCP had to confront with the world’s most powerful nation, the United States of America. Ho Chi Minh introduced a special communist of social control system: sacrifice of personal freedom. It was a system that was later rooted in Vietnamese culture for example those who failed the Party order were executed. It became a Vietnamese practical tradition during their struggle against the France and the USA. The system deprived the citizen of much personal freedom - the right of the individual to think as he wishes, to become what he wants to become, or to abstain from acting if he so chooses. This deprivation of personal freedom was imposed on the people in the liberated zones for more than thirty years. The fear of Party reprisal, however, became an accepted social norm, not only in Vietnam but also in Laos and Cambodia. Such a system was enforced during the period the liberation war and after
the Vietnamese Communist Party (VCP) and the Lao People’s Revolutionary Party (LPRP) became the ruling parties. The system was a successful mechanism, which helped the Vietnamese Communists defeat both French colonialism and American imperialism. It strengthened the communist power but undermining the intellectual freedom and crippled the socio-economic development.

At the Geneva conference in 1954, as the victor the Democratic Republic of Vietnam (DRV) played a dominant role with the Pathet Lao representatives seated beside them despite French protests. By supporting the DRV Communist China hoped to eliminate the presence and influence of the Western powers from its southern flank in Vietnam and Laos. The Soviet Union with little direct interest in Laos it supported the demands of Communist China and Vietnam in the context of its world power position. The DRV’s primary interest was to obtain a favourable solution for Vietnam, and the decisions about Laos were important to its security. Thus the bid for legal status for the Pathet Lao won communist bloc support.2

The Vietnamese victory at Dien Bien Phu gave a legitimate right and power to the Indochinese Communist Party (ICP) to replace French colonialism. Despite its formal dissolution in late 1945 as an arm of the Comintern the ICP was always in control of all spheres of liberation activities in Indochina from its founding until 1975 and beyond. Both the struggle for Vietnamese reunification and the US anti-communist policy dragged Laos into a world power conflict. The Pathet Lao that fought under the banner of Viet Minh automatically accepted all aspects of the Vietnamese political and military strategies. The US replaced French colonialism and became the protector for South Vietnam when they decided to implement the consequences of their domino theory and intervene to stop further communist expansion in Southeast Asia. The Pathet Lao which received support from the DRV, emerged as a well organised and better disciplined underground movement than when they had formed as the Free Lao Front or Neo Lao Issara in 1950.

The Emergence of an Effective Anti-Government Movement
The Pathet Lao troops with the help of the Vietnamese volunteers made a thrust into Northern Laos in 1953 and liberated Houa Phan, Xiang Khuang and Luang Prabang provinces. By the end of the year the joint Lao-Viet combat units entered the central
and southern provinces and captured a major part of these provinces. As part of the Indochina operation theatre in Spring, 1954 the Pathet Lao and Viet Minh defeated the French troops at Meuang Khoa and Meuang Ngoi and liberated Phong Saly province. The operations were part of the Viet Minh campaign firstly to draw the French away from Dien Bien Phu. It demonstrated that the Pathet Lao and the Vietnamese could at any time strike into Laos. The French were no longer masters in Indochina and resistance to French colonialism was overwhelming throughout the peninsula. The Pathet Lao was a political force of deeds not words. The Pathet Lao hailed their victory as being in perfect co-ordination with the Vietnamese victory at Dien Bien Phu. The Royal Lao Government claimed that the total strength of the Pathet Lao combat units on 6 August 1954 comprised a few incomplete companies and a few small units attached to Viet Minh companies of about 1500 men. The Royal Lao Government also claimed that the official recognition given to Pathet Lao by the Geneva Agreement was an embarrassment and virtually imaginary because the Pathet Lao combat units comprised only Viet Minh. The Lao People's Party later admitted that there were Vietnamese volunteers in their ranks. The volunteers were Vietnamese immigrants in Laos and troops from North Vietnamese Liberation Army assigned to lead the Pathet Lao in the battle. These were regarded as a people's liberation but not the aggressors or invaders. It was party to party mutual assistance, the fruit of their special relationship.

The communist political campaign referred to the Vietnamese People's Liberation army in Laos as soldiers of internationalists. However, the Thai, American and South Vietnamese military advisers who assisted the Royal Lao Government (RLG) were singled out as imperialist aggressors. It was the French colonialists who started to use Laos as political and military buffer zone against Thai and British influence. The French wanted to ensure their security in making Vietnam a second France in the East. The Vietnamese communists who replaced the French assumed the same role but under the flag of liberation and socialism. Laos became a battlefield for both the communist and Western military operations. The Pathet Lao proved to be an effective anti-government force and their combat units, together with the Vietnamese volunteers, put the Royal Lao Government army on the defensive along all fronts. The Royal Lao Army (RLA) was clandestinely assisted by the USA operated with unco-ordinated policies coupled with weak and unorganised local governments. Declarations made by the Royal Lao Government at the Geneva Conference concealed an international obligation to recognise Pathet Lao as a legal opposition party. The RLG had to negotiate with the
rebellion in order to integrate them into the national community. This political settlement gave the Pathet Lao significant political status for their future tasks.

Washington administration focused on its Pentagon cold war strategies and did not pay attention to the reality of the local situations in Laos and Cambodia. Washington spent billions of dollars on war but neglected the socio-economic development of its allies. While Vietnamese Communist Party had close tie with the Pathet Lao through the ICP connections, (Party to Party relationship) Washington lacked of political strategy vis à vis Laos; it had no better political options in Laos except conducting a clandestine war. Washington continued concealing its clandestine involvement in Laos for more than two decades in the post of Indochina War. It disclosed its clandestine when it officially accepted the expatriate Hmong Special Guerrilla Unit (SGU) veterans in April 2000.  

Sisouk Na Champassak noted that in the peace talks with the Pathet Lao representatives were under orders just to relay the conditions and stand by them. In reality the Pathet Lao worked in accordance with the ICP's strategic plans and directions. These directions used negotiations as stalling tactic in which to develop and strengthen their combattant units. When officials' talks continued military offensive was mounted against the Royal Lao army bases at Menang Peun in Houa Phan province. This put pressure on the RLG to evacuate their troops from bases in the two northern provinces. The Pathet Lao claimed that their actions complied with the Article 3 of the Final Declaration of the Geneva Conference in July 1954 and those declarations made by the Royal Lao Government. The declarations stipulated that Phong Saly and Houa Phan provinces were given as a grouping zone for the Pathet Lao. The declarations failed to detail whether the RLG could maintain its public servants and military units in the two provinces.

As Nina Adams noted the relationship between the Pathet Lao and the Viet Minh, was one of patronage enhanced by the shared ICP ideology. Pathet Lao members gained not only material assistance and technical advice but also a variety of political techniques and practices aimed at mobilising the population, engendering total social change, and transforming the individual and collective will. The Pathet Lao liberation strategy was modelled on the precendents of the ICP in North Vietnam. They comprised:

1. The underground operations of the Lao Communist Party.
2. The creation of a united front for independence.
3. The consolidation of the territorial power base.
4. The struggle for legitimacy of the movement.
5. The mutual assistance between Lao and Vietnamese.
6. The total liberation of Laos.

The current official LPRP account regards the Lao Regional Committee Xa Uy Ai Lao of the ICP or Khanna Khouan Lao formed by the Vietnamese for the Lao communists in 1934 which became the Lao People's Party predecessor. The pioneering Lao Communist members in the Lao section of the ICP were Khamsaeng, Soulin, Thit Phouy and Phanh Dee. Dr Chou Norinh notes that it was Maha Khamsaeng, a former magistrate from Luang Prabang, who was the first Lao in the ICP Lao Section in 1936. The committee went underground after its establishment in a manner similar to the ICP. The Pathet Lao was always under the direction of the Vietnamese dominated Lao Regional Committee of the ICP. While the DRV consolidated its power base in North Vietnam, the Pathet Lao did the same in the northern Lao provinces of Phong Saly and Houa Phan.

From an Underground to a Legitimate Political Party

The initial aim of the Pathet Lao was the total independence of Laos from France. At the peace talks for the purpose of their integration into the national community in early 1955 the Pathet Lao negotiators argued that Laos was only half liberated, still under the thumb of foreign colonialists regardless their situations. To gain complete independence, the representatives proposed the country must be endowed with “truly democratic institutions”. They insisted that a new political system had to be created through general elections. What the Pathet Lao proposed at the negotiation table was completely different from the true agenda of the Lao People's Party (LPP). For the government of DRV, reunification of the South was their ultimate aim. The aim of the Lao Resistance Government was similar to that of the Viet Minh, that is the total liberation of Laos and the founding of a communist state. The Lao communists had gone underground when the moderate nationalists returned to work for independence under the French Union in 1949. What they needed most was a legal status so that they could expand their networks into the Royal Lao Government agencies. The Pathet Lao struggled under Viet Minh and worked toward negotiations with the Royal Lao Government so they could achieve recognition within the legal framework of the Royal
Lao Government. They followed a Lao saying, "if one wants to know the enemy better, one has to be in the enemy's camp".

The Royal Lao Government always considered the Pathet Lao leaders as followers of their Chinese and Vietnamese allies. They were in effect under the influence of the international communism. After the 1954 Geneva Agreement, the Royal Lao Government was under pressure to pursue a neutralist course and saw the Pathet Lao as an internal problem. They sought to separate the Pathet Lao from their communist mentors by including them in the Government. Their plan failed because of the personal rivalries within the Royal Lao Government. The negotiations between both parties dragged on for almost two years without any concrete agreements. Souvanna Phouma, the then Prime Minister of Laos, concluded that the Pathet Lao were mere executors, so he dealt directly with those who were directing them. On 19 August 1956 he headed a delegation to China and Democratic Republic of Vietnam. The result of the visit was a joint statement signed between Souvanna Phouma and Souphanouvong on 16 October 1957 stipulating the terms of an agreement:

1. The formation of a National Union Government, that is, one including the Pathet Lao. The Pathet Lao agreed to restore the two northern provinces on the day of the formation of the government.
2. No military alliance with any foreign country, and no establishment of military bases on Lao soil.
3. Integration of the Pathet Lao combat units with the national army, "within the limits of fiscal feasibility"; any remaining units to be demobilised.
4. Surrender of all war matériel of the Pathet Lao combat units to the Royal Government.
5. Establishment of a new political party, the Neo Lao Hak Sat, in Vientiane, replacing the Pathet Lao.

It took three years to reach such an agreement and finally the first Lao Coalition Government called the National Union Government (NUG) was formed on 18 November 1957, in which the Pathet Lao was given only two seats. Before the formation of the NUG, the Neo Lao Issara united front was renamed Neo Lao Hak Sat or the Lao Patriotic Front (LPF) in early 1956. The front was later formally ratified respectively by the NUG and the National Parliament in mid 1958. Neo Lao Hak Sat became a legal Lao political party known as Phuk Nea Lao Hak Sat or the Lao Patriotic
Party. The Party was the legal platform through which the Lao People’s Party (LPP) expanded its activities, cell networks and recruitment of new membership in the intellectual milieu in the Royal Lao Government. The Lao Patriotic Party was a broad United Front aimed at recruiting of more nationalists to the cause. As a result of the 1958 election, the Lao Patriotic Party and its ally, the Neutralist and Peace Party, Phuk Santiphab Pou Kang obtained 13 out of the total 21 parliamentary seats. The victory gave more status and prestige to the Lao Patriotic Party throughout Laos as well as abroad. For Phuk Nea Lao Hak Sat it was the beginning of their liberation activities within the legal platform of the National Union Government. The Lao Patriotic Party was active in the Parliament that caused the split in the rank and file of the Royal Government candidates into three factions, the independents of Foreign Minister Phou Saylum; the Nationalists of Minister for Interior, Katay Don Satorith; and the adherents of Souvanna Phouma, leader of the moderate faction.

The Neo Lao Hak Sat, Striving for Power in Laos, 1958-62

The election defeat was a major setback for the national forces and the fear of communist takeover dragged the three factions together and merged to form the Lao People’s Rally under the leadership of Souvanna Phouma. The goal of this party was to unite to fight against communism and the subversion of the Lao Patriotic Party. The young intellectuals who returned from their studies abroad saw that the country was fracturing. On the one hand, corruption through American aid was widespread in all sectors of the Royal government and became chronic. Public scandals turned the rural population against the townspeople without the need for propaganda. Phuk Nea Lao Hak Sat became the champion for the majority of the people who were opposed to corruption. The nationalist and anti-communist Young Turks saw that Laos was on the brink of a communist takeover because the Lao Patriotic Party had gained overwhelming support proved by the recent election. Ironically the US anti-communist aid package was a principal cause of corruption and drove many to support the Lao Patriotic Party. On 16 June 1958 the Young Turks formed a committee called the Committee for the Defense of National Interests or Le Comité pour la Défense des Intérêts Nationaux (CDIN). The committee vowed to fight both corruption and communist subversion inside Laos.
Souvanna Phouma, who formed the coalition government with the Lao Patriotic Party, was forced to resign on the ground that he indirectly assisted the promotion of communism. The Lao Patriotic Party used its legal status to depose the Royal government by parliamentary means. Phoumi Sananikone replaced Souvanna Phouma as Prime Minister, in his new Government he included four Young Turks of the CDIN as ministers. This marked the era of power sharing between the “Old and the Young Ones”, the new government introduced a tough policy against the Lao Patriotic Front. The Young Turk ministers became a new anti-communist force for the Phoumi’s Government. Phoumi was the kind of person that the USA preferred to supervise their anti-communist policy. He immediately established an alliance with the Ngo Dinh Diem regime in South Vietnam. However, the idealism of CDIN members did not last long, as they later succumbed to the vices of the Old Ones. They succumbed to corruption through the huge flow of US aid. Finally the Royal Lao Army surrounded the two Neo Lao Hak Sat battalions waiting for integration at Xiang Ngeun and Plain of Jars and attempted to disarm them. Shortly afterward the Royal Lao Government police arrested sixteen Patriotic Party leaders and staff in the National Union Government on 27 July 1959.12

The Neo Lao Hak Sat had growing popular support and it was impossible to separate them from the communist mentors. To avoid a communist takeover the royalists considered they had no alternative other than to strip the legal status from the Neo Lao Hak Sat so that they could no longer part of the National Union Government. Phoumi government took an extreme anti-communist stand and pressed the Lao Patriotic Party to abandon their communist course. Ten months later, with the help of a faction in the Royal Lao Army, they succeeded in escaping from prison and returned to their base. Neo Lao Hak Sat combat units and the North Vietnamese regular army launched the attacks throughout Laos. These attacks were a response to the Royal Lao Government for alleged duplicity in violating the integration agreement and the displeasure of the DRV at growing US involvement in Laos. The failure of efforts at national reconciliation in Laos, coincided with a new turn in the DRV’s policy. The Vietnamese Communist Party had decided to step up its insurgency and established the National Liberation Front in southern Vietnam. The break away of Lao Patriotic Party from the National Union Government became important for the North Vietnamese who wanted to secure and control the territory along the Lao-Vietnam border for their infiltration routes into the south known as Ho Chi Minh Trail.13
On 9 August 1960 Captain Kongle, the paratrooper commander, mounted a coup d'état in Vientiane. As a soldier, was politically naïve Kongle's coup d'état pledged to put an end to corruption and to the internecine struggle among Lao people. The RLG police intelligence source disclosed that it was Quinim Pholsena, the leader of Neutralist and Peace Party who engineered the Kongle's coup d'état. Instead of appointing Quinim to lead the Neutralist Government, Kongle offered the premiership to Prince Souvanna Phouma. The prince immediately negotiated with the left-wing Neo Lao Hak Sat and formed a Coalition Government, which restored the status quo ante of the first National Union Government of 1957. General Singkapo, one of Lao Patriotic leaders, later revealed in his biography that before the coup he arranged for Kongle and his lieutenant, Deuane Soumalath to meet with Prince Souphanouvong at his residence in Vientiane where both were briefed about the political situation.

Kongle's coup d'état was a turning point in Lao political history totally in favour of the Lao Patriotic Front. The right-wing elements hostile to communism led by General Phoumi Nosavan persuaded the United States of America to reject the Neutralist Government of Prince Souvanna Phouma and to cut off its aid. This move forced the Neutralist Government turned to the USSR for assistance. By the end of 1960 the right-wing forces supported by the USA and Thailand managed to drive the Neutralist forces from Vientiane. The latter and Neo Lao Hak Sat established their headquarters at Khang Khay in Xiang Khuang province. For the first time a number of new graduates from France chose to work for the Patriotic Front. Later most of them had held high office in the Lao Government. Xiang Khuang province was used by both the Neutralists and Neo Lao Hak Sat for recruitment. However, the massive Soviet aid was transported through the DRV, and the North Vietnamese had a key role in its distribution. Paul F. Langer cites the testimony of Neutralist Officers who served in Hanoi, that the aid supplies were directed first to the North Vietnamese People's Liberation Army in Laos, second to the Neo Lao Hak Sat forces, and last - and least - to the Kongle Neutralist forces in the Plain of Jars. In 1961 Prince Souvanna Phouma formed his own political party called the Lao Neutralist Party (LNP) in defying the Neutralist and Peace Party (NPP) of Quinim Pholsena. This had driven the NPP to merge with Neo Lao Hak Sat.

The DRV massively benefited from the Lao aid supplied by the Soviet Union. Such aid helped North Vietnam to strengthen their bases along the Ho Chi Minh Trail in Laos.
and the Viet Cong in southern Vietnam. The Vietnamese communists had successfully manoeuvred to equip Neo Lao Hak Sat Forces that later became a full-strength Lao People’s Liberation Army (LPLA). The so-called Neutralist Government had opened up a legitimate channel for the flow of military aid from the USSR to the LPLA and the Vietnamese regular army stationed in Laos. Some Lao royalist political observers, notes that Kongle’s coup d’état did not achieve anything but served the Lao communists’ course. The massive socialist military aid given to the Neutralist Government contributed decisively to the Lao communist final victory in 1975. Through Kongle’s coup d’état, Neo Lao Hak Sat was recognised as one of the three major Lao political factions by the 1962 Geneva Agreement on Laos.

The Lao Patriotic Front became a powerful political and military contender in Laos. The amalgamation of the Neutralist forces with the Royal Lao Army coupled with the US support was never a match. The US aid programs carried out in friendly countries were in accordance with the approved set of policies drawn up in Washington. Such policies were based on reports received from their own overseas staff and in the context of American foreign policy. There was little communication between the US aid staff and the Lao bureaucracy except with the elite families. The US aid was absorbed by its staff in the manner of any other foreign aid packages throughout the world. The Royal Lao Army was the badly equipped, with outdated weapons inferior to those of the Lao People’s Liberation Army and their Vietnamese volunteers. In addition, US direct military aid created internal divisions and demoralisation in the Royal Lao Army. General Vang Pao was the only Lao regional military commander who received full support from the USA. Much US aid was spent on regiments of ghost soldiers.

2. The LPRP Ideologies during the Liberation War

Vietnamese Ideological and Organisational Domination

As noted, from 1945 the Lao revolutionary movement was a small unit under the direction of the submerged ICP and later under the Vietnamese Workers Party. Initially the Lao revolutionary movement fought under of the banner of the Viet Minh. The Vietnamese Workers Party or Lao Dong inherited the responsibility for Indochina liberation and became the umbrella organisation for the Lao and Cambodian movements. Aware of the Vietnamese occupation of Cambodia, the Cambodian revolutionary movement steered away from being dominated by the Vietnamese
Communist Party. Instead they sought support from the Chinese. The Lao communists did not follow the Cambodian path and relied totally on the Vietnamese Communist Party and USSR for support.

The Lao communist organisation was later known as the Lao Regional Committee or Khum Khounen Lao. The committee functioned in the framework of the ICP Bureau of Western Affairs, (later known as the Office of the Lao Affairs in the VCP). It took the Lao communists five years to establish their own Party in 1955. The forerunner of the Lao People’s Party was both the ICP and VWP. The Dang Lao Dong Vietnam or the Vietnamese Communist Party was under the control of the same ICP Vietnamese-dominated politburo and Central Committee. From 1951 to 1955 the Lao Communist Party was under the supervision of the VCP. These historic ties meant that the Lao Communist Party had no other option but to share identical ideologies and resources with the Vietnamese Communist Party. The ultimate goal of both parties was what they called a total and complete liberation. Both these communist parties needed one another in their liberation strategies. The Vietnamese wanted Laos as its western border security zone, a passage for their troops to South Vietnam. The maintenance of the their troops on the Lao soil was not considered as a tacit occupation but a party to party mutual assistance. The Vietnamese volunteers had historic ties to the Lao revolutionaries. The latter needed Vietnam not simply for political and military assistance, but as a counterbalance to force Thailand to abandon its Grand Thai policy.

The LPP had no time to argue with the VCP about their differences on geographic location, or the economical and cultural conditions of both countries. Building socialism was their common goal but the LPP relied solely on the Vietnamese version. Both Parties claimed they were parties of proletariat that consisted of labourers, intellectuals and peasants and based on Marxism-Leninism as their ideological, political and organisational body of knowledge. Ultimately, the Vietnamese version of socialism and strategies would be implemented in Vietnam and in Laos. During the five-year period before the establishment of the LPP, the seventeen Lao members of the ICP continued to lead the Lao revolutionary movement in the framework of the Lao Regional Committee but under the close supervision of the Vietnamese Communist Party. These seventeen Lao members sat in the VCP Bureau of the Lao Affairs, formerly the ICP Bureau of the Western Affairs. These seventeen communist veterans were later appointed to the Politburo and Central Committee of the Lao People’s Party, established in 1955. The
dual membership in the LPP and ICP provided better co-ordination between the two parties. The ICP and VCP, respectively the mentor and protector of the LPP, helped the Lao Communist Party to obtain internal and international legal status. Both Parties established party-to-party relationships and co-ordinated all spheres of their liberation activities. The Lao communists could never struggle alone without Vietnamese support because the Lao communists did not establish their own direct relationship with China or Soviet Union.

Their relationship with Peking, Moscow and other communist countries was carried out through the ICP and VCP. Any strategies or resolutions approved by the VCP were carried out by both Viet Minh and Pathet Lao. Such working traditions continued after 1955 and remained up to and beyond the Lao People's Revolutionary Party's Third Congress in 1982. This was the birth of the so-called "Viet-Lao special relationship". The Lao communists branded people in the Royal Lao Government (RLG) zone as "reactionaries" and "American puppets". They argued that their relationship with Vietnam was different, simply a party-to-party relationships, not Vietnamese suzerainty. The evidence suggested that some elements of the former Free Lao nationalists of Prince Phetsarath such as The O Anournack and General Phomma were gradually phased out and replaced by the Vietnamese-backed communist faction.17

In the post 1954 era, the principal control mechanism used in Laos was the Vietnamese military command headquarters known as Group 100 or Doan 100 from Do Luong. The Group 100 consisted of three hundred political and military Vietnamese advisers and these were all members of the Vietnamese Workers Party. The Group Doan 100 was later replaced by Doan 959 that based at Gia Lam, four kilometres from Hanoi. The Doan 959 received its instructions from the Central Committee of the Vietnamese Workers Party and from the Commander-in-Chief of the North Vietnamese People's Liberation Army. Group 959 served as the mechanism through which North Vietnam directed its political guidance, military and administrative support to the Pathet Lao.18

Dr Khamisengkeo Sengsathir, a former senior Neutralist Patriotic member, who worked with the Lao Patriotic Front, discovered that there was a Group PC/38. He said the Vietnamese Communist Party assigned this group specifically to support and promote Kaysone Phomvihane to oust all other Lao revolutionary leaders. Kaysone was largely unknown in Lao society. With the Vietnamese Communist Party support he was appointed commander-in-chief of the Lao revolutionary movement, political and
military apparatus. Dr Sengsathit found that Group PC/38 carried out the VCP expansionist policy. Group PC/38 was established in 1965 as a policy unit to work for Kaysone’s promotion. Dr Sengsathit believed that Kaysone Phomvihane pledged to annex Laos to Vietnam when the Lao Communist Party became the ruling party in Laos. He claimed that the twenty-five year special relationship treaty was signed in 1977 Kaysone gave 5800 square kilometres of eastern Lao territory to Vietnam when the Vietnamese-Lao border treaty was signed on 24 January 1986.

Vietnamese territorial expansion began with the occupation of Cham and Cambodian territories. The occupation of Sipsong Chu Tai occurred under the French colonialism in 1888. Before 1986 Laos had no border treaty with neighbouring countries and its ill-defined borders were always subject to loss whenever border negotiations took place. In the past Lao borders relied solely on unfinished French Indochina cartography. Maps drawn by the French Indochina Cartographic Service were based on Vietnamese surveys which ignored Lao claims. The recent loss of the Lao eastern border along Say Phou Luang cordillera or the Chaîne Annamitique to Vietnam was never considered. According to Dr Chou Norinh, the Lao-Viet Joint Administrative Offices were numbered and included Groups 78, 224 and 959. The Bureau of Lao Affairs of the VCP took control of the Committee of Alliance established by the Indochinese United Front. Dr Sengsathit argued that the Vietnamese used the revolutionary banner and the Indochinese United Front as traps to take over Laos and Cambodia. He noted that Le Duan and his Vietnamese associates settled their Vietnamese on Lao soil to exploit raw materials of these two countries for the benefit of Vietnam. The permanent Vietnamese settlement at Bante Na Meo in Houa Phan province was formally given to Vietnam by the Lao-Viet border treaty in 1990.

Such ambitions were amplified in the VII Congress of the VCP in 1976, which concluded that Vietnam would be an industrialised nation within 20 years. The common double task of the VCP and the LPP was a national democratic revolution and a revolution aimed at building socialism. The former referred to total and complete liberation of Vietnam and Laos while the latter concentrated on the implementation of a Vietnamese Marxist-Leninist economic doctrine, the centrally planned economy. The Vietnamese Communist Party with its own offices at all levels paralleled those of the Pathet Lao. These offices had their headquarters in northern Vietnam as well as in Laos. The Groups 100 and 959 (Doan 100 and Doan 959) were the VCP military apparatus,
which oversaw Lao military operations on behalf of the LPP and the Lao Patriotic Front. The *Duan* was as a military command for both the Vietnamese regular army and the Lao Liberation Forces in Laos.\(^{21}\) The CP/38 was a VCP unit, which served as political secretariat for the Lao People’s Party. There were two lines of hierarchy, the *Duan* military organisation reported to the VCP Bureau of Lao Affairs while the CP/38, the Lao-Viet Political Liaison Unit, reported to both the VCP and the LPP.

Theoretically, the LPP was supervised by Vietnamese experts including political and military advisers. The Lao who worked in the VCP Bureau of the Lao Affairs were to function in the LPP’s Secretariat and retained their normal link with the VCP. Through this type of communication, the LPP benefited from precise information on political and military strategies from the VCP. The early Vietnamese struggle against the French colonialism, shifted from being based on the urban proletariat to the peasantry. The North Vietnamese ethnic minorities were promised autonomy when Vietnam was liberated. The new strategic centre of struggle benefited the Pathet Lao in rallying the support from the Lao hill tribe people. These ethnic minorities became the backbone of the Lao Patriotic Front. Those of Tai-speaking background in North Vietnam were recruited in the North Vietnamese political and military organisations located in Laos.

After the LPRP victory in 1975 certain Tai-speaking people were admitted to the Central Committee. Sisomphone Lo Van Sai was the first Tai Moei appointed to high office by the LPRP. Like other Tai groups in northern Vietnam, his surname was Vietnamised-Tai. Sisomphone’s ancestors were from south of Meuang Saen, a former Lao district of Xiang Khuang province. It is now known as Huyen Kyson in Vietnam’s Nhhe An province. Sisomphone was from Kham Keut region, (now Meuang Lak Sao, Kham mouane province) of Central Laos. There were 49 ethnic minority groups in Laos and the polity of ethno-regional chieftains “Chao Kok Chao Lao” was rooted in Lao traditional political traditions. All Lao governments were obliged to hold its culturally diverse society together.

**Vietnamese Volunteers and the Pathet Lao**

Vietnamese military advisers to the Pathet Lao were organised through two North Vietnamese military regions. The North West Military Region at Son La directed all North Vietnamese military operations in the northern provinces of Laos and the Fourth
Military Region at Vinh was in charge of the operations in central and southern Lao provinces. Their operations were in unison with the Lao People's Liberation Army (LPLA). The strong Vietnamese support made the LPP a controlling force for the Neo Lao Hak Sat, the LPLA, and the regional patriotic movement for three decades. The LPP remained a secret organisation. The Lao people knew of the LPP when it was renamed Lao People's Revolutionary Party (LPRP) on 6 February 1972. The success of the Lao communists depended upon three factors. First, leadership from a Lao prince was a way to win the support from the Lao people, particularly the ethnic minorities. Second, the nationalist spirit of the Lao independence movement from Lao Pen Lao and its subsequent superseded organisations such as Lao Issara, Neo Lao Issara and Neo Lao Hak Sat served as a basis for the Vietnamese-backed Lao communists. The third factor was that the Lao communists heavily relied on politico-military and financial assistance from Vietnamese Communists. However, the LPP had not described themselves as communists to avoid resistance from the Lao nationalists in their own movement. The Lao ethnic minorities participated for the sake of Lao independence, to improve their living standards and share power in the Lao government.

Following this strategy the LPP draw more of the nationalists and ethnic minorities to its side, including those in the RLG zone. It was a lesson they learnt from the ICP in 1941 when the Party expanded the revolutionary movement by creating a united front or Viet Minh and submerging the ICP. The LPP concentrated on the Lao United Fronts such as the Free Lao Front (Neo Lao Issara) and later the Lao Patriotic Front (Neo Lao Hak Sat). The Lao Communist Party was able to recruit three nationalist factions: the graduates from France, the Neutralist and Peace Party and the Patriotic Neutralists who defected from Prince Souvanna Phouma. The second priority was to refine the doctrine into a strategic concept of armed political struggle. In the liberated zone during the war only the Neo Lao Hak Sat appeared as a leading political organisation through its administrative arms such as provincial and district levels known as Khana Khounaeng and Khana Meuang but controlled by the LRC cadres.

Propagation of Marxism-Leninism was relegated to the political seminars of communist cadres. The LPP ideology in wartime was not different from that of the Vietnamese Workers Party. It involved the interpretation and application of Marxist-Leninist strategies, tactics and revolutionary methods in conditions of national democratic revolution.
in small countries at a low economic, cultural and social level. The LPP saw itself as a political party of the working class that applied Marxist-Leninist theory. In Laos the working class meant the peasants, intellectuals and a handful of city workers. The Party remained a secret society but was a leading nucleus for the liberation war. After its victory, credit went to the politburo. The Party sought to control all events and its nucleus was established by a collective leadership and maintained by the experienced revolutionaries. The leadership of 1950s continued as the leadership of the 1990s.

The first political programme of the Communist Party of Indochina was re-approved by the LPRP Second Congress in 1972. The resolution reached was the national democratic revolution for the total liberation of Laos. The second point in the programme was the direct conversion of traditional Lao society to socialism and then communism. The LPP decided to proceed directly to the construction of socialism, bypassing the capitalist stage of the development. This by the book Marxist-Leninist theory was to be implemented after the LPRP victory in 1975. The Party never considered whether its theory was suitable to Lao social and economical conditions as it lacked a tradition of skilled and experienced Marxist-Leninist cadres. Laos was a traditional agrarian society bereft of capitalist development. The LPRP decided to avoid the capitalist stage of development. To achieve this, the Party set two goals: (a) transformation of the agricultural by collectivisation, and (b) full and rapid industrialisation.

Collectivisation forced thousands of peasants to flee to Thailand. Paradoxically the Party’s ultimate goal was for the benefit of peasants who were seen as the working class. The Lao People’s Party claimed that it was a Marxist-Leninist Party but throughout the liberation war, the LPP never described itself as a Lao Communist Party. Nevertheless, credit for victory must go to Neo Lao Hak Sat. The LPP concentrated on the Free Lao Front and later the Lao Patriotic Front. During the war the Party sought the control of armed forces for power seizure. The second task was to translate the doctrine into armed-political struggle. In the war the LPP followed the instructions from upper level or Khieu Tryoung. The LPRP had an opportunity to operate, as a political party only after it seized power in 1975. It took the LPRP six years to finalise its ideology, restructuring, social and economic policies by the Third Party Congress in 1982. The government of the Lao PDR comprises of the Party cadres, technocrat and mass organisation personnel.
The LPRP Politburo

The LPRP Politburo and Central Committee Members elected at its Second Congress at Viang Sai in 1972.

Kaysone Phomvihane, General Secretary of the LPRP, and Prince Souphanouvong, President of the Lao PDR and President of the Supreme People's Assembly, celebrating the Hmong New Year in 1980s.
he Disintegration of the Right-Wing Leadership

After the departure of left-wing ministers to their base in Khang Khay in April 1963, the coalition government grew weaker. After the assassination of Quinim Pholena, minister for Foreign Affairs, at the reconciliation talks on the Plain of Jars all three-reaction leaders agreed to transfer the government from Vientiane to Luang Prabang. At the talks went well, but a disagreement over the transfer prevented Princeouvanna Phouma from reshuffling his coalition government. He announced his intention to resign. On 19 April two rightist Generals, Siho Lanphouthakoun, the commander of military police Kom Phouan Garn and General Kouprasit Abhay, the commander of the Fifth Military Region in Vientiane staged a coup d'état and put Princeouvanna Phouma under house arrest. The action was undertaken to deny a possible takeover by General Phoumi Nosavan, the “rightist strongman”. He had support from General Vang Pao and the CIA. General Phoumi’s reputation within the army had been coded by his corruption at the Finance Ministry. The coup prompted Princeouvanna Phouma to increase non-Phoumi right-wing representation in his cabinet.\(^{27}\) Internal conflicts between the Sananikone and Nosavan families and among the warlords were endemic in the Royal Lao Government. Some of the right wing defected to Princeouvanna Phouma. The split between the two prestigious families marked the demise of the rightists.

On 31 January 1965 General Siho Lanphouthakoun acting as supporter of General Phoumi Nosavan, staged a coup d'état to unseat Princeouvanna Phouma. The coup was welcomed by General Kouprasit Abhay forcing the two rebel generals into exile in Thailand. After the Kouprasit action the right wing had no strong leader.\(^{36}\) The Abhay and Sananikone families were among the most powerful contenders for power in the Royal Government. The Phoumiists alleged that at the secret meeting in Udon, a city of 10m in Thailand where general Kouprasit was present and he agreed to unseat the Prime Minister. Washington called for Princeouvanna Phouma’s return to power. As General Phoumi Nosavan, the rightist ‘strong man’ was in exile, the remaining right-wing leaders rallied to Princeouvanna Phouma to protect their ministerial seats and positions. In the Royal Government camp there was not a single well-organised political party. Each of the right-wing leaders controlled a political party but they were a collection of high-class families. They had neither doctrine nor membership like the LPP. Within the Lao Patriotic Front, the LPP’s ideology was camouflaged by nationalist
banners. The Party sought to convert all internal opposition to the dictates of the Vietnamese-backed Lao Communist Party.

Military Confrontation and the War in South Vietnam 1963-1973

By the end of 1961 Prince Souvanna Phouma established his own Neutralist Party, Phak Lao Penkang at Phonsavan in the Plain of Jars. Initially the prince believed that the Neutralist and Peace Party of Quinim would join his new Neutralist Party. Instead the new Party drove the Neutralist and Peace Party, the Phak Santiphab Penkang into the Neo Lao Hak Sat. Quinim Pholsena, the Foreign Affairs Minister in the coalition government, was the President of Phak Santiphab Penkang. Quinim had counted on Kongle’s forces but later they became the backbone of Prince Souvanna Phouma’s new Lao Neutralist Party. Kongle was elevated to the second Vice-President of the Party. After the formation of the second National Union Government (NUG) on 23 June 1962, the honeymoon between Prince Souvanna Phouma’s Neutralist Party and NLHS waned. The armed friction between the two factions developed initially by harassment and murder of the Kongle’s general staff and of the leaders of Phak Santiphab Penkang included Quinim Pholsena. Meanwhile the NLHS leaders stayed out but the struggle, which eventually turned into open military confrontation. Kongle’s Neutralist Forces also broke into two factions, the so-called “Rightist Neutralists” and “Patriotic Neutralists”.

By the spring of 1963 the NLHS drove Kongle’s headquarters out of Khangkhay and the Plain of Jars. The Rightist Neutralist forces retreated toward Meuang Phanh and Vang Vieng in the direction to Vientiane, the capital city. The NLHS forces became the sole beneficiaries of the Soviet arm supplies. The situation forced Kongle towards USA without any option. After the death of Quinim Pholsena, Pak Santiphab Penkang and the Patriotic Neutralists were integrated into the Lao Patriotic Front or NLHS. The name of the Patriotic Neutralists was occasionally mentioned for political purposes. In Vientiane Prince Souvanna Phouma, the Prime Minister announced the amalgamation of the Neutralist and Rightist forces under his leadership. Kongle, who was the Commander-in-Chief of the Neutralist Forces resisted the restructuring and left Laos in 1966.
In the spring of 1963 Prince Souphanouvong and Phoumi Vongvichit, NLHS leaders, abandoned their cabinet posts in the second National Union Government and headed for their base in Houn Phan. The NLHS said their departure was for the security reasons. However, Langer notes Souphanouvong’s decision followed the consent and the co-operation of the Vietnamese communists, on whom the NLHS were dependent.\(^2\) Porter notes that the US officials blamed the NLHS and North Vietnamese for the breakdown of the Geneva Agreement and the coalition government in Laos. However, the United States never wanted the coalition government to work under the 1962 Geneva Agreements. The support given to Souvanna Phouma by Washington was a covert for its clandestine operations in Laos. They wanted to combine Kongle Neutralist Forces with the Royal Lao Army, a policy of two against one. Both the US and North Vietnam wanted to take over the Neutralist faction for different political reasons.

Because of the weak political propaganda of the USA and the Royal Lao Government, the opportunity was taken by the Pathet Lao. The NLHS increased the prestige of the so-called Patriotic Neutralists by holding talks with the latter on 3 October 1965 in Houn Phan. The NLHS hailed the talks as the formation of a Lao united political front between the two parties. They declared four political points and insisted that implementation of 1962 Geneva Agreement on Laos was a pre-requisite. Later the NLHS disclosed that they made use of the agreement as their main liberation strategy. It proved the successful recruitment of a Neutralist faction into NLHS by the Lao Communist Party. It was a US game to cause the break-up to force the Neutralists to cooperate with the right wing against the left.\(^9\) Since 1961 Xiang Khuan province had been the third Pathet Lao forward base. With the help of the USSR arms and Vietnamese volunteers the NLHS saw the province as their liberated zone. The Neutralist forces were without such power. When the split occurred they were easily driven out of the Plain of Jars.

In the course of the Vietnam reunification war against the USA, the ICP instructed the southern communists and nationalists to form a Southern united front called the Viet Cong. Meanwhile the Neo Lao Hak Sat liberation army received backing from the Vietnamese regular army on the Ho Chi Minh Trail inside Lao territory. This support extended from Xiang Khuan province in the north east along Sây Phu Luang cordillera or Chaine annamitique to the southeastern province of Attapu near the South Vietnamese
provinces of Dak-To and Kon Tum. With Vietnamese volunteers, the Lao Liberation Army fought their liberation war. "Vietnamese volunteers" were the term used by the NLHS to describe the Vietnamese regular army assigned to fight in Laos. In early 1970 the NLHS managed to reconquer Plain of Jars and moved further south toward the Royal Lao Government's key positions in Samthong and Longchaeng, headquarters of the CIA special army (SGU) in the Hmong stronghold under General Vang Pao. By April the Lao Liberation Army and the so-called Vietnamese volunteers seized Attabu and Saravane provinces in the South. By the end of the year the Lao Liberation Army occupied the two-thirds of the territory with half of the population. The seizure of the southern provinces gave safe passage for the North Vietnamese Liberation Army in the Ho Chi Minh Trail and provided rear bases for their operations in South Vietnam. The Lao People's Liberation Army also had strong support to advance their future operations and the seizure of power.

3. Seizure of Power by the LPRP

The Consolidation Phase for the Seizure of Power 1973-74

On 13 March 1971 the LPP's Central Committee met in Houa Phan to assess three years of underground activities in the territory of the Royal Government. The plenum cited success in their subversive activities such as the creation of instability and divisions among soldiers, police and the population in cities, airports and the strategic communication networks in the right-wing zone. They handed down a guide on how to improve subversive activities in the next three years. Revolutionary activities were in three fields: (1) within the legal framework, (2) among the masses and (3) with the help of military pressure.11

Meanwhile, the US tried to end its commitment to South Vietnam. The Paris secret talks between Dr Henry Kissinger and Le Duc Tho, special adviser to the DRV, began in February 1970. The talks concentrated on the withdrawal proposal of US troops and the release of prisoners. In 1963 Group (Doan) 559 had transported 100 tons of supplies a week by the Ho Chi Minh Trail to South Vietnam. By 1970 the tonnage increased to 10,000 tons a week. The US military answer to the growing of troops and supplies was air attack. From 1965 to 1973 US bombing of the trail was intensive. The tonnage of bombs dropped on Ho Chi Minh Trail in Laos before its 1973 cessation was 2,092,900 tons.12
In April 1971 NLHS indicated that they wanted peace and proposed a five-point political solution to the Royal Lao Government. Prince Souvanna Phouma did not respond to the proposal until he received a second telegram from the Lao Patriotic Front in July 1972. The talks between parties began in October but made little progress. After the signing of the Vietnamese settlement in January 1973, the US pressed the Royal Government to conclude a Lao agreement. A cease-fire agreement was signed on 21 February 1973 in Vientiane and the US halted the bombing of Laos. The provisions on political affairs called for: the establishment of the third Provisional National Union Government (PNUG) and the National Political Consultative Council (NPCC). By autumn 1500 soldiers of the Lao People's Liberation Army entered Vientiane and Luang Prabang on the pretext of being security police for their leaders. They came as liberators and some of the main revolutionary government bodies were transferred to both cities.

Vientiane was the headquarters of the Royal Lao Army and Luang Prabang was the Royal Palace City. The two cities were liberated after the peace agreement was signed. The National Parliament became the house of the rightist representatives subject to dissolution because it was replaced by the NPCC with Prince Souphanouvong as President. It left the National Parliament of the Vientiane Government in limbo. The NPCC promulgated the “Eighteen Point Political Program”, which served as a rallying-cry for the demonstrations and strikes by workers, students, public servants and soldiers. The LPRP priority was to propagate the “Eighteen Point Political Program”, a move engineered by them but under the Lao Patriotic Front banner. The program sought to recruit the nationalist leaders in the Royal Lao Government and rally the popular support. The program urged a peaceful coexistence for the construction of Laos.

The propaganda attracted an overwhelming majority of the people in zones under the Royal Lao Government control. This was because they were sick and tired of corruption, the internecine struggles, and uncertainty of continuing US support and the lack of a popular leader who could match the disciplined Pathet Lao ministers. The aim was to intensify the mass struggle in the Royal Government areas. Kayson Phomvihane’s report claimed to the LPRP Third Congress in 1982 it was a political mass struggle. As Buddhists, the people under the control of the Royal Government welcomed the peace negotiation outcome with a genuine coalition of the two warring parties. In contrast, the LPRP prepared for the liberation of Laos, and the realisation of their National Democratic Revolution. The Viet-US Paris talks affected the peace
negotiations in Laos. At the formation of the third National Union Government in early 1973, a few rightist leaders in the Royal Government realised what was conceded to the Lao Patriotic Front.

Militarily, the Lao Patriotic Forces and their Vietnamese volunteers seized all major strategic centres around the capital city and moved their forces towards Vientiane. When Nguyen Van Thieu and Lon Nol in South Vietnam and Cambodia collapsed in April, support for the Lao Patriotic Front in Vientiane increased significantly. Sectors of the Royal Lao Army, police and public servants defected or abandoned their posts. Battlefield success was accompanied by increasing political pressure through student demonstrations on 9 May 1975; Sisouk Na Champasak, the Minister for Defence, and four other rightist ministers resigned from the Provisional National Union Government. With RLA generals, including Vang Pao, they fled to Thailand. Some rightist observers noted that these leaders deserted their followers without explaining what had happened. They gave their generals’ stars to Prince Souvanna Phouma and left the country rather than retreat to the western borders with their army but for fear of CIA reprisal.

The Pathet Lao Mass Organisations in the Royal Government Zones

The second National Union Government established in 1962 was dissolved after the left-wing ministers left in 1963. Despite reshuffles Prince Souvanna Phouma retained the name of the National Union Government for the sake of diplomacy. The NUG kept the NLHS portfolios open even though they were absent from Vientiane for ten years. After the Lao Patriotic Front left the NUG the Neo Lao Hak Sat rejected Souvanna Government as the NUG. They referred to the coalition government as a Vientiane Party or a Vientiane government. This implied that there were no longer Neutralist and Rightist factions. There remained two parties, the Lao Patriotic Front and the Vientiane government. When the DRV began negotiations with USA, Prince Souphanouvong, the titular leader of the Lao Patriotic Front proposed programme for negotiation with the Vientiane Government. In 1971 Prince Souvanna Phouma accepted the offer and appointed a delegation to begin the negotiations.

The LPP’s Political Programme adopted at the 1972 Congress noted that “the solid unity of the entire nation is one of the factors determining the fate of Laos”. The programme referred to the workers-peasants alliance in the zone controlled by the Royal
Government. During the ten years of NLHS residence in Vientiane, its representative, Sot Phetrasay established networks among the students and the elites who held high office in the public service of the Royal Government. They formed a coalition of twenty-one organisations standing for peace and national concord called “Xao Ei Ouykarin”. When the third National Union Government took office in February 1973, government corruption was rampant. The Lao Patriotic Front exploited the rift among people in the royal government zone. The NLHS simultaneously undermined the rightist faction with subversive activities as they brought in fifteen hundred soldiers who acted as security police in Vientiane and Luang Prabang. The resident Vietnamese helped organised uprisings and agitation. During 1974 the Vietnamese Embassy personnel was directly involved with the organisation and co-ordination of the demonstrations and the liberation of Vientiane. As Dr Sengsathit noted the establishment of communist cells in the Vientiane government zone was the VCP responsibility through its networks among the Vietnamese migrants in Laos. The Vietnamese Embassy in Vientiane was the headquarters of the power seizure during 1974-75.

The Change in the US Policies

The failure of the US air campaign against North Vietnam saw the US quick response to the ongoing crisis in Laos. The US air war had accelerated in April 1967. Its name “Rolling Thunder” signified the heavy bombing of Hanoi’s industrial and military base. The bombing inflicted losses but it did not weaken North Vietnam’s ability to wage war in South Vietnam, even though its supply equipment and lines of communications were often destroyed. Their repair was immediate and the movement of troops and equipment support to South Vietnam along the Ho Chi Minh Trail in Laos continued. As the US sought negotiation with North Vietnam, its bombing and naval operations were intensified. North Vietnam offered no sign of negotiation. Contact between the US and DRV was started by three persons, Mai Van Bo, Marcovich and Henry Kissinger in Paris. As the bombing continued the DRV outright rejected the negotiation proposals. The Vietnamese saw the intensified bombing as an ultimatum. However, they agreed to remain open for further contacts. In 1971 the US saw the hope of withdrawal from Vietnam when the DRV convened secret talks with Henty Kissinger in Paris. The Vientiane government was advised by the US to accept the five points political programme proposed by the NLHS and to begin peace talks.
The Putsch of the Lao People's Liberation Army

In March 1975 the North Vietnamese Army moved from its main Ho Chi Minh Trail base in southern Laos across the border to capture Ban Me Thuot and Pleiku in South Vietnam. By the end of March the Lao People's Liberation Army and the Vietnamese volunteers attacked the Royal Lao Army along route 13 captured Sala Phou Khoun and headed south toward Vientiane. The *Xao Er Oungharn* mobilised support for the Lao Patriotic Front in the liberation of Vientiane government zone. They organised strikes and demonstrations using the eighteen-point program, adopted by the NPCC by the Vientiane Agreement on 21 February 1973, as propaganda. They rallied student demonstrations in all major cities throughout the country. Four rightist ministers including the Minister for Defence and his generals fled to Thailand. Their escape made the takeover easier for the Pathet Lao and was seen by the nationalists as deserting the RLG's cause and negated their own political credibility. The flight took the RLG camp by surprise. Kham Ouan Boupha, a NLHS General was appointed Defence Minister.

In the southern provinces the LPLA took over Pakse, Savannakhet and Thakhek and the People's Revolutionary Committees seized the administration from the Royal Government officials. The North Vietnamese Army moved along side the LPLA to consolidate its hold all over Laos but avoided heavily populated areas. In early November the NPCC ordered the local and provincial elections in the former Vientiane government's zone. In Vientiane, the City Council was replaced by a Revolutionary Committee. On 28 November 1975 a huge crowd of demonstrators demanded the dissolution of the coalition government as no longer appropriate to Laos. The Congress of People's Representatives met on 1 and 2 December in the former USAID compound school in Vientiane and voted unanimously to abolish the 600-year-old monarchy and establish a Lao People's Democratic Republic or Lao PDR modelled closely on other Communist countries. Souphanouvong was appointed as Lao PDR President, a titular leader similar to the King's position and as chair of a Supreme People's Assembly. Kaysone Phomvihane, the LPRP's General Secretary and the most senior Lao communist was appointed Prime Minister of the Lao Communist Government.

During the liberation the LPRP was occupied with organisational tasks such as strengthening and enlarging the revolutionary forces, especially its army. At the same time, the Party engaged in a broad political struggle, involving various sections of the
population, first in the two liberated provinces and later other parts of the country. The double task assigned by the Vietnamese Workers Party to the Lao People's Revolutionary Party was to foster both a national democratic revolution and a revolution to build socialism. The LPRP achieved the first task through the abolition of feudalism, French colonialism and the American neo-colonialism by the end of 1975. In 1982 Kaysone Phomvihane, the LPRP's General Secretary claimed Laos was on the road to build socialism. He believed everything was organised according to the Lao proverb: "The lotus is undamaged, the water unstirred, but the fish was caught".

However, as a result of the proclamation of Lao socialism, three hundred and seventy five thousand people fled the country, 10 per cent of the total population. Most senior bureaucrat and fifty thousand soldiers, police officers, and public servants were despatched to the re-education camps on the North Eastern border. Among the number were the King's family, leaders of Neutralist and Rightist factions and later a number of the Nahs cadres prosecuted for being 'revisionists' and opposed to the Party and State. Most of them died in detention or drowned in the Mekong River while attempting to escape. The Lao PDR policy was to eliminate the old order and replace it with revolutionary elements. Some Lao, Chinese and Vietnamese businessmen involved in corruption with the old regime escaped the purge. They became friends or had family ties with the new Lao rulers continued to exploit the people under the new regime. Some Chinese and Vietnamese merchants enjoyed great privilege in the Lao trade sector. Those were the ones who used to bribe the Lao ministers, generals and public servants in the Royal Lao Governments prior to 1975.

4. Realisation of the LPRP Ideologies

Though Security Measures and the Elimination of Reactionary Elements

After its establishment, the Lao People's Revolutionary Party (LPRP) worked to ensure public order, political security and stability in the communist tradition. The Party had little influence in the former Royal Government zone. Cadres whom the Party relied were from poorly educated Lao Theung and Lao Soung ethnic minorities. The Lao Patriotic Front exhausted its cadres in the liberation struggle and made no adequate provision for socialist trained technical staff. During 1976 the new regime sought to consolidate its political and administrative power. The Party adopted policies, derived those in Vietnam to mobilise a population at war. Dr Sengsathit claimed that VCP's
Lao PDR has a population of 6.2 million. The country is divided into 16 provinces, one municipality and one special region. Transport infrastructure and food self-sufficiency are priorities in its development.

Western Affairs Committee through the PC/38 controlled the Lao Patriotic Front. During the thirty-year liberation war the VCP did not provide training to the Lao revolutionaries because it wanted them as followers. When the LPRP seized power in 1976, its cadres lacked the ability to govern the country. Vietnamese experts or consultants were at the head of all Lao government departments. Most of these Vietnamese experts were intelligence personnel not technicians or management professionals.48

In pre-liberation stage, the people in the former Royal Lao Government zone had supported the new regime and its radical agenda. The transition of power was carried out in the legal framework by the NUG and the NPCC backed by popular support. King Sisavang Vatthana supported the disarming of the rightist forces to avoid the bloodshed. The Vietnamese Communist Party had politically and militarily forced the LPRP to carry out repression against the Lao people. The LPRP accepted Vietnamese decisions even though Lao of both factions share familial and cultural background. The LPRP eliminated colonial influences, comprador forces, bureaucrats, militarists and feudalism to consolidate power.49 Former Royal Lao Government employees were accused and prosecuted as ‘American lackeys, reactionary stooges and corrupters’, while the Lao Patriotic Front and Lao communists regarded the Vietnamese as their brother or Ai nang Viet.

Those ruled by the former Royal Lao Government were regarded with suspicion. Yet many Lao nationalists were honest and patriotic but became the new regime’s victims while some Lao, Chinese and Vietnamese who exploited the Lao peasantry escaped elimination. The LPRP saw people in the former Royal Government as an enemy class. From 1975 they were treated as non-citizens in their own country until the “New Thinking” or “Chintanakarn Mai” period. The LPRP members and veterans of the thirty years war were regarded respectively as first and second class citizens. In the first decade descendants of the rightists were barred from high government office. The term ‘patriotism’ was used to encourage nationalists to fight for the communist cause. It meant nothing under the new regime. Only LPRP members had been admitted to hold high office. The war veterans who were non-party members were given menial positions.
The Implementation of Communist Doctrine with Socialist Aid

After seizing of power, the LPRP nationalised all large-scale public and private enterprises including banks and expanded collective farming. The LPRP claimed its new state economic sector replaced the traditional market economy and eliminated private enterprise. The Party proclaimed its programme to build Laos a socialist state and bypassed the capitalist stage of development. Its programme duplication of Viet Minh economic planning was adopted by the Vietnamese Workers Party in 1954. It was neither Marxist nor Leninist. Accordingly to orthodox Marxist theory the historical stage following revolution is capitalism. The special relationship based on the 30 year revolutionary war co-operation between Pathet Lao and Vietnam communists where the Lao Regional Committee (the Lao communist embryo) was nested in the ICP remained dominant in the LPRP. Revolutionary was followed every step dictated by Vietnam in both domestic and international policies. The Vietnamese dependence became a tradition of the LPRP, which was morally and ideologically obliged to implement the VCP policies.

The Socialist Aid and the Accelerated Socialism

The Lao People’s Democratic Republic was reliant upon eastern bloc economic, financial and military aid. Vietnam was considered, as its close ally bound by common historical ICP membership and cemented by the twenty-five years special relationship treaty signed in July 1977. Upon the completion of national democratic revolution, the Lao PDR immediately received help via gratis aid, loans, and economic and financial assistance from the USSR, Vietnam and China. The Soviet Union provided the majority of foreign aid to the Lao PDR until the late 1980s. Soviet aid was in the form of commodity shipments. From 1976 to 1990 total Soviet aid was 812.8 million roubles of which 35 million roubles were grants. Soon after the Lao PDR’s establishment in 1975, coupled with the closure of the Thai border, there was a freeze on the Western aid to Laos, even though the Exchange Fund meeting in July agreed to provide Laos US$12.5 million in import assistance. In 1985 the Socialist Republic of Vietnam gave Laos US$133.4 million of aid, half of which was free assistance. With this flow of aid, the LPRP believed it could help build Laos socialism in a short period. However, the COMECON and other economic aid strategies were inapplicable to Lao social and economic conditions. The Lao personnel were incapable of managing the completed projects after the cessation of the aid and the withdrawal of the Soviet and other...
socialist experts. The projects could not be maintained or sustained because the Lao Communist Government has neither domestic savings nor personnel with technical competence.

Thousands of skilled personnel of the old regime were sent into exile in the re-education camps and others left the country. The bureaucracy was dominated by revolutionary cadres with neither technical nor managerial skills. The only foreign language they spoke was Vietnamese. The LPRP had neither fund for its development programs nor enough revenue in its annual national budget. A few former Western-trained bureaucrats who are relatives of the new regime leaders dealt with foreign aid donors but they never had the authority to make decisions. Their activities with Western aid donors were closely monitored. They were accused of being CIA spies. Fabricated documents in English were planted in their homes. Many were prosecuted as traitors. Such repression silenced former Royal Lao Government personnel and revolutionary cadres who were not LPRP members.

In addition to the annual US$8 million socialist aid, the IMF, the World Bank, the Asian Development Bank and the United Nations also provided financial aid to Laos. From 1977-79 total foreign aid to Laos amounted to US$100 million. From 1979-82 foreign aid was increased to US$400 million. During this period the IMF and the World Bank provided US$30.8 million loans. The Asian Development Bank funded 12 projects with US$18.3 million. Despite the socialist and foreign aid the Lao PDR's 'accelerated socialisation' was an economic failure. The LPRP proved incapable of completing projects and wasted the abundance of aid. This failure was due partly to the LPRP's adherence to the Vietnamese Communist Party's line on the "three revolutions" that required a bypassing of the capitalist stage of development. The timing of the LPRP's economic program closely followed that of the Vietnamese. The theoretical framework for the Vietnamese socialist revolution in Indochina defined by Le Duan, Secretary-General of the VCP was (a) the necessity for heavy industry, (b) the right of collective mastery and (c) the three revolutions. Laos possessed neither industry nor a working class. Lao economic conditions of subsistence and were entirely different to those in Vietnam. The LPRP ignored the actual Lao economy and persisted in applying Vietnamese methods of (1) the revolution in relations of production; (2) the scientific and technical revolution; and (3) the ideological and cultural revolution.
The Collectivisation and Socialist Economic Planning

In 1976 the Lao rice harvest was poor and the government imported 81,000 tonnes of rice. This was followed by a drop in Western aid and a partial blockade by Thailand. The Lao government responded with the introduction of the agricultural tax in September 1976. The tax enabled the government to overcome the national budget shortfall. It caused great hardship. Peasants in the former zone of Royal Lao government were unfamiliar with the communist tax destroyed crops and livestock and fled to refugee camps in Thailand. The economic chaos forced the Lao government to review its agricultural cooperativisation plans. The gradual stages were:

1. The formation of solidarity groups in villages.
2. The organisation of co-operation on a regular basis of exchange of labour.
3. The authorisation for the peasants to retain their land ownership and draught animals, but carry out collective work and pay tax.
4. The immediate establishment of co-operativisation in the former Royal Lao government zone.

The decree on agricultural cooperatives was promulgated on 5 May 1978. The cooperatives were both part of the Three-Year Development Plan (1978-80) and the LPRP’s ‘accelerated socialisation’ programme. In 1979 Kaysone Phomvihane accelerated the implementation of Vietnamese style the co-operatives insisting that only co-operatives would overcome natural calamities and achieve food self-sufficiency. During this period the Lao PDR set up more than 1,600 co-operatives. Most co-operatives consisted of 30 to 40 families. The majority flourished in the central and southern provinces. They were also forced co-operatives modelled on Chinese communes imported to Vietnam in 1950s and proved to be a failure.

During this period, vast changes in China’s modernisation and its normalisation with the USA had taken place. China’s Open Door Policy launched in 1978 called for the completion of 120 giant projects including 10 iron and steel complexes, 10 oil fields, 30 power stations and much more. China ended the agricultural co-operativisation because collectivisation and the commune did not increase production. Indeed, China’s grain production in 1977 was at the 1955 level. In 1978 Deng Xiaoping launched the programme of agricultural modernisation, which later increased the output from 285 million tons in 1977 to 400 million tons by 1985. The LPRP ignored China’s new
course. The Lao government followed the dictates of Vietnam’s economic programme. At present both Lao PDR and Vietnam have made attempts to follow the Chinese model but find it difficult to adapt to the Lao typical political and social environment.

Conclusion

The dynamics of the Lao revolution lie in its Vietnamese origins. The Lao Regional Committee of the Indochina Communist Party was created as a Vietnamese organisation to resist the French colonialism in Laos. Most Lao Regional Committee members were Vietnamese migrants in Laos who were also members of the Viet Minh. Not until 1936 did the Committee manage to recruit some Lao. 65

During the 30 years liberation war the LPRP shared ideologies and strategies with Vietnamese Communist Party, the heir of the Indochina Communist Party. After its establishment in 1955 the LPRP worked in the ICP network much, as had the Lao Regional Committee. The Pathet Lao consisted of Vietnamese volunteers who were later known as ‘soldiers-internationalists’. Some were Vietnamese immigrants in Laos while others were from the Vietnamese regular army. The Vietnamese Communist Party provided most of the money, skilled personnel and the political analysis data. A dependency system was created for the Pathet Lao. It was unnecessary to have Lao cadres trained because all facilities were provided by the Vietnamese Group 959, 100 and PC/38, which served as the military headquarters and secretariat of the LPRP. The VCP purposely neglected the development of revolutionary human resources so that the Lao were only Vietnamese dependents and followers. The lack of Lao skilled personnel to govern Laos in the post liberation era justified the VCP conclusions.

Without US aid the Royal Lao Government could not survive because it had no domestic savings, its national budget was almost entirely US aid money and for military purpose. There were a number of political parties in the Royal government zone but they were not equipped with proper political ideology and had no grass root members from various ethnic groups. The Lao population in the former Vientiane zone was divided into many factions, each of which had a patron. In the Royal government zone the prestigious families such as Nosavan, Sananikone, Na Champasak, Souvanavong, Inthavong, Adbay, and the rest was in Souvanna Phouma camp. With US aid, the political philosophy of these factions was power driven for money while the nation’s
interests and the threat from the communists was ignored. King Sisavang Vatthanak, who by the constitution could not be involved with day-to-day national political affairs, did not play an active role. Many of his subjects did not know their king. The Royal Lao Government had six military regions, controlled and corrupted by warlords, which indirectly promoted the communist propaganda. The warlords treated each other as the enemy. The internal division and conflict paralysed the entire royal government regime.

The Lao Patriotic Front gained full support from Vietnam, the Soviet Union and other socialist countries. It shared revolutionary ideology and strategy with Vietnam. With Vietnamese support, the joint Lao-Viet forces achieved the liberation of Laos. The Lao Patriotic Front expanded its influence within the Royal Lao Government bureaucracy and the people in Royal government zone. The North Vietnamese army increased its troop number and supplies to South Vietnam along the Ho Chi Minh Trail. The US retaliated with intensified bombing, which led to the Paris Agreement on Vietnam on 27, January 1973 and the Agreement between Royal Lao Government and the Neo Lao Hak Sat on February 21.66 The Vietnamese immigrants, who were the revolutionary nucleus in Royal government zone, took part in the seizure of power in 1975. When the US announced its withdrawal from Indochina, conditions were ripe for the seizure of power by the Lao Communist Party.

In 1978 Deng Xiaoping launched a new policy of agricultural modernisation, which increased the output from 285 million tons in 1977 to 400 million tons by 1985.67 However, the LPRP ignored changes in China it continued to follow the Vietnamese model of socialist revolution. Such adherence resulted only in failure. The LPRP suppressed the Lao traditional values and freedoms. The implementation of such policies reduced the population in the former Royal government zone to a stater where they knew nothing or were sent to re-education camps. They were expected to know only the new regime. They were classified as class enemy and reduced to the status of non-citizens. They were left in total political ignorance. In the new Laos the LPRP was a source of redemption, chauvinist, correct in all it does.68 It brought the misery and poverty to the Lao people for more than a decade due to the failure of the centrally planned economy.
CHAPTER 3


5. Note: In April 2000 Dr. Khamphay Abhay, former Minister of Health in the Royal Lao Government invited the fellow Lao community leaders to his residence in North Ryde, Sydney and presented a video tape on the US official ceremony accepting the former Hmong Special Guerrilla Unit (SGU) veterans under General Vang Pao, the Lao Second Regional Military Commander of the RLA as part of the American military engagement in Vietnam War.


21 Sengsathit, *Indochina Federation, the Accounts of the Lao-Viet Special Relationships*, p. 4-6.


25 Ibid., p. 45.


28 Ibid., p. 70.

29 Ibid., p. 87.


31 *Records of Historical Events of the National Liberation War*, pp. 11-12.


34 *Records of Historical Events of the National Liberation War*, pp. 16-22.


36 *Records of Historical Events of the National Liberation War*, pp. 41-46.

37 Notes, in December 1974 I asked for an interview with a senior secretary at the Vietnamese Embassy at Don Dauang in Vientiane. The interview topic was ‘The rural development in the socialist countries’. It was part of my studies course at the Royal Institute of Law and Administration, Srisavang Vong University. On the interview day I was advised that all Embassy staff were at the time busy in helping with the organisations of strikes and demonstrations.

38 Sengsathit, *Indochina Federation, the Accounts of the Lao-Viet Special Relationships*, p. 19.


40 Ibid., p. 555.

41 *Records of Historical Events of the National Liberation War*, pp. 15-16.
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42 Donnem, Laos: Keystone of Indochina, pp.97-98.
43 Ibid., p. 99.
44 Sagar, Major Political Events in Indo-China 1945-1990, p. 125.
47 Langer and Zasloff, North Vietnam and the Pathet Lao, Partners in the Struggle for Laos, pp. 21-22.
48 Sengsathit, Indochina Federation, the Accounts of the Lao-Viet Special Relationships, pp. 22-24.
50 Ibid., pp. 13-22.
52 Friendship and Cooperation Treaty between Lao PDR and Socialist Republic of Vietnam, signed at Vientiane, the Capital of the Lao PDR between Kaysone Phomvihane, Lao Prime Minister and Pham Van Dong, Vietnamese Prime Minister on 18 July 1977.
56 Ibid., p. 22.
60 Ibid., pp. 104-107.
62 Grant Evans, Lao Peasants under Socialism, New Haven, Yale University Press, 1990, pp. 53-54.


CHAPTER IV  The LPRP as a Ruling Party

1. Imposition of Marxist-Leninist Policies

The Quest for Socialism

After its seizure of state power, the LPRP proclaimed its readiness to lead the nation in building socialism. No questions were asked and no one dared to query the Party’s resolutions. It was similar to the situation when Ho Chi Minh accepted Maoism into North Vietnam in early 1950s. Bui Tin who was a former Vietnamese communist colonel and later a journalist recalled that when Maoism reached North Vietnam was a serious time when everyone had to learn Maoism.¹ Applying the Vietnamese model, the LPRP dismantled the former monarchical system inherited from the French colonialism. Curiously the communists considered the previous regime to be feudal, colonialist and capitalist. The LPRP renamed the country the Lao People’s Democratic Republic, abbreviating as Lao PDR. The LPRP substituted the royalist administration with a system where all administration units were headed by senior party cadres who are responsible for the implementation of Party’s resolutions. Laos was a Party/State where the LPRP expressed the “dictatorship of the proletariat”. In accordance with the Marxist-Leninist ideology the LPRP nationalised private enterprises and collectivised agriculture as part of its “accelerated socialism plan”. The initial attempt to build Laos a socialist state was through the first three-year plan of socio-economic development (1978-80).

Since Laos was an agrarian society with few industrial workers, most Lao communist leaders and cadres were of peasant origin. However, the LPRP combined the industrial workers and peasantry and called them working class, proclaiming itself as true Marxist-Leninist Party. Among the LPRP, politburo and of seven, Kaysone Phomvihane and Phouni Vongvichit were respectively sons of Vietnamese and Lao traditional landowners. Their fathers had been officials in the French colonial system. Mr Khamtay Siphandone, the present Party’s President, was also a former soldier in the French colonial army who was later transferred to Pakse provincial telegraphic office. Dismantling the Royal Lao government, the LPRP sent the departmental heads, senior staff, army and police officers of the former regime to re-education camps near the Vietnamese border. The LPRP appointed party cadres to head department government agencies such as the Development Bank, Electricity, Water Board and Civil Aviation. Most Party cadres had little formal education and were supervised and assisted by consultants from Vietnam, the USSR and other socialist countries. The former Royal Lao Government had also employed French, American, and Thai consultants. The Vietnamese consultants were junior Party cadres with limited expertise. The Party changed the line of hierarchical responsibility of the administration machinery to be accountable to the upper level
or Khun Teng. The Lao communist institutions were identical to the Vietnamese models derived from China.²

After the LPRP became the ruling party, government departments, public owned organisations, the National Assembly, the Lao Front for National Construction (LFNC), the People’s Army, the People’s Court, the village, district and provincial administration were placed under direct LPRP control. The Party cadres who held senior positions assumed the functions of policy advisers or political training officers. Technical or professional staff with a higher rank who was not Party members had to submit to party members appointed to assist at that level. The abolition of the sub-district level in the local administration indicated a cut in the administration line. This change encouraged the village level to have direct contacts with district officers, previously separated by the sub-district level. This gave more power to the village administration and followed the Lao traditions where the village was the community centre. In the new regime administration, villages and districts are accountable to provincial governor who is also the LPRP provincial secretary.

The current financial delegation and cheque approval process for budget expenditures of the new regime remained identical to those of the previous Royal Lao government system. Only the Minister for Finance has the authority to approve the budget expenditures. Most of upper level staff was graduates from France and French consultants still played a significant role in the Lao treasury and financial system. The Minister for Finance had power over the state’s financial management, the processing of government overall accounting matters and expenditure for development projects by other departments. The Prime Minister and other ministers have some financial delegations but within their budget. All expenditure cheques or requisitions have to be endorsed by the Minister of Finance to ensure that money is available in the budget because the Lao national budget relies on the tax to-be-collected. New Lao socialist rhetoric flourished, but the administration infrastructure in the area of national budget, financial management and public sector accounting remained unchanged from the French colonial system. Such concentrated financial power had an adverse impact on the current market economy. In some cases it took two years to have cheques or mandats processed. Before the payees could receive such cheques or mandats they had to pay for the service render fees.

From 1962 to 1966 the salary mandats or cash requisitions for the former RLG Prime Minister, Prince Souvanna Phouma were prepared by the Commission for Rural Affairs, as he held this portfolio. The mandats has to be signed and verified by section heads in the Commission for Rural Affairs and in the Ministry of Finance. Government mandats had to be sighted by Papa
Beunacorse, a French accountant with Lao citizenship, before it was approved by the Ministry’s Director General, Souvanthong Phenglaphanh. If the mandats involved payment to private enterprises, the company accountant or owner had to chase their own mandats. They bribed the accounting section heads in the relevant Ministry and the Ministry of Finance. This RLG bribery system was called ‘an under table oiling system’. In the New Lao PDR Government, this system was renamed ‘on-the table service rendered fee’. In 1990, the LPRP overhauled the public sector infrastructure to provide better client service delivery to suit the market-oriented economy. The past and present public sector administration did not generate income for the Government and the bribery system was common practice by past and present Lao Governments and the money went to officials’ pockets.

Direct Implementation of the Vietnamese Model
At the Third Party Congress in 1982, Kaysone Phomvihane reported that the LPRP was committed to build socialism by relying for support on the Soviet Union and other socialist countries, especially Vietnam. This political forecast was made on the assumption of a bi-polar world political philosophy. There was no thought in Laos and other countries that the, Soviet Union would soon collapse. From 1976 to 1979 the LPRP remained close to the Vietnamese model, copied from Maoism. Most Vietnamese communist cadres had witnessed the Chinese revolution and the implementation of the Maoist model in China after 1949. The measures imposed in Laos were similar to those implemented in China. Episodes of the Chinese revolution were shown in Laos by the Chinese Embassy before the LPRP took over the power. Grant Evans argued that there is nothing, which distinguishes Vietnamese economic thinking from the orthodox Stalinist communism.3

However, other experts dissented with Evans pointing out that the Lao communist leaders, were apprentices only to the ICP and the VCP. The Lao traditionally show respect and grace to the persons who are their mentors. The party insisted on moving to socialism through nationalisation and collectivisation of means of production in a short period by passing the capitalist stage of development. The three areas of revolution were:

1. a production-relations revolution.
2. a scientific and technical revolution.
3. an ideological and cultural revolution.

The first revolution referred to the conversion of private economic enterprise into state-run enterprises and the collectivisation of agriculture through farming co-operatives. The second
Vietnam and China are close allies of the Lao PDR.

Khamtay Siphandone, the LPRP President welcomes Vietnamese Communist Party General Secretary, Le Kha Pieu (5 March 1998).

President Khamtay Siphandone welcomes his Chinese counterpart, Jiang Zemin (November 11, 2000).
revolution sought to bring new technology and machinery for mass production. The third refers to the creation of the 'new socialist man' and the elimination of old regime's decadence. It aimed to raise people's consciousness through Marxism-Leninism so they would be the masters of the country. The Lao PDR economic thinking bore a strong Vietnamese imprint and ignored Lao socio-economic conditions. In attempting to achieve these revolutions the LPRP relied on aid from the socialist camp, which convinced the Lao communist party it could move rapidly to socialism. Four social-political conditions convinced the LPRP it could be achieved:

1. The Lao PDR became a socialist outpost in Southeast Asia, being a front line communist state confronting US imperialism and so-called its 'reactionary puppet regime' in Thailand.
2. A progressive political system was established in Laos with 30 years revolutionary experience with Vietnamese brothers as mentors.
3. Laos carried out a socialist revolution with the Soviet Union as its mainstay.
4. Laos has extensive natural resources and a small population.

The bi-polar political world of US capitalism and USSR socialism convinced the LPRP it could attract aid and investment from the Soviet Union, fraternal socialist states and some non-aligned countries. With such assistance, Laos could build socialism in a short period of time. Such a hypothesis overlooked other political and economic factors. Former Royal Lao Government soldiers, police officers and public servants expressed their interest to learn about the new regime at the re-education camps and hoped that they would be rehabilitated and integrated back into the new regime workforce. At the camps they were denounced as socially rotten and undesirable people, people's corruptors, reactionary, American stooges and CIA agents. Their camps were at Soun Long Ma, Sob Pane, Sob Ting, Sam Tai, Meuang Ma and prisons at Sob Hao or Soun Chet (Centre No. 7) in Sam Neua Province and other centres in the eastern provinces. Thousands of them did not return to their families, they died of malnutrition, hard labour, torture and traumas. Those who returned could not find their family or were unfit for employment because of their age, mental illness and physical disability. The LPRP Politburo regarded these measures lenient punishment, as Lao people are Buddhists. They viewed the removal of 50,000 RLG regime personnel to the detention camps as better than punishment by firing squad as they were classified as war criminals. Some former RLG personnel with similar pasts were retained by the new regime. Lao, Vietnamese, and the Chinese businessmen involved in the previous regime corruption were spared. The Party shaped the thought of the Lao people and was determined to create the new socialist man.
In their campaigns of ideological rectification (or Khidamkarn daipreng kaokhai wokit), the LPRP forced conformity to the Party line. The Party purge of its rank and file was its Marxist-Leninist purification of cadres. The LPRP purges resulted in the imprisonment and death of hundreds of party cadres. Party leading cadres purged in 1978 were Khamma Phomkong, Ounheuane Phounsavath and Thongchanh Oupalavan. In the following year, Sisanane Sayanouvong, the editor of the party daily Sieng Panason and the news agency Khonnam Pathet Lao, fled to China with a number of his collaborators. The purge occurred during the conflict between China and Vietnam and meant to cement the special relationship with Vietnam and support the stand against China. The purged cadres were denounced as being pro-China.

The First Socio-Economic Three Year Plan 1978-80

The LPRP faced difficulties because it lacked of skill and experience in building socialism and economic management. It confronted national issues such as defence, social, economic, party development and regional and international relations. High positions in the Lao PDR were held by thirty-year war veterans with little formal education and experience only in liberation war strategies. They lacked training in the technical and managerial skills necessary to run a national economy. Those with formal qualifications held junior positions and could not express opinions. If disagreed with the party line they were sent to a re-education camp. The LPRP was confident it could achieve socialism by relying on socialist aid.

However, the aid was not properly utilised because of the unorganised budget, lack of project management skills and of poor education of personnel. A Hungarian diplomat involved with Laos aid development projects stated that Laos had used only 50 per cent of the available aid in the first five-year plan (1981-85). The COMECON nations decided to find fewer small-scale projects in fewer areas. A hospital project contracted in 1980 and a paediatric project in 1985 was abandoned because Lao officials claimed there were no funds to buy cement for their construction. They also faced problems of transporting equipment through Vietnam where the cement ordered for the paediatric hospital was lost at a Vietnamese port. Aid resources were often diverted to other projects. The first Lao three-year plan, 1978-80 did not attain its goal because Laos experienced drought. There were other difficulties caused by the low level of economic development, a legacy from the old regime. The LPRP claimed that through socialist production, the economy had progressed to a new stage. Production in forestry had increased timber exports 103 per cent. Area of rice cultivation increased annually by more than 6 per cent. The cattle numbers increased by 60 per cent compared to 1976. These statistics were fictitious because foodstuff self-sufficiency remained the country's main tasks in Lao PDR's 1986-1990 five-year plan. Optimistic reports were
encouraged by the government as part of its propaganda to boost the Party leadership in its struggle against capitalism. The LPRP failed to reach its mass production targets because of grave mistakes from the outset. The Party was subjective and oversimplified the complexities of socialist reconstruction.

The Party's ideological and political work was insufficiently consistent. Many Party cadres did not grasp the Party's policy and guidelines. Many became bureaucrats and some succumbed to corruption. The state grew cumbersome and unwieldy and efforts to implement plans were inadequate. In education, culture and health, the LPRP sought quantitative results at the expense of quality. This signalled Laos is lack of skilled labourers, technical and professional personnel particularly in management. This lack was worsened by the exodus of Lao refugees to the West, and the imprisonment of fifty thousand personnel of the former regime. In addition, the purge in the LPRP increased the lack of qualified and experienced socialist personnel. The few Western-trained bureaucrats with French and English language skills and technical competence were useful to the Party, but could not make any independent decisions. Some experts believed the failure of socialist Laos was the imposition of the Vietnamese model, on uniquely different socio-economic conditions.

In the economic and social development report of Nontak Phoumsavanh, a member of the LPRP politburo, and in the General Secretary's report, all Party targets were met satisfactorily. The 1978-80 three years plan fulfilled the tasks determined by the Party Central Committee. All sectors of the economy improved, rice production was 1,154,000 tons in 1981 compared with 700,000 tons in 1976 because of collective farming and the creation of about 31 state farms. In distribution and trade, the state owned 180 state and 356 cooperative shops. In education, literacy increased to 85 per cent and 10,000 students studied abroad. However, the statistics were incorrect as more than fifty percent of the total imports were rice and other agricultural goods. Farming areas could not be expanded, as northern part is rugged and mountainous. Irrigated areas are limited in the valleys in southern part. The slash-and-burn could not be halted as there is not enough irrigated land for the resettlement of highlanders. In 1978 the external donors gave the Lao government 150,000 tonnes of rice. Despite the shortfall in rice, the number of farming co-operatives continued to increase from 1600 in 1978 to about 2500 by mid 1979. They were forced co-operatives thus became unproductive as people did not understand its concepts. The situation provoked peasant resistance. Many peasants destroyed their crops and livestock, or fled to Thailand. The statistics appeared to be oriented to disguise the failure of the centrally planned economy. In 1983 the number of co-operatives sharply dropped by over one thousand.
PLEASE NOTE

The greatest amount of care has been taken while scanning the following pages. The best possible results have been obtained.
Nouhak admitted some mistakes made by the Party. He noted that Laos was moving toward socialism from a small-scale subsistence economy with a slow pace of development, imbalances and backward traditions, which hampered the Party works. To overcome these he suggested that the Party must take time and advance step by step. He said that in the past the Party sometimes acted with unnecessary haste or rigour, which created difficulties for the people and weakened economic development. Nouhak offered muted acceptance of mistakes committed by the LPRP from the outset of their victory. It was a disclosure of the failure of the adopted Vietnamese model. To reverse the downward economic spiral, a modest liberalisation programme was begun in December 1979.

A Step toward Modest Liberalisation of Trade

To strengthen the path to socialism, the goal of the LPRP, the Party General Secretary placed an emphasis on the military and economic aid Laos received from the socialist camps especially the

"By early in 1979 the LPRP was under pressure from Vietnamese advisers and the International Monetary Fund to change its policy. The LPRP called it 'a new awakening-in-time' The move abruptly suspended the co-operativisation and marked the failure of the centrally planned economy. The Party adopted these socio-economic reforms at its Second Session of the Seventh Central Committee Plenum, known generally as Seventh Resolution. Kaysone then announced it as a major reorientation of the LPRP's strategy for the transition to socialism, a move to disguise the change toward liberalisation. The resolution included a critique of orthodox communist command planning and began an examination of different approaches to socialist economic development, starting with Lenin's famous article on the New Economic Policy in the Soviet Union in the early 1920s. This was known in the Lao PDR as the New Economic Mechanism or Chanatkan Maa. The reforms of the Seventh Resolution in reality undermined socialism and constituted a partial reintroduction of capitalism."

Chinese expansionism force. The assumed flow of socialist aid convinced the LPRP that it could bypass the capitalist stage of development and overcome the underdeveloped agrarian conditions of Laos. Five years later at the Fourth Party Congress, the LPRP Politburo stated that haste in implementing its revolutionary plan was not suited to Lao socio-economic conditions. The Party changed, replacing its socialist course and retracted to the stage of capitalist development, which would lead finally to the period of transition to socialism. This change was emphasised in a joint communiqué between Kaysone Phomvihane and Thai Prime Minister, Kriangsak Chamrassanan, in 1979. The liberalisation of Lao trade was inaugurated in late 1979 following similar measures undertaken by Vietnam. The new direction was declared at the Fourth Party Congress in November 1986. Such measures included easing the level of social control, slowing agricultural
collectivisation, reducing the burden of tax collection, and economic incentives. The LPRP implemented the Vietnamese models for over a decade, which did not advance Laos economically.

After liberalisation, the remaining old business families manoeuvred marriages between their children and those of the politburo. Others fostered relationships with cadres in the Central Committee. The "old corruptors" were spared enjoy the new modernisation under the patronage of the party politburo. Modernisation referred to what Kaysone termed as "State-Capitalism" in the Lao New Economic Mechanism meant the transfer of state enterprises to state-capitalist ventures and capitalist companies. Its significance is twofold: the Lao elite is very small and there is increasing overlap between a re-emerged old business elite and the new party elite. Grant Evans suggests that family-based alliances could be decisive in conflicts over the distribution of foreign exchange and the national investment goals. Such conflict of interests is expected, but its resolution may be violent. In the Lao state-capitalist model, the elites have a double role: the one-party oligarchy and state-capitalist ventures where personal gain may occur at the expense of economic development.


Sensing the Socialist Economic Collapse

In December 1979 Vietnam introduced limited liberalisation. It involved the relaxation of state social control over agriculture, the introduction of economic incentives and reduced taxes. Similar changes also took place in Laos resulting in signs of economic stability and sound improvement. In mid 1980s radical socio-economic reforms known as glasnost was initiated in the Soviet Union, later introducing fundamental perestroika. These USSR reforms aimed at saving its collapsed centrally planned economy. In October 1985, state-capitalist joint ventures between China and wealthy Hong Kong Chinese were established by Deng Xiaoping. Tourism to China increased by 20 per cent between 1982-85. Foreign currency income from tourism to China was in excess of one and a half billion US dollars. By April 1987, China's Open Door Policy proved economically superior to the Soviet model. The proof came when China recorded US $4,000 billion GNP and occupied a position 'among the advanced countries of the world'. Chinese patriotism became compatible not only with socialism but with the concept of 'proletarian internationalism' which China had once reproached the Soviet Union for abandoning. The democratisation in Eastern European countries in 1989-90 marked the end of state communism in East Germany, Czechoslovakia, Hungary, Poland and Romania. Events in Eastern European initially had little impact on Asian communist countries where the chronic socio-economic problems of socialism
had been addressed in their own fashion by China's Open Door Policy and modest liberalisation in Vietnam and Laos.

Even though the LPRP continued to proclaim its ultimate goal was socialism, in practice Kaysone admitted the Party's mistake in its adopting an over-centralised model of socialism. It was compounded by the Lao cultural dimensions of light-hearted, easy-going manner and the syndrome of "never mind - don't worry about it" or *la pen yung dok*. However, as senior Lao Minister during a visit to Australia stated that the LPRP sensed the economic problems in the socialist camp just in time. The Party changed its socio-economic model and introduced the New Economic Mechanism (NEM) within the ideological context of Marxism-Leninism. It was seen as a move toward state-capitalism, the gateway to socialism. The Party called it a 'Period of Transition'.

The course was reversed in theory at the Fourth Party Congress held in November 1986. The Party set out new directions and tasks for the period of transition to socialism. It meant that the LPRP Party switched back to the capitalist development stage. It was based on the actual Lao socio-economic conditions, ignored by the Party ten years before, coupled with the emerging crisis in East European countries and in USSR. The Party pledged its destiny as socialism. Nouthak Phounsavanh suggested that the Party must take time and advance the revolution step by step. It did not mean that the Party gave up the course toward socialism. It embraced limited capitalist development because of economic and political conditions.

After the Party's Fourth Congress in November 1986, the LPRP conducted intensive political training of Party cadres to understand the new policies. Kaysone's report to the Congress noted the achievements and mistakes of the Third Party Congress resolutions. He stressed that the Fourth Congress implemented tasks of the period of transition and socio-economic planning to year 2000. By the end of 1988 with the support of foreign investment Law the LPRP put the New Economic Mechanism (NEM) into practice within the framework of market economy. The launch of NEM in 1986 marked the abandonment of the centrally planned economy. It was the change of socio-economic development model but not the regime. Laos continued to be under the LPRP, the Communist Party.

The major Party change in introducing the New Economic Mechanism was its emphasis on analysing, researching and creating new economic mechanism step by step that corresponded to the true Lao conditions and the new global development. Further in Kaysone's report admitted the Party's mistakes of haste in nationalisation, abolition of private enterprises, prohibition of inter-regional trade
circulation, and pressure for agricultural collectivisation. Such haste reduced production, created economic stagnation, and worsened the people's living standard. Moreover, the LPRP could not abolish the Party member self-subsidised system introduced earlier. It became burden and a drain in the national budget and affected the socio-economic development plan.\textsuperscript{18} The LPRP left the Vietnamese command models and adopted new measures based on the Lao socio-economic conditions. The Party emphasised that "Laos came from a colonial and feudal society with agrarian and self-sufficiency production, then went straight to build socialism bypassing the capitalist development stage". Kaysone viewed the NEM as a period of transition or an era of new revolutionary change. Political manuals entitled "Correct Attitudes and Knowledge of Marxism-Leninism" were issued by the Party in 1995 for Party cadres stressed that although Marxism-Leninism was scientific it was not sacred. Lenin's argument that Marxism was a practical doctrine was reaffirmed. It was admitted that in the past the Party saw Marxism-Leninism as sacrosanct whatever its applicability to Laos. Party rigidity had caused the breakdown of the Lao family where ten per cent of population left Laos and worsened the people's standard of living. In its new direction, the Party made use of theory to suit the Lao socio-economic conditions and did not attempt to change the reality of Laos to suit Marxist-Leninism. The Party now saw monopoly capitalism and state-capitalism (under socialist management) as the gateway to socialism.\textsuperscript{19} Ironically, in the past about a thousand party members who argued this line were purged as revisionists.

Laos in the New Political Dimension

Despite the introduction of 'Period of Transition to Socialism', Kaysone Phomvihane pointed it out in the Third Party Congress Report that many Party members had already succumbed to corruption. Conflicts based on corruption within the Party at every level were out of control. To keep the country under Party control, the Party proclaimed the policy change in communist terms as a way to avoid further disruption.\textsuperscript{20} The 1979 conflict between Vietnam and China and the Vietnamese invasion of Cambodia increased the number of Vietnamese troops in Laos. It was seen as part of the Lao-Vietnamese Friendship and Cooperation Agreement signed in 1977. The agreement assured Laos of Vietnamese protection by the Vietnamese troops for 25 years. The Lao PDR depended on Vietnam to defend its new regime and its western border. The Socialist Republic of Vietnam historic ties with the Soviet Union continued till the collapse of the USSR in 1989.

Laos is a land locked country surrounded by five powerful neighbouring countries, among these are powerful China, Vietnam and Thailand. Geographically and politically, Laos finds difficulty in maintaining its independence. USA encouraged and assisted China toward the market
economy under state management in the hope that gradual economic change would bring democracy to China. However, China did not yield to the US pressure normalised its relations with Vietnam, admit Vietnam into ASEAN, or the copyright methods and improve its human rights. Instead China saw itself as leader of the remaining Asian communist countries including Laos and Vietnam. These countries became dependent on China for political and economical guidance and defence support supplies. China became a key supporter for Laos and Vietnam and through the present state-capitalist model to improve their economies. However, China saw Vietnam’s relationship with external powers outside the region as a bar to its influence in the Southeast Asia. After the collapse of the USSR, Vietnam forgot its past and established relations with USA, the former enemy, and joined ASEAN. These rapid changes of allegiance had an impact on Laos.

The Lao-Thai conflict over the three villages, Bane Mai, Bane Kay and Bane Savang in Sayabouri province in mid-1984 strengthened the Lao-Viet Treaty and convinced Laos to retain Vietnamese troops in Laos.21 By 1988-89 Laos and Thailand started to normalise their relations by an exchange of government delegations. Coupled with the withdrawal of Vietnamese troops from Cambodia by September 1989, it was a sign of a regional relaxation of tensions. Accordingly to Kayson, the VCP had supported the Lao course in normalising relations with Thailand. Vietnam made a shift in its policy vis-à-vis the West and normalised relations with USA. It became a member of ASEAN. Vietnam sought a political haven rather than being subject to a single dominant power to its north where China became the world communist leader after the collapse of the USSR. On the other hand, Vietnam wanted to show goodwill to China. At the same time Thailand abandoned its expansionist policy Pan Thaiism or Grand Thai Policy through a trading partnership with Laos. These international and regional political developments resulted in gradual withdrawal of Vietnamese troops stationed in Laos.

The withdrawal was from an estimated 45,000 at the beginning of 1988 and by the end of this year to between 20,000 and 10,000 according to a Western diplomat in Vientiane, and to zero, according to Lao spokesmen. Lao Deputy Minister of Foreign Affairs Souphan Salithilit stated in Bangkok in December 1988, that Vietnamese troops were no longer necessary because of improved Lao relations with China and Thailand.22 Diplomatic observers in Laos noted that there was reduction of Vietnamese consultants and military advisers and fewer Vietnamese activities in promoting Indochinese integration such as the Indochina summit or Indochinese foreign ministers conference. Vietnamese troops in Cambodia and Laos had been a concern to Thailand’s national security. The Western diplomatic observers remarked that those changes created truer sense of
Lao liberation than those of 1954 or 1975, and created a gathering of Lao political patriotism. Other political observers remained sceptical about Laos’ independence maintained by the political balance between its powerful neighbours. A cause of their pessimism was the low level of competence in the LPRP rank-and-file. Another was the growing of corruption rooted in the patron-client relations between the remaining aristocratic and leading party cadre families. This led to the birth of a new social stratum “the party-aristocratic family”. Many visitors to Lao PDR witnessed the extravagant life of this class, spending US dollars in clubs and bars and living in three-story houses while 85 per cent of the rural peasants are struggling for salt for their meal.

The Directions toward New Economic Mechanism

The First Five-Year Plan 1981-85 aimed at the creation of an independent and socialist economy with developed agriculture, forestry and industry. It sought to satisfy the material and spiritual needs of Laos’ multi ethnic groups and creating a solid base for the defence of the new political system. The plan had immediate tasks and basic targets in the following areas:

1) Intensified development of agriculture production.
2) Forestry – more logging of timber for export, the target set was 1.6 to 2 million cubic metres and forest protection.
3) Manufacturing and light industry – Encouraging the factory made and hand-made of consuming goods.
4) Transportation and communications – aimed at increase of passenger transport and construction of roads, telegraph, telephone and postal services.
5) Capital construction and capital investment – aimed at creating material base for industry, such as agriculture, forestry, water management, communications and transport and manufacturing.
6) Trade and services.
7) Exports, imports and economic cooperation with foreign countries.
8) Population and Labour resources.
9) Finances, banks and prices, and
10) Culture, education, health and social security.\(^{21}\)

In accordance with the basic targets of the first Five-Year Plan, the acceleration of agricultural collectivisation was a priority. However, the plan aimed at liquidating the practice of financing businesses from the state budget and introducing of a system of economic incentives and punishments to improve performances. It gave more incentives to small private enterprises. The Party intensified its research and statistical work to assist management of industries. Even though
modest liberalisation of trade was introduced, the Party still pressed for expanding output, economising and raising labour productivity based on the expansion of thousands of agricultural co-operatives, state farms and state logging enterprises. The first Five-Year Plan was a typical socialist socio-economic plan coupled with modest liberalisation. At the beginning of 1982, the campaign to expand agricultural co-operativisation was accelerated throughout the period of the first Five-Year Plan and was hailed ideal to the reality in Laos. By the end of 1986 the artificial number of national co-operatives increased to 3,976. Most were not operative due to lack of management skills and markets. The campaign on co-operativisation had failed and prompted the Party to launch the New Economic Mechanism. The campaign to increase the production of commodities for sale was not carried out, as Lao PDR has yet accessed to overseas markets.

3. Role of the LPRP Central Committee

The Party Congress - The Top Decision Making Body

At the First Party Congress only five senior ranking ICP members were elected to the Party’s politburo. Kaysone Phomvihane was the Party General Secretary and held this position until his death in 1992. At present only three comrades, Nouhak Phoumsavanh, Khamtay Siphandone and Sisavath Keobounphanh who were ICP members alive. Khamtay is the LPRP President and President of the Lao PDR, Sisavath was the President of Lao Front for National Construction and Nouhak the adviser to the President. After its establishment in 1955, the Lao Communist Party did not hold its Party Congress until 1972. Its 1972 Second Congress was held at Viangsay in Sam Neua Province, three years before the completion of the National Democratic Revolution, its “liberation” of Laos. The LPRP was to hold its Party Congress in every five years but held the Third Party Congress in 1982. Subsequent Party Congresses were at five-year intervals, the Sixth Congress was held in 1996 after the Party abandoned earlier Vietnamese models and initiated the New Economic Mechanism (NEM). The Party Seventh Congress was held in April 2000 where it changed its attitudes toward the Lao expatriates. During the liberation struggle, the LPRP had confused warfare strategies with the political and economic development, copying the model of the Vietnamese Communist Party.

In changing its policy the LPRP adopted the New Way of Thinking, Chintanakarn Mai or the Open Door Policy for outsider investment, which was seen as the only way out of economic stagnation. To maintain its special relationship with Vietnam, the Party moved carefully and slowly. Every change in Laos occurred in accordance with the Vietnamese Communist Party Congress resolutions. Laos always sought to preserve its special relationship with Vietnam. When the LPRP held its Fifth Congress, the VCP already implemented similar resolutions
reached by its Sixth Congress. Nguyen Van Linh, the General Secretary of the VCP, stated in his speech to the LPRP Fifth Congress that the VCP had implemented the directions of the New Economic Policy. They abolished what was called the collective authority of Party self-subsidy mechanism that allowed the senior party cadres to receive lavish subsidy at the expense of the working people. The new economic mechanism was adopted and the economic structure was amended. The VCP General Secretary further reported that Vietnam's economy was moving towards an Open Market but with the socialist state management.  

Political Ideology at the Period of Transition

Marxist-Leninist ideology was the LPRP doctrine. The peculiarity of Lao conditions had contradicted the Lao Communist Party doctrine. Instead the Party makes use of "Mann Sai" or this ideology. The political and social situation and the need for economic development seemed to give rise to an indirect approach to the indigenous Lao national political ideology. Socialist philosophy, simply applied in the areas of the political, principles and organisational development, was shown to be impractical in Laos' economic and legal development. The "Chumnakarm Mai" provided Laos for the first time with an opportunity to openly embrace the market economy. Laos, one of the poorest countries in the world, through the Party was exposed to the principles of the market economy in the late twentieth century. This is an ironic role for a communist party. Yet other socialist countries in the region were trekking the same direction because there seemed to be no option. The LPRP saw this remarkable change as a "transitional period toward socialism".

In a sense the LPRP did not accept this change as a reversal from the Vietnamese command model to the capitalist stage of development but rationalised it as a stepping stone to socialism. It meant that the socio-economic development had been based on capitalist market economy but under state management led by the Lao Communist Party. The socialist state owned and private enterprises operated under the policy of the LPRP and within the legal framework of the state. In addition, the Party strove to train their cadres to acquire skills and experience in the management of the nation's economy: Thus would be created State-Capitalism, the gateway to socialism or *Paton Pha San Samkhoun Niyam*.

Leadership and Organisational Hierarchy

The First LPRP Congress was held in March 1955 at Bane Na Meo, a village in the north east of Sam Neua Province. Twenty-seven people attended of which 22 were party members. The Party had 400 members nationwide and five ICP senior members were elected to politburo. They were
comrades Kaysone Phomvihane, Nouhak Phoumsavanh, Boun Phommahasay, Sisavath Keobounphanh and Khamsaeng. Seventeen members were elected to the Central Committee. Khamsaeng and four other members were the first Lao nationals recruited by the Viet Minh in the Lao Regional Committee or Kamu Pak Khounnem Lao. Khamsaeng was the only Lao communist veteran of the IRC who was elected to the politburo in the First Party Congress.\textsuperscript{26} At the Second Party Congress held at Viangsay in February 1972, Sam Neua Province, 125 members attended. Twenty-three were elected to the Central Committee, an increase of six and other six alternate members including one woman. Kaysone Phomvihane was again elected General Secretary; the politburo increased to seven persons consisted of Kaysone Phomvihane, Nouhak Phoumsavanh, Souphannouvong, Phoumi Vongvichit, Khantay Siphadone, Phoun Sipaseuth, Sisomphone Lovaensai. The Secretariat consisted of Kaysone Phomvihane, Nouhak Phoumsavanh, Phoun Sipaseut and Sali Vongkhamhsao.\textsuperscript{27}

Seven years after the liberation, party membership was 35,000, and 228 representatives attended the Third Party Congress held in April 1982 in Vientiane. The Central Committee members increased to 49 with 6 alternate members. The politburo consisted of the same seven, the Secretariat increased its members to nine, with five new additional members appointed, Khantay Siphadone, Sisomphone Lovaensai, Sisavath Keobounphanh, Samane Viyaketh and May Chantane Sengmany. Four among the 49 Central Committee members were women; the national groups were represented by 79 per cent Lao Loun, 15 per cent Lao-Teung of Mon-Khmer origin and 6 per cent Lao-Soung of Yao-Hmong origin. The average age was 55; the oldest was 74 while the youngest was 38.\textsuperscript{28} In 1982 Congress qualifications or education level of members were not included in the Party report.

Three hundred and three party representatives attended the Fourth Party Congress held in November 1986. An invitation was extended to some 200 former senior party members, soldiers, and non-party members, in particular the patriotic leaders. The number of Central Committee members increased to 60 in total, 51 of whom, had full membership of the Central Committee while nine were alternate members, five were women. The average age was 52, the oldest members were 77 years of age while youngest were 33 and 15 per cent of members had university or higher education training.\textsuperscript{29} At the Fourth Congress, the politburo number increased from seven to eleven. The two new faces were May Chantane Sengmany and Samane Viyaketh with Oudom Kattiya and Choummaly Saisayone as alternate members. The number of Secretariat members remained nine. But there was a reshuffle, those who were elected to the Secretary were: Kaysone Phomvihane as General Secretary, Khantay Siphadone, Sisavath...
Keobounphanh, Sali Vongkhamsoa, May Chantane Sengmany, Samane Viyaketh, Oudom Kattiya, Choummaly Saiyasone and Somlat Chanthamath.\textsuperscript{30} The New Economic Mechanism was adopted. It marked the end of Vietnamese models of nationalisation and collectivisation of ten years earlier. The Second Five-Year Plan (1986-1990) laid out rational objectives, and asserted that lessons had been drawn from the shortcomings of the First Five-Year Plan (1981-1985). By the end of 1985, the government claimed that the goal to attain the basic food self-sufficiency was achieved.

The Fifth Party Congress was held in March 1991 when 367 delegates represented the 60,000 members. 59 were elected to the Central Committee including four alternate members and four were women. The average age of its members was as follows: 22 per cent above 60, 30 per cent between 50-59 years of age and 47.45 per cent of those who were below 49. The oldest members were 77 while the youngest were 35. Five members were the former ICP members. 94.9 per cent were those who participated in the national democratic revolution and 40.67 per cent were those who had university and higher Marxist-Leninist training. The Secretariat was abolished. The eleven members were elected to the politburo and there were no alternate members. The title of General Secretary was replaced by President because at the time Kaysone Phomvihane also held the position of President of the Lao PDR while Nouhak Phoumsavanh, the number two person held the position of National Assembly President. The politburo members were Kaysone Phomvihane, Nouhak Phoumsavanh, Khamry Siphandone, Phoun Sipaseuth, May Chantane Sengmany, Samane Viyaketh, Oudom Kattiya, Choummaly Saiyasone, Somlat Chanthamath, Khamphouy Keobounlapha and Thongsing Thammavong. The other senior members appointed as advisers to the CC were Phoumi Vongvichit, Souphanouvong and Sisomphone Lovansa.\textsuperscript{31}

The 49 Central Committee members appointed at the Sixth Party Congress in March 1995, four were women. The percentage members older than 60 dropped from 22 to 20.41. 63.27 per cent were those 46-59-age brackets and 16.32 per cent represented those aged below 45. 53 per cent of the newly constituted Central Committee had technical and scientific specialisation from pre-university-level training and 15 per cent are those who had university degree or higher. About 90 per cent of the Central Committee completed higher level political training. The alternate membership had been abolished. The elected politburo members at the Sixth Congress were: Khamay Siphandone, Party President and President of the Lao PDR, Samane Viyaketh, Choummaly Saiyasone, Oudom Kattiya, Thongsing Thammavong, Osakanh Thammathева, Bouvyang Vorachith, Sisavath Keobounphanth and Asang Laoly. Nouhak Phoumsavanh, retired
from the Politburo and from the position of President of the Lao PDR but was appointed as CC adviser. Since its inception, the leadership in the LPRP remained the in the hands of the same Lao communist veterans and the top Party position was selected in accordance with the senior ranking in the Party membership. It appeared that there was no major reshuffle or purge in the rank and file of the LPRP. Their collective leadership in the scope of democratic centralism seemed to have a good rank and file unity and the power sharing had strictly been based on the principles of regional clans and ethnic groups, notably the Northern Lao, Central Lao, Southern Lao, Lao Soung and Lao Theung. This classification was abolished at the Seventh Party Congress in March 2001. All Lao of different ethnic backgrounds are now called Lao citizens.

There were 452 delegates representing 100,000 Party members attended the Seventh Party Congress held on 12–14 March 2001. It decided to elect 53 Central Committee and 11 of these have been elected to the politburo. Three of the eleven politburo members are young civilians aged below 60. Khamtay Siphandone has been elected Party President. The Congress resolutions placed an emphasis on poverty alleviation aiming at achieving an average economic growth of 7 per cent per annum. The halt to slash-and-burn upland rice farming practices and the opium growing is among other Party prioritised tasks. The central theme of the Seventh Congress resolutions refers to the transformation of the subsistence economy into commodity production by focusing on integrated agricultural development. Rural development has formed part of the LPRP’s priorities. The Party has decided to rally all financial and personnel resources including budget and loans to fund local projects. It is prepared to offer local authorities (districts and villages) full responsibilities in implementing those projects. The focus has been a reversal from the emphasis on transport infrastructure and hydropower dam construction. The LPRP has failed to touch on taxation, anti-corruption, and quality service delivery, the well being of public servants, support for business and foreign investment.

Political Development in the Lao PDR.

The Sixth Party Congress the LPRP dropped six members from the Central Committee through the Party voting system. It was the first time that the LPRP conducted written anonymous self-criticism against the performance of each of the ministers. The 381 Congress members carried out a scrutiny of their leaders. The reshuffle had shown a soft "U Turn” toward patriotism but always within the orbit the Vietnamese as their political mentors. As Laos is an ethnically plural society, the collective leadership of the Party has to be sought a combined ethnic and regional representation. However, the Party broke tradition by retaining those who were not elected to
the Central Committee in the government. Those who are not Central Committee members are Khamphouei Keobounsophaphat, Deputy Prime Minister, Phao Bounnaphon, Minister for Communications, Transport, Post and Construction and Khamsai Souphanouvong, Economic Strategy Research Institute. Among these only Phao as a Minister of Communications, Transport, Post and Construction, others are ministers without portfolios. One minister who visited Australia in 1997 stated that non-Central Committee members were retained in the government because the National Assembly had approved members of the government and the Party was bound by law. A legal expert noted this was incorrect, as the Central Committee was elected by Party members and not by universal suffrage or by the population at large while members of the Lao National Assembly are elected by population, even though the majority in the National Assembly are Party members. The Party has the authority to dismiss the non-Central Committee members from the Government, as it is the Central Committee that forms the Government not the National Assembly. The Lao National Assembly acts as a law-making body not as a popularly elected parliament whose members form the government.

Furthermore, some technocrats such as the late Professor Vannareth Raspho, Dr Ponmek Dalaloy and Sian Saphanhthong, who were not Central Committee members, were appointed to senior ministerial posts. This special treatment perhaps occurred because of their outstanding performance and expertise and this enabled them to join the Party. Most technocrats in the former Royal Lao Government were given junior technical positions. The promotion of Asang Leoly to the Politburo and Vongphet Saykeuyachitongta, to Chairman of the Central Committee Control Board appeared to be an enhancement of ethnic representation in the top echelon. Some academics saw it as power sharing among the forty-nine ethnic groups and the regional leaders (former Lao principalities) or saw sociokonomic and chao kok and chao hao (boun tao).

Expert observers believed the move was a compromise between the communist hardliners, reformists and moderates. The Party line sanction on Khamphouei was regarded as placing the reform process in check particularly on the issue of the imbalance of foreign investment. Power sharing with non-Central Committee members was a LPRP strategy to make the Party popular and acceptable within Laos. It was a strategy designed to retain the Party in power as it advanced its economic reforms. A Deputy Minister on a visit to Australia noted that the composition of Government members was not a question of political compromise but an observation of the national Constitution. Those dropped from the Central Committee at the Sixth Party Congress were retained in the Government portfolio because their appointment had been previously approved by the National Assembly. Such argument overlooks voting for the
Central Committee members is not based on universal suffrage. Other political analysts saw the
change as a step toward the founding of Lao political elite based on the Central Committee
model of the LPRP.

Laos has never had such national political nucleus. With the Open Door Policy the Lao leaders
had more freedom to work toward national interests based on the force of an ethnically plural
society rather than being an absolute follower of Vietnam. The LPRP accepted that Laos was a
traditional agrarian country lacking economic factors to embark on the socialist road. The Party
forstalled its initial socialist vision to a transitional period of development. The LPRP was
aware that it would be a very long road to socialism but concealed it when applying the
Vietnamese economic model. Some political observers viewed this ideological change was a
means for the Party’s survival and during the period of change. The special relationship with
Vietnam and the recent dependence on China for military hardware for defence support
remained the dominant factors.

4. The LPRP as the Lao National Political “Headquarters”

Party General Principles and Objectives

A. General Principles

By revised rules released of May 1996, the Party claims that it has been a political headquarters, the
leading organisation of the labourers, representative of the national interest and the Lao working
class of progressive patriotic ethnic groups, and the nucleus of people’s democratic regime. The
Party consisted of people who are conscientious, revolutionary and energetic, dedicated to the
nation and its population, who enjoy the confidence of the labourers, of the working class, and of
the revolutionary intelligentsia who have passed the practical test in their field of work. The LPRP
successfully led Lao people of different ethnic groups in national liberation to abolish feudalism
and colonialism, and now is able to maintain firm independence and is in the process of
implementing new changes in all aspects with principles. All these will allow the Laot to have a
new expanding role, the living standard of population will be improved and maintained; the rights
of self-mastering of the Lao people of different ethnic groups will expand; the unity between
population of different ethnicities and social strata will be improved; and the role of the nation in
international forums will be heightened.33

Its rules suggest that the LPRP intend to pursue the same dictatorship tightening its rule with
100,000 members representing 1.92 per cent of the total 5.2 million population. The LPRP
advances its dictatorship as people’s democratic system. The Party’s absolute power was tightened
during the era of Kaysone Phomvihane and Khamtay Siphandone where the position of Party Secretary and the country's Presidency were combined in one person. Noubak regarded as number two in the Party but was not given such power when he became President. He has been appointed adviser to president since he is retired from the position of President. The election of the Central Committee members at the Seventh Party Congress held in March 2001 changed from strict seniority principle to a combination of both seniority and merit, which broke the Party traditions. Three young civilian CC members who were ranked number 15, 22 and 40 in accordance with their Party seniority membership were elected to the politburo. The number of politburo increased from nine to eleven while the CC members increased from 49 to 53.31

B. Party's Objectives

The LPRP has two priorities, to lead the population to continue with the mission of changing society and to make Laos a peaceful, independent, democratic, unified and prosperous country. The first priority was to eliminate anti-revolutionary elements and the second priority was to establish co-operatives and industries. The LPRP is mobilised on five basic principles:

1. The LPRP accepts Marxist-Leninist general principles as its ideological foundation, in addition, it adopts intellectual riches of mankind, makes use of scientific theory and positive experiences of other countries and applies them to the actual conditions of the country, expanding national patriotism and the cohesive spirit of people of all ethnicities, and combining the true patriotism with genuine internationalism.

2. The LPRP, established in accordance with the principle of democratic centralism, leading with collective leadership, has strict rules.

3. The LPRP observes cohesion of its ranks as a basic principle to ensure political, ideological, organisational unity and Party's activities.

4. The LPRP considers self-criticism and criticism to be the law of its development and expansion.

5. The LPRP development is conducted in accordance with mass direction based on masses and through the revolutionary movement of masses in building and expanding the Party.

The LPRP builds and improves these three different directions:

- To train and strengthen the Party in the three areas of politics, ideologies and organisation.
• To combine the Party development with close cooperation of strengthening an effective management of the state, encouraging the enlargement of its role as master of the popular organisations.

• In Party development, quality must come first, admittance to the Party membership of only the best who can fulfil completely standard membership conditions. Strictly expel from the Party all those who have lost revolutionary quality, spirit and become decadent. The LPRP has a firm objective to expand all aspects of social strata life for labourers. The role of the Party is based on its privileged position as a political nucleus to fight against the ideas of plural party, factions, individualism, selfishness, regionalism, narrow-minded, opportunism, bureaucratic, isolation from masses, incorrect use of power, corruption, bribery and other feelings of giving up.\textsuperscript{35}

During the liberation war the Lao Communist Party was governed by the rules of the Indochina Communist Party and from 1955 by the rules of the Lao People’s Party (LPP). Since becoming the ruling party the LPRP amended its rules for the first time at the Third Party Congress in 1982, in particular those relating to the organisational principles and structure of the Party. The LPRP made further amendments at its Fourth Party Congress. A new crucial amendment to section 9 clause 33 reads “Any Party member, who has breached the State laws, will be tried in accordance with the laws, the Party organisations are prohibited to conceal such unlawful acts, and the party organisations will also take the disciplinary actions against such Party member in accordance with the Party rules.”

All the 12 sections and 39 clauses of the Party rules were amended at the Fifth Party Congress in 1991 and enhanced at the Sixth Party Congress in 1996. The major overhaul to the Party rules was necessitated by the New Economic Mechanism. There were a number of laws and regulations enacted and enforced since 1988, as Laos abandoned the socialist centrally planned economy and moving toward a market-oriented economy. The establishment of internal stability was the primary tasks for the Party to demonstrate to the prospective foreign investors. The party-state system remained as Laos accepted the market economic system, following the economic model of China after 1979.

Visitors to Lao PDR are sceptical of the Party’s new reforms in the 1990s, as corruption persists. Leading party cadres grew corrupt after the New Way of Thinking was introduced in 1986. Party purges became more difficult, as corruption is practised by leading Party members, through their family ties. This “new clan” is formed between the aristocrats of the former RLG regime and the
LPRP leaders through marriage. The new clan has been flourished under the new reforms. The dictatorship belongs to the newly formed syncretic clan. The Party rules became words on paper in the areas of bureaucracy, opportunism, individualism, selfishness and regionalism, which could not be achieved without giving independence to the judiciary and legal professionalism of the market economy. Observers believed that these ills would flourish as the standard of living gap widens between rural peasants and city people.36

The rural villages were natural social, economic and political institutions rooted in Lao history since King Fa Ngum founded Lan Xang in 1353. They were vital to social and economic development. The former Royal Lao Government and the present Lao Communist Government ignored their importance. In 1996 the Lao Communist Party offered a plan for rural development 20 years after it became the ruling party but the plan was simply a draft. In 40 years of Lao independence, no specific budget was allocated for village level development and the villages had no proper functional administration mechanism for capital and human resources. The rural population could not contribute to their village development except to the plan dictated from the upper level or khan tong. Resources remained in the city where only 15 per cent of the population live. The decision-making process of the LPRP overlooked the countryside and the claim that the Party represents the interest of multi ethnic people has subsided, as its revolutionary aims have not been addressed. The majority of those who took part in the 30 years liberation war were rural villagers. When their services were no longer required, as they had no formal education background, they returned to their villages to live in the same poverty they experienced before liberation.

The Current LPRP Organisational Structure
The supreme organ of the LPRP is the Party Congress that meets every five years to elect the Political Bureau, the Central Committee, the Permanent Secretariat and the various commissions. Since 1996 there have been no appointments of Central Committee members to head the Permanent Secretariat and various commissions. The offices that assume important Party roles and functions are the Party Cabinet Office, Headquarters Organisations, and Government Departments or Organisation of equivalent level. The organisational structure is the same as other communist parties throughout the world, particularly the Vietnamese Communist Party. The Central Committee Cabinet Office and the Headquarters Organisations are directly under the Party President and Politburo are responsible for the daily party matters. The Central Committee Cabinet Office is the Party Executive where decisions and directions are issued with the approval of the Party President. Various Government Departments, Organisations of equivalent national
level, Auditing, National Defence and Propaganda Commissions have operated in conjunction with the Central Committee Cabinet Office. The Cabinet Office and the Headquarters Organisations of Central Committee are the Party backbone and serve as the Party executive. They are classified as the upper level or khoun teng of the LPRP. The current organisational structure downsized the previous organisations and eliminated the duplications of services in the Party and State apparatus. The LPRP operates within the principle of democratic centralism under the collective leadership and with a responsible statement of duties. Resolutions and elections must be resolved by simple majority and all Party resolutions must strictly be carried out, the minority must comply with majority, lower level must carry out the upper level resolutions and the Party overall must carry out the resolutions reached by the Central Committee. The election of representatives to attend the Party Congress is decided by ballot paper. The LPRP organisational structure consists of four levels:

1. The Central level
2. Departmental, Organisational, Provincial and Municipality level
3. District level, and
4. Grass-roots level

The Party organisational chart clearly indicates that the LPRP is an authoritarian political party acting for and on behalf of the proletariat. It is a system where the labourers and peasants in general have no right to vote for their representatives. Only Party representatives are eligible and they are supposed to understand and know the needs and problems of the proletariat better than the proletariat themselves. In other words, the majority of the Lao labourers and peasants have been excluded from the political system of the country unless they have been selected for Party membership.

The LPRP's organisational chart clearly demonstrates that the grass-root level have been denied their own headquarters and popular organisations. These do not exist below district level. 85 per cent of the Lao population live in rural area and form a traditional basic socio-economic unit of the Lao economy but they have not been allowed to take part in the national development. The village administrative level has not been granted with authority, technical personnel and budget allocation. A decade of complete prohibition on small private family businesses and larger private enterprises brought the basic Lao socio-economic life to chaos. Socialist aid to Lao was largely wasted. In the communist regime it is normal that the Party leadership has been classified as the enlightened one or clairvoyant. Thus, whatever the resolutions the upper level adopts are regarded as cleverness and brightness or salard song sai and without criticism. The LPRP rules, clause 9 (3),
stipulate that the lower level must carry out the resolutions adopted by the upper level; the grass-root level is there as simply to execute the tasks handed down. Others say that this mechanism only aims at shutting the peasantry up and avoiding mass uprising. Rural villages form the Lao national economic foundation by their nature if they have been allowed to participate in the socio-economic planning.

The Organisational Chart of the LPRP

![Organisational Chart](image)

Chart 3. The Current LPRP Organisational Chart

The roles and functions of the Party Congress are to examine and to adopt the political report of the Central Committee, to amend Party rules, to adopt directions of principal policy of each Congress, and to elect the Central Committee members. The Central Committee is responsible for leading in carrying out Congress resolutions, enhancing Party unity, making decisions on important issues that have strategic aspects on internal and external affairs, leading in carrying out Party organisational directions, carrying out Party-building tasks and popular activities based on Party
directions. The Politburo members, Party President and Chairman of Auditing Commission are elected at the first Plenum of the Central Committee meeting.

The LPRP is the headquarters and nucleus for State and popular organisations such as Federation of Trade Unions, the Lao Red Cross, the United Buddhist Organisation, the Lao Front for National Construction, the Lao People's Revolutionary Youth Union, and Federation of Women Unions. The Party leads the State in converting the Party's policies into laws, policy and work programs for the State apparatus. At the same time it aims to step up the effort in reinforcing State management in all aspects in accordance with the national Constitution and laws. However, rank-and-file party leaders who had been charged with corruption have never been committed for trial at the court of law. Instead they were punished in accordance with traditional Party elimination measures, the so-called political purge or by being sent away to the political seminar; in reality the Lao Gulag.

Local LPRP Organisational and Administration Structure

The Central and local committees have two main roles and functions: The first is the responsibility to the Party in carrying out the Party policy and resolutions adopted at each Party Congress. The second is the responsibility to the Government bound by the laws and other administration principles. A third additional responsibility is to maintain a delicate relationship with all popular organisations. The LPRP rules set out the responsibility for each Party level, but the decision-making always rests in the upper level. The tasks of lower levels are simply gathering facts, data, information, and reporting to the upper levels. The Party rules authorised the lower level organisations and members to discuss, to voice their opinions and make recommendations. Therefore most cases will go back and forth from the grass-root through other two layers before it reaches the central level. If the latter is not sure about the case and cannot make decision, it will ask the provincial level to reassess the matter and in turn the matter may be passed on to the other two lower levels, the district and the grass root levels. The reassessment sometimes involves vertical hierarchy and other horizontal networks such as other departmental services in the province or district and the popular organisations. This cycle might be repeated many times before the central level can make any decision. The current lengthy decision-making process of the LPRP and the on-the-table service rendering fee system are not suitable to a market-oriented economy, particularly to the private businesses and foreign investors who have been contracted to work in the Government projects.
The two main local Party levels are provincial and district levels. The LPRP allows these to have similar organisational structures to that of the central level. However, the LPRP does not provide the villages or grass-root level a similar administrative structure, even though the latter form the important basic socio-economic units of the Lao economy. In other words, the grass-root level has been left intact since the French colonial administration. A Lao political observer claimed that both the LPRP and the previous Royal Lao Government failed to democratise the rural people because the ruling class is implicit intent "à les retenir pour bien régner".\textsuperscript{36} The chart shows the village or grass-root level has not been allowed to have a Party Grass-root Committee or \textit{khamsa bilibereu} 
\textit{agam pak bane}. Thus the budget and other resources are allocated to the district level to manage and make further allocations down to the grass-root level. Prior to the introduction of the New Economic Mechanism, the grass-root level appeared to have similar Party organisational and administration pattern to that of the district. Villages or Bane were run by committees and these committees elected presidents or \textit{phathane bane}. The new administration pattern was a revolutionary step to eliminate the former Royal Lao Government official paternalistic connotations of village chief or \textit{Nai Bane}, known to the villagers as \textit{Plo Bane}, (literally, father of the village). The villagers, however, continue to use the former R.L.G lexicon in everyday non-official conversation except in official speech with Party cadres.\textsuperscript{41}

The new grass-root level in village administration is believed to continue to be run by the committees for basic political reasons. The level has been included in the Party organisational and administration chart as simply village or \textit{Bane} without Party organisational or administration units attached to it. However, there are popular organisations and militia units attached to or accountable to the village committees such as youth, women, militia or \textit{kong hun}, education, health and culture. Some political observers argued that the LPRP did not include the village level units in their Party organisational and administration chart because they were political and financial burdens and also because the Party is not willing to expand to the grassroots level beyond their political control.\textsuperscript{42} The resolutions adopted at the Fourth Party Congress were regarded as a complete overhaul to the LPRP's political and socio-economic policy reversing from the Vietnamese models to the State-controlled capitalist development (state-managed market economy). In so doing Kaysone had warned the Party at its Fourth Congress that:

\textsuperscript{41} In the organisational system of the Party at present, the weakest link resides in its primary organisations. We should therefore regard the strengthening of primary organisations as a top priority issue that deserve the attention of the Party as a whole. The reason is that, in reality it is these organisations that decide whether the Party's lines and policies are thoroughly carried out or not, and whether they are translated into practical activities of the masses or not.
The Provincial Organisational Chart of the LPRP

Chart 4: The Organisational and Administration Structure at Provincial Level.
(District Level is based on the provincial structure).

The senior Party member who is elected to the position of provincial Party secretary will also hold the position of provincial governor or Chao Khameng. At the district level the person who is elected district Party secretary will also serve as district officer or Chao Menang. The LPRP organisational structure consisted of three branches such as administration, Party and popular organisations. A financial consultant in Vientiane pointed out that the current Lao Government organisational structure is very cumbersome and is based too much on political propaganda. He further argued that the regime should focus more on administration and financial management such as financial delegation and legal professional liberalisation in order to catch up with the open market economy.

The top decision-making bodies in the local administration for provinces and districts are respectively the Party Provincial Committee and the Party District Committee. In these the Chao Khameng and Chao Menang respectively hold the position of Party Secretary. The number of provincial and district committees will depend on number of districts and villages in the relevant province and district. The cabinet office acts as the executive and co-ordinating body for provincial and district levels runs the day-to-day affairs of the administration and the Party. Six of the total eight branches deal with political affairs, namely the district organisation branch, propaganda and training branch, youth committee, women union, trade unions and Lao front for national construction branch. The day-to-day affairs of the administration and Party at provincial
and district levels rest only in the three sections: Administration, Financial and Management, all co-ordinated by the Cabinet Office.

The LPRP Legal Status

In his speech to the Fourth Party Congress in November 1986 President Kaysone called for an urgent establishment of a state legal system, he described as a 'contract of the socialist legal system'. He admitted that Laos went through neither centralised feudalist regime nor capitalism. This was the reason why Laos had not inherited a proper legal system and a developed economy. Moreover, its multi-ethnic people did not have much consciousness about law. Most economic and social relations have been created on the basis of traditions and customs without having any written laws. The President further urged that a socialist legal system had become an urgent requirement for the management of the country.45 In order to convince the socialist, World Bank, Asian Development Bank and some Western country aid donors, the LPRP was bound to set up a legal system for the State before it could legally enter into any financial loan contracts. The legal requirements of the world financial institutions imposed on the Lao PDR the need to be a proper modern legal, regulatory and institutionalised state rather than being a Party State without a coherent legal system. This was a prerequisite for the Lao PDR to open its door to market economy.

The new situation was to enable the country to enter contracts with foreign countries, financial institutions or private investment companies. The first and foremost task was the drafting of the national Constitution and its promulgation as the State fundamental law. The Party rules stipulated that the LPRP leads the State in converting the Party policies into laws, policy and work programs for State apparatus. At the same time it was to step up its efforts in the reinforcement of the State management in all aspects in accordance with the national Constitution and laws. However, it took the LPRP five years to promulgate the country's Constitution. It was finally promulgated by the Supreme People's Assembly on 14 August 1991. This was yet another typical slow process in the LPRP decisions making process. This situation has affected the open door policy a great deal particularly retarding foreign investment and trade.

The article 2 of the new Constitution stipulated that "The Lao People's Democratic Republic is a People's Democratic State. All power is of the people, by people and for the interests of the multi-ethnic people of all strata in society with workers, farmers and intellectuals as the core". The article 3 stipulated that "The right of the multi-ethnic people to be the masters of the
country is exercised and ensured through the functioning of the political system, with the Lao People's Revolutionary Party as its leading nucleus.\(^{36}\) This has indicated that the absolute power of the nation belongs to a single political party.

**Conclusion**

The Lao People's Revolutionary Party refers to the liberation that took place on 2 December 1975 overthrowing the Royal Lao Kingdom as the completion of the 'National Democratic Revolution' phase. The LPRP has become the ruling party and has established the 'Lao People Democratic Republic'. The Party rushed to the implementation of the 'accelerated socialisation' plan by imposing the harsh agricultural cooperativisation, a model copied from the imported Chinese commune to North Vietnam in 1950s with the assistance of thousands of Vietnamese experts. In so doing the LPRP relied heavily on the abundant flow of aid from the Soviet Union, Vietnam, China, North Korea and other COMECON fraternal socialist countries. The failure of 'accelerated socialisation' and the total dependency had made the Lao people indebted US$1.368 billion of which US$1.344 is owed to Russia and the rest to other COMECON countries.\(^{37}\)

In the speech of G.V. Romanov, Head of the CPSU delegation, member of the political bureau of the CPSU central committee addressed to the LPRP Third Congress, he reminded the Lao counterpart of the danger of accelerated agricultural cooperativisation by citing Vladimir Ilyich Lenin taught Communists. He said 'Lenin was tireless in stressing the advantages of collective farms, but he also warned against undue haste, against artificially accelerating the establishment of peasant cooperatives'. However, when the LPRP politburo members looked into the eyes of Comrade Vietnamese brother who sat next to them in the congress hall tribune, pretended not to hear the Soviet warning shot.\(^{38}\)

The Fourth LPRP Congress report did not include the speech addressed by any foreign communist parties. However, at the Fifth Congress the political environment in Lao PDR had changed Mr Phu Xia Chu, a member of the CCP central committee was asked to address. He made a short speech by congratulating the LPRP counterpart in carrying out the Open Door Policy and reforms, this also marked the normalisation between Lao and China and the support for change. China is now regarded as the new communist regime leader and is a new leading economic model for the less developed communist countries to follow; such resumption of relations with China has also saved the LPRP from collapse.\(^{39}\) As the result some thirty Lao ministers and high-ranking officials recently spent a study tour in China in August 2000. The New Economic Mechanism or Chinh thuc kinh te Mai is a masterpiece policy to help the LPRP in
manoeuvring out of the failure of socialist economic planning toward what it termed a ‘transitional period’ towards socialism by adopting the market economic system. However, the LPRP has insisted that it is a true Marxist-Leninist Party, although the Party has been saved by the NEM. Instead of attacking or blaming the communist planning economy, the LPRP has chosen the term ‘making use of Marxism-Leninism’ and not as being revisionism.

The top decision making body in the LPRP is the Party Congress, which is held every five year, it plays a significant role similar to that of the Parliament seating of Westminster while the role of the Central Committee is similar to that of the council of ministers. In communist system the Party is responsible for top roles and functions of the nation. For example the Congress passes all socio-economic plan, election of Central Committee and politburo, the Central Committee appoints the government. After the Lao PDR promulgated the national constitution which stipulates the separation of powers but the separation of power has not been enforced and there is duplication of tasks between the National Assembly and the LPRP. The Lao People's Revolutionary Party has continuously claimed that Marxist-Leninist principles are the Party’s political foundation. The peasants' cause has been neglected and the current NEM widened the gap between the cities and rural villages. There is no sign of compromise between the patriots and the communists in terms of joint partnership in building the nation. Moreover, the Lao Front for National Construction is simply a mass organisation responsible for political propagation among the ethnic groups. However, the LFNC has currently been viewed as the LPRP’s important arm but has not been offered any political authorities.
CHAPTER 4


8 *Ibid.*, pp. 18-19


23 Phoumsavanh, 'the Objectives and Tasks of the First Five-Year Plan for the Country's Socio-Economic Development', presented to the Third LPRP Congress, pp.77-94.
29 Ibid, pp. 298-299.
30 Ibid, pp. 305.
44 Interview with Chao Vannaseng Sayasane, former general in the Royal Lao Army, who spent more than ten years in the so-called ‘Re-education camp’ 25 July 1999, Sydney.


44 Interview with Sangkhom Phomphakdy, Managing Director of Aoerocoutact Asia Limited on 29 December 1994, Vientiane, Laos.


48 G.V. Romanov, Head of the CPSU delegation, member of the political bureau of the CPSU central committee, First Secretary of the Leningrad Regional Committee of the CPSU, ‘Speech’ addressed to the Third Congress of the Lao People’s Revolutionary Party, Moscow, Progress Publishers, 1984, pp. 64-70.

Chapter V. New Economic Policy “Chintanakarn Mai”

1. The Open Door Policy

From Quasi-Socialism towards Quasi-Capitalism

Following the proclamation of the Lao People’s Democratic Republic, Laos was as firmly attached to the socialist bloc, with Vietnam as its main protector and the Soviet Union as its mainstay. The 1754 kilometre western border along the Mekong River was closed to trade with Thailand. As the result of the centralised socio-economic development of the Vietnamese model, the only boats that crossed the river at night or dawn from to 1975 to 1986 were those of the Lao refugees escaping the regime. The hope of building socialism in Laos was unrealistic and dragged the country into division and poverty. The New Economic Mechanism (NEM) in Laos was inspired from economic reform in other socialist countries. Some socialist countries sought solutions to economic stagnation by democratising their societies and taking the road to capitalism. Others stopped short of democratisation their societies and privatised the state enterprises and agricultural collectives in the framework of the socialist system.

The NEM was based on the New Economic Policy or NEP of Lenin in 1921 and the current Chinese model. The LPRP regarded NEM as an alternative route to socialist construction and called the NEM phase as ‘a period of transition to socialism’. It was the LPRP’s way of repudiating ‘by the book of Marxism-Leninism’ the Vietnamese model. And yet the LPRP pledged to continue to be Marxist-Leninist Party by accepting Marxism-Leninism as the Party’s political foundation. The 1994 Party documents on the correct attitudes and recognition of Marxism-Leninism quoted lesson of the Chinese economic reform:

“At an important Chinese lesson said that China has currently undertaken works on changes in the area of political ideology and major works on promoting people’s awareness were under way. The Chinese comrades said that the reform and the open door policy have helped China to speed up their development, set forth an improvement in the living standard, heightened spirit, and political foundation attitude has also been changed.” Therefore, works on political ideology are another major phase for us. This has taught us a very lively spirit, which is a clear practical work of Marxism.”

The Chinese model referred to a situation where capitalist development was allowed to operate in the framework of the socialist system. The market economy was run under the
management and control of the Party and State. It allowed the Communist Parties in Asia and Eastern Europe to maintain their grip on power. Political development in Asia was different to Eastern Europe, Russia and other former USSR countries where most of communist leaders lost power and gave way for democratisation. The LPRP used NEM as a key to capitalist development, which will later be used as the gateway to the socialist construction. In the Lao PDR, the NEM served as its Open Door Policy to the West for capital investment, businesses and technology in order to hasten socialist construction. The ultimate aim of the LPRP remains socialism; Lao Communist Party wants neither democratisation nor capitalism. Such an aim may be utopian, as it is not a practical solution for Laos.

As Laos signed a number of contracts with the World Bank, Asian Development Bank, IMF and ASEAN, the change will be gradual but slow because these organisations will impose their obligations and rules to Laos, which cannot dictate these terms. The LPRP had no other option but to pursue the present political venture alongside its mentors Vietnam and China. It ensured the LPRP to maintain a firm grip on power as the state-capitalist system that benefited the same old political team and as well as the West. Vietnam and Laos adopted development models similar to that of China, where there is the open door policy to Western capital investment and liberalisation of trade while the Communist Party retains power. The New Economic Mechanism is a policy that marked a major reform of the Lao economic system ending the previous situation, imposed by socialist central planning.

The Failure of the Socialist Centrally Planned Economy

Kayson Phomvihane, the General Secretary of the LPRP, presented the ideal socialist building model for Laos. He assumed that Laos was small but rich in natural resources, and as the frontline socialist state directly confronting the US in Southeast Asia, it would attract huge socialist aid packages but he overlooked three factors:

1. The inapplicability of much of the Vietnamese socialist model to Lao conditions.
2. The actual Lao socio-economic situation: a traditional agrarian state.
3. The lack of socialist qualified and experienced cadres in economic, financial and business management in the Party.
The LPRP hierarchy nurtured cadres and a population who were blind faith followers. The Party system monitored its members. Those who opposed party resolutions were regarded as enemies and purged. The intellectual cadres who knew such resolutions were wrong pretended to obey. This type of socialist culture remains in Laos. Every senior cadre has to be cautious of what they say. The doctrine did not allow intellectuals to express their thoughts or opinions about Central Committee resolutions, which were regarded as sacred documents. Implementation of the Vietnamese model was seen as an internationalist duty for communists. Most senior Lao communist leaders were trained by the Vietnamese and had witnessed the socialist development in the early 1950s in northern Vietnam. The implementation of such a model was both a Lao expression of gratitude for the Vietnamese assistance and a way to cement Lao-Viet relations. These factors had led Laos to the failure Kaysone Phomvihane, acknowledged a decade later. He spelt out all the difficulties, weaknesses and shortcomings the Party experienced from 1976 to 1986:

1. The failure of agricultural and forestry development to serve as a basis for industrial development.
2. The breakdown of communication between the central and local levels due to decentralisation of administration.
3. The inclination to depend on the Party and State for modern mechanised equipment and capital.
4. The hindering the free flow of commodities among localities, adversely affecting the production of consumption goods.
5. The bureaucratically centralised and State-subsidised mechanism of economic management.
6. The shortage of qualified and experienced cadres in economic and financial management.

The LPRP main shortcomings lay in the abolition of private businesses, the nationalisation of factories and banks and the State agricultural co-operativisation. Its socialist transformation was undertaken despite the lack of qualified cadres in financial and business management. Its imported development model destabilised the Lao economy and led to an outflow of refugees for more than a decade. It created deficiencies in socio-economic development particularly food production. With the decline of socialism in the 1980s the LPRP confronted the actual socio-economic situation of Laos which it had
ignored for more than a decade. The Party General Secretary’s report to its Fourth Congress outlined the situation of Laos:

The characteristic of the starting point of our country, as we embark upon the transitional period, is that we have emerged from a colonial and feudal society in which the economy was in the main one of small-scale production with a natural and self-sufficient character, then advance directly to socialism bypassing the stage of capitalist development. This characteristic has affected, is affecting and will affect the whole process of socialist construction in all spheres in our country. If we fail to realise this characteristic we shall fail to see through the difficult, complicated and lasting character of the transition to socialism in our country.³

The LPRP had admitted the failure of the centrally planned economy, but was proud of its achievements during 1976-86 and defended the socialist republic and wanted the speedy development of Laos. The General Secretary saw the period 1976-86 in the nation’s thousands of years of history as a brief span of time. He immediately introduced a new type of freedom of speech for Central Committee members to discuss the New Economic Mechanism. He told the Central Committee that members in the past avoided the truth. At the meetings they simply accepted resolutions reached by the upper level.⁴ With the new freedom of speech, many members were purged in 1991 including the three leaders of the ‘social democracy’ movement.⁵

The Economic Reforms under NEM

Divestment of state enterprises and private businesses were established by the end of 1988. These developments were based on the Foreign Investment Law adopted by the People’s Supreme Assembly on 19 April 1988. The LPRP put the New Way of Thinking or Chiutanakarn Mai into practice after its Seventh Party Plenum on 7 March 1989 and after the Foreign Investment Law decreed by the Council of Ministers on 21 March 1989. The Party Plenum assessed the achievements, and shortcomings of the projects undertaken in 1988. The LPRP over-estimated its cadres’ abilities and granted decentralised administration to the provincial and district levels. The policy was devised to establish regional self-sufficiency in food production. It inhibited trade and led to the revival of regional warlords. To secure outside investment the LPRP had to ensure internal political stability. It released ten thousand former soldiers, police officers and public servants of the Royal Lao Government detained in the so-called re-education camps since 1975, co-operated both with the UNHCR in the repatriation of Lao refugees.
from Thailand and the US in search for the GIs missing in action. Laos' openness to foreign investment was assisted by the developments in the People's Republic of China and Vietnam; the withdrawal of the Vietnamese armed forces from Cambodia and the resolution to the Lao-Thai conflict.

The first foreign investment occurred in the garment and textile industry in 1988. By 1992 40 licenses were issued to this sector, which totalled US$27 million in the aggregate value of proposed capital. Foreign garment manufacturers invested in Laos because of low labour cost and no industrialised nation had imposed quotas and restrictions on Lao garments except the UK.6 The LPRP proved it could manage the system at a slow pace in the new market economy. Data provided the Lao authorities and the International Monetary Fund indicated that 1988 to 1989 the GDP in 1988 to 1989 growth went from minus 18 percent to 13.5 percent, and growth in agriculture from minus 4.2 percent to 10.7 percent.7

The First NEM Five-Year Plan (1986-90)

Under its socialist economy, Laos had two economic sectors, the state and collective. The sectors were weak subject to bureaucratic centralism and were heavily subsidised. Three new sectors were created under the New Economic Mechanism:

1. State capitalist.
2. Private capitalist.

The state capitalist sector was series joint ventures between state and private enterprises in industry, trade and transport. The joint enterprise was an interim measure to move the state enterprises into the private capitalist sector. First the State Owned Enterprises (SOE) were overhauled and transformed into privately owned enterprises. This was a move from the centrally planned economy to a mixed system. Increased managerial and financial autonomy was given to the SOEs; prices were liberalised and private development encouraged. By December 1988 newly formed private capitalist enterprises operated autonomously. Private capitalist and small-scale production, which had been banned were revived and given a role in the national economy. Administration of public sector is controlled by the LPRP. The LPRP pursues its aspiration of building Laos into a socialist
state by utilising the NEM. In implementing the NEM, the LPRP has set seven major tasks:

1. Undertake, step by step, socialist industrialisation in order to successfully build the material and technical basis for socialism.
2. To undertake socialist transformation aimed at building the new socialist relations of production.
3. To develop the working class both in number and quality, to form the collective peasantry and the socialist intelligentsia.
4. To firmly consolidate proletarian dictatorship, to broaden socialist democracy, to strengthen the political and ideological unity of society.
5. To carry out the ideological and cultural revolution for gradually building the new culture and the new socialist man.
6. To improve markedly the standard of living of the working people of various ethnicities and to solve appropriated social problems.
7. To build a new management system in every sphere of social activity.

The LPRP saw its transition period as longer and more complex than other socialist countries because of Laos' backwardness. The Party had an ultimate aim in realising these tasks by year 2000.

Its development plan 1986-90 aimed to achieve:

1. Firmly solve the grain and foodstuff problem on the basis of all-round agricultural development.
2. Limiting and gradually putting an end to slash-and-burn farming.
3. To take a first step in forming a rational agro-forestry industrial structure.
4. Carry out the economic zoning, the planning of rural and urban construction.
5. To develop communications and transport and telecommunications.
6. To apply scientific and technical advances, organise the basis surveying work.
7. Improve and strengthen the leading role of State economic sector, expand the cooperative economic sector.
8. Improve the socialist trading system in all aspects and expand it strongly.
9. Strive to strengthen financial and monetary system.
10. Expand foreign economic relations.
11. Construct the socialist legal system.
12. Develop education, culture and public health.

This plan was the first stage in the transition period; the other plans were expected to be completed by the end of year 2000. The Lao Government concentrated its efforts on grain and foodstuffs; abolition of slash-and-burn; agriculture consumer goods production and export; communications, transport and telecommunication and education. The most important feature of the NEM was the abolition of the mechanism of bureaucratic, centralised State-subsidy economic management but the system of socialist economic accounting was retained. Through the NEM the State's intervention in the productive sectors was replaced with a regulatory and service role of the market-oriented economy. In addition, price deregulation and the alignment of official exchange rates were implemented. This new economic departure attracted investment from several international companies.

The Fourth Party Congress set the major structural change in the national economy. The Fifth and Sixth Party Congresses in 1991 and 1996 further consolidated the economic reforms. The Fifth Congress presented medium term development objectives, to correct the shortcomings of the Second Five-Year Plan. Those objectives were:

1. To consolidate the macro-economic reform to ensure a smooth transition to a market-oriented economy.
2. To improve the efficiency of the public sector.
3. To accelerate socio-economic development and improve living standards by expanding economic, social and physical infrastructure and increasing the quality and availability of social services, and
4. Halve the degradation of the country's natural resource base by developing and adopting sustainable resource and conservation management approaches.

The Sixth Party Congress confirmed the continuation of the New Economic Mechanism. The LPRP's economic reforms achieved significant successes compared to the previous socialist system. The NEM provided stability for foreign investment but the public administration failed to provide quality service delivery to foreign investors particularly in the areas of judiciary and statistical data.
There were continuous shortcomings in the NEM. Foremost was the lack of understanding of the mechanism, unfamiliarity with the new legal framework and the confusion of the Party rule legacy. Party cadres and public servants were used to the system, which required them to work within Party rules and resolutions. Other shortcomings were the failure to transform family businesses into economic units, the land reform and the abolition of slash-and-burn farming. The inefficiencies of the NEM were resulted from the inexperience of party cadres and public servants of the market economy. Other factors were the lack of administration and financial delegation causing delay in making decisions. The public sector was not well organised and prone to duplication.

Low pay in public sector caused public servants to take half a day off everyday to work at home for their family. Bureaucratic centralism was a tradition inherited from feudalism where public servants regarded themselves as masters and their clients, servants. All clients had been exploited through the ‘service rendering fee’ or bribery. The State did not impose this fee but public servants’ enforced it because of their low pay. The quality of service delivery in new market economy in Laos is poor. Foreign investors did not receive it unless they assisted Laos in its personnel development. Aid donors, finance institutions and investors who have pecuniary power in Laos’ economic development can help to steer Laos toward judiciary independence to change the existing socialist culture. The LPRP has to further relax its democratic centralist rule if it wants the market economy work for its socialist period of transition.

2. Foreign Economic Assistance

Laos, One of the Poorest and Least Developed Countries in the World

From December 1976 Laos has been a one-party state system led by the Lao People's Revolutionary Party (LPRP). The Party's aim was to build socialism. Laos' landlocked situation, its lack of infrastructure and retarded development because of war is the major problems faced by the Lao Government. The World Bank classified Laos as one of the poorest and least developed countries in the world. The estimated per capita income during the Vietnam War was $75 and in 1994 the per capita Gross Domestic Product was US$250 per annum while the GDP per head in Thailand was US$2,448. Laos economy is principally agricultural, a sector that represents 60 per cent of its GDP. About 90 per cent of Lao energy is produced from fuel wood, while electricity consumption is 5 per cent and petroleum the remaining 5 per cent. Laos remains a
rural economy based on self-subsistence. War Indochina dragged Laos into poverty, low education and isolation for three decades. The national capital, Vientiane has no concrete road and sewerage system while the Thai border-city of Nongkhai on opposite bank of the Mekong to Vientiane had these for two decades. The Lao Government commenced the construction of roads and sewerage systems in Vientiane in 1997. The communist regime is in the same position as the previous monarchical regime, relying heavily on foreign aid. The present Lao Government has a vision to earn hard currency through the construction of hydropower dams.

The Foreign Aid Dependency of the RLG regime
The Western aid to Laos from 1954 to 1975 was for military assistance. Dirt roads were built and rural development was carried out to assist the military against communist insurgency. During this period the USA funded the Royal Lao Government and its Army. US aid was controlled by United States Information Service (USIS), United States Operation Mission (USOM) and Military Assistance Advisory Group (MAAG) later transformed into United States Agency for International Development (USAID). These agencies worked in parallel with the Royal Lao Government departments but oversaw all expenditures. Most aid was spent on lease of accommodation, wages, insurance, transport and travel for USAID employees. The rest was secured by the RLG elite ministers and generals. It was a way of bribing the Lao nationalist elites through the US Social-Political Action Service Programs, or Kom Songtham Politivanaeng. It was a policy adopted by the Committee for Defense of National Interest or (CDNI of the right wing Lao Political Party of Phoumi Samanikone), a program to destroy communist subversive activities.\(^\text{13}\)

The gap between the rural area and cities widened; the 85 percent of rural population were subject to the intensified communist propaganda. It corrupted values of the Lao Buddhists and helped the Lao communists into power. US aid to the Royal Lao Government from 1968 to 1973 was averaging about US$94.5 millions a year from 1962 to 1972.\(^\text{14}\)

The Lao people were among the highest recipients of US aid per capita in the world. Most aid went to the supply of military hardware, wages for soldiers, police officers and public servants of the Royal Lao Government. The military expenses for 1971 as revealed before the Armed Forces Committee of the US Senate, increased to US$490,200,000
millions. The US economic aid for a period of ten years was US$206,358,000 millions to guarantee Laos' currency exchange funds and US$314,979,000 millions for economic projects. Only 5.7 percent of the aid went to agriculture and industry development and 13 percent was allocated to rural development but did not reach the rural population because most of it was spent on the US aid agency.\(^{15}\)

<table>
<thead>
<tr>
<th>Year</th>
<th>US$M</th>
<th>Year</th>
<th>US$M</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962-63</td>
<td>11.9</td>
<td>1967-68</td>
<td>79.4</td>
</tr>
<tr>
<td>1963-64</td>
<td>21.4</td>
<td>1968-69</td>
<td>90.4</td>
</tr>
<tr>
<td>1964-65</td>
<td>40.8</td>
<td>1969-70</td>
<td>146.4</td>
</tr>
<tr>
<td>1965-66</td>
<td>59.7</td>
<td>1970-71</td>
<td>162.2</td>
</tr>
<tr>
<td>1966-67</td>
<td>80.8</td>
<td>1971-72</td>
<td>252.1</td>
</tr>
</tbody>
</table>

Other principal aid donors to Laos before 1975 were Japan, Germany, Australia, Canada, France and the United Nations Development Program (UNDP).\(^{16}\) The major financial contributors to Laos' economic development are Asia Development Bank (ADB), World Bank through (IDA) and International Monetary Fund (IMF). Japanese aid to Laos from 1958 focusing on the Nam Ngum hydropower dam, and agriculture. Dam aid was US$4 million. Australian aid to Laos was under the Colombo Plan; it was spent on equipment, roads, education, agriculture and radio. The Australian aid in 1967-68 was US$3 million.

French aid was education, culture and economic infrastructure with a modest effort to preserve in Laos a bit of la civilisation française.\(^{17}\) The annual aid given by France was US$7.8 millions. All aid donors contributed to the Nam Ngum hydropower dam project. During 1966 to 1969 the UNDP had contributed averaging US$800,000 per year for Laos' economic development.\(^{18}\) Some of the non-communist aid donor countries and the United Nations continued providing aid after 1975. Others abstained and resumed in 1988 except the United States of America. Washington renewed diplomatic ties with Laos in 1992. By April 1994 the US granted Laos aid in exchange for the POW/MIA and counter-narcotics operations.
Socialist Aid to the Lao Centrally Planned Economy

Aid from Vietnam, the USSR and COMECON commenced in 1976 and lasted until 1988. Among the socialist aid donors, Vietnam gave assistance worth US$133.4 millions, half of which were gratuos aid.\textsuperscript{19} Initially socialist aid assisted in medium and large-scale projects. Later it was reduced to small-scale projects because Laos had no organised budget or foreign aid plan to take care of the projects. The projects were either too many or too large for Laos to handle. The Lao Government used only 50 per cent of the aid in the first five-year plan (1984-85).\textsuperscript{21} This failure prevented Laos from building socialism.

Laos' debt owed to COMECON and USSR increased from 13.5 per cent in 1982 to 22.4 per cent in million of USSR roubles in 1985.\textsuperscript{21} Laos registered with US$23.1 million exports and US$109.5 million imports in 1981. By 1987 the exports rose to US$64.2 million and imports increased to US$216.2 million. The balance of trade remained unfavourable: imports exceeded exports by almost four to one. The exports from 1981 to 1987 yielded an average US$46 million annually, while imports averaged US$164 million.\textsuperscript{22} In trade between Laos and USSR, the imports in 1985 were 85.6 million roubles (Russian currency) had dropped to 62.0 million roubles in 1987 as Laos began to veer towards the market economy. Laos' debt was owed to the socialist bloc. In 1988 Laos owed the USSR about 500 million roubles which was expected to grow to 700 million roubles in 1990.\textsuperscript{23} Nevertheless Laos is in a better position because its debt was obtained on favourable terms, as Laos was once a new member of the socialist camp confronting the West and it is in non-convertible area.

Socialist aid was cut sharply after the collapse of the USSR and other COMECON nations after 1989. The total Soviet economic aid to Laos by 1990 was 812.8 million roubles of which the total loans were 715 million roubles and total grants were 48 million roubles. Most of the Soviet aid was in the form of commodity shipments. Bilateral trade was highly unbalanced, the Soviet exports to Laos from 1976 to 1990 were 600 million roubles and the imports were only 69 million roubles. The Soviet grants funded hospitals, a circus, bridges and an Intersputnik space communication station.\textsuperscript{24}

Countries have waived the interest on their economic aid (non-gratis) to assist Laos in its struggle for poverty alleviation. Laos' survival is increasingly dependent on foreign aid. Such aid will continue as Laos remains unable to achieve self-sufficiency in food.
production. Despite its economic problems, Laos has made substantial progress in some major areas. It maintains a national budget, the balance of payments, feed its armed forces, police, and public servants and to fund some important national development projects. For two decades under the guise of its anti-communist campaign the USA funded the total budget of the Royal Lao government.

The 37000 Lao soldiers had a budget in 1993 of US$105 millions. Much of its equipment, which is outdated, is from the Soviet Union and Vietnam. Laos has been stable for the past twenty years, although there were insurgencies mounted the anti-communist forces, among the Hmong or Lao Soung in the Xaisomboun region, north east of Vientiane. The region was formerly the headquarters of the CIA-supported secret army in Laos of General Vang Pao. Rebellion occurred by sections of the Lao People's Army dissatisfied with the post-liberation era.

The per capita income of Laos in 1990 was US$250 and increased to US$350 in 1995. To maintain an army of 37,000 and a police force and public servants was difficult in the country striving for economic self-sufficiency. With the NEP's implementation, most military, police personnel and public servants became redundant. The cost of living between the countryside and the city has widened since 1975. The rural workforce, which represents 85 per cent of the 5.2 million populations (July 1998 est.), is neglected under-utilised as a unit in the economy. Resources continue to be agglomerated and used in the city centres. There is no incentive to shift resources to remote rural areas. The Lao Government's focus on transport infrastructure and hydropower projects as long term socio-economic objectives, neglects short-term rural development, which affects 85 per cent of the population. Denial of short-term rural projects will alienate the majority of the population.

The Non Government Organisation aid programs could assist short-term rural projects. The 1990 NGO aid programs totalled US$4.1 millions increased to US$6.3 millions in 1992 and was reduced to US$2.3 millions in 1993. According to COMBECON aid officials the reduction in NGO programs was because of the absence of an organised budget, foreign aid plans and expertise in project management. A UN official claimed that the Lao administrators did not create work patterns, precedents, or to learn from experience.
The New Use of Foreign Assistance

The figures of capital expenditures reflected the Lao government’s development strategy. It focused on transport infrastructure and hydropower dams at the expenses of rural peasants. Most of aid donor countries claimed that they have assisted in poverty alleviation in Laos but the slash-and-burn farming practice among 85 per cent of rural population remains a major problem for the Lao government. The sectoral distribution of capital expenditure in Laos from 1984 to 1992, revealed an emphasis on projects of prime importance in average percentage as follows:

Table 2: The NEM Sectoral Distribution of Capital Expenditures of Lao Budget

<table>
<thead>
<tr>
<th>Development priorities</th>
<th>1984-86</th>
<th>1990-91</th>
<th>1992</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation and communications</td>
<td>33</td>
<td>40</td>
<td>43</td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td>17</td>
<td>19</td>
<td>26</td>
</tr>
<tr>
<td>Industry, mining and energy</td>
<td>16</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>Public works</td>
<td>7</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Health</td>
<td>6</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Education</td>
<td>4</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>Trade and cooperatives</td>
<td>4</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>12</td>
<td>8</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Based on data provided by the Lao Ministry of Economy published by Dr. Chi Do Pham, Resident Representative of IMF in the Lao PDR. (NB Percentage may not be added up because of round up of the figure).

From 1992 to 1999 the Lao Government allocated capital expenditure in sectoral priority (see table 1). The military budget has not been included, as it is unknown. However, it may be derived from Vietnamese aid, which is part of the Lao-Viet Special Relationship Treaty. Foreign assistance is spent on development projects. The development of agriculture and forestry has been classified as budget priority number two and is linked to other long-term projects of transportation and communications, industry, mining and energy. Construction of roads and hydropower dams are the national projects of prime importance, their completion will consolidate Lao economic independence. These projects are feasible.
provided that there are no setbacks. They remain the only hope for Laos to increase its GDP per capita income and shed its current status as one of the poorest and least developed countries.

The process of Lao decision-making inherited from the former socialist centrally planned economy is at odds with a market-based economy. The absence of administration and financial delegation to the lower echelons from ministers to the unit coordinators or *Chef de Bureau* is a result of lack of political confidence and the incompetence of the lower level officials. In the area of financial delegation, all Lao government ministers including the President and the Prime Minister have no financial approval authority. They may sign the cheques or *Mandats* for the expenditures to their budget, but cannot approve them. All *Mandats* must be approved by the Minister for Finance or Director General who oversees all accounts of government departments and agencies. This approval process is based partly on the French financial and accounting systems and partly on the uncertainty of the availability of cash at the government treasury. The typical example raised by the World Bank concerning the financial sector in Laos. The World Bank's view of Laos' commercial banking credit and risk management skills is limited. The Lao Central Bank's supervision and accounting standards imply that information about financial system, especially the state-owned commercial banks (SOCB), is not available to decision-makers.¹¹

In December 1994 I interviewed Souvannarath Saignavong, the only French graduate in econometrics in Laos. He claimed responsibility for the hydropower projects. General Singapo Sihotchouannamaly, a senior Pathet Lao veteran organized my meeting Souvannarath who held the peculiar position as *Vice-Président – Secretaire Général du Comité Olympique Lao*. Souvannarath explained that Laos has neither sea access nor seaport facilities of its own. Lao production of export goods was not viable because of the high transport cost and the lack of transport infrastructure. He explained that Laos was reliant upon subsistence farming and foreign assistance and there is a lack of domestic savings. Generation of hard currency was through the hydropower projects. Vietnamese, Cambodian, and Chinese industrial development required a great demand for electricity. The current Lao electricity output did meet the demand of Thailand. Hard currency generation from hydropower dams would fund development Lao food production and other economic sectors. Souvannarath explained that disadvantages arising from forest logging and water level reduction because of turbine generation would be met by

Political Ideologies and Development in Lao PDR since 1975

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Countries and companies involved in dam building projects in Lao P.D.R.
reforestation, the abolition slash-and-burn and the resettlement of local people near the project areas.

The LPRP saw transport infrastructure and dam construction as its national priorities. Roads in Laos will provide farmers the means to sell their products in cities and in the neighbouring countries. When completed major national roads, Laos will link up with its neighbouring countries. The hydropower projects will help the Lao economy but such projects require huge foreign investment and increase foreign debt. In 1994 the Lao Gross Domestic Product (GDP) was US$1.6 billion with a GDP per capita of approximately $250 and a per capita external debt of $500. Major aid donors regard Laos’ current external debt as sustainable because it includes former Soviet aid the non-convertible Russian Rouble. In 1995 the estimated GDP per capita was $350 but there is a wider gap between city and rural areas where the GDP per capita is less than $100. The NEP has enabled the Lao government to inject capital into major projects. The government initiated the alleviation of the budget burden by establishing a military company known as the Mountainous Area Development Company (MADC) or Bobbat Phattama Khot Phoua Dao. It forms a monopoly over logging concessions to earn income for the army.

This Mountainous Area Development Company (MADC) also operates military banks, hotels and shipping. It follows the Chinese and Indonesia model of turning the army into a business for self-sufficiency rather than totally relying on the national budget. The Lao military have been influenced by the Thai military with its military bank branches in Laos. In 1995 MADC won the tender of US$100 millions to build roads and sewerage systems in the Lao capital city with a subcontracted Vietnamese company, CEL. Bouathong Vongvich, Minister for Communications, Transport, Posts and Construction in the brief interview in January 1995 said the capital city redevelopment was funded by US$500 millions World Bank loan. The city development was not a Lao Government priority but it was the first time the government spent large sums on city development. In some projects, the MADC has used military personnel as its workforce. The Lao Government can make credit loans available to selected farmers to encourage them towards long-term self-sufficiency. Such loans will allow farmers to obtain new technologies and larger productive investments. This will in turn establish the foundation for core economic units. Without rural development Laos will not achieve its food self-sufficiency.
3. The Foundation of the Lao Economy

The Source of Foreign Aid to Laos

During the period of transition to socialism from 1976 to 1986 Laos relied on assistance from the socialist countries, half of which was from the Soviet Union. By early 1990s Laos received increased aid from Japan, Australia, France and Sweden and from the international and regional organisations: the UNDP, World Bank, IMF and Asian Development Bank. The total foreign assistance in 1993-94 was estimated at US$211.7 million, of which US$141.4 million was gratis and US$70.3 million was in the form of loans bearing low interest rates.\(^6\) The assistance from the World Bank, IMF and ADB played a significant role guiding Laos towards a market economy and expected economic reform measures. Laos must fulfil the financial assistance conditions and secondly comply with the policy guidelines of the foreign aid donors. However, the development programs assisted by the banks and financial institutions are based on long-term objectives and large projects. They are concentrated in city centres with improvements in infrastructure and the construction of hydropower dams, which benefit the urban areas. The rural areas where the majority of the Laotians live lagged behind in development.

Aid from the Western countries increased when Laos moved towards the market economy. Assistance from the socialist countries remained more or less stable. The volume of foreign aid at the introduction of the market economy exceeded US$100 million mark.\(^7\) Joseph J. Zasloff argued that there was competition between the socialist and Western bloc aid donors, each seeking to expand their assistance programs. The Lao government benefited from this rivalry and allocated finance to major development programs. There are three categories of foreign assistance to Laos, comprising (1) bilateral assistance, (2) multilateral assistance and (3) the assistance contributed from the NGO. The bilateral assistance derived from two sources such as Socialist bloc countries, in non-convertible currency such as Russia, Vietnam, China and some former COMECON countries, and from Western countries, in convertible currencies. The present main regular bilateral aid donors are Japan, Sweden, Australia, France, Germany, Switzerland, USA, ASEAN countries, Russia and Vietnam. Japan ranked the first place in providing assistance to Laos and has played a key role in the bilateral aid.

These countries have expanded their aid programs since the early 1990s and in 1992 the total aid to Laos was US$167 million. Multilateral assistance is from the international
agencies such as United Nations Development Program (UNDP), Food and Agriculture Organisation (FAO), United Nations High Commissioner for Refugees (UNHCR), UNICEF, International Finance Corporation (IFC), World Health Organisation (WHO), and the Mekong Committee. The assistance from NGOs is from organisations such as Quakers, Mennonites, Save the Children Fund, and World Concern. There are some other NGO organisations involved as a third force in the development of Laos such the Australian World Vision and Community Aid Abroad. The most important multilateral assistance donors are the World Bank, the Asia Development Bank (ADB), International Bank for Reconstruction and Development (IBRD) International Development Association, (IDA), International Monetary Fund (IMF), UNDP, UNHCR, UNCDF and EEC.

Because Laos is the poorest, least developed and most severely indebted low-income country (SILIC) in Asia, it attracts most assistance in the form of humanitarian aid. As the aid recipient Laos has an advantage because the aid donors compete in increasing their aid. A few Central Committee members have reservations about the external assistance because the aid donor countries have a variety of motives behind their assistance, despite their assertions that aid is for humanitarian purposes. Political motives may inspire of Vietnamese and Thai aid to Laos. From the outset of the total liberation of South Vietnam, the Vietnamese Communist Party proclaimed the integration of Cambodia and Laos into the Indochina bloc. Pol Pot was not only against the idea of Indochina Federation but also made a territorial claim against Vietnam for land lost during the French colonial administration. As a result Cambodia was invaded and occupied by the Vietnamese forces under the pretext of both border clashes and the atrocities or “Killing Field” in Cambodia.

The LPRP was close to the Vietnamese Communist Party and knew them better than their Cambodian counterpart. Laos signed the twenty-five year special relationship treaty with Vietnam. It became a legal obligation for the Vietnamese troops to remain in Laos for security reasons. It proved to be effective in ending the brief war between Laos and Thailand in 1987-88. Western academic experts saw the stationing of Vietnamese soldiers on the Lao territory as either a tacit invasion or a counterweight for regional power bargaining. The Vietnam’s occupation of Cambodia allowed it to both gain hegemony in Indochina and world attention to settle the Cambodian affairs. It was the springboard for Vietnam’s admission to the Association of South East Asian Nations (ASEAN).
After the settlement of the border clashes with Laos and the peace initiative in Cambodia, the Thais declared Indochina as a trading zone. In 1993 the total licensed foreign companies invested in Laos was 365 of which 141 were Thai companies. The aggregate proportion of Thai investment in Laos was about 37.6 per cent. In 1994 the number of licensed Thai companies increased two-fold with the aggregate investment value of 40.1 per cent of the total foreign investment in Laos. Such investment development led Nouhak Phoumsavanh (who was a former Neo Lao Issara or Seri Lao in Isan, Thailand) to say at a Politburo meeting in late 1988, "Is this what we fought for? Are we becoming Thai?" His claim factually supported as the population in Laos holds in high esteem the Thai monarchy, while the Lao monarch was banished to the jungle detention centre twenty five years ago and died in disgrace. Each of the Laotians receives US$40 per year of foreign aid and about 20 per cent of the Lao GDP per capita come from the foreign aid. Aid is and will remain crucial for socio-economic development in Laos.

The World Financial Institutions and the Lao Socio-Economic Development

The current large world financial institutions that provide credit loans and finance investments in Laos are the World Bank, the Asian Development Bank (ADB), the International Monetary Fund (IMF). The other multilateral financiers are the European Union (EU), the International Fund for Agriculture Development (IFAD), Organisations of the Petroleum Exporting Countries (OPEC) and Nordic Fund. The World Bank provides credit loans through the International Development Associations. In 1993 IDA has fund-contributing members from 34 countries including Australia. The principal contributing members to IDA are the G7: the US, Japan, Germany, France, United Kingdom, Italy and Canada. Other important assistance comes from the UNDP and other UN related funds. When Laos became a communist state in 1975 it did not cut its membership and diplomatic ties with free world financial institutions and the Western countries. Most of these institutions continued their assistance throughout the period of the centrally planned economy although a few ended their assistance and later resumed contributions in the early 1990s.

The ADB provides loan and technical assistance to Laos. In the past the ADB provided loans and technical assistance to various Mekong Projects. In 1998-99 the ADB funded six projects with different objectives: three for economic growth, one for poverty reduction
LAO PDR
OVERALL EXTERNAL ASSISTANCE
($ million)

<table>
<thead>
<tr>
<th>External Source</th>
<th>Past 3 Years (1995-97) Annual Average&lt;sup&gt;a&lt;/sup&gt;</th>
<th>1999 Program&lt;sup&gt;b&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loan/Credit/TA</td>
<td>Loan/Credit/TA</td>
</tr>
<tr>
<td>A. Multilateral Assistance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ADB</td>
<td>79.4</td>
<td>55.6</td>
</tr>
<tr>
<td>EU</td>
<td>10.0</td>
<td>15</td>
</tr>
<tr>
<td>IMF</td>
<td>8.7</td>
<td>15</td>
</tr>
<tr>
<td>UNDP</td>
<td>10.4</td>
<td>3</td>
</tr>
<tr>
<td>World Bank</td>
<td>60.4</td>
<td>30-60</td>
</tr>
<tr>
<td>Others (NGO)</td>
<td>12.5</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal (A)</strong></td>
<td>181.4</td>
<td>103.6 - 133.6</td>
</tr>
<tr>
<td>B. Bilateral Assistance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>14.0</td>
<td>13</td>
</tr>
<tr>
<td>France</td>
<td>12.6</td>
<td>10</td>
</tr>
<tr>
<td>Germany</td>
<td>21.4</td>
<td>14</td>
</tr>
<tr>
<td>Japan</td>
<td>78.1</td>
<td>95</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2.0</td>
<td></td>
</tr>
<tr>
<td>Norway</td>
<td>3.3</td>
<td></td>
</tr>
<tr>
<td>Sweden</td>
<td>13.8</td>
<td>10</td>
</tr>
<tr>
<td>Switzerland</td>
<td>4.6</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td>USA</td>
<td>8.0</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal (B)</strong></td>
<td>162.3</td>
<td>142</td>
</tr>
<tr>
<td><strong>Total (A+B)</strong></td>
<td>343.7</td>
<td>245.6-275.6</td>
</tr>
</tbody>
</table>

**Memo items**
- External Assistance as % of Regular Expenditure
- External Assistance as % of Development Expenditure

<sup>a</sup> On Disbursement Basis
<sup>b</sup> On Commitment Basis

Source: UNDP Report (1998), each agency’s report and staff estimates

Note: From 1989 the New Economic Mechanism (NEM) helped to increase foreign aid and investment. In the aftermath of Asian financial crisis and global economic adjustments the trend has declined significantly.
and two for human development totalled US$57.5 million. Laos became member of the International Monetary Fund (IMF) in July 1961. The IMF has a resident representative to the Lao PDR and an adviser working closely with the Bank of Laos (BOL). Besides providing financial assistance, the IMF resident representative helped compile data and information on economic reform in Laos. An IMF book published in English in 1994 contained up to date trends and a perspective on the socio-economic development of Laos. Its information has been used as platform for the Lao National Development Plan towards year 2000. In 1998 Laos had a special drawing right or SDR of 39.1 million which was equivalent to approximately US$57 million. The IMF approved a second loan in January 1995 and a third loan in May 1996 under the enhanced structural adjustment facility (ESAF). Each annual loan is equivalent to SDR 11.73 million, about US$17 million to support further Lao economic reforms. The IMF has supported these efforts after 1989 when Laos experienced a strong expansion of private investment and rapid export growth. Currently Laos has an outstanding IMF debt of SDR 42 million or US$61 million.

The World Bank is a multilateral development institution whose purpose is to assist in developing member countries to further their economic and social progress. The International Bank for Reconstruction and Development (IBRD) has been known as the “World Bank”. It has a number of affiliated institutions; one of them is the International Development Association (IDA). Both have three related functions: to lend funds, to provide economic advice and technical assistance, and to serve as a catalyst to investment by others. The other two World Bank affiliates are the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The ultimate strategy of the World Bank is ‘poverty reduction’. The World Bank ranks that countries with per capita income GDP less than $635 as the poorest and least developed countries; Laos is one of these. In 1993 Laos received US$55 million for education and energy development from the International Development Association (IDA). Through the IDA, the World Bank has supported the Lao development efforts since 1977 through 27 concessional credits, totalling US$576 million. The priority objectives of the current Country Assistance Strategy (CAS) are to:

- assist the Government in stabilising the economy, in close collaboration with the IMF, and progressing further on structural reforms;
- return the economy to a sustainable growth path to reduce poverty;
- focus on social service delivery and investments in infrastructure; and,
- harness the country's productive potential by working closely with other partners in the international community and the private sector.

A new World Bank Office was established in Vientiane in April 1999. It accommodates staff of the World Bank, its Water and Sanitation Program, the International Finance Corporation (IFC), and the IFC-managed Mekong Project Development Facility and an Information Centre. At that time the World Bank also approved the CAS for the Lao PDR for 1999-2000, and promised that the IDA will work closely with the government and its multilateral and bilateral partners to restore economic stability and resume sustainable growth in Laos. The new local office enables the Bank to strengthen its on the ground support to Laos. In the early 1990s the share of multilateral donors in total aid was 70 percent and 60 percent of the total annual volume of aid are concessional loans by World Bank, ADB and IMF while the balance fell on grants from bilateral aid donors. Despite massive international assistance for more than two decades, Laos still cannot achieve self-sufficiency in food.

Laos - A New Member of ASEAN

For more than half a century after the end of World War II Laos was not a member of any particular regional or world trading organisations. During the two decades before 1975, Lao people traded with their neighbours especially across the Mekong River. The New Economic Mechanism (NEM) introduced by the Lao government in 1986 was a return to the market based economic system. Laos sought integration within the region. Laos signed a Treaty of Amity and Cooperation with the six ASEAN countries in 1992. After five years as an observer, Laos was admitted to full membership of ASEAN and the ASEAN Free Trade Area (AFTA). It was a major step Laos to venture in a regional trade organisation. Growth was well established in most countries in the region and continued throughout the period of deep and prolonged recession in the advanced industrial economies during the early 1990s. Since its 1967 inception ASEAN has grown from five to ten members. Brunei joined ASEAN in 1984, Vietnam in 1995, Myanmar and Laos in July 1997 and Cambodia in 1999. All ASEAN members must be represented at all meetings because its consensus decision-making. At these meetings, debate can be lengthy and inconclusive. New members are to contribute some resources to the organisation and abide by its rules. ASEAN has integrated new poor members such as Laos and Cambodia by modifying its process to be a little flexible at the expense of the founding countries.
As the powerhouse for the transformation, Japan has an intrapreneurial organisational to lead international trade. This is the Ministry of International Trade and Industry (MITI). This model has been imitated by most East Asian nations. MITI is a Japanese government think-tank and policymaking body for both international trade and industry. The Japanese model of economic planning is important to new ASEAN members such as Myanmar, Cambodia, Laos and Vietnam. As the result of Japanese investment, in the aftermath of the NEM launch, Laos flourished with the production of garments and textiles. The foreign investment licenses granted to this sector represent 28 percent of the total number all industries in Laos. Since 1977 Japan has paid attention to ASEAN demands and complaints. Japan has conferred with ASEAN over matters of regional concern such aid to Vietnam, assistance to refugees and recognition of the government in Phnom Penh. The Japanese commitment to a policy of co-operation with and constructive assistance to ASEAN benefits new members such as Laos, Myanmar and Cambodia. Through ASEAN membership Laos has benefited from economic co-operation and trade liberalisation. Laos traded with ASEAN before becoming a member. ASEAN exports to Laos were estimated at US$69.4 million in 1980 and US$74.2 million in 1990. ASEAN imports from Laos for the same years were estimated at US$4.5 million and US$40.7 million, representing a ten-fold increase from 1980 to 1990. The share in the total ASEAN trade of Laos is 1 per cent.

ASEAN membership for Laos will bring potential trade because tariffs will eventually be removed for the purpose of creating free trade area within ASEAN members. However, the integration process was slowed down by the financial crisis of the late 1990s. It is a major concern for Laos, as Thailand faced financial collapse. The Southeast Asian share and currency markets continue to show signs of volatility. The financial crisis in Thailand affected the export of Lao agricultural and forest products and the sale of electricity, the only major hard currency revenue source for Laos. The crisis placed additional pressures on the Lao economy at the time of reforms; inflation skyrocketed from 8 percent in 1996 to 25 percent in 1997. The regional crisis slowed the new ASEAN members' integration into the AFTA.
AusAid and the Mekong Friendship Bridge

Australia has been a contributor of development assistance to Laos since the early 1960s. After a decline in mid 1970s, Australian aid has grown to over AUD$6 million a year. Australia has maintained a good relationship and provided aid to Laos for four decades. Australia, Sweden and Japan are the only non-socialist countries, which provided continuous assistance to Laos since 1975. Australia was the only country that maintained ambassadorial level representation throughout the period of the last Indochina War and political turmoil in Laos in the mid-1970s. The continuous Australian ambassadorial representation has kept Laos away from isolation as a Western bilateral aid donor. The bilateral relations between Australia and Laos are strong because the aid program is a significant element of the relationship. Australia’s reputation in Laos allowed it to be involved in Lao economic development.

Australian interests in assisting Laos are based on a commitment to equitable and sustainable development. The Australian policy of recognition of mutual benefits of a stable and prosperous Southeast Asia region has placed Australia among the four largest bilateral aid donors to Laos. Australian development co-operation with Laos traditionally has been concentrated in the agricultural sector. After the Lao economic policy changes took place in 1986, Australia has expanded its aid program to focus on the areas such as education, training and infrastructure development. Through the Australian International Development Assistance Bureau (AIDAB), the Australian aid program assisted other sectors such as health and social development and good governance. Australia has been a major supplier of English language training and overseas scholarships to Laos. Education is a sector in which Laos has a severe shortage, notably in tertiary-trained personnel and technical skilled rural teachers. The total Australian aid allocated to Laos in 1997-98 was AUD$18.1 million and the aid in education in 1998-99 represented 22.7 per cent of the total aid, which is the top priority in human resources development. The real level of funding to Laos has been maintained at around AUD$7-8 million each year. This level of assistance was supplemented over the period 1991/92 and 1993/94 to include 50 per cent of the cost of the construction of the bridge across the Mekong River between Laos and Thailand. In 1978 Australia provided AUD$10.5 million to assist Laos in food self-sufficiency through irrigation projects. During 1981-93 AIDAB contributed about AUD$15 million to support heavy plant maintenance, AUD$3 million for the
Lao PDR became ASEAN member in 1997

Prime Minister Khamtay Siphandone and Australian Prime Minister Paul Keating cut the ribbon to open the border checkpoint at the Mekong Friendship Bridge in 1994.

President Khamtay Siphandone receives a courtesy visit from Malaysian Prime Minister Dr Mahathir Mohamad.
promotion of local production of livestock feeds, AUD$3 million for upgrading port facilities along the Mekong River through the Interim Mekong Committee.\textsuperscript{64}

Dr Philip Hirsch, a Senior Lecturer of University of Sydney pointed out at a Melbourne seminar on generating power and money in Laos in 1996 that Laos is currently in a situation of very rapid change as are all countries in Southeast Asia. He saw Laos is at a crossroads within the region as embraces rapid economic development over the next decade or two.\textsuperscript{65} Infrastructure development will be fundamental to all development in Laos. The Lao Government has geared grants and loans to fund three economic development sectors: infrastructure, hydropower and foodstuff self-sufficiency. Australia has achieved a high profile in infrastructure development through the provision of the 1.2 kilometre Mekong River Friendship Bridge that costed Australia AUD$42 million to build.\textsuperscript{66} The construction commenced in October 1991 and completed in early 1994. The bridge carries two lanes of road traffic with provision for a future railway line. It provides the first road link between Laos and Thailand and at the same symbolises the opening of Indochina to the rest of Southeast Asia. For Australia the Friendship Bridge represents its efforts to “enmesh” or established a foothold for trading ventures in Southeast Asia. It is a landmark for the region and a boost to the reputation of Australian companies and investment in the region.\textsuperscript{67} For Laos, the bridge is the country’s future and is the first step in making Laos a crossroad in South East Asia. The Friendship Bridge also serves as a gateway for Laos to contact with the outside world releasing it from isolation.

Days before the official opening of the bridge Paul Keating, the Prime Minister of Australia, announced the contribution of AUD$50 million in foreign aid to Laos. It was regarded as Australian commitment to continue financial assistance to support the economic reform in Laos. Australia has been the third largest foreign investor in Laos, with Australian companies building roads, hydropower dams and gold exploration.\textsuperscript{68} One of the three projects studied by ADB is a 150 kilometre-railway line from Nongkhai, Thailand to Laos has been proposed to build through the first international Mekong Friendship Bridge. An extension of another 50 kilometre line to reach Pha Lek in Xiang Khuang is considered cost effective as the rail line will service the transport of iron at Pha Lek. The next segment will be from Xiang Khuang through Luang Prabang in the direction to China border in the north.\textsuperscript{69} The road networks, railways and telecommunications will crisscross the subregion. The Comprehensive Forum of the
Development of Indochina's Infrastructure Working Committee held in Sydney in 1996 projected that there were US$40 to US$60 billion worth of infrastructure development over the next 20 years.70

4. Foreign Investment in Laos

The Lao Investment and its legal framework

The economic liberalisation which took place in 1979 actually had been urged by the Soviet and Vietnamese advisers as well as the World Financial Institutions such as World Bank, IMF and ADB. These changes were made to overcome shortages in rice production created by the State planning itself and the inefficiency of the agricultural co-operativisation. It was not connected with the NEM, which was launched in 1986. However, the initial change improved the productivity in the agricultural sector and the circulation of goods improved the standard of living and set a precedent for the Open Door Decentralisation Policy. In 1994 Khamphou Keobounlapha, the Politburo member, Deputy Prime Minister and President of Foreign Investment Management Committee, saw the NEM as the transformation of a natural to a market economy led by the Party and managed by the State.71 The NEM laid the foundation for the process of transformation from a subsistence economy to a market oriented economy. This analysis avoided the admission that the socialist centrally planned economy failed to produce enough food and any significant export agricultural commodities.

The NEM or the Open Door Policy was launched in the absence of a national constitution and foreign investment law. All laws pertaining to the Open Door Policy were gradually adopted after the NEM. From 1988 the Lao Government commenced setting up a new legal framework by enacting a number of new laws, decrees, regulations and codes in order to promote private business and guide foreign investment, contracts, private property, inheritance, state banking, accounting standards, insurance and labour relationships. They form legal relationships in the new market economy. Foreign investment in Laos is guaranteed by an outdated law containing some 32 articles enacted on 25 July 1988. The foreign investment law included permission for 100 per cent foreign ownership, fiscal incentives, rates of taxation; customs duties; repatriation of foreign currency; and accounting. These topics were later included in other commercial laws. This law was revised and adopted by the National Assembly in 1994. It did not conform to other enacted commercial legislation.
The three types of foreign investment in Laos are (1) Business by contract; (2) Foreign/local joint ventures; and (3) Wholly foreign owned companies. The latter is not widely available in the Asian region. It was first time for Laos to open for foreign investment to exploit its rich natural resources. In the colonial period, investment by companies other than French was almost impossible. Two and a half years later the National Constitution was promulgated on 15 August 1991 and there is a provision made for a socio-economic regime which did not exist in the Constitution of the Royal Lao Government regime. Article 13 of the current Constitution states:

The economic system of the Lao People's Democratic Republic is a multi-sectoral economy having as objectives the expansion of production and increase of goods circulation, and the transform glem of the subsistence economy into a commodities economy in order to develop the national economic base and improve of material and spiritual living conditions of the multi-ethnic people.

The Article 14 of the Constitution specifically declares the guarantees for market based economy and foreign investment:

The state protects and promotes all forms of state, collective and individual ownerships, as well as the private ownerships of both domestic investors and foreigners who invest in the Lao People's Democratic Republic.

The state encourages all economic sectors to compete and cooperate with one another in expanding their production and business activities. All such sectors are equal before the law.

The guarantees were based on two beliefs: First, foreign investment; considered as vital for the improvement of the wellbeing of the Lao people following the loans and grants given by aid donors. Second, foreign investment is the only hope to achieve the plans in Laos of transport infrastructure, hydropower dams and agro-forest industry. Laos included specific foreign investment policy objectives in its constitution to:

(1) Attract private finance from diversified sources, especially in convertible currencies, in order to contribute to the establishment of productive enterprises;

(2) Transfer appropriate technology;

(3) Create employment;

(4) Promote exports and access to foreign markets; and

(5) Generate Government revenues, in the form of taxes, duties, royalties, land rents, equity participation, and privatisation proceeds, as applicable.
Investment priorities will be granted to those that promote Lao exports, generate hard currency earnings, maximise use of domestic resources and train Lao nationals in relevant skills. The investors can choose their own optimal form of investment. The Foreign Investment Management Committee (FIMC) is responsible for this area. The FIMC is the equivalent of the Thai Board of Investment (BOI). It is attached to Ministry of Commerce and Foreign Economic Relations. FIMC can consider, authorise investments and approve agreements on contractual business, joint ventures and on the establishment of wholly foreign owned enterprises. FIMC has the responsibility to resolve investment question by external investors. It has no legal power to resolve foreign investment disputes.

Potential Areas of Investment

The Lao Government has placed emphasis on the development of these four areas: (1) transport and communication infrastructure (2) agriculture and forestry, (3) energy and mining, and (4) industry. In his report to the Sixth Party Congress, President Khumtay Siphandone emphasised Laos’ potential for development and the abundance of natural resources. Laos has arable land for agriculture; high quality forests; rivers for building hydropower dams and irrigation, and is rich in a variety of minerals. He emphasised that Laos is in the middle of subregion, suitable as a regional service centre in trade and tourism with neighbouring countries and overseas. Eighty-five per cent of the country’s non-forested land is uncultivated and unoccupied and suitable for planting commercial pulp trees such as paper tree plantations for exports.

The transport and communication infrastructure is strategically important for the development in Laos. In 1995 Laos had 18,300 kilometres roads, of which 25 per cent is paved and planned to increase by 4,300 kilometres in five years. Its aim is make Laos a service centre and a crossroad in the subregion between China, Myanmar, Vietnam, Cambodia and Thailand. A road and rail network will allow Laos to achieve economic development. The roads, linking major towns, provincial capitals and providing connections to neighbouring countries, total 3,390 kilometres, of which 1,620 kilometres are paved, the remainder are gravelled or earth surfaced.

The present road networks are poor and have no connection with transport systems of neighbouring countries. The expenditure on road networks in 1992 was 38 per cent of the Public Investment Program (PIP) budget. The potential private investment
Transport infrastructure is the backbone of the Lao socio-economic development.

Note: In 1996 Lao PDR has a total of 18,300 kilometers of roads but was in deteriorated conditions. In 2000 the network expanded to 24,000 kms of which 3,900 kms are asphalted roads.
opportunities in road transport, construction, maintenance and communication are available in the next decade or two. There are improvements in communication in the areas of satellite telecommunications, digital telephone exchange and long distance transmission network and microwave link. L'Entreprise d'Etat des Postes et Télécommunications Lao (EPITL), an autonomous public sector enterprise has developed a substantial telecommunications investment program for a nationwide network including plans to set up telephone exchange in all provincial capital cities and major towns and postal boxes through the country. The average telephone density in Laos is only 0.16 per 100 populations, one of the lowest in the world. The current plant and equipment are mostly very old and largely obsolete.\textsuperscript{78}

Other potential areas for investment are in agro/forest business, hydropower and industry. Investment opportunities in agriculture and forestry are considerable. Laos has total land area about 230,567.5 square kilometres, of which 3800 square kilometres are cultivated area and in 1990 only 650 are irrigated. The cultivated area represents only 1.6 per cent of the total land area.\textsuperscript{79} In 1994 the agricultural sector generates over 70 per cent of GDP including forestry and provides employment for about 90 per cent of the labour force.\textsuperscript{80} The Lao Government started a project to increase rice production by enlarging the irrigated rice-growing areas from 22,000 hectares in early 1997 to 100,000 hectares by 2000 to achieve self-sufficiency in rice production. In 1995 the irrigated rice farming area increased by 2000 hectares. The Lao Government funded this project with US$24.5 million from its international reserves.\textsuperscript{81} Another important foreign investment is hydropower. There are 60 tributary projects for building hydropower dams with the potential to produce over 18,000 megawatt of electricity for sale to neighbouring countries. At present the only buyer is Thailand. Construction of these projects has begun. By year 2000 Laos will be able to produce 2855 megawatts and by year 2010 electricity production will be 6,879 megawatts.\textsuperscript{82}

Foreign Investment in Laos
In 1994-95 the Lao Government allocated all the available internal reserves, grants and loans to fund seven prioritised projects. The total foreign investment in Laos from 1988 to 1995 was US$5.6 billion with 594 foreign investment projects approved, of which 76 per cent was investment in hydropower. The total foreign aid and loans from 1991 to 1995 was US$1.05 billion of which US$612.4 million was from grants and US$441.1 was from loans. The foreign assistance represents 79 per cent of the total Lao budget.\textsuperscript{83} The
preliminary economic policy framework and the macroeconomic and sectoral objectives of Laos were defined in 1994-95 as follows:

(a) consolidate the macroeconomic reforms to ensure a smooth transition to a market oriented economy;
(b) improve the efficiency and performance of the public sector;
(c) accelerate socio-economic development and improvement of living standards; and
(d) halt the degradation of the natural resource base.

The above targets and policies were adopted by a six year Public Investment Program (PIP) in 1994. The Lao Government was committed to five areas in public investment. The 1996-97 budget expenditures were allocated to the areas of importance as follows (in millions of Kip (Lao Currency = K) at the rate of exchange of 920 Kips for a US Dollar). The PIP trends continued to the year 2000 before the LPRP reversed in its Seventh Party Congress in March 2001. Agricultural development including the halt to slash-and-burn farming practice and opium growing has become priority in the Lao government socio-economic planning in the next fifteen years.

Table 4: Lao Government 1996-97 Public Investment Programs:

<table>
<thead>
<tr>
<th>Ministries</th>
<th>Billion Kips (Lao currency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Transport, communication and construction</td>
<td>89.47 m K</td>
</tr>
<tr>
<td>2 Industry</td>
<td>43.73 m K</td>
</tr>
<tr>
<td>3 Education</td>
<td>31.25 m K</td>
</tr>
<tr>
<td>4 Agricultural, forestry and irrigation</td>
<td>23.74 m K</td>
</tr>
<tr>
<td>5 Health</td>
<td>22.56 m K</td>
</tr>
</tbody>
</table>

They represent 21 per cent of the socio-economic development budget. Foreign investment in Laos is either a joint venture or wholly foreign owned. Business by contract is very small. The foreign and local joint ventures are in the Privatised State Owned Enterprises. The foreign-owned investment was the most numerous in the first half of 1992. Joint ventures still dominate the foreign investments. Foreign investment with an aggregate value from US$100,000 to 500,000 is classified as medium companies and those above US$500,000 are considered large investments. The total number of foreign investment licenses approved from September 1988 to 1993 was 451 with an aggregate value of US$494 million. Hotel and tourism lead with 28 projects worth
US$111 million while the licenses in garment and textile industry increased two folds with an aggregate value of US$43 million. It is the leading sector for foreign investment after the Open Door Policy launch in 1988. Of the 28 countries investing in Laos, Thailand ranked number one with 167 projects and a capital value of US$198 million. The USA was second with capital value of US$83 million.\textsuperscript{86}

In 1992 Australian Department of Foreign Affairs and Trade through AIDAB and the United Nations Development Programme assisted in promoting investment opportunities in Laos by co-sponsoring a Lao investment opportunity forum held in Sydney in November 1992. One was previously held in Bangkok, Thailand in 1991 and one took place in Paris, France in November 1993. The first 14 Australian investment projects with an aggregate value of US$15 million were given licenses in 1992, among these are Transfield, John Holland, Snowy Mountains Engineering Corporation (SMEC), Maunsell-Sinclair Knight Merz, Tasmanian Hydro-Electric Commission Enterprises Corporation (HECEC), Normandy Anglo Mining (affiliated to the Australian Normandy Poseidon group). In 1993 the Australian-based British transnational Corporation, CRA signed mining deal with the Lao Government. It carried out a geological survey for gold ores in an area of 5000 Squ kms in Sepone district of Savannakhet, central Laos with Newmont, a US gold mining company.\textsuperscript{87} Maunsell-Sinclair Knight and John Holland won an international tendering contract to construct the Mekong Friendship Bridge. Transfield and SMEC won contracts to build hydropower dams. These get-in and cash-out types of project works are a safe option for international construction companies. Future maintenance of the project is not considered and the funding capital is supplied by World Bank or the ADB.

International projects and direct investment are important for economic development of Laos. The first lays the ground work towards the poverty alleviation while the second plays strategic importance for the defence of Laos as it is surrounded by powerful neighbouring countries such as China, Vietnam and Thailand. With foreign investment, Lao exports increased drastically, the exports in 1993 were US$240.5 million and jumped to US$316.9 million in 1997. Garments and textiles are the leading export industry with US$90.5 million in 1997 and followed by the wood products with US$89.7 million.\textsuperscript{88} Exports to Vietnam in 1997 were US$135.2 million while exports to Thailand were US$70.1 million.\textbf{Imports} from Thailand were US$336.6 million and from Vietnam only US$10.4 million.\textsuperscript{89}
Although Australia has provided financial assistance to Laos it is not involved in trade with Laos.

Major Socio-Economic Development Projects
The total external aid from bilateral and multilateral sources in 1997 was US$97.5 million and the program loans totalled US$172.2 million. External aid forms the backbone of the socio-economic development of the country. Since 1997 Laos has been able to disburse the loan interest of US$181.1 million. Major development projects are in agriculture and forestry, manufacturing, mining and petroleum, power generation, infrastructure development and tourism. Agribusiness opportunities exist in areas such as rice milling facilities, fruit and vegetable production, dairy products, coffee production, beef and poultry raising for meat and by-products, livestock feed mill, fish breeding, irrigation, mulberry plantations and crops with potential market demand. In 1992 there were 27 agribusiness investments, and another 22 in wood-based industries totalling about US$83 million. Twenty per cent of foreign aid was directed towards agro/forestry. The establishment of Agriculture Promotion Bank in June 1993 further boosted domestic credit in this sector.

The Lao Government offered long term leaseholds to investors through the 1990 Property Rights Acts which confirmed private rights to possession and use of land, including the right to transfer, purchase and sale and to inherit long term leasehold interests. It distinguishes between the rights of Lao citizens and those of foreigners. The fastest real GDP growth is in the agricultural sector. In 1993 it was 2.3 per cent and increased to 5.8 per cent in 1997. The average growth in industrial sector was 12.2 per cent in five years from 1993 to 1997.

One of many major projects aiming at poverty alleviation for 1996-2000 plan is the construction of 3 hydropower dams at Nam Theun-Hinboun, Houay Ho and Nam Leuk. By the end of year 2000 these dams should be able to generate additional 420 megawatts. The other 3 projects consist of the construction of Hongsa Lignite Power Plant, Nam Theun II and Xe Pian-Xe Nam Noi, which were planned to be completed by year 2001. They are to produce 1845 megawatts. Laos has 9 hydropower dams producing approximately 634 megawatts. The power is sold to Thailand on the basis of Time of the Day (TOD) averaging US$0.036 per kilowatt hour and a flat rate of
US$0.029 per kilowatt hour. By year 2009 Laos will produce electricity up to 6,879 megawatts to sell to Thailand, Vietnam and Cambodia.

The construction of Nam Theun II was delayed because of possible environment impacts and some ambiguities of its feasibility studies. The World Bank withheld its loan and construction has been delayed. Among the 23 Memorandum of Understanding (MOUs) approved and signed by the Lao Government the most controversial is Nam Theun II. The project will cost US$1.2 billion, a sum equals to the GDP of Laos.55 The dam was to be completed by 1999 but construction has not began because of doubts about its environmental impact and flawed cost-benefit analysis. The reservoir and the surrounding area have been completely cleared through intensive logging since after the MOU was signed. It set a precedent for future major hydropower projects. The delay of Nam Theun II building has been regarded as a major setback as the country needs foreign currency to alleviate its poverty. The World Bank predicted that if Nam Theun II hydropower dam construction commences it would generate cash inflow of US$3 billion.

Laos is building internal transport infrastructure with foreign financial assistance. Laos will benefit from the subregional development projects. The Subregion Transport Sector Study of ADB has considered 3 projects in railway sub-sector, 2 in the water transport sub-sector and 2 in the air transport sub-sector. These proposed projects include a railway line from Thailand to Yunnan Province, China with two out of three optimal via Laos, an extension of a Thailand railway to Laos of about 150 kilometres through the first international Mekong Friendship Bridge built by Australia and the construction of new railway line from Xiang Khuang Province to Cua Lo port in Vietnam.56 The acceleration of transport infrastructure in Laos and in the Subregion is part of the provision of facilities for exports and imports of goods in the Subregion as Laos is now a member of AFTA and will seek WTO member in the future.

Conclusion

The New Economic Mechanism or NEM was a mechanism oriented towards a market-based economy. It opened Laos Door to Western investment. The Open Door Policy was launched in November 1986 and it took the LPRP three years to privatise most of the State Owned Enterprises (SOEs) of the centrally planned economy. The LPRP
<table>
<thead>
<tr>
<th>Station</th>
<th>Installed Capacity MW</th>
<th>Generation GWH</th>
<th>Current and Projected Capacity</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nam Ngum-1</td>
<td>150</td>
<td>865</td>
<td>770</td>
<td>1991</td>
</tr>
<tr>
<td>Xeset</td>
<td>45</td>
<td>181</td>
<td>121</td>
<td>1991</td>
</tr>
<tr>
<td>Selabam</td>
<td>5</td>
<td>34</td>
<td>7</td>
<td>1991</td>
</tr>
<tr>
<td>Nam Song (NN-1)</td>
<td>0</td>
<td>125</td>
<td>88</td>
<td>1995</td>
</tr>
<tr>
<td>Nam Theun-2</td>
<td>600</td>
<td>4,530</td>
<td>4,530</td>
<td>1999</td>
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<tr>
<td>Theun-Hinboun</td>
<td>210</td>
<td>1,582</td>
<td>1,266</td>
<td>1998</td>
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<tr>
<td>Nam Hai Pump Storage</td>
<td>800</td>
<td>1,168</td>
<td>1,168</td>
<td>2000</td>
</tr>
<tr>
<td>Nam Mang-3</td>
<td>30</td>
<td>160</td>
<td>112</td>
<td>1999</td>
</tr>
<tr>
<td>Nam Leuk (incl. NN-1)</td>
<td>40</td>
<td>181</td>
<td>127</td>
<td>1998</td>
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<td>40</td>
<td>184</td>
<td>129</td>
<td>1999</td>
</tr>
<tr>
<td>Houay Ho</td>
<td>150</td>
<td>657</td>
<td>657</td>
<td>1998</td>
</tr>
<tr>
<td>Hongsa Lignite PP</td>
<td>600</td>
<td>3,522</td>
<td>3,522</td>
<td>2000</td>
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<td>185</td>
<td>583</td>
<td>408</td>
<td>2000</td>
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<tr>
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<td>230</td>
<td>1,134</td>
<td>1,134</td>
<td>2001</td>
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<td>2,160</td>
<td>2001</td>
</tr>
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<td>440</td>
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<td>2,900</td>
<td>2002</td>
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<td>400</td>
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<td>2002</td>
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<td>145</td>
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<td>2003</td>
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<td>2004</td>
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<tr>
<td>Sedone-2</td>
<td>54</td>
<td>317</td>
<td>317</td>
<td>2006</td>
</tr>
<tr>
<td>Nam Ou-2</td>
<td>950</td>
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<td>4,718</td>
<td>2007</td>
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<tr>
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<td>495</td>
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<td>2,487</td>
<td>2008</td>
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<tr>
<td>Sekong-4</td>
<td>470</td>
<td>2,327</td>
<td>2,327</td>
<td>2009</td>
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<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6,879</strong></td>
<td><strong>35,429</strong></td>
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Source: Revised handout of August 25, 1993, distributed by the Lao P.D.R. at the Second Conference
prepared the legal framework to support the new market system. The LPRP claimed that it moved in the right direction before the collapse of communism in the Soviet Union in 1990. The Lao Communist Party has successfully transformed its centrally planned economy to a market-based economy without political liberalisation. The transformation was near completion by the end of 1988 and the following year foreign investment started to flow into Laos. The foreign investment policy was first decreed by the Council and followed by the creation of Foreign Investment Management Committee (FIMC) and the enactment of the Property Right Acts and Land Regulations and the National Constitution.

Like the previous Royal Lao Government regime the present Lao Government is reliant on foreign aid. Intensive foreign investment occurred in late 1989 and blossomed in the following years after promulgation of investment laws and a national constitution. The investment ranged from small-scale textiles, foodstuff productions, wood industries, transport, and communication infrastructure to hydropower dam construction on build-operate-own-transfer (BOOT). By 1993 direct international investment occurred in Laos. Australian mining companies such as CRA and Normandy Poseidon Group explored for gold, iron ore and oil. By year 2001 it appears that none of these companies have commenced their business. Laos strives for food self-sufficiency and an agricultural production surplus for export.

It is a member of AFTA and the Lao PDR has the status of observer at the World Trade Organisation (WTO). WTO membership will allow Laos to export its agricultural and forestry products and trade freely with the rest of the world to generate hard currency. This will alleviate the poverty of Laos and improve its GDP which is at present US$350 per capita. The Lao Government aims to reach a GDP of US$500 per capita by 2000. It is unlikely that Laos GDP will reach the United Nations Poverty line set at US$635. About 79 per cent of Lao budget are from foreign aid and loans. Recently the construction of Nam Theun II hydropower dam, which was to be completed in 1999, was delayed because of environmental problems. The Lao Government and the foreign aid agencies cannot end the slash-and-burn farming practice and the over-logging, which will jeopardise the hydropower dam generation. The most important aspect of all is rural development, which employs four fifths of the workforce and accounts for the majority of the GDP is still neglected by the LPRP.97
Chapter 5

1 Unpublished papers, Chapter One on ‘Correct Attitude and Recognition of Marxism-Leninism’, Handouts for the LPRP senior cadre political training in 1994, p.9.


3 Ibid., p.23.

4 Resolution of the Full Central Committee, Seventh Plenum of the Fourth Session, Towards Rural Areas and Open Up Relations with Foreign Countries, on 25 January to 7 March 1989, the LPRP Policy Documents, pp.4-9.


9 Ibid., p.67-69.


15 Ibid., pp. 582-583.

16 Ibid., pp. 584-585.
French have a sentimental attachment to Laos in particular the French language and the style of buildings erected with the out-dated French architecture once they did not care and detached Lao territory of Sipsong Chao Tai and Daklak province to Vietnam. French gave up their intention in the repatriation program of the Lao and Phouan, once forced migration as the result of the Siamese depopulation of Lao kingdoms.

Ibid., pp. 583-586.


Ibid., pp.24-25.


Ibid., p. 118 Table 4.8 Balance of Payments, 1981-87 (US$ m).

Ibid., pp. 118-119.


Yerosfeev, Foreign Economic Assistance to Lao PDR: Transition from Soviet aid to other bilateral and multilateral aid’ p. 316.


The World Bank and Lao PDR, World Bank\la2.htm, pp. 2 and 3 of 5.


35 Lao News Release published by the Embassy of the Lao People’s Democratic Republic to Australia No. 08/95, p. 3. The Mountaneous Area Development Company is a public company (MADC) run by the military personnel, the General Manager was General Chcheng Sayvanouvong, the origin of Savannakhet province under the shadow of a very prominent Lao leader of Nouhax Phoumsavanh. In 1963 he was a major in the Neutralist Armed Forces of Souvanna Phouma. He defected in the same year with the soldiers under his command; headed Colonel Deuane Lounmalath to join with the Lao Patriotic Forces (the Lao People’s Liberation Army). He is the only former Neutralist officer that was promoted in the Lao People’s Liberation Army to the rank of General. During the period of his management MADC purchased two small vessels for transporting Lao export cargo. The vessels dock in Vietnamese port. With controversial corruption in the MADC, he was transferred to hold a higher position as Vice-Minister for Commerce and Tourism and President of the National Tourism Authority of Laos; both are healthy portfolios that can lead to another controversy. His new counterpart in Thailand is the Governor of Nongkai province.


37 Yerofeyev, ‘Foreign Economic Assistance to Lao PDR: Transition from Soviet aid to other bilateral and multilateral aid’, p. 314.

38 Zaslavoff, ‘Political Constraints on Development in Laos’, pp. 16-17.


40 Alison Bronoxski, *Understanding ASEAN*, Hong Kong, Macmillan Press, 1982, p. 94. Alison outlined the period in the absence of a common external threat, conflicting national interests, and mutual antagonism stretching back for centuries into history between Kampuchea and Vietnam on the one hand, and China and Vietnam on the other, had reasserted themselves.


43 Foreign Investment Licensing Statistics (September, 1998 – December, 1993), Permanent Office, Foreign Investment Management Committee (FIMC), *Investment Opportunities in the Lao PDR*, the Foreign Investment Management Committee (FIMC), Sixth Issue: December 1993, pp. 43-44.

44 Zaslavoff, ‘Political Constraints on Development in Laos’, p. 35.


48 Ibid., p. 182.


51 Yerofeyev, 'Foreign Economic Assistance to Lao PDR: Transition from Soviet aid to other bilateral and multilateral aid', pp. 315-317.


56 Brinnoxki, Understanding ASEAN, p. 195.

57 Ibid., pp. 257-258.

58 Australia and ASEAN: Managing Change, Joint Standing Committee on Foreign Affairs, Defence and Trade, March 1998, p. 79.

59 Ibid., p. 84

60 Ibid., p. 87.

Ibid., p. 2.


Philip Hirsch, 'Development, the environment and hydro projects in Laos', in Generating Power and Money, Canberra, Australian Council For Overseas Aid, Development Dossier Number 40, May 1997, p.3

Lindsay Murdoch, Friendship Bridge provokes a rift, Sydney Morning Herald, 15 October 1993.

Michael Millet, Aussie bridge to an Asian future, Sydney Morning Herald, 9 April 1994, front page.

Millet, Laos gnow aid package worth 3.50bn over 4 years, 6 April 1994, p. 9.


Hirsch, Development, the environment and hydro projects in Laos, P. 3.

Khamphouei Keobounsapha, Unpublished Papers, Chapter 3 'Transformation of a natural to market economy, a mechanism that led by the Party and managed by the State'. The Chapter contains 4 sections: Section 1, 'Transformation of a natural to a market based economy is primary factor for economic development in the people's democratic system in our country', Section 2, 'Directions, major measures of the transformation of a natural to a market based economy', Section 3, 'A mechanism with Party leadership and under the management of the State', Section 4, 'Strengthening of Party leadership and the strict State management in the market mechanism in our country'. Training manual for senior Party cadres seminar, 1994.


Article 8 of Chapter 3, Managing organisation and investment regulations, Decree of the Council of Ministers on the application of the law on foreign investment in the Lao PDR, No. 20/CCM, Law on Foreign Investment in the Lao PDR, 1989, p.12.


83 Vonglokham, B. the 1996-2000 Social-Economic Development Plan, p. 3.


86 A Statistical Profile of Licensed Foreign Investments in Laos, Cumulative Totals (September, 1988 – 1993), Investment Opportunities in the Lao PDR, Vientiane, the Foreign Investment Management Committee (FIMC), Sixth Issue, December 1993, pp.41-44.

87 Lucia-Marie Hay, 'Gold: Laos signs two historic mining deals', in Investment Opportunities in the Lao PDR, Vientiane, the Foreign Investment Management Committee (FIMC), Fifth Issue, June 1993, pp. 1-7.


89 Ibid., p. 41.

90 Ibid., p. 44.

91 Georgina Carnegie, Investment Guide to the Lao PDR, pp. 64-70.


35 Malhotra, ‘Economic development and sustainability issues for energy projects in Laos’, p. 16.

36 Cooperation and Investment in Railway, Water and Transport Sub-sector, Lao Embassy/Lao Transport ASEAN-files\1-mkgw.html, page 1 of 1.

Chapter VI Future Directions of the LPRP

1. The LPRP and the Legal Framework

The Current Lao PDR Legal Framework

Laos was governed by the LPRP in the absence of a national constitution, laws and an independent judiciary system for more than a decade. The separation of powers did not exist under the LPRP, which was regarded as the supreme authority in the country. From 1976 to 1991 the executive, legislative and judiciary organisations in Laos were the Party machinery. It carried out resolutions under the direction of a Central Committee. These practices continue in the new market-based economy. The market-based economy is a political mechanism for the LPRP to hold power. The NEM obliges the LPRP to install a legal framework essential to a market-based economy and to encourage internal and international investment. As a result, the Lao population has enjoyed certain freedoms given by the laws. The new legal system introduced led to a healing of the traumas of the past.

The new laws of contracts, foreign investment and associated decrees and regulations have encouraged foreign investment. Foreign capital would not invest in a country where there were significant risks of confiscation or nationalisation of property. The new investment and contract laws, decrees on land and property rights in Laos have established a legal framework as security for internal and foreign investment. The laws of Laos stipulate rights and obligations for all Lao citizens to exercise and to respect, but in a way reflecting the current social and political situation. Most laws including the National Constitution have been written in favour of the LPRP. The Party now dictates through the law rather than the Party rules. Its policies affect the life of the entire Lao society.\(^1\)

For example, the Lao Criminal Law Part III regarding the offences and offenders, Article 6, concerning the interpretation of offences makes a provision that:

"All offences and negligence that are dangerous to the political regime, economy and society in the Lao PDR, against properties of State, collectivisation and individual, life, health, rights and freedom of citizens, national security and social order, stipulated in the criminal law are regarded as criminal offences."\(^2\)

In this law, anyone who expresses opinions different to the existing political regime will be charged as a criminal offender. The law guarantees immunity for the LPRP, which governs Laos. Article 4 of the law on People's Courts stipulated their establishment
based on the principle of election of Judge and Magistrate. Each level of the People's Court is elected and dismissed by the People's Assembly of that level and both have equal of office term.  

The People's Assembly at all levels is formed by the majority of the LPRP members. Party members hold all senior positions in the People's Courts. Laws in Laos derive from resolutions of the LPRP and have evolved in response to socio-economic development since 1988. The French-derived laws of the previous Royal Lao Government regime were overthrown because they were seen as colonialist feudal. The Lao National Constitution was promulgated in August 1991, three years after the legal establishment of the Supreme People's Assembly (SPA) in April 1988. The SPA functioned under the Party rules and is an arm of the LPRP. Under the current Lao Constitution, draft laws or bills may be proposed by the President, the Standing Committee of the National Assembly, the Government, the Supreme People's Court, the People's Public Prosecutor's Office and various organisations at a central government level.  

Clause 2 of Article 53 of the Constitution authorise the President to issue decrees and regulations proposed by the Standing Committee of the National Assembly. Clause 2 of Article 57 of the Constitution authorises the Government to propose bills through the National Assembly and to draft State Decrees and State Regulations submitted to the President. Clause 4 of this Article also allows the Government to issue the decrees of the Council of Ministers.  The LPRP, the single political party in the country, has high prestige, and brought to Laos the Open Door Policy. The LPRP has established itself as a legal political organisation in the Lao Constitution.  

A Long Road for Judiciary Liberalisation  
The market-based economy has been in operation amidst the promulgation of new laws, decrees, regulations and the LPRP resolutions since 1988. Law enforcement faced difficulties as Party members, public servants and the People's Courts were without experience of Western style laws. The Lao government trained staff and restructured the public sector to implement the new laws. Ten years after the NEM's introduction, Bouathong Vonglokham, President of the State Planning Committee, admitted to the National Assembly in September 1996, the slow pace of government to enforce the
laws. The public sector duplicated services. There were no clear definitions of roles and functions of each level and a lack of responsibility.  

Party members and public servants were used to Party rules and Party decision-making made by Party chiefs.  Although the Lao people found adaptation to new free market environment difficult, the LPRP remained ultimate power over their lives. Political suppression applied for a decade by the centrally planned economy was never forgotten by most Lao people. They confused the new laws with the Party’s rule. No one publicly criticised the Party because it was unknown what constitutes a crime against the Party. The Party’s power overshadows the NEM’s legal system despite the judiciary’s supposed independence from the state. Articles 17 and 25 of Criminal Law make a provision that the accused has the rights to be represented by the defenders, who can be lawyers, union representatives or spouses or relatives.  

Theoretically the new laws superseded the LPRP rules and the LPRP was bound to respect them. However, the traditional practice of respect for elders and the Communist seniority culture which are identical, created difficulties for NEM laws and an obstacle for rights and obligations to be exercised in accordance with the law. The case of Kerry Arthur and Kay Frances Danes, an Australian couple arrested on the alleged involvement in the dispute of the Gem Mining Lao PDR (GML) on 23 December 2000 (Izovaras Legal VS Lao PDR).  

The couple has not been informed why they have been arrested and imprisoned without charges.

From 1988 to 1994 the Lao National Assembly passed 24 pieces of legislation concerning the National Constitution, the establishment of National Assembly, the Council of Ministers, Bank, Election Law, Contract Law, Civil and Criminal Laws. These laws were enacted in response to the socio-economic development of the NEM. International organisations such as UNDP, the World Bank Commercial Law projects and the Swedish International Development Agency (SIDA) assisted in drafting these laws. Although the rule of law in Laos was in principle strengthened, it is unlikely that the judiciary will become a solid independent of the executive. To promote foreign investment in Laos, the Government sought the assistance of legal specialists provided by the World Bank and the Harvard Law School. Three other important laws adopted by the National Assembly in 1993 were Company Law, Arbitration Law and Administrative Law. The Company Law outlined the procedures which private business
could operate in Laos. The Arbitration Law dealt with the process of commercial disputes in the courts.

In Laos there is no court, which has the power to adjudicate in disputes between foreign parties. The commercial disputes are by the FIMC. But its decisions have no legal binding, as there are no laws to enforce its decisions. This was proved in the Danes case, the Lao government appointed an Ad Hoc Committee to take over the control of the assets of Gem Mining Lao PDR (GML) as a receivership or administrator. The Lao Courts refuse to apply foreign laws in disputes between foreigners and Lao parties. Being an ASEAN and AFTA member and possibly the membership of WTO will help in the liberalisation of the Lao judiciary system. The Lao People’s Revolutionary Party (LPRP) remains in absolute power. However, the LPRP should give more power to judiciary system if it wants market economy works better for the interest of the Party and State. From 1976 to 1988 the LPRP was the sole authority in Laos. Laws enacted in the era of Open Door Policy have no real power. The implementation depends upon the LPRP, it will occur when the Party is certain the implementation does not affect the security of the Party.

At present Lao court proceedings do not require representation of private firm lawyers, as these can be included in the bench of judges. The judges hand down their decision in accordance with the principles of democratic centralism and collective leadership. Politically the executive, legislative and judiciary are regarded as the Party’s arms in governing. The current Lao National Constitution does not provide a clear separation of powers. Article 3 of the Law on People’s Courts stipulates that the Court system in Laos is comprised of: The Supreme People’s Court and the Local People’s Courts consisting of Provincial, Municipal and District People’s Courts and the Military Court. The LPRP has now become a legal entity recognised by the National Constitution. Its organisations and policies are the laws and regulations of Laos.

The Lao Public Administration and the Market Economy

The Public Administration Reform initiated shortly after the launch of NEM in 1986 and another phase of Public Administration Reform (PAR) was followed after the promulgation of National constitution in 1991. The reform aims at overhauling the outdated Lao communist public sector and bring it in line with the NEM. The PAR in
Laos involved four aspects of reforms, which have been carried out concurrently in order that the public sector can catch up with the changes brought in by the NEM. The public administration reforms are as follows:

1. The legal establishment of the internal Government machinery.
2. The improvement of staff management.
3. The strategic development, and
4. The establishment of new public organisations.

It clearly demonstrates that the public administration in Laos functioned from 1976 to 1990 under the complete rule of the Lao Communist Party where the Party Rules were in force in all aspects and activities. In 1991 the Council of Ministers commenced with issuing a number of decrees founding the legal basis of internal Government machinery and at the same time allocating roles and functions to each department. One of many other immediate tasks was the public servants’ training aimed at improving the public sector management and an upgrade of service delivery standard required by the NEM.15 With the new decrees, the Lao Government has reduced its public sector by retiring those reaching their retirement age and making redundant those no longer required by the service. Most redundant employees are those revolutionary veterans with little education.

The PAR ran into difficulties because most public sector employees are Party members with patrons higher up in the politburo. The attempt to restructure has paved the way toward more openness in the government machinery than in the past and to better serve the clients especially for investors, diplomatic corps and international aid donors. Further Public Administration Reforms in 1996 set out details of hierarchical structure, branches, sections and units of each department. The PAR provides roles and functions for each of them and the name of departmental head.16 Under the LPRP, the public servants were classified into upper, middle and lower levels depending on their level of political training in Marxism-Leninism. Those who graduated from Ho Chi Minh University in Vietnam or with degrees from other socialist countries were classified as upper level functionaries. Graduates from higher political institutions were usually given top jobs in the LPRP Central Committee and Government Ministries.

The pay-for-service rendering system still exists and has been openly practised in both public and private sectors and this system is regarded as an income supplement for
personnel as they have low wages. The higher wage, the higher position tends to get higher pay-for-service in the national and or international tendering system. During 1976 to 1990 public servants worked only half days so they could take care of their families by fetching forest vegetables, fishing, hunting, gardening, poultry raising or family business. Twenty years after liberation, the master-servant system of feudal culture still exists in the Lao public sector where public servants regard themselves as masters and treat their clients as servants. The pay-for-service tendering system has benefited only those in the government offices that generate revenue such as duty collection, taxation, customs, purchasing, tender, imports, exports and other income collection offices. This practice has been widely accepted and has spread across the board in the government socio-economic development tendering system. This new emerging corruption poses a danger to Lao national stability as it erodes national income.

In carrying out the NEM the LPRP conformed to the international obligations imposed by the guidelines of foreign aid and loans. Article 3 of the Constitution recognises the LPRP as a single political party in Laos and has a legal status to lead the nation and is responsible for the fate of the whole nation. Therefore the first duty of each ministry and equivalent organisations is to translate and carry out the LPRP directions, State policies and draft them into aims, corporate planning, laws, decrees and regulations. Each of the government ministries consists of a ministerial cabinet office and the organisation branch. Headquarters is responsible for the Party's development and expansion including planning, economy, financial, inspection and the implementation of ministerial projects. The organisation branch is solely and directly responsible for the overall Party organisation, political training, the implementation of Party resolutions and policies and the supervision of popular organisations.

The Party organisations in all public administration levels have led to confusions and very cumbersome operations. The NEM placed a demand on the LPRP to strengthen public sector machinery but the overuse of its influence has weakened the public administration’s implementation of laws because of fear of Party persecution. From 1986 to 1994 there were 20 organisational reforms, which related to financial management, budgeting and banking functions. The reforms include creation of new public organisations such as the Agriculture Promotion Bank (APB), the Committee for Planning and Cooperation and the
FIMC, the National School for Administration and Management and Department of Public Administration and Public Service. The latter two were the revival of the former Royal Institute of Law and Administration and Department of Public Service. In 1988 some centralisation reforms involved national planning, budgeting, taxation and personnel management system. However, the provinces and districts operated on their own with regard to these matters. The decentralisation reforms have also disadvantages because usually at the provincial and district levels are not equipped with adequate resources such skilled and professional personnel.

Legal Entity and the legal Power of the LPRP

The New Economic Mechanism has brought a major change in Laos from being governed by the Party rules towards the governance by laws. The Lao People’s Revolutionary Party (LPRP) has admitted that the State and legal system have commenced to play an important role in the Lao society. Law is regarded as an inevitable vehicle for socio-economic development. The LPRP claims that the NEM legal framework is a sacred vehicle for the Party because the whole LPRP political system has been legally founded in the Articles 2, 3 and 7 of the National Constitution. Article 2 gives all political powers to the People’s Democratic Regime which is a political system of the LPRP, Article 3 recognises the LPRP as a sole political organisation in Laos and Article 7 recognises the mass organisations as the political campaigners for the LPRP.

LPRP rules have now become laws. For example Clauses 1 and 4 of Article 2 of the People’s Courts give absolute power to the judiciary system such as duties to defend and enhance the revolutionary, political regime, raise political and legal awareness of population, educate and train population in patriotism and love of the people’s democratic regime. Article 6 of the Constitution made a provision that the State protects the liberal and democratic rights of the population that no one can violate. This article indicates that the protection of these rights have been guaranteed by the State rather than by laws. The Party and State are one. The liberal and democratic rights of the population are subject to Party rules and policies through the current legal system. Those who seek democritisation or to liberate Laos from the current regime are regarded as guilty of criminal offences. Criminal laws articles 51, 52 and 62 have stipulated capital punishment for all those are found guilty of such offences.
Article 59 prohibits propagation activities against the Lao People's Democratic Republic. Any person(s) who had made propagation criticising the Lao People's Democratic Republic, distorting the Party's directions and the Government policies, spreading false news causing violations by words of mouth, writing, publication, newspaper, cinema, video, photograph, documents or any other methods containing elements in resisting against the Lao People's Democratic Republic in order to undermine the State authority will be deprived of liberal rights from 1 to 5 years. Article 66 made a provision that any individual who organised or took part in the organisation of group(s) of people to protest, demonstrate and others aiming at creating violations that caused damages to the society will be deprived liberal rights from 1 to 5 years.25

The draft of laws in the Lao People's Democratic Republic was assisted by some international organisations such as UNDP, the World Bank Commercial Law projects and the SIDA. Such assistance was for the establishment of a legal system in Laos. It was beyond the authority of these international organisations to interfere in the Lao laws. The LPRP became a lawful body and a single policy maker. It has embedded all party rules, directives and policies in the forms of laws, decrees and regulations. This is the legal foundation for the LPRP. In the post NEM era the LPRP through the new legal system has a firm grip on power, and continues to provide internal political stability recognised by the international community. Moreover, it has been hailed as a success of the current Lao political system.

Despite the new laws, which are in favour the LPRP, such laws for the foreign aid donors and investors are better than the previous Party rules. In Laos there are four levels of People's Assembly namely the National Assembly, Provincial, District and Village Assemblies. Each level of the assemblies has the power to elect the judge and the Chamber of Magistrate for the People's Court of that level. The People's Assembly of different levels has formed by a majority of LPRP members often all are Party members. The elected Judges and Magistrates therefore are usually Party members. Thus Party members hold senior positions in all levels of People's Courts. A similar pattern of appointment appears in all levels of administration in the executive, legislative and judiciary organisations. This is supported by the concept of People's Democratic Regime, which refers to the revolution in all socio-economic aspects, by the people who are labourers, peasants, students and revolutionary intelligentsia.26 These people only
that have formed the backbone of the LPRP and become the leading nucleus in Laos. In other words, the LPRP itself has become law and the governing body in the country, which will be a dangerous path for socio-economic growth if the LPRP becomes an untouchable holy institution.

2. The LPRP and the Peasantry

Villages — The Lao Traditional Socio-Economic Units

In 1998 Laos population was 5.2 million of which 85 per cent live in rural areas. Lao is a highly stratified and heterogeneous society comprised of 49 ethnic groups of which Lao Loum (lowland) are 68 per cent, Lao Theung (upland) 22 per cent and Lao Soung (highland) 9 per cent and ethnic Vietnamese and Chinese 1 per cent. The Lao Loum called themselves simply Lao, are a subgroup of the Tai people. This classification has recently been abolished as the Lao government decided to refer to all ethnic groups as Lao citizens of equal status. The majority of Lao practise Theravada Buddhism, a conservative branch of one of the world’s major religions. The Buddhist monastery or Vat is a place where annual and history books in Nang Sa Dham or Pali script were kept. It was an educational institution and a village activity centre for Lao Loum. Vat produced early Lao nationalists and historiographers. Most Lao Loum politicians were Theravadins except some revolutionaries whose backgrounds were ethnic minorities and animists.

Theravada Buddhism was part of the Lao monarchical palladium since King Fa Ngum. Buddhist monks and laity participated in the early struggle for independence and in the Lao Patriotic Front. The Lao Union of Buddhists is an important branch of the Lao Front for National Construction (LF-NC), a mass organisation of the LPRP. It is the people who are now sovereign and the LPRP has become the “protector” of the faith rather than the monarchy. The Party enlisted the assistance of young monks to its cause to proclaim supposed similarities between Buddhism and socialism (both have compassion for the poor and exploited; both seek an end to suffering) and to call for a return to traditional values and morality. In 1991 the LPRP changed its national emblem from communist chisel and hammer to grand stupa of That Luang indicating a compromise accommodation between the communists and nationalists.
The Lao or Lao Loum live in the river valleys and plains practise wet land farming while the Lao Theung live in upland or mountainsides above the river valleys but below 1000 metre level. They speak different Mon-Khmer dialects close to that of Cambodian language. The Lao Soung live on the near mountaintops above 1000 metre level and they are the most recent arrivals in Laos, migrated from neighbouring countries between 1810-1820 just a little before Prince Anuvong mounted a liberation war against Siamese in 1828.22 The two large groups of Lao Soung are Hmong and Mien, the first settlers in the North East migrated from China and North Vietnam while the latter settled in the North West of the country, migrated from China and Myanmar. They speak Tibeto-Burman languages and call themselves Hmong and Mien. The Lao Theung, Lao Soung and some remote area Lao Loum practise animism and slash-and-burn farming. They moved from one plot to another, every two to three years depending on the degradation of land quality, which were largely dependent on yearly rainfall. In 1995 about 85 per cent of the national workforce was employed in agricultural sector.23 Rural villagers live in their traditional ways on subsistence agriculture. Their living conditions are poor because they do not have any regular income.

The LPRP claims that it is a truly Marxist-Leninist Party, a party of the working class but ruled with the dictatorship of the proletariat.24 The dictatorship proletariat imposes a series of restrictions on the freedom of the oppressors, the exploiters and the capitalists.25 The principles are in contrary with the regulated market economy. The Marxism-Leninism had a rigid control over legislature; press, pulpit, judiciary and the armed forces were imposed upon the people. Twenty five years under the light of the LPRP the Lao industry labour force has comprised 71,000 nationwide representing only 2 per cent of 5.2 million population. Only 4 per cent of the nation’s industrial units are classified as large and most factories are in cities.26 Eighty five per cent of the Lao population is rural peasants. An overwhelming majority of the LPRP members have a peasant background. The figures of industry labour force indicated that the LPRP represents the general interest of the peasantry not the proletariat and in a sense it is not a truly Marxist-Leninist Party.

The Lao Loum villages are in more or less permanent settlement surrounded by fragmented wet land farming plots. In each village there is at least one Buddhist temple that has also been used as a village community centre where they practise religious
rituals and celebrate the Buddhist traditional festivals once a month. Although the Lao Loun practises Buddhism at the same time they mix it up with Brahmanism.\textsuperscript{37} The Lao Loun and Lao Theung build their houses on stilts and eat glutinous rice (Khao Neow) while the Lao Soung, Hmong and Mien live in houses attaching to the ground and eat ordinary rice (Khao Chaow). No Lao government had a policy aimed at integrating these ethnic groups into the mainstream. All Lao ethnic minorities live their own ways in the level of their settlement and they have maintained their own distinguished traditions. The equality of multi-ethnic people has been recognised by the current Lao Constitution.\textsuperscript{38}

The three categories of Lao ethnic groups all live in a close-knit village settlements ranging from 20 to 200 households led by an elected village head called Nai Bane or Pathane Bane (village president). The grass root Party members at the village level have formed a Village Committee or Khana Phak Bane and the Village Assembly.\textsuperscript{39} Article 64 of the Lao Constitution stipulates that the village chief is responsible for implementing the State’s laws, decisions and orders, for maintaining peace and security of the villages and for developing the village in all aspects. A deputy and a group of militia may assist the village head if it is larger village but they are not full time government employees and are paid yearly allowances.

The village level has neither budget allocation nor qualified technical or professional employees of its own, and thus is in no position to develop the village in all aspects as expected by the Constitution. The village head is simply a villager. He too, has to take care of his day to day family life the same as any other villagers. Each household produces virtually everything that it consumes, including food, clothing, tools, fishing and hunting gear, and boats. Typically, each also maintains a vegetable garden and a small orchard comprising banana and fruit trees. They also raise poultry, pigs, cows and buffaloes.\textsuperscript{40} The latter are used in the farm ploughing; all poultry and animals are cared for and accommodated underneath or around the house. The villages are therefore fundamental socio-economic units and have made an immense contribution to the national economy but have been overlooked by past and present Lao governments.

There are three levels of local public administration in Laos namely the provincial, district and village levels.\textsuperscript{41} However, only provinces, municipalities and districts are
funded by the national budget. Unfortunately, past and present Lao governments have paid very little attention to wellbeing at the village level and have not set up a proper administrative structure to provide services for the remote rural villages. The only duty given to the village level by Article 64 of the Constitution is the implementation of laws, decisions and orders, which is in contradiction with many other Articles in particular Articles 2, 13 and 62. The rural village level has been left out of the contemporary administrative stream and is in the traditional voluntary way. In fact rural villages are an important traditional core socio-economic unit but have not been included in the mainstream administration.

The village level in the past and present regimes is of no difference; no government has confidence in the village level. It has been left intact and remained the same way as it was in the French colonial administration before 1954. So far there is no sign of any incentive committed by the government in shifting budget allocation and the excessive qualified technical and administrative employees from the city centres to the rural villages. In the Lao PDR the villages are the place where the poor are but so far they have not been paid much attention. The Lao villagers themselves are traditional subsistence agricultural producers, which accounts for more than 50 per cent of the country's GDP and provides 80 per cent of total national employment. From 1991 to 1998 the figure in agricultural employment dropped about 5 per cent due to recent development in the industrial sector, causing desertion of agricultural labourers as well as the shifting of government attention to city centre development. This development has widened the gap between city and rural villages. The policy of halting one third of slash-and-burn farming is remote if not impossible. The resettlement of relocated people is not an easy task for the Department of Agriculture and Forestry to handle and to carry out with its limited budget and human resources.

The Rift between the LPRP and the Peasantry

Upon the complete seizure of power in 1975, the LPRP immediately grafted in communist centrally planned economy onto an agrarian economy. Many have questioned whether the present regime is revolutionary or simply a Party seeking revenge as the old Lao sayings 'your turn, my turn' or thee chan thee khao, this sayings refers to an opportunity to be in power and get rich. The majority of those who were sent to Political Prisoner Detention Centre (PPDC) or Som Kong Sotrei Senk Korn Menang
were also sons of the peasants who had sought employment in the Royal government
regime. Those multi ethnic people were not different from the peasants who are now
seeking progress in life under the current LPRP machinery and government office. They
too are rural peasants and such indiscriminate political suppression still scares rural
peasants who have long been denied political rights by both the past and present Lao
regimes.

Another crack between the peasantry and the LPRP top level commenced in the wake
of the New Economic Mechanism launch in 1986. The revolutionary veterans
commenced to lose confidence in Party policy when the early retirement and
redundancy package was offered as part of the first Public Administration Reform
(PAR), while the top echelon leaders have remained in their higher positions passing
their retiring age.46 Kaysone Phomvihane, Phouni Vongvichit, Nouhak Phoumsavanh,
Phoun Sipraseut and Sisomphone Lovansay retained their position at the average age of
75. Nouhak retired from the Presidency at the age of 82 but has been appointed adviser
to President to date. The present Lao President, Khamtay Siphandone is 75. There is no
law stipulating the retirement age for Party leaders or politicians in the Lao PDR but
there are regulations for public servants to retire at certain age brackets.

The PAR has led to the loss of government position for many LPRP prominent leaders.
The retirement or redundancy means the loss of face, family prestige and also money.
This feudal thinking remains valued because the position affords prestige and money
through gifts and corruption during their service in the government. The core of Lao
power base has been based on the multi ethnic people but the government has
continuously been dominated by the majority lowland Lao elite with a mere ethnic
representation. This is because the rural ethnic people joined with the Patriotic Front
and the LPRP during the liberation war.47 Token ethnic representation has brought
peace and political stability to Lao society at least for the time being. The stability will no
longer be retained if the client patron system and the new quasi-capitalist clan are deeply
rooted and when the demand for more power sharing by the ethnic groups has not been
met.

As Laos has no law specifying retirement age bracket and the pension benefit is
minimal, the Party subsidy system continues to exist even though it was abolished after
the NEM launch in 1986. For example, the public servants that held higher position were given double story house, cars and luxurious furniture. Upon their retirement they took possession of these assets instead of returning them to the government. Those who held lower position are simply entitled to a small sum of monthly pension benefit. In order to avoid further down the drain of government assets, in 1995 the Lao government decided to sell the State housing to those who are tenants on a hire-purchase scheme. However, the Lao government does not regard such possession as corruption when it tries to substitute the subsidy scheme with hire purchase. The new (PAR) aimed at three fronts namely revising the classification system; determining what should be retained in public sector and what can be privatised; and downsizing the cumbersome public sector in order to improve both the internal government machinery and personnel management. The reform expects to bring about the standard performance to be in line with the change. However, the pace of the change under the PAR is slow and the incompetence in the public sector remains chronic. The past and present Lao public administration regimes are alike, as there is no selection process. The higher qualified or experience public servants that lack close patron-client relations have not been appointed to work in the field of their expertise. Those who have close patron-client relations with top Politburo members are appointed to higher positions with less qualifications and experience. Whoever is selected will not have decision-making power because the top decision-making body is the Party Central Committee.

Soutsakhone Pathammavong, Ambassador of Laos to Australia disclosed at an interview that some foreign aid donors and Lao government agencies are in the process in carrying out research on the living conditions of the rural multi-ethnic people in Laos. They want to analyse whether of not rural people are affected at times of inflation or economic recession. The new findings will be based on the nature of agrarian society in which the Lao rural people live in self-sufficiency conditions. They are therefore not affected by recession because they are not tied to the money market like city people. Such assumptions will be a disguise that the Lao rural people are not poor because they are separated from city life. In other words, only city people are affected by economic recession such as Asian crisis of 1997-98. If such research provides the above assumption, the findings will be used to hide the failure in poverty alleviation attempted for half a century by the foreign aid in this country and the Lao government policy. And the rural multi-ethnic people have been classified as a sub-social system separated from
the rest of the country where the living conditions are better. When asked if the Lao National Assembly has enacted an Anti-Corruption Law, Soutsakhone Pathammavong replied that he has no knowledge of the existence of such a law. Four months later a decree on anti corruption was issued by the Lao council of ministers.

The Forgotten Peasantry

The rural villages were once under the control of the patriotic forces of the present Lao government, the so-called liberated zone. The multi-ethnic groups of rural villages joined with the Lao Patriotic Front led by the Lao People's Revolutionary Party. Their aim was to improve the living conditions in the remote areas. In accordance with the Lao communist doctrine, the peasants of multi-ethnic groups have been regarded as working class and are classified as proletariat although Lao PDR has not many factory workers. The working class has only recently begun to take shape after the implementation of New Economic Mechanism from 1988. Another hidden objective in siding with the Patriotic Front was that the multi-ethnic people wanted to share power with the lowland Lao dominated government. The poor living standard in rural areas made the multi-ethnic people feel resentful of the ruling class and city people. The gap widened because city people live in better conditions and in luxurious life where the rural people live on subsistence. City people earn their living from lucrative business, corruption and got rich in a short time span, which was contrary to propaganda warfare at the pre-liberation time.

The rural people felt they were neglected by the LPRP. The lowland Lao dominated government has not addressed the poor standard of living, as the Party has promised them during the 30 years liberation war. In democratic centralism, the LPRP is supposed to be the leading nucleus working for and on behalf of the peasants. An overwhelming majority of Party members have a peasant background but the LPRP has classified itself as a Party of the working class and a true Marxist-Leninist Party. It includes peasantry as a working class. In the past two decades the Party had tended to forget working for the interests of the poor peasants in rural and mountainous areas. Thus the LPRP did not have any national rural development projects included in any of the past five-year socio-economic development plans. The 1991-95 socio-economic plan did not make any budget allocation for rural development except the promotion for
foodstuff self-sufficiency, commodity production and the determination of Focused Development Clusters (FDC) or *Khet Chout Xaom.*

The growth rate of socio-economic development is very different between city and countryside and between the valley people and mountaintop ethnic groups. If the government does not address the issue now, the gap will be widened which will soon be leading to critical development and will possibly be followed by socio-political problems. In 1996-97 the government made a budget allocation of 3.92 per cent for rural development, placing emphasis on 63 FDCs with about 800 projects, of which 30 per cent are the provision for substitute cash crops for those who do shifting cultivation or slash-and-burn upland rice farming. The rest is invested in the construction of important transport infrastructure, irrigation, hydropower dams, wood-based factories and other standard development projects. Seventy per cent of the budget is allocated to the above long-term indirect rural development projects except irrigation. The short-term projects directly focus on the improvement of rural people’s living standard, for example clean water, sanitation and small business for agricultural commodity production were omitted from the government socio-economic plan for the year. It is the first time that the Lao government made a commitment to rural development by allocating some 154 million kips of which 25.36 million kips are from government budget, the balance of 128.54 million kips are from foreign aid.

At the Seventh Plenum of the Fourth Congress Party in January 1989 Kaysone Phomvihane, the LPRP General Secretary set out a combined objective in support of the NEM under the banner “Towards the rural area and up to the mountaintops”. The new resolution set a new target at reducing the slash-and-burn farming, foodstuff self-sufficiency and encouraging rural people to take part in the production of commodities for export. In so doing, the Lao government planned (1) to increase investment in agrotechniques for agro-forestry sector, (2) to make concession of land and forest use to agriculturists and (3) to expand the double-ended service system. Land Decree No. 99 dated 12 December 1992 has supported the policy on land and forest concession. However, the rural people have been almost forgotten by the LPRP because their interest was not included in any of the past national socio-economic development plans. The peasants who could not wait for assistance from the Party/State moved to the city.
looking for employment. Thousands have joined their relatives in searching for better living conditions.

Rural poverty causes the influx of peasants to the city. The deserted land in the countryside becomes non-productive. Internal migration has a serious adverse effect to the overall national economy. This influx has also caused the creation of another city social stratum, slum people on the city’s outskirts. In 1997 the Lao government finished its final draft on rural development projects but was not adopted it as a national plan due to many other strategic factors involved, for example the areas out of touch with the Party/State politics, national defence and security.\textsuperscript{58}

From 1991 to 1995 a mere 1.2 per cent of the national budget was allocated to a few FDCs. The current Lao rural development refers to the nationwide 63 FDC aiming at slash-and-burn farming, border, rear base and potential productive areas. The rural development in the past concentrated on the three programmes of (1) foodstuff production, (2) production of agricultural commodities and (3) the halt to slash-and-burn farming and the relocation and settlement of the upland rice farmers from the mountaintops into valleys.\textsuperscript{59} In the past the Department of Agriculture and Forestry was the sole body responsible for carrying out this policy with its limited budget. The third program appeared to be more difficult and unsuccessful due to the lack of budget, a proper national rural development plan and a responsible government body.

It appears that the shifting of wasted city financial and human resources to the village administration level is not on the Lao government agenda. In the past the Lao government regarded the construction of roads, bridges, hydropower dams, schools, small water reservoirs and small irrigation as crucial for national development.\textsuperscript{60} Lao peasants have to wait longer before their living conditions can be improved. The gap between them and city people will grow larger and there will be two social strata in Laos, rich city people and the poor peasants.

New Hope for the Rural Peasantry

The rural development projects in September 1996 were emphasised when the Chair of the State Planning Committee presented his report to the 9\textsuperscript{th} Session of the Third National Assembly in September 1996. Bouathong Vonglokham reported that in the
past rural development was included in the relevant government departmental projects. For example irrigation, the halt to slash-and-burn farming, foodstuff self-sufficiency programs, agricultural commodity production and FDCs were the responsibility of the Department of Agricultural and Forestry. The construction of national roads was the responsibility of Department of Communication and Transport and so on. The total budget in 1991-1995 for rural development was 1.2 per cent. In the former Royal government it was the Department of Rural Affairs that was responsible for rural development but this was accused by the present regime of being an agency for the CIA as it was 100 percent funded by USAID. However, the development of alternatives or modified agricultural practices for upland rice farmers and their resettlement is a major project and cannot be carried out without direct State and foreign investments.

The Lao government treated rural development as a combined effort of some key government departments. Therefore there was no specific resources made available for the development of rural villages. In 1994 foreign investment was concentrated in export marketing and plantation agriculture such as in agribusiness and wood-based industries. This cannot be regarded as specific rural development although it is part of the improvement of rural living conditions. The development program should include community development in all aspects toward agribusiness orientation rather than only the Party’s political objectives as indicated in the 1997 final draft of national rural development plan. The proposed definition for National Rural Development Plan (NRDP) is as follows:

1. To build market place for people and encourage them to produce agricultural commodities;
2. To cause employment not only in the agricultural commodity production but by the public and private investment;
3. To establish an efficient credit system, provide social and production services;
4. To invest in fundamental agricultural projects;
5. To abolish what are considered as obstacles to the industrious of the focused groups of people;
6. To create a new organisation responsible for drafting development plan that includes other objectives;
7. To coordinate closely between the national and local plans.
Point 6 indicates the need to create a national level body responsible for the coordination of rural development with other departments that have projects targeting rural development. Community development in Laos refers to an establishment of political foundations, social structure, the roles and functions of women and men and political propaganda. This political campaign has a budget allocation of 1.6 billion kips for 1996-2000. In 1991 the Lao government sought to improve city water supplies with US$13 million project in the northern provincial capitals.\textsuperscript{64} Foreign investment is concentrated on city centres and not the countryside where the multi-ethnic people have no clean water. They have to rely on some of the old USAID built underground wells. Electricity is one of the major sources of Lao government revenue, but the rural people who live close to the Nam Ngum hydropower dam do not benefit from it. The village of Bane That less than ten kilometres from the dam has not been electrified because people do not have sufficient income to pay for it.

The national roads, telecommunication industry, hydropower dams and tourism all have benefited the city people but there are no specific rural development strategies directly aimed at improving the living conditions of the peasants. Their affairs are regarded as a second priority, entrusted to the mass organisations such as the Lao National Reconstruction Front, Women’s Union, Labour’s Union and the Lao People Revolutionary Youth Organisation. Even the 1996-2000 socio-economic development plan simply aims at strengthening the existing machinery for the village administration.\textsuperscript{65} The level consists of voluntary village committee and the People’s Assembly. However, the five-year plan does not make any provision to shift financial and human resources to the village administration level nor to upgrade it to similar structure of the district. Thus, it does not provide for any funded village administration.

Economic growth rate, which averaged 7 per cent between 1992 and 1997, was considered high. The estimated GDP per capita income in 1994 was US$250 and in 1997 was US$400. The target set by the five-year socio-economic development plan for year 2000 is US$500 per capita income.\textsuperscript{66} The GDP tended to rise upward and this has given the Lao government hope that it would be able to get out from its present rank as a ‘Least Developed Countries’ (LDC) by year 2020.\textsuperscript{67} It will depend on income generated from the sale of hydropower. Foreign aid, project loans and technical assistance in 1993 was US$179.1 million and increased to US$289.1 million in 1997.\textsuperscript{68}
The total approved foreign investments licenses in the Lao PDR from 1993 to 1997 totalled 66 projects worth US$142.4 million of which 11 projects or 6.3 per cent was invested in agribusiness related to the rural development. Foreign aid is uneven and does not benefit the 85 per cent of the population. The Lao government declared that rural areas were the economic battlefields and that the LPRP was the peasants' representative. Agriculture accounts for more than half of the GDP but foreign aid and loans are not directed to rural poor people.

The LPRP has assigned rural development to some government departments such as Agriculture and Forestry, Health and Education. The LPRP political propaganda is responsible by the Party machinery and the popular organisations. However, there is no particular government department that has been commissioned to address the needs of the rural peasants. The rural peasants' only hope in improving their living conditions will now be clinging on the implementation of the current NRDP. The plan has not yet been implemented due to some political sensitivity and military strategies but in theory the NRD was adopted as part of 1996-2000 Socio-Economic Development Plan when the Chair of State Planning Committee presented it to the National Assembly in September 1996.

The Lao government planned to reach a GDP per capita of $US500 by the year 2000 in anticipating that all socio-economic development projects will meet the set targets within the time schedule. The delay in the construction of Nam Theun II hydropower dam and the implementation of the NRDP impacted to the expected increase of the GDP per capita. The 1997-98 financial crisis in Thailand was a major setback to the entire Laos' economy and caused the acceleration of inflation from over 25 percent in 1997 to 45 percent by March 1998 while the real GDP growth rate remained high at 6.5 percent. It is probable that the per capita GDP of US$500 by 2000 will not be met because Laos has little to export for hard currency in ASEAN and WTO markets.

3. Neighbouring Countries and Development Strategies

Frangipani Policy – An accommodation method with Neighbours

In the past Lao Nhay era Mr Sy Chounlamany and Dr Thongdy Souathonevichith, the Lao classic song writers recalled the Frangipani as the Lao national flower known as 'Duok Chompa Mean Lao' or Frangipani of Lao Country. It consists of five overlapping petals and has no stem but with a hollow narrowing down in the middle. Frangipani tree is thick
and with fleshy branches with strongly scented yellow and white petals. When closely observing frangipani, its natural setting is similar to that of the Laos' geographical setting. Frangipani has five petals representing five surrounding countries that locked Laos from sea access, its non-stemmed nature refers to dependency on neighbouring countries and a hollow in the middle indicates that Laos needs be fulfilled with self-sufficiency conditions. The beautiful and fragrant Frangipani symbolises friendly, good manner and easy-going Lao people. Frangipani has been translated into a popular Lao song called 'Champa Meuang Lao' or Lao frangipani. The song has clearly specified the tie of 'Dok Champa' to Lao Lan Xang and its Lao people. In other words, frangipani is Lan Xang and Lan Xang is Lao people and vice versa, thus the tie of Lao people to Lan Xang is eternal. The frangipani song is not justified because the famous and large Lan Xang of the fourteenth century has shrunk to its present tiny size.

The slow pace of development in Laos cannot be blamed on the Royal Lao Government or the LPRP. Dr. Chi Do Pham, IMF Resident Representative to Laos pointed out that the transition from a centrally planned to a market-based economy has been achieved in a gradual process and well within Laos's famous "Bo Pen Nhang Dok" or "Never Mind" philosophy. Such attitudes were locked in the former Lao Lane Xang for many centuries as it was caught between the two more dynamic nations, Thailand and Vietnam, where supremacy in strategies and tactics reigned but under the shadow of China, the New World Super Power. Laos borrows the popular term 'revolution' which are simply words not deeds. Such attitudes may disappear when more Lao people are educated. Actually the "Never Mind" philosophy reflects an expression of self-consolation by the Lao people when the country was oppressed by foreign powers. They were in no position to resist as Laos was under suzerainty of foreign interests for many centuries. Alternatively the expression refers to the principles in Buddhism to refrain from revenge on those who cause harm.

Since 1954, Laos has been dependent economically and politically on external powers and specifically on foreign aid from both the free world and socialist camp. It is likely that Laos will continue to rely on external aid. The metaphor of Frangipani reminds Lao people that their country needs fulfilment for its natural setting. The first is a strong economic stem while the second is the way of accommodating all neighbouring countries. From its Independence Day Laos had attempted to pursue neutralist policy with its neighbouring countries.
FROM A LANDLOCKED SITUATION, LAOS IS BECOMING A CROSSROAD IN SOUTHEAST ASIA

The Australian built Mekong Friendship Bridge in 1994 is a landmark in the regional development.

countries by forming three unsuccessful national union governments of the two main foreign supported power contenders.  

Neutralist policy in the past was in the wrong time when there was a bi-polar world. The current LPRP policy appears to be oriented towards fulfilling the vision of the frangipani metaphor. That is, strengthening the economic stem and securing peace for Laos 'side-by-side' its neighbours.  

It will be a long road for Laos to succeed in these goals, but at least the LPRP has shown that it can sustain its own political stability. This situation was attained with high risk since Laos is an Indo-Chinese country and has signed 'The twenty-five year special relationship' treaty with Vietnam. The recent Open Door Policy has renewed friendship with Thailand, encouraged by the Australian donated Mekong Friendship Bridge and the inflow of Thai investment.

On the economic front the LPRP has made an attempt to rally foreign aid toward transport infrastructure and hydropower to alleviate Lao poverty, and to make Laos as a crossroad for regional trade and commerce. The situation may be better if the LPRP addresses public administration reform and gives opportunities to peasants in the national socio-economic development. It appears that the peasants have been forgotten. Presently Laos is skewed in favour of loans rather than grants. Lao history has started to repeat itself because Laos is dependent on different things from different former regional powers, Thailand and Vietnam. The LPRP relies on ideological and military support from Vietnam and the Lao people's day to day living conditions are dependent upon the Thai exchange rate and market fluctuations. In this situation if either of these two countries abruptly withdraws its support, Laos will be in limbo, as Thailand has invested more than any countries.  

Laos has a subsistence economy, which moved from a communist centrally planned government to a more market-driven state a decade ago. The legal framework, public administration machinery and the concept of market economy are new to Laos. If Laos mismanages foreign aid and the national socio-economic plan by neglecting the rural peasants it will fail economically. The production for export will have to meet the expectation. This is in doubt because the attempt for foodstuff self-sufficiency is not satisfactory because the Lao government has relied on long-term projects and has not addressed the short-term issues of rural peasants. The traditional core socio-economic
units are not in any position to actively participate in the national economic development. Foreign aid agencies and the Lao government should focus on giving the assistance to the peasants in a pro-active way so that they can produce more and the surplus they make can be exported. The benefit expectation from long-term projects such as from the construction of national roads and the hydropower dams is still a dim light at the end of the tunnel. The yearly harvest of the rural peasants cannot last for a year to feed their family. The need to improve their living conditions and family income are urgent matters for the Lao government and foreign aid agencies to address. The public health of rural population is at risk and malaria and diarrhoea weaken the majority of Lao workforce.

Border Delimitation with Neighbouring Countries

The borderline of the Laos was made at will by the French Indochina colonial administration. For example in 1907 France attached Dam Xai, a Lao border town to Siam in exchange of Sisophon and Siemreap provinces for Cambodia. The recent borderline demarcation with Vietnam relied on the maps drawn by Le Service Géographique de L'Indochine (SGI) which was staffed by the Vietnamese technicians. Few Lao were appointed to the middle grade functionaries in the French Indochina colonial administration while the Vietnamese were appointed French deputies. Also it was the French who brought the Vietnamese for settlement into Laos, both as labourers and lower level officials.79 In regard to the borderline delimitation, the current Lao Government successfully negotiated borderline demarcation with Vietnam, China and Burma. The border treaty was signed with these countries except Cambodia and Thailand.80

The armed border dispute between Laos and Thailand in May 1984 at hamlets in Sayaboury province occurred because of an unclear borderline.81 Both sides claimed the villages – the Lao on the basis of the 1907 French map delineating the frontier; the Thai on the American aerial survey conducted in 1978 purporting to locate the villages on the Thai side of the watershed which officially constitutes the border.82 The treaty with these two countries has been postponed pending the needs for clarification of the early borderline treaty signed between France and Siam (Thailand) in 1903, 1907 and 1946 and the determination of borderline demarcation.83 On taking over power in Cambodia Pol Pot sought to liberate the Khmer territory occupied by Vietnam. Pol Pot claimed
The Lao-Viet border delimitation re-adjustments

Note: Border delimitation treaty signed between Lao PDR and Vietnam in 1977, 1986 and 1990 based on maps produced by Le Service Géographique de l'Indochine.

Cambodia's historic borders. The result was the Vietnamese invasion and occupation of Cambodia in 1979.\footnote{86}

The presence of about 40,000 of Vietnamese troops in Laos is neither an invasion nor an occupation but perhaps a military exercise agreed upon by both Laos and Vietnam as the result of the 25 years Special Relationship Treaty obligations.\footnote{86} It is not the same as the US secret war in Laos before 1975. Reliable internal sources revealed that in Laos too there were sporadic armed forces clashes on border disputes between Lao and Vietnamese along the border during the border negotiation. In Sam Neua province a Lao District Officer and his staff was ordered by the Central Committee to prepare food and drinks for a borderline demarcation celebration with his Vietnamese counterpart. At the border the scene he witnessed, instead of border demarcation official ceremony, a line of hundred armed Vietnamese soldiers standing where they wanted border marker erected. At Bane Nam Kan in Nong Het district, a border town of Xiang Khouang province, there were several armed clashes occurred because their Vietnamese counterpart moved the border marker several kilometres inside the Lao territory. After the accords were signed Xiang Khouang lost Bane Daen Deen (a name for border village in the Lao language).

The total land area of the Laos was estimated as 236,800 square kilometres when it gained independence from France in 1953. The figure is based on the map drawn up by Le Service Géographique de l'Indochine (SGI). The French colonial administration viewed that it was unnecessary to limit the borderline between Laos and its two neighbouring Vietnamese countries, Tonkin and Annam (North and Central Vietnam), as they were both French colonies. The French considered that the border between these countries was simply an administration limit. The French colonial administration attached twelve Lao provinces of Sip Song Chu Tai to Tonkin (North Vietnam) in 1888 and later attached the three other Lao provinces in the South, Darae and Kontum to Annam (Central Vietnam), Xiang Taeng to Cambodia in 1904 and 1905. The attachment of these Lao territories undertaken by the colonial power, and in such circumstances that the Kingdom of Luang Prabang, as a protectorate was not in a position to object.

On the border delimitation between Laos and Vietnam, the President Souphanouvong declared on 26 January 1986 that it was a model to follow, but blamed the past
Article 6 of the 1977 Lao-Viet Border Treaty

The Border Delimitation Treaty signed by Pham Hung, Deputy Prime Minister of Socialist Republic of Vietnam and Phoun Sipaseuth, Deputy Prime Minister of Lao People's Democratic Republic on 18 July 1977.

delimitation on foreign ‘imperialists’ who did not take Lao interest into account. In 1941 Prince Phetsarath Rattanavongsa, Prime Minister of Luang Prabang Kingdom appealed to France for the return of the Southern Lao provinces of Khammouane, Savannakhet, Saravane and Champasack. The appeal was rejected. France returned Xieng Khouang to the Luang Prabang Kingdom in 1942 but Meuang Saen was not included in the return as France attached it to Annam.

The figure of the land area of Laos has not been amended after the new border demarcation accords signed between the present Lao People’s Democratic Republic and the Socialist Republic of Vietnam respectively in July 1977, January 1986 and March 1990. Despite the new border demarcation the same figure has continuously been quoted in the Lao official documents as geographical data regardless of the gain or loss of its territory in the borderline delimitation accords. The three accords signed with Vietnam did not reflect the existing land area of Lao territory, among the total land area of 236,800 square kilometres of which 230,800 square kilometres is on land. The thirteen sketches of territorial readjustments based on the SGI sketches; each of the sketches gives details of gain and loss to each country.

The borderline delimitation was agreed by both parties on the principle of ‘uti possidetis’, a principle of respect of the existing border obtained at the independence declaration of both countries. That is on the basis of SGI maps drawn up by the French and Vietnamese colonial personnel. The recent borderline readjustments of the total area of 795.5 square kilometres in question, Laos gained 281.5 square kilometres while Vietnam gained 514. Vietnam gained 232.5 square kilometres more than the Lao PDR and obviously it is a further territorial loss to Laos. However, on both sides of the borderline demarcation are Lao people living in the house on stilts. This was due to the non-delimited borderline by unilateral decision of the French colonial administration, in particular the North Eastern part bordering with Xiang Khuang province and the twelve Sipsong Chu Tai provinces, formerly part of the Luang Prabang kingdom and Phuan Kingdom or Xiang Khuang province. The new borderline demarcation has reduced the land area of Laos to 236,567.5 square kilometres.

By the new borderline adjustments, the historical village of Bane Na Meo where the LPRP held its First Party Congress belongs to Vietnam. This original Na Meo village is at Na Meo Bridge. The new border pass is at the new Na Meo village formerly Bane Na.
Note: The new borderline between Hoi Xuan and Sam Teu of Houaphanh province. Lao PDR gained in total 76 Km2, Vietnam gained 120 Km2.

Note: New border delimitation between Ben Giang and Dak Sut eastern Attapu province in 1990. Lao PDR gained in total zero while Vietnam gained 120 Km2. The area was a Vietnamese army base in Ho Chi Minh Trail base established in 1960s.

Mang. The two signatory parties have agreed to open 8 (eight) principal border passes. The Lao-Viet special relationship was not taken into consideration when Vietnam took away 514 square kilometres of the Lao territory occupied by the Vietnamese army during Vietnam War after Laos gained independence in 1953.

Table 5: The new border passes between Lao PDR and Vietnam:

<table>
<thead>
<tr>
<th>Passages in Vietnamese name</th>
<th>Route</th>
<th>Passages in Lao name</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tay Chang</td>
<td>route no. 42</td>
<td>Sop Houn</td>
</tr>
<tr>
<td>Pa Hang</td>
<td>route no. 43</td>
<td>Sop Bao</td>
</tr>
<tr>
<td>Na Meo</td>
<td>route no. 217</td>
<td>Ban Loi</td>
</tr>
<tr>
<td>Nam Can</td>
<td>route no. 7</td>
<td>Nam Kanh</td>
</tr>
<tr>
<td>Keo Nua</td>
<td>route no. 8</td>
<td>Keo Nua (Napê)</td>
</tr>
<tr>
<td>Cha Lo (Keo Mu Gia)</td>
<td>route no. 12</td>
<td>Thong Kham</td>
</tr>
<tr>
<td>Lao Bao</td>
<td>route no. 9</td>
<td>Houei Ka Ky</td>
</tr>
<tr>
<td>Beu Y</td>
<td>route no. 18</td>
<td>Giang Gion</td>
</tr>
</tbody>
</table>

The Lao Ambassador to Australia confirmed that there are two villages with the same name but the origins of Sam Neua province have confirmed that there is only one Na Meo village at the Lao-Vietnam border in Sam Neua province. The original Bane Na Meo is where the Na Meo Bridge is now. Laos has recently renamed Bane Na Mang as Bane Na Meo to replace the one that was lost to Vietnam. Some Lao nationalists have reservations that the Lao territory along the border occupied by the Vietnamese regular forces during the Indochina War such as Bane Na Meo, formerly a Vietnamese forward base, have been taken over by Vietnam. All Vietnamese permanent settlement along the border in the Lao territory was already formalised by the recent Laos-Vietnam border treaty. The borderline demarcation was not based on the historic border but on the maps and unmapped areas drawn up by the Vietnamese officials in the French colonial administration.

Investment in Agribusiness

Lao rural peasants are not self-sufficient because they are unemployed when their six-month farming work is finished. The yearly products obtained at the end of rice farming season do not last the year because part of which has been used to repay for the lease of land or buffaloes. The next six months of the year they have to live on forest products, fishing and hunting. Lao rural peasants are not at all self-sufficient, but live on natural subsistence. The Lao government places the emphasis on the grand long-term projects such as the construction of hydropower dams and mineral extractions. These projects

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would not directly benefit the poor rural peasants but the short-term investors and those who are in power. On the contrary, these projects will have adverse effects on their natural subsistence life because the water streams and forests they used to rely on may be ruined. Peasants face the uncertainty of relocation and resettlement.\textsuperscript{32}

The expectation that transforming a subsistence economy into a commodity-based market economy will gradually improve the living conditions of the rural peasants is far from reality, because the core problems of the 85 per cent of the population who are peasants have not yet been dealt with. In order to achieve the national objectives the rural villages, as they are traditional Lao economic units should be allowed to participate in the national economic development. Then the hope for the export of agricultural commodities to other ASEAN countries or in the future to WTO members for hard currency is rather slim.

The LPRP is reluctant to proceed with rural development due to lack of funds because the national budget and external assistance have been allocated to major prioritised national projects. It is not too late to adopt and to implement the National Rural Development plan as proposed by the State Planning Committee. If not, there will be too few agricultural commodities for export and the chance to earn hard currency for the improvement of the living conditions of the poor proletariat would not be feasible. Thus the agribusiness should be on the Lao government's top agenda as it declares time and again that the rural and mountainous areas are its important economic battlefields. In the past this policy was only words but not deeds. However, the Lao government has involved itself in numerous reforms and all have been significant to the NLM and financially is not in the position to deal with everything at the same time. Nevertheless, the Lao government has reached to the present stage of being able to maintain internal political stability as well as good relations with neighbouring countries is a crucial matter for the survival of the Lao PDR at least for the time being.

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Recently, there was the first significant protest against communist rule in Laos, which took place on 26 October 1999 in the Lao Capital City mounted by the students and teachers of Don Hoi National University and Vientiane High School. This is a warning-shot by the sons and daughters of the peasants whose living conditions have long been neglected. The protesters demanded the resignation of the current Lao government, dissolution of the 'National Assembly' and the organisation of free and fair elections by the year 2002\textsuperscript{32}. An incorrect pasted sentence 26 to 31 deleted.
According to the report on the 1991-95 socio-economic development plan, there was an increase of non-irrigated farming area of about 5000 hectares and irrigated to 2000 hectares which represented about 5.9 per cent increase compared to the previous five year plan. As for the halt to slash-and-burn farming the Lao government claimed that the upland rice farming area has dropped to about 80,400 hectares and there are only 165,000 hectares left to deal with.\textsuperscript{91}

The Lao Development Strategies

The creation of the Foreign Investment Management Committee (FIMC) is an advance in direction for socio-economic development.\textsuperscript{95} FIMC is composed of eight ministries under the chairman of Prime Minister, other ministers are:

1. Minister for Economy, Planning and Finance;
2. Minister for Commerce and Foreign Economic Relations;
3. Minister for Agriculture and Forestry;
4. Minister for Industry and Handicraft;
5. Minister for Communications, Transport, Posts and Construction;
6. Minister for Science and Technology;
7. Deputy Chairman of the State bank, and
8. Deputy Minister for Education and Culture.

FIMC is attached to the office of the Prime Minister and is responsible for the management of foreign investment that is associated with members of the committee and the government as a whole. The roles and functions of FIMC are to centralise foreign investments. Its roles and functions set out in the Council Ministers' Decree are:

- To coordinates and directs the sectors and levels to organise the implementation of the Foreign Investment Law.
- To consider and agree to the request of foreign investors in conformity to its rights and tasks in the Decree No. 20/CCM.

As we can see that FIMC does not involve with the coordination of foreign assistance such as grants, technical assistance and loans to various areas. The roles and functions of the State Planning Committee (SPC) do not directly involve with the coordination and management of programs funded by foreign aid and loans. The SPC is responsible for research on policy, principles and guidelines in relation to planning cooperation with
international organisations, foreign investment, collection of statistics and management of the operations of consultants, professionals and foreign businessmen of the approved aid programs. It is clear that the SPC has no role in the coordination, management, assessment and review of foreign aid and loans. If it has, the Lao government and the funding bodies can work together to see whether each aid program has met its goals and has been implemented in accordance with the strategies set down. Since the assessment of each program has been made by each of the funding bodies and perhaps in cooperation with the relevant aid recipient department the report is always satisfactory.

The Lao Ambassador to Australia has confirmed that the coordination and management of foreign aid and loans is the responsibility of another newly created government body attached to the Office of the Prime Minister. Soutsakhone Pathammavong said the new department’s role is to establish close consultation with the international funding bodies to assess whether the aid programs have met the goals and the strategies set down. However, discretion in assessing each individual foreign aid program remains in the funding body and in many cases the aid recipient government, Laos has little say. In the case of Laos, a country highly and desperately reliant on foreign aid for its development, it does not want to get involved in the assessment of the aid programs. The experts of the funding country have drawn up aid programs.

Although the Lao government has the expertise and the available resources in making the assessment of the aid programs, it is reluctant to interfere for fear of jeopardising the aid program because the funding country directly supervises the implementation of the program. The aid donors do not want to interfere with the internal affairs of the Lao government especially in the areas of legal framework, human resources management and the efficiency and effectiveness of the project management. Foreign aid programs to Laos claim to address poverty reduction. Poverty in Laos is in rural areas but the aid expenditures have not been distributed to assist those in the countryside. This is because the Lao government has so far geared most of foreign aid and loans toward the development of fundamental socio-economic projects such as, transport, communication, hydropower dam and agribusiness. The fundamental economic units in the countryside have been long ignored.
The World Bank estimated total population in five countries in Southeast Asia and China for 1990 was about 1491 million, the estimated absolute poverty for 1990 was 152 million of which 132 million are rural people. In 1970 the absolute rural poverty in these countries was 351 million. This poverty was reduced about 62 per cent by 1990, despite rising population. In Thailand some 75 per cent of the poor were in the rural North Eastern and North regions, lacking local off-farm income-generating opportunities for the dry season. The rural pattern in Laos is similar to that of the North Eastern region of Thailand where there are 85 per cent of rural population are living on subsistence level that correspond to the World Bank defined absolute poverty line. In Laos the percentage of rural population with access to safe drinking water was 28.3 per cent (1990) while 47 per cent in Vietnam and 70 per cent in Thailand. The infant mortality rate in the Lao PDR is 103 persons per 1000; the highest rate after Cambodia while the rate in Malaysia was only 16 persons per 1000. The access to sanitation services for Lao rural population was as low as 6 per cent (1980). These social indicators clearly pointed out that the living conditions of 85 per cent of the Lao rural population have not been improved in the last two decades because the Lao government focuses on the development of other long-term fundamental infrastructure and hard currency generation projects at the expense of the rural proletariat.

The international community agrees that Laos is desperate for hard currency for the improvement of living conditions of its population but should not leave rural areas completely cut-off from the national development plan. In 1996 the newspapers in the surrounding countries called Laos ‘the battery of South East Asia’ because it has a potential to produce approximately 18,000 megawatts of electricity for sale to Thailand and Vietnam. However, up to 1996 there were only three hydro-power dams that generate of about 200 megawatts in total. The Lao government signed a total of 23 Memorandums of Understanding (MOU), the total projected capacity of all these 23 projects is 6,586 megawatts which is about 33 times the existing generated electricity capacity. The construction of Nam Theun II, another larger dam of 600 megawatt was scheduled to finish by the end of 1999 but was not commenced. According to these MOU’s Laos has to produce some 7,279 megawatts of electricity for sale to Thailand and Vietnam.

Some experts have expressed concerns if the Build-Operate-Transfer (BOT) projects have not materialised because of some complex risks associated. Firstly these dams may have a very limited life span because of silting; the private developer usually exploits the benefits
and leaves the problems their activity creates for others. Other remaining questions are whether there is enough local capacity to manage the projects onwards, whether the dams are not silted up and the equipment is not run down. On the other hand, the question of control over significant national resources by foreign companies and, most importantly, whether Laos has enough money to pay for the equity in the project. Finally it is not sure whether the dams will actually result in the economic gains promised by developers. It is not certain that the Lao government and Lao people will inherit an asset or a liability. The World Bank has categorised Laos as a Severely Indebted Low- Income Country (SILIC) which is clearly very hazardous and may push Lao people into a steeper debt spiral. In case that there are some setbacks there will certainly be at the expense of the rural peasants that have not benefited from short term or long term projects.

Laos relies on its two immediate neighbouring countries, politically and militarily on Vietnam and economically on Thailand. The latter is ranked first in foreign investment in Laos. This has its dangers if there is a political and military conflict with Thailand as in the recent past the Thai could withdraw their investment and damage the Lao economy. It will be the same as Laos is solely dependent on Vietnam on political ideology and military strategies. The general direction charted through NEM in 1986 will remain unchanged and Laos will rely solely on one non-renewable resource (hydro-power) and overwhelmingly dependent on one market (Thailand). The LPRP has not considered any other ways to generate export revenue in particular in the rural development.

The Party has fixed its grand development vision based on the overall foreign aid, loans and investment and is dependent on foreign feasibility study (FFS), cost benefit analysis (CBA) and sweetened promises by developers. A new national office such as ‘Office of Development Strategies’ should be created and equipped with resources, highly qualified and experienced Lao or foreign expert consultants and are able to review the FFS and CBA submitted by developers. The role and function of Office of Foreign Investment Management Committee (FIMC) is simply to oversee the implementation of Foreign Investment Law and to issue investment licenses.

It has no role in carrying out lobby in international investment markets. This role has not either been entrusted to the Lao diplomatic corps. The current tasks of Lao embassies abroad are purely intelligence mission. They do not play the role of a lobbyist as a national
trader or financial analyst of international economic climate, world financial markets and investment and report back to the National Development Strategies Office. Both offices of FIMC and Foreign Aid and Loans Management should be combined and attached to the State Planning Committee rather than attaching to the Office of Prime Minister but should be placed under the chairmanship of the Prime Minister. The integration of all associated works in one ministry will streamline management responsibility and a better coordination than the present Lao government organisational chart. The relaxation of the LPRP power and its democratic centralism do not provide sufficient boost to current state-managed market economy. Its bureaucratic regime will remain an obstacle unless the LPRP is prepared to concede further judiciary freedom and strengthen its practice. A foreign investment court will have to be established to deal with disputes and the role of FIMC needs to be strengthened.

4. On the Path toward Economic Growth

Long Term Plan for Democratisation

The LPRP spent ten years practising the centrally planned economy and was unable to get Laos on board of the socialist path. From 1986 it made a resolute decision to abandon the communist economic system and veered toward a market-based economy. In fact, though, both economic systems have been based on the Lao subsistence economy. The peacetime quasi-socialist revolution that has been undertaken by the LPRP is not far from being an ordinary socio-economic reform oriented toward a market-based originating from a subsistence economy. However, the current reforms have primarily focused on prioritised national important projects such as fundamental infrastructure and hydropower projects, the latter being a quick hard currency generation project. In 1991-95 the Lao budget allocation for rural development was 1.2 per cent, this clearly indicates that countryside is not a priority area even though the Lao PDR is an agricultural country, has 85 per cent rural people and agriculture produces more than half of the GDP.

The NEM has overlooked the rural village reforms especially in the areas of village administration, education, health and sanitation, short-term income generation projects and access and equity to government services. The non-implementation of 1997 NRDP has justified the above claim and it appears that this plan has continued to be a draft plan until the end of 1999. Thus it clearly indicates that the Lao government is reluctant to address this important national issue. According to the Lao socio-economic development plan,
The strategies are confined to fundamental transport infrastructure projects and have not spread the national budget evenly for the development of urban and rural areas. It is also a policy that is contrary to the objectives of ASEAN membership and the future membership of the WTO, both of which require Laos to push for agricultural commodity exports.

Economically Laos is at a quasi-socialist stage, which is a retreat from a direct socialist path to a period of transition through the capitalist stage of development. The present Lao democratic system is at present at the 'People's Democratic' phase. According to the LPRP political documents the ideological term of 'Democratic' refers to a revolutionary stage where all aspects of feudalism and semi-feudalism that are against revolution must be abolished and there is the need to implement land reforms, to guarantee that all agriculturalists have a plot of land to work on for production. At the same time the system sets to develop industry, trade, to implement democratic rights, to develop human resources and gradually expand production. The term 'People' refers to those who are responsible for carrying out the above tasks. These people are from different social strata consisting of labourers, agriculturalists, students and revolutionary intelligentsia who are core in the leadership of Marxist-Leninist Party, the LPRP.106

This People’s Democratic system corresponds to a period of transition to socialism that is a preparatory stage to getting on board the socialist path. In so doing the LPRP, instead of bypassing the capitalist stage, reversed to the capitalist stage of development and called it a period of transition to socialism. It is very doubtful whether this aim ever will be achieved after the failure of communism as an economic system in USSR, Eastern Europe and the world. The 'spectre of communism' haunted Europe and the world and was indeed proven to be a phantom solution that claimed tens of millions of victims in the course of the pursuit of its aims.107 The quasi-socialism in Indochina and China proved to be a new and more successful type of communism and it is a mixed economic system under the Communist Party rule. Unlike the USSR, they changed the economy without changing the political system. However, the long communist decision-making process and bureaucratic incompetence remains an obstacle for the NEM in Laos.

This current situation in Laos is, therefore, a period of 'People's Democracy'. In fact the 'People's Democracy' is simply a socialist definition referring to a particular stage of
development whereby the country is not ready to adopt the Western style democratic system. Thus the democratisation of the Western style in Laos in the immediate future is not feasible because the past few five-year socio-economic plans have been oriented toward foodstuff self-sufficiency and the building of basic transport infrastructure. Therefore, the realisation of a people's democratic system will be a continuous revolutionary process and for Laos it will be a very long process to achieve the goal set out by the People's Democratic phase of development. The resolutions adopted at the Sixth Party Congress in March 1996 were to continue building the People's Democratic regime.

The LPRP has a firm commitment to achieve some of the strategic targets by the year 2020 in bringing Laos out of the least developed country status. Its aim is a realisation of People’s Democratic regime and the starting point where democratisation would begin. Lao socio-economic reforms to date have excluded the wellbeing of agriculturalists guaranteed by the People’s Democratic system. In China, the system is called ‘people’s democratic dictatorship, which referred to the dictatorship of the Party in revolutionising the society in accordance with the Party’s resolutions for and on behalf of the people. The LPRP in Laos is like the CCP in People’s Republic of China adheres to democratic centralism with strict uniformity and strong discipline. This is to ensure Party unity of action and prompt and effective implementation of the Party’s decisions. Ideas and freethinking for modernisation of the country must be less disciplined. To achieve a self-sustaining modern economy advanced in science and technology, an authoritarian Communist Party like the LPRP has to develop a tolerance for lateral thinking, new ideas, creativity and intellectual dissent.

In 1986 the Chinese communist leaders took a step further ahead of Vietnam and the Lao PDR and proposed the introduction of some minor democratic reforms and make the decision-making powers of individual leaders challengeable. Some of the Chinese leaders thought without making the decision-making power China would not be able to develop and nurture the essential scientific and technical base for modernisation. They emphasised that without free debate, genuine development of China’s science and technology is out of the question. Su Shaozhi, Director of the Institute of Marxist Leninist Mao Zedong Thought at the Chinese Academy of Social Science, called for free elections, and the separation of the executive, legislative and judicial functions of government. The dream for greater democracy in China was shattered after the dismissal and later death of Hu
Yaobang, the former CCP's general secretary. This move in China came to an end, with the result of the Tiananmen Square incidence of May-June 1989.111 Despite this, economic reform in China continues to flourish under the CCP democratic centralism. China is now regarded as a third world superpower and has played a significant policing role in Asian-Pacific region and is a modernisation model for some. Thus gradual democratisation in Laos will depend on China's modernisation and economic growth of region.

In view of the Chinese modernisation process, Laos needs a second round of reform. Firstly, the LPRP has to address the liberalisation of judiciary power. Freedom for a private legal profession will certainly help in business transactions, economic growth and human rights. Secondly, the shift of half of the existing resources from city centres to rural areas including budget, qualified personnel and agricultural credit facilities. Thirdly, the Lao government has to restructure the village administration to be staffed with full time salaried qualified administrators. At the same time the cumbersome structure of provincial and district levels need to be reduced to a coordinating role. These positions can be filled with the qualified personnel shifted from the city centres without new recruitment. The poor in rural areas may have an equal treatment in all aspects and their basic human rights may improve. These rights include civil liberty, full legal rights, freedom of opinion and information, full restoration of the rights of all nationalities, efforts to modernise agriculture, a radical improvement in educational and health system, a full scale halt to slash-and-burn farming practice. The Lao peasants took no part in the national building because their rights were ignored. They were not given equal access and equity to the government services.

It is necessary for the LPRP to relax their strict uniformity and strong discipline. The relaxation is regarded as an incentive and stimulation of the economic growth because the poor peasants can express their freethinking, ideas and direct participation in the modernisation without fear of being prosecuted by the secret police. So far the peasants' rights, ideas and creativity have been controlled by Party members. Most local Party members have neither qualifications nor experiences in market economy, as they too are ordinary villagers. Without the peasants Laos cannot be steered toward increased agricultural export. Membership of regional and international trade organisations will mean nothing if the foundation of rapid growth is not laid.
Trailing behind the Newly Industrialised Countries.

The three successive five-year plans proved to the international community that the Lao government has made impressive progress and the transformation has paved the way toward the market-based economy despite numerous shortcomings and weaknesses. These are consequences of the previous centrally planned economy and some inherited communist unlawful intimidating traditions. In other words, the communist system itself makes the Party members mince their words for survival because of unlawful intimidating traditions. Party members and government employees are reluctant to air different views or to make decisions by themselves for fear of prosecution by the secret police or Silber. These undemocratic traditions are the greatest enemy of the economic transformation in nearly every communist country in Asia. The relaxation of Marxist-Leninist strict uniformity and strong discipline and instead consolidating the legal framework and liberalising of private legal practice will certainly help in boosting economic growth and business transactions.

By the end of 1990 the USSR revolutionary struggle took the peaceful path to reform the colossal and cumbersome Soviet system collapsed on all fronts at once such as in foreign policy, defence policy, political structure, and economic systems. The reforms signalled that the Soviet Union government became humane because they responded to two basic needs of their people: democratic rights, the opportunity to participate in the decisions that affect their lives; and economic rights, the opportunity to achieve a decent standard of living. The Lao government has undertaken similar reforms but stopped short of political liberalisation based on the Chinese Quasi-Socialist development model. That is why some vital market based economic knots can hardly be resolved because of the deep-rooted Marxist-Leninist traditions. The 5.1 million populations in the Lao PDR have not yet fully enjoyed the opportunity to participate in the decisions that affect their lives because only 100,000 Party members that make the decisions for and on behalf of the country’s population.

The participation in the decision-making is open only to Party members and this Party system itself has weakened or delayed the preliminary transformation process of the Lao economy from subsistence to a market basis. As the result the target set for self-sufficiency in foodstuff and the agricultural commodity production for export are still problems. There is an ideological contradiction between Marxism and the market economy because
markets are tools of the capitalism and thus can cause the social ills. The market systems are based upon real prices, real wages, real capital, and real values for raw materials, labour and investments. Karl Marx created his ideology in order to cure the capitalism's social ills. Therefore the Communist Party has structured its power on the base of the administrative command economic system. The Party runs the country, controls the economy, the military and foreign policy, maintains the peace, administers the justice system, and dispenses patronage on the grandest scale, all in one.\textsuperscript{116}

Most of the newly industrialised countries (NICs) in ASEAN have primarily developed agribusiness to serve as base for industrial development. In transforming the Lao subsistence into a market-based economy, it is inevitable for Laos to start with the rural development. This area should be pushed and pulled by the locomotives of growth that is foreign aids, loans and investment. The real strength of the LPRP like many other communist parties relies heavily on strict uniformity and strong discipline. Such strength is at the same time barriers for modernisation particularly the market economy. In capitalist development, ideas and freethinking are the core in modernisation. This is how the NICs in the region have achieved self-sustaining modern economies advanced in science and technology. Laos requires less discipline and it is now up to the LPRP to develop a tolerance for lateral thinking, new ideas, creativity and intellectual dissent and to allow participation of rural people in socio-economic development. The liberalisation of the judiciary power and the building of a solid legal system are needed. The LPRP must be equipped with specialised bureaucratic organisations for the administration of a market-based economy to replace the current cumbersome and incompetent bureaucratic system. The longer delay in relaxing of the Marxist-Leninist strict uniformity and strong discipline the more delay in economic and modernisation and Laos will miss the fast economic train and will not in the position to trail behind the NICs.

In China, agriculture is the foundation of China's economy; agricultural reform since 1980 has been very successful and is a model in other sectors. The agricultural reforms on average raised the annual peasant income from 120 yuan in 1978 to about 400 yuan in 1985. Such growth has allowed China to develop a modern defence capability and quadruple its GNP. China still has a population of about one hundred million who are still very poor in its western rural areas. Grain production rose from around 300 million tonnes in 1978 to 407 tonnes in 1984.\textsuperscript{117} China's Open Door Policy was launched in 1978, was
well ahead of Laos and Vietnam. China's legal system is taking on the complexities of legal systems in other major trading nations. The most important of all in China modernisation is that the Chinese Communist Party has decentralised and to some extent depoliticised China's economic decision-making processes. However, despite the growth, China has an external debt of about US$25-27 thousand million in exchange for its modernisation.

In 1994 Laos has a per capita external debt of $5500, double amount of its GDP per capita. According to conventional World Bank criteria Laos has been ranked as one of the world's poorest and most highly indebted poor countries (HIPC's). The aid donors and creditors view that the overall Lao economic reform appears to be impressive. Such view has been simply based on the transitional statistics from a centrally planned to market economy that took place from 1986 to 1996. The new statistics on the actual Lao market economic performance will not be available until the completion of the 1996-2000 socio-economic development plan. Without a second round of reform Laos will miss out the chance to trail behind the NICs if it does not address these four areas:

1. Liberalisation of judiciary power.
2. Freedom of thought and a proper recruitment process for public service.
3. Finance and credit facilities for regional and rural development.
4. Political freedom, at least a dual party system.

Investment in Human Capital and the Freedom of Intellectuals

Upon taking over power twenty years ago the LPRP decided to eliminate Western trained public servants of the Royal Lao Government and attempted to create new socialist men but Laos has found itself short of competent personnel. Thus the LPRP failed in providing effective and efficient management of the socialist aid programs during its first ruling decade. In the second ruling decade the LPRP had faced even tougher challenges in the implementation of New Economic Mechanism (NEM) and the shortage of competent staff in market economy management and skilled labour remains a significant problem for Laos. Instead of kick-starting the agribusiness and primary industry the LPRP has to spend huge foreign aid in the development of human resources. The Lao government policy in the past two decades appeared to be an opportunity loss for the Lao nation retarding socio-economic development putting Laos behind the NICs.
The number of intellectuals in Laos is estimated less than 1 percent of the total 5.2 million populations and the number of illiterate people is about at 50 percent. The disparity is greater in the rural areas and among ethnic groups.\textsuperscript{120} However, the overall Lao workforce still lacks of skills and has low education level in particular rural areas because resources have been accumulated and wasted in the city centres. To date the Lao Government has no incentive plan in utilising these excessive resources in rural and remote areas. The Lao education sector in the past and present regimes remains rudimentary and poor in quality. As the result the deployment of skilled labourers from surrounding countries is inevitable thus the majority of non-skilled Lao labourers and peasants are forced to remain under the poverty line.

The production in Laos is overwhelmingly agrarian; exploitation of agricultural development and minerals is restricted by a lack of skilled labour and a poorly educated workforce. The public and private works have heavily relied on Vietnamese skilled labourers; most are illegal migrants from Vietnam. The previous Royal Lao Government favoured the feudal clan system and gave top jobs to only those who were in the elite family circles. Those who were more highly qualified and experienced but of rural origins were appointed to lower positions and often in the wrong field of their expertise. For example, Khamchong Luangpraseut graduated a master degree in economics was appointed director and editor-in-chief of government official newsletter \textit{Lao Presse} of the Department of Information and Propaganda.\textsuperscript{121} In the present Lao regime only Party clan who have Marxist-Leninist political training are appointed to top jobs. Actually the Lao intellectuals have not been given real sense of social responsibility, which are also lacking in Laos. It appears that the Department of Public Administration and Civil Service in the Prime Minister’s Office has no role in the recruitment of public employees.\textsuperscript{122} Thus it clearly indicates that there is no selection process for public sector recruitment.

As the result of poor quality education in rural areas and the absence of professional public sector recruitment process, the exploitation of agricultural development and minerals is very restricted further inhibiting national development. Improvement in education and training has been regarded as crucial for the Lao government in the face of more sophisticated foreign entrepreneurial venture and the membership obligations of international trading organisations.\textsuperscript{123} Economic growth in Laos will largely depend on government investment in education, the degree of freedom of intellectuals and rural
development. In the quasi-socialist system, the Communist Party Central Committee is the leading nucleus and is regarded as top country's intellectuals who are wise and far-sighted. Therefore, other intellectuals who are not Party members and have views or opinions contrary to the Party's are treated as revisionists or enemy class. The intellectuals who were arrested were sent into exile without trials, some are forgotten kept in government prison, others were detained in the remote unknown centres as prisoners of conscience.\textsuperscript{124}

The number of literate people in Laos was estimated in 1992 at 50 percent with male literacy at 65 percent and female at 35 percent, the disparity is even greater among the rural areas and minority ethnic groups. The underdevelopment of education in rural villages is reflected by the low allocation of the public investment program (PIP), which were only 8 percent in 1992. The objective of PIP appears to be promising for the improvement of country wide education quality, especially in rural areas, and streamline national planning management. In 1997 the new PIP made an allocation of about US$94 million to carry out the above policy. The Asian Development Bank (ADB) also lent another US$31 million to three projects for improving the quality of primary and secondary education and extending post-secondary education facilities.\textsuperscript{125} It appears that foreign aid donors and international financial institutions have placed important focus in the human resource development in Laos but in the framework of Lao policy.

The Australian Agency for International Development (AusAID) has specifically emphasised education and training because Laos suffers from a severe shortage of tertiary trained personnel and lacks sufficient officials with English language skills. In 1997-98 the AusAID made an allocation of AUS$18.1 million in aid for Laos, of which AUS$3.7 were the assistance in education and training representing only 20 percent of the total aid.\textsuperscript{126} Moreover, such aid was not directed for the improvement of the rural area education and it is the area where about 40 percent of the population live in absolute poverty. The AusAID scholarship has been spent more on seminars, short course training and undergraduates. The expenditures of the scholarship have now been allocated to the extended family members such as the accompanied children and spouse of the persons who received the AusAID scholarship. This has reduced the chances of many others that are striving for higher university degrees and the rural education.
<table>
<thead>
<tr>
<th>Country</th>
<th>Project name</th>
<th>Year of loan</th>
<th>Bank funding (US$ million)</th>
<th>Project cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lao PDR</td>
<td>Nam Song Hydroelectric and Diversion</td>
<td>1993</td>
<td>$20</td>
<td></td>
</tr>
<tr>
<td>PR China</td>
<td>Yunnan Expressway</td>
<td>1994</td>
<td>$150</td>
<td>$461.4</td>
</tr>
<tr>
<td>Lao PDR</td>
<td>Theun Hinboun Hydroelectric</td>
<td>1994</td>
<td>$60</td>
<td>$270</td>
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<td>Lao PDR</td>
<td>Champassak Road Improvement</td>
<td>1995</td>
<td>$48</td>
<td>$60</td>
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<tr>
<td>Lao PDR</td>
<td>Nam Leuk Hydroelectric and Diversion</td>
<td>1996</td>
<td>$52</td>
<td>$112.6</td>
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<tr>
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<td>Siem Reap Airport</td>
<td>1996</td>
<td>$15</td>
<td>$17</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Phnom Penh-Ho Chi Minh City Highway</td>
<td>1998</td>
<td>$40</td>
<td>$40</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Phnom Penh-Ho Chi Minh City Highway</td>
<td>1998</td>
<td>$100</td>
<td>$100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td><strong>$485</strong></td>
<td><strong>$1,061</strong></td>
</tr>
</tbody>
</table>


Strategies for Economic Growth

The Lao government has set to achieve an expansion of GDP at 8 percent by year 2000 through its 1996-2000 socio-economic economic plan in which it aims at:

1. Increasing agro-forest productivity to 5 percent.
2. Increasing industrial and handicraft to about 12 percent.
3. Increasing services to 11 percent.
4. Controlling average inflation rate not more than 10 percent by year 2000.
5. Increasing budget revenue to 16 percent of GDP by year 2000.
6. Maintaining budget deficit not more than 10 percent.
7. Increasing export to 12 percent and import 10.5 per cent and the balance of payment not more than 12 percent of GDP.

In so doing the Lao government has planned to implement strict balancing macroeconomic measures for example the needs to increase budget revenue and the strict control of budget expenditures for the approved programs in accordance with an acceptable macroeconomic level. At the same time Laos needs to encourage the production of more local goods in order to substitute the unnecessary imported items and to increase exports. The substitution of imported goods by local products is quite remote because Laos is not self-sufficient in foodstuff especially rice. The agricultural products still remain the majority of the imported goods. The Lao external trade in 1996 was US$17.1 millions in imports while exports were only 2.6. The agricultural sector has an average growth in value of GDP at constant prices of 6.3 percent. The decline in agricultural sector in Laos had been slow prior to the 1990s but at the same time its share of GDP and employment has been falling steadily as the Lao industrial and service sector activities have grown rapidly.

The percentage of agriculture’s share of exports in most of the newly industrialised economies (NIEs) had declined sharply as modernisation proceeded in other sectors of the economic development. In 1965 Thailand had 80 percent of agriculture’s share in its exports and this dropped to 18 percent in 1995 but the decline of agricultural net export specialisation index remains very slow. Laos aims at increasing agro-forest productivity to 5 percent, which is difficult for this country to be self-sufficient in foodstuff. The hope to export primary and agricultural products to other ASEAN members is therefore very slim. The geographic disadvantage for Laos export is transportation and port facilities. At
present it has to depend solely on Thailand for its exports and but has faced numerous unfair restrictions. These export problems can be assisted and dealt with by the club rules such as the ASEAN or WTO memberships.

The East Asian Miracle has set precedents for underdeveloping countries such as Cambodia, Laos, Myanmar and Vietnam. The rapid growth of the East Asian economies is the combination of neo-classical and revisionist views. The high-performing Asian economies (HPAEs) are unique because they combine the rapid, sustained growth with highly equal income distribution. They also all have been characterised by rapid demographic transitions, strong and dynamic agricultural sectors, and unusually rapid export growth. The essence of the HPAEs is the result of high rates of investments, which exceed 20 per cent of GDP on average between 1960 and 1990. The unusual high rates of private investments coupled with high and rising endowments of human capital due to universal primary and secondary education.153

The success of high-performing Asian economies (HPAEs) is the result of these important components:

3. Building the Institutional Basis for Growth.
5. Efficient Allocation and Productivity Change.

The first model provides a stable macroeconomic environment and a reliable legal framework to promote domestic and international competition. The adherents of the neo-classical view also stress that the orientation of the HPAEs toward international trade and the absence of price control and other distortionary policies have led to low relative price distortions. Investments in people, education, and health are legitimate roles for government. The model stresses the importance of human capital in the HPAEs' success. However, the revisionists contend that markets consistently fail to guide investment to industries that would generate the highest growth for the overall economy. They stated that there are government interventions in the promotion of industrial development in Japan, Korea, Singapore, Taiwan and China.154
The equal income distribution in Laos is far from reality because the gap between cities and rural villages is too wide. The economists and political scientists have argued that the high-performing Asian economies are due to high quality and authoritarian nature of the region’s institutions. The leaders of HPAEs are of authoritarian or paternalistic characters but they have been willing to grant genuine authority to a technocratic elite and key leaders of the private sector. Unlike the authoritarian regime in Laos only the LPRP is the sole policy and decision-maker. The principle of shared growth does not exist, as there is no freedom of intellectuals. The persuasion to share the benefits of growth exists only between the LPRP elite and the aristocrats, which have formed a major partners in dominating Laos’s economy. For now the share of benefits of growth with the poor rural proletariat is not feasible. The another fields of success of the HPAEs are the building human capital and increasing savings and investment. The 1996-2000 socio-economic development plan aimed at increasing quality education of all levels and at reducing the difference between city and rural education. However, the achievement of the plan in financing the construction of rural primary schools and the establishment of universal primary is not promising because the education budget allocated for the five-year education investment was only 9.7 percent, an increase of about 6.2 percent compared to the 1991-1995 investment plan.

Conclusion
The NEM appears to be a major driving force behind the current Lao legal system. From 1976 to 1986 the Lao People’s Revolutionary Party ruled the country in the absence of laws but simply by the Party’s rules and military force. Laos at present has almost every necessary laws promulgated including the national constitution, penal, civil codes, lands, investment and industrial laws. The legal foundation has been laid just for the shake to attract foreign aid and loans and to comply with the legal requirements. However, there is no practice of legal professionals this is not the question of lacking of lawyers or legal experts but the separation of power in the Lao communist system is unclear. The constitution has clearly outlined the three powers but they appears to be under the control of the Lao People’s Revolutionary Party. Thus each of the three powers has no independence. For example the members of parliament which is the legislative power have been appointed to the position of provincial governor which is an executive power while holding a position of an MP. Similarly a government minister has been transferred to work in the Parliament at the appointment of the Party.
bureaucracy in the present Lao administration is a combination of Communist Party structure, the mass organisations and the bureaucrats. It is therefore cumbersome and complex for decision making process even though they all are responsible to the LPRP. Besides the different layers, there exists the duplication of services and there is no clear cut in the roles and functions of each level. The implementation of law and order is poor as the result of fear of being purged by the LPRP and military.

The LPRP members are mainly from the peasant and ethnic minority background, but during their 25 years in office the living standard of the countryside remote population of different ethnic groups is the same as it was before the liberation. The national budget and foreign aid make very little provision for rural development. The LPRP claims it is the Party of peasants but the peasants’ cause has been neglected. Laos is indeed in a geographically difficult position and thus makes it difficult for the Lao government to take side with any neighbouring countries. Only a proper free enemy policy should be pursued but without economic independence such policy can be of temporary measure. I met with Mr Thongsing Thammavong, a politburo member responsible for the LPRP’s organisation at a meeting held on 14 August 2000 at the Lao PDR’s Embassy in Canberra, I raised a concern that FIMC and Foreign Aid and Loans Management Office (FALMO), for better coordination, should be attached to the State Planning Committee rather than the Prime Minister Office. When I was invited to attend the Seventh Congress of the LFNC in April 2001, I found that FIMC and FALMO were merged with the State Planning Committee.

In regard to development strategies, the Lao government has made an attempt to address the service duplication and the quality service delivery. The Lao government has not adequate financial resources and skilled personnel to support the diplomatic corps to take up two other roles such as trading, financial and investment analysis. The name of Lao People’s Democratic Republic refers to the people’s democratic stage where people are responsible for carrying out of the double fold revolution. The abolition of elements that are against revolution and the struggle to development agriculture as base for further development of industry and trade. For Laos democratisation is a long-term plan and it will depend on three important aspects such as (a) the practical enforcement of laws, (b) the improvement of social, economic and political environment in the region and (c) the obligations that will be imposed by ASEAN and WTO when Laos
joins these clubs. The membership of these organisations will help Laos to enter
negotiation with the neighbouring countries about ports and transport facilities, which
are significant for the Lao trade and hard currency generation. In so doing the Lao
government needs to allocate more of its budget expenditure toward investment in
human capital and to restore freedom of intellectuals.

The market-based economy in quasi-capitalism in the case of Lao PDR cannot operate
to its fullest extent on a number of grounds:

1. The absence of judiciary freedom and the practice of legal professionals.
2. The absence of press and intellectual freedom.
3. The absence of financial and administrative delegation.
4. The conflict of interest between the public and private sectors.

All these are contrary to the LPRP's political ideology and they directly undermine the
Party's power because the LPRP functions under democratic centralism and collective
leadership. The decision making process rests only with the top level echelon, that is the
Central Committee or ultimately the politburo. All three powers and key positions in the
Lao government are respectively in the hands of the LPRP Central Committee and
senior Party members.

The case of Kerry and Kay Danes, the Australian couple arrested without charge and
detained for six months in prison without trial since December 2000. This is a test case
of the Lao PDR's judiciary power, its foreign investment law and the power of Foreign
Investment Management Committee. This has proved that the Lao PDR has not had a
workable legal system in place for its market-based economy.\textsuperscript{15} The LPRP needs to
relax more of its power if it wants the market economy works for the period of
transition to socialism and national interest. The LPRP has always claimed it is a
revolutionary Marxist Party, in accordance with Marxist 'dialectical concept - a good
Marxist, 'a revolutionary Marxist Party must be flexible, able to change with an ever-
changing situation'. The revolutionary Party was to be fully effective it would need to be
at once flexible and highly disciplined. It should be responsive to leads from above.\textsuperscript{16}
Chapter 6

1 Article 3, the Constitution of the Lao People's Democratic Republic, makes a provision that ‘The right of multi-ethnic people to be masters of the country is exercised and ensured through the functioning of the political system, with the Lao People's Revolutionary Party as its leading nucleus’, Vientiane, the National Assembly, 1996, p. 3.

2 Criminal Law No. 29/SPC dated 23 December 1989, adopted by the Supreme People's Assembly and promulgated Presidential Decree No. 06 dated 9 November 1990, (Laws on Criminal, Criminal Trial, People's Prosecutor, People's Court), Section III, concerning offences and offenders, Article 6, Interpretation of offences, Vientiane, Nakhone Luang Printers, 1993, p. 4.


4 G. Carnegie, Investment Guide to the Lao PDR, Singapore, Market Intelligence (Asia), 1993, p. 27.


9 Article 22 of the Constitution of the Lao People's Democratic Republic makes a provision that ‘Lao citizens irrespective of their sex, social status, education, faith and ethnic group are all equal before the law’, Vientiane, the National Assembly, 1996, p. 10.

10 Tzovaras Legal, Submission to the Lao PDR Public Prosecutor's Office of Vientiane Municipality in relation to Kerry Arthur Danes and Mrs Kay Frances Danes, Tzovaras Legal, Sydney, 2001. "Tzovaras Legal is acting as solicitor representing Kerry Arthur Danes and Kay Frances Danes versus Lao PDR government on the allegation of having involvement in the GML case " the concession dispute of Gem Mining Lao PDR. The couple was arrested and detained in the police prison without charges".


13 Tzovaras Legal, Sydney, 2001, p.26. (Tzovaras Legal, a reputed Sydney base Law Firm representing in the Danes case (Tzovaras Legal vs Lao PDR) has no rooms to directly deal with Lao Public Prosecutor’s Office as foreign legal firm. The case has been dealt with
through Phasith Phummorak solicitor, a member of the Lao Bar Association as legal representative for the Danes case).

14 Article 3 of the Law on People's Courts of the Lao People’s Democratic Republic stipulates that 'the People’s Court System in the Lao PDR comprises of Supreme People’s Court and Local People’s Courts consisting of Provincial People’s Court, Municipal People’s Court, District People’s Court and Military Court', Law on People’s Courts of the Lao People’s Democratic Republic, adopted by the Supreme People’s Assembly and promulgated by Presidential Decree No. 06 dated 9 January, Vientiane, Department of Justice, 1990, p. 2.


18 During my three weeks visit in December 1994-January 1995, I witnessed the practice of 'on the table service rendering fee', which was widely accepted, as non-illegal practice. Many foreigners visited the Lao PDR also experienced this practice. The pay-for-service rendering system is also known among the Lao population and is regarded as a normal fee where no pay no service.


20 Ibid., Organisational Charts of Power System in the Lao PDR, Appendixes 'A, B and C'. There are National Parliament, Judiciary, Government and LPRP organisations. There are a number of popular or mass organisations attaching to the LPRP.


22 Unpublished papers, Study Plan, Chapter 5: 'Some of the fundamental problems in regard to State and Laws'; documents for senior Party cadres seminar in 1994-95, p. 2-4. This Chapter highlighted the role and functions of the LPRP and State. The doctrine of proletariat has been legally founded in the National Constitution, Laws and regulations, economic mechanism, policies, organisations and all State activities.

Article 6 of the Lao National Constitution of the Lao PDR stipulates that 'the State protects the inviolable rights and democratic freedoms of the people. All state organisations and functionaries must inform the people of and educate them in the policies, regulations and laws, and together with the people, to implement them in order to guarantee the legitimate rights and interests of the people. All acts of bureaucratism and harassment that can be detrimental to the honour, body, lives, conscience and property of the people are prohibited.' Vientiane, the National Assembly, 1996, p. 4.

Articles 59 and 66 of the Criminal Law adopted by the Supreme People's Assembly and was promulgated by Presidential Decree No. 04-9, January 1990, Specific Part, Section 1 the offences against the national security and social public order, Vientiane, Department of Justice, Nakhone Luang Printers, 1990, p. 34 & p. 37.

Unpublished papers, Chapter 2, The People Democratic Regime, Definition, documents for senior Party cadre seminar, in 1994-95, p. 3.


Note. H.E. Dr Thongloun Sisoulith, the first deputy Prime Minister and Minister for State Planning of the Lao PDR announced at the informal gathering in Vientiane, 6 May 2001, announced that the Lao PDR has reclassified its ethnic minorities into 49 groups not 68. They all will now be referred to as Lao citizens of different ethnic backgrounds; the earlier three categorised groups such as Lao Lanna, Lao Theung and Lao Soung have now been abolished).


Lao National Constitution, Article 76, Vientiane, the National Assembly, 1991, p.30.


The Political Report of the LPRP Central Committee to the Third Congress of the LPRP delivered by Comrade Kaysonhe Phomvihane, General Secretary of the LPRP Central Committee, Moscow, Progress Publishers, 1983, pp. 52-54.


25 Years Lao PDR, Vientiane, Ministry of Information and Culture, 2000, p. 89.

Ajarn Pane Anundho, The Lao Tradition, pp. 14-16. Lao Loun or lowland Lao people have a set of norm as guidance in their everyday community life such as 12 rules and 14 family norms. The 12 rules refer to the 12 Buddhist religious festive occasions celebrated in the temple once a month. The 14 family life norms refer to the ways in which husband and
wife behave and how to live together. The elderly person briefed these rules to the newly wed couple at their Lao traditional wedding ceremony called “Baci Taengdong”.

38 Article 1, 2, 8 and 22 of the Constitution of the Lao People’s Democratic Republic recognise multi-ethnic groups including Lao Leum, Vientiane, the National Assembly, 1996, p.3 and p.10.

39 Articles 10, 11, 12 and 13 of the Lao People’s Revolutionary Party Rules Handbook, Vientiane, Youth Printers, 1996, pp. 22-29. Article 10 stipulates that ‘the Party organisational system has four levels: (1) Central level, (2) Departmental, Provincial or Municipality level, (3) District Level and (4) Grass Root level’. Article 13 has allowed each of the Party levels to set up an organisation to assist in carrying out their activities.


41 Article 62, Chapter VII, the Local Administrations, *the Constitution of the Lao People’s Democratic Republic*, Vientiane, the National Assembly, 1996, p.25.

42 Article 2, the Constitution of the Lao People’s Democratic Republic, stipulates that ‘the Lao People’s Democratic Republic is a People’s Democratic State. All power is of the people, by the people and for the interests of the multi-ethnic people of all strata in society with workers, farmers and intellectuals as the core’. The multi-ethnic people are the cores but have not been allowed to have their own administration and budget allocation for the village socio-economic development. Article 13 stipulated that ‘the economic system of the Lao People’s Democratic Republic is a multi-sectoral economy having as objectives the expansion of production and increase of goods circulation, and the transform gleam of the subsistence economy into a commodities economy in order to develop the national economic base and improve the material and spiritual living conditions of the multi-ethnic people’. This ultimate aim of the Lao government will hardly be achieved because the multi-ethnic people, who are peasants, have not been allowed to participate in national socio-economic development. The rural population forms 85 per cent of the national labour force and produce more than half of the country’s GDP. However, the past and the present Lao governments did not provide budget allocation or socio-economic plan for the villages and no salaried staff has been appointed to the village administration.

43 Anderson, *Lao Economic Reform and WTO Accession*, pp. 18-20

44 Kayson Panivhane, ‘Political Report of the Central Committee of the Lao People’s Revolutionary Party’, pp.25-26. The report stated that the agricultural sector consisted of 90 per cent of the entire population and produced 60 per cent of GDP.


48 Interview with Phimmasone Leuangkhamma, Vientiane, 10 January 1995, Phimmasone is Minister of Education and member of the LPRP Central Committee. The hire-purchase scheme was discussed in the top Party circle early 1995 and was adopted as the Lao government policy in the following year offering the sale of State housing to tenants.
However, the hire purchase of cars and luxurious furniture allocated to the tenant's position was not discussed.


The interview with H.E. Soutsakhone Pathammavong, Ambassador of the Lao People's Democratic Republic to Australia on 5 November 1999.

Fundamental Clause of the Lao People's Revolutionary Party adopted at the Sixth Party Congress, the LPRP Rules Handbook, 1996, pp. 1-7. The first paragraph stipulated that the LPRP is the political headquarters and the leading organ that has a well-established organisation of labourers, a representative for national interest and for those of the Lao working class of progressive and patriotic multi-ethnic groups. Kaysone Phomvihane, the then General Secretary of the LPRP clearly mentioned in his report, presented to the Third Party Congress in November 1982 that the Lao People's Revolutionary Party was born and grew up in a backward agrarian country with an underdeveloped economy and culture, where the working class has only recently begun to take shape and an overwhelming majority of Party members have a peasant background. The term 'Peasants' refers to those who live in rural areas and work in subsistence agriculture.


Ibid., p. 11.

Ibid., p.69.

Toward Rural Area and Open Up Relations with Foreign Countries, Document of the Seventh Plenum of the Central Committee (Fourth Session), pp. 87-88.

Ibid., pp.92-100.


Vonglokham, B., The 1996-2000 Socio-Economic Development Plan, p. 3. Evaluation of the 1991-95 plan, 1.2 per cent budget allocation was made for rural development, the so-called Focused Development Clusters (FDC).


Vonglokham, B. the 1996-2000 Socio-Economic Development Plan, p. 34.

Carnegie, G. Investment Guide to the Lao PDR, p. 64.


The East Asian Miracle, Economic Growth and Public Policy, Published for the World Bank, New York, Oxford University Press, 1993, p. XV. World Bank definitions on Economy Groups, "The World Bank's main criterion for classifying economies is gross national product (GNP) per capita and is based on the world GNP in 1991. The low-income economies are those with a GNP per capita of less than US$635, those of middle-income economies are with a GNP per capita of more than US$635 but less than US$7,911 and those with a GNP per capita more than US$7,911 is classified as high-income economies. The GDP per capital income in 1997 was US$400. The Lao PDR aims to achieve a GDP per capita of US$500 by year 2000 and US$635 by year 2020. It is the time limit that the Lao People's Revolutionary Party (LPRP) has set to finalise the phase of People's Democratic system and to start with a phase of Westminster's democratisation.


Ibid., p. 46.

Interview with Vietnamese staff at the Vietnamese Embassy at Nong Douang suburb, Vientiane, 9 December 1974. The interview was part of my course assignment at the Royal Institute of Law and Administration, Srisang Vong University. The topic was "Rural Development in Socialist Countries. The first appointment was cancelled because the Vietnamese Embassy staff was busy in the organisation of strikes and demonstration. At the second appointment, a junior staff briefly told me that the rural development in Vietnam is far more advanced than that of the imperialist countries.

The East Asian Miracle, Economic Growth and Public Policy, Published for the World Bank New York, Oxford University Press, 1993, New York, p. XV. World Bank definitions on Economy Groupes, The World Bank's main criterion for classifying economies is gross national product (GNP) per capita and is based on the world GNP in 1991. The low-income economies are those with a GNP per capita of less than US$635, those of middle-income economies are with a GNP per capita of more than US$635 but less than US$7,911 and those with a GNP per capita more than US$7,911 is classified as high-income economies. The GNP per capita income for the Lao PDR in 1997 was US$400."


Khem Chong Luangpraseut, Interview Video Taped and produced by Vasana Vilaysinz Production, the Lao Mai Issara Institute (New Free Lao Institute), Fullerton, 1992. Khem Chong was the founder of Lao Mai Issara Institute, outlined his free enemy policy for Laos.


Licensed Investments by Foreign Source, Investment Opportunities in the Lao PDR, the Foreign Investment Management Committee, Fifth Issue, June 1993, pp.75-76. From 1988 to 1993 there were 141 Thai investment projects worth US$173,364,000. Thailand was ranked number one of 27 countries invested in the Lao PDR.

Khamchasit Prathit, ‘Lao kingdom’ in The 40th Anniversary of Lao Revolution, Bangkok, War Thepthintrad, 1985, p.63. The Lao diplomatic chronicle indicated that in 1914 French administration in Laos signed an accord with Lao to migrate Vietnamese for the settlement in the Lao territory. At the wake of Japanese surrender, the Vietnamese who were also Viet Minh militia in Vientiane, Khammouane and Savannakhet provinces, had mounted a coup by disarming the Japanese soldiers and planned to attach these provinces to Vietnam, which caused a great concern to Prince Phetsara Rattanavongsa who immediately deported the Vietnamese out of Luang Prabang and Vientiane. In Prince Phetsara biography page 2 indicates that the attachment of the Lao territory in the left Mekong River bank to France was carried out with Vietnamese instigation behind the scene with an intention to later attack Lao territory to Vietnam. The example of the successful Vietnamese instigation was the attack of Sip Song Chu Tai to Vietnam in 1899”.

Interview with H.E. Soutsakhone Pathammavan, the Lao PDR Ambassador to Australia on 5 November 1999 at the Lao PDR Embassy, Canberra. Soutsakhone disclosed that the Lao PDR completed the signing of border treaties with Vietnam, China and Burma. The border delimitation with Thailand and Cambodia was in the process of negotiation.


Pradith, K. 'Lao Kingdom', in *The Lao Heritage*, Bangkok, Wat Thepsintrauwath, 1985, p.66. Chao Anuvong, king of Vienviane kingdom mounted an unsuccessful coup to liberate his kingdom from Siamese occupation. He went to take a refuge in Xiang Khuan. Chao Noi of Phuan Kingdom or Xiang Khuan had no options but surrendered Chao Anuvong to the Siamese soldiers. Xiang Khuan was invaded and occupied by Annam in 1829 and was renamed Ton Ninh. Vietnamese Emperor Minh Mang of Annam arrested Chao Noi and his family for execution in Hue. When France returned Xiang Khuan to Luang Prabang Kingdom, the Vietnamese renamed Meuang Saen. Meuang Saen is one of the 5 districts of Xiang Khuan. Thao Na Bounthong Phakhounheuang, the leader of Meuang Saen and his colleagues joined with the French in the hope to liberate Meuang Saen from Vietnam. When the French was defeated at Dien Bien Phu, the hope was shattered. In 1950 he brought 1,500 families to resettle in Meuang Kham, Laos.


*Ibid.*, pp 104-192. Article 18 of the Accord signed on 1 March 1990, page 181 indicating eight principal border passes between Vietnam and Laos. Four of the eight pass names in the Vietnamese side are in the Lao names such Bane Pa Hang, Bane Na Moe, Bane Nam Can (Kam) and Bane Kho Nia (Lao people call Bane for village). The other two passes are in the name of Khmer or Cham such as Cha Lao and Lao Bao. Bane Na Moe is a historic village where the LPRP held its First Party Congress but lost to Vietnam as the result of the new borderline demarcation accord. After Laos was granted independence in 1953, the local people of Nong Het knew that Bane Daen Din (Lao border village) was about 20 kilometres away from the current borderline. It now becomes Vietnamese territory. With the new borderline Laos further lost Bane Na Khang, Bane Tham Sua, Bane Nam Khin in the Southeast of Nong Het and most of eastern part of Bane Thaephum and Sam Nei to Vietnam.


The Nation Newspaper, Bangkok, Thailand, 3 November 1999, an article under the headline 'Anti-Government student protesters detained in Vientiane'. Diplomatic sources in Vientiane contacted by The Nation newspaper said they had learned of the arrests, but the Lao Foreign Ministry's Press and Information Department denied that such an incident had taken place. The news was reported by the "Radio France Internationale (RFI) from the source broadcasted by the US "Free Asia" radio that more than 100 people were arrested. The news was also reported in the Associated Press (AP).


Organisation du Gouvernement de la Republic Democratique Populaire Lao, Direction de l’Administration et de la Fonction Publique, Programme des Nations Unies pour le Developpement, Projet de la Reforme Administrative PNUD, Aout 1996, p. 37-39. ‘The Organisational Chart of the State Planning Committee does not include roles and functions to coordinate and to manage foreign aid, except research work and data collection for planning purposes.’

Interview with H.E. Soutsakhone Pathammavong, the Lao PDR Ambassador to Australia on 5 November 1999, Canberra. Soutsakhone pointed out that there is a newly created department that attached to the Office of the Prime Minister. This new department is responsible for the co-ordination of the foreign aid and loans with international funding bodies.


*Ibid.,* pp. 50-51


Malhotra, K. ‘Economic development and sustainability issues for energy projects in Laos’, pp. 16-17.


Final Draft of National Rural Development Plan for Focused Development Clusters (FDC) for the year 1996-2000, Vientiane, the State Planning Committee and Central Advisory Board on Rural Development, June 1997.

Unpublished papers, Chapter 2: ‘the People’s Democratic System’, documents for political seminar of senior Party cadres, and 1994-95, p. 3. This chapter highlighted the continuous expansion of the People’s Democracy. The papers give clear definition of People’s Democracy.


Khantay Siphandone, the Political Report of the Central Committee, presented to the Sixth Congress of the Lao People’s Revolutionary Party, pp. 26-29.


Siphandone, K. The Political Report of the Central Committee, presented to the Sixth Congress of the Lao People’s Revolutionary Party, pp. 17-22. The lack of market based economic principles, the loss of fund in the privatisation of State Owned Enterprises (SOEs), the mismanagement in SOEs, lack of research and cooperation with agriculturalists in relation to the transformation of subsistence to market oriented economy. The shortcomings in rice production persist and there are no real projects for plain and focused areas in particular the halt to slash-and-burn farming.

'Silver' is the code name for Lao Secret Police or intelligence agents. 'Silver' is known among the city people, the Lao Secret Police networks are established in hotels, large restaurants, international airports and entry ports to the Lao PDR. It is not sure whether 'Silver' establishes its networks along the Lao-Vietnamese border passes.


Klintworth, G., *China’s Modernisation, the Strategic Implications for the Asia-Pacific Region*, pp. 17-19.


Luangprasut, K. Founder of Lao Mai Issara Institute.

The Organisation of the Lao PDR Government, Department of Public Administration and Civil Service, Development Program of United Nations, UNDP Administrative Reform Project, Lao/92/006 and 506, p. 17.


former Deputy Ministers and senior public servants of the Lao PDR were arrested in 1994 for their democratization activities".


128 International Monetary Fund (IMF), Lao People’s Democratic Republic Recent Economic Developments, prepared by a staff team of M. Quintyn, W. Camard, I, Oishi (All APD), and E. Psalida (PDR), Approved by Asia and Pacific Department, August, 1998, IMF Staff Country Report No. 98/77, http://WWW.imf.org/external/pubs/cat/longres.cfm?sk=27270,Table 1; p. 21.

129 Kym Anderson, Law Economic Reform and WTO Accession, (Table 1) p. 18.

130 Ibid., (Table 2), p. 20.

131 Ibid., (Table 3), p. 22.

132 The East Asian Miracle, Economic Growth and Public Policy, p.8.

133 Ibid., pp. 9-23.


135 Tzovaras Legal VS Lao PDR Public Prosecutor in the case of Kerry and Kay Danes (Gem Mining Lao PDR), Sydney, Tzovaras Legal, 2001.

136 Hyde, D., Communism Today, p. 44.
CONCLUSION

Laos was under the domination of regional powers for two centuries and was under French colonialism for more than half a century. The loss of independence for such a long period made Lao sovereignty hard to recover because nationalist sentiment was undermined. Foreign power dependency became a Lao political principle and pro-foreign factions a mainstay of the Lao politics. Foreign powers had applied successfully the ‘diviser pour régner’ doctrine in the Lao meuang mandaba. The memory of the apogee of Nan Chao (Nong Sae) and Lan Xang kingdoms has been an influential political force for the reemergence of a Lao nation-state and the national sentiment of being Ai-Lao or Lao identity. The Indochina Wars prevented Laos from consolidating its independence and national political identity. This task was beyond the Lao elite who had limited experience and knowledge in governance of a nation-state. The political institutions were relatively new and questions of socio-economic development and taxation were beyond its resources and capital.

The term Tai-Lao or ‘Tai’ prefix ceased to exist in Lao national identity when the Lao Nhay or Grand Lao policy was launched in retaliation to the Pan Thaiism in 1941. ‘Lao Nhay’ was a code word for the Lao homeland which struck the Lao nationalist cord to initiate ‘Lao Pen Lao’ and ‘Lao Issara’ or Free Lao. The Neo Lao Issara or Free Lao Front known as Pathet Lao was established as a united liberation front under the ICP Lao Regional Committee and Viet Minh. The ICP Lao Regional Committee became the Lao People’s Party (LPP) in 1955 and was renamed the Lao People’s Revolutionary Party (LPRP) in 1972. Thus, the Lao struggle for a homeland was achieved and the Lao people have for their national identity, the Lao PDR. However, in popular parlance they have continued to call themselves “Thai” instead of Lao.

The Royal Lao Government formed three National Union Governments with the Pathet Lao. Each was provisional and short-lived as Laos was locked into the struggle for Vietnam’s reunification and the US anti-communist wars. The Vietnamese Communist Party had helped to turn a small underground Lao revolutionary group, the Pathet Lao, into a legitimate political party with international recognition. By 1962 the Geneva Agreement on the Neutrality of Laos helped to arm the Pathet Lao troops with modern weapons and become a strong Lao People’s Liberation Army.
The Royal Lao Government viewed the national union government of all political factions and the 1962 Geneva Accord as a solution to the conflict in Laos. The LPRP’s vision was aimed at the complete power seizure from the RLG. The presence of the US troops in Vietnam was initially to defend freedom meaning in cold war rhetoric a non-communist government for peoples in Indochina, but they were deprived of that freedom by the failure of US strategies. The US administration was preoccupied with the war and failed to establish fundamental democratic principles and socio-economic development of Laos. There were no political parties in the Royal Lao Government camp that could match the LPRP in terms of ideology, strategies, mass mobilisation and discipline.

From 1954 to 1975 Laos was in the shadow of a political myth, the ‘neutralism’ that haunted Lao national political platform, overruled and weakened other political parties in the Royal Lao Government camp. The Lao neutrality policy appeared to be in accord with Buddhist philosophy ‘middle path’ of non-violence and the Lao aspiration in avoiding internecine and foreign aggression. It was an aspiration for peace and freedom guaranteed by the international community and superpowers. The Royal Lao Government had no option other than ‘neutrality’, which was regarded as a way to secure an accommodation with its surrounding countries and between the superpowers. The maintenance of such policy depended solely on the international community’s guarantee.

The Lao situation is in accord with the ‘frangipani metaphor’ that was transcribed into a national song called ‘Champa Menang Lao’, during the period of Lao Nhay policy in early 1940s. The frangipani has five petals, no stem and a hollow in the middle describing the realities of Laos. It refers to Laos’ neutrality or independence that can be achievable if such conditions are fulfilled. The building of a strong stem and filling the hollow in the metaphor rested in the Lao unity of multi ethnic people and human resources and socio-economic developments. The current LPRP policy appears to steer Laos toward the direction described by the frangipani metaphor but guided by the concepts of Marxist-Leninism. Yet the present Lao state-managed market economy has stalled. The LPRP is reluctant to relax its authority to get the system working except by turning to China, Vietnam and overseas for aid and loans.
Laos is a 'landlocked' and mountainous country of great cultural diversity. Its population consists of 49 ethnic minority groups. In mid 2001 the Lao government abolished the three categories of Lao population and has reclassified them into one group called "Lao citizen" of different "origins". Laos has a national road system of 13,300 kilometres but it is in a deteriorated condition. The major investment in road network expansion commenced in 1991. The World Bank classified Laos as one of the poorest and least developed countries (LDC) in the world with a GDP per capita less than US$635. During the Vietnam War Laos shared the US anti-communist budget with a GDP per capita of US$192.30. Washington funded the total Lao budget.

President Richard Nixon's summit meeting in China and USSR in 1972 prompted the US to withdraw its troops from southern Vietnam. This situation allowed the VCP to hasten the liberation of southern Vietnam. Through the Paris Peace Agreement of 27 January 1973 which ended the Vietnam War, the United States withdrew half a million soldiers from southern Vietnam in what Washington called 'an honourable settlement'. Two months later the White House was not sure how to enforce the peace agreement and questioned whether it had the right to act. Before acting decisively the Nixon administration succumbed to internal divisions, a hostile Senate, the Watergate scandal and the demand of the American people to end the war. These issues dominated the Nixon Presidency, which left the enforcement of the agreement in limbo. By the end of 1975 the Communist Parties ruled Indochina. The abandonment of 'friendly governments' by the US ensured Vietnamese hegemony in the region. For Laos, dependency changed from the US to Vietnam.

The LPRP became the ruling party in 1976. The LPRP considered itself as a true Marxist-Leninist Party with direct support from USSR and other socialist countries. Its power base rested with the VCP but without patriotism of the Lao multi ethnic peoples throughout the country, let alone its foreign support the LPRP could not have won the war. Also the Lao patriotic forces argued that Vietnam too could not have reunited Vietnam without Ho Chi Minh Trail in the Lao territory. The winning of power by the LPRP derived from the strength of the Lao Patriotic Force of multi ethnic peasants not the four hundred Lao Communist Party members. By 2001 the LPRP membership had increased to one hundred thousand and became a strong leading nucleus for the 5.2 million populations. The nationalist intellectuals had no option other than to join the
LPRP and make use of Marxist-Leninist doctrine for the safeguarding of Lao sovereignty in accordance with the regional political development.

The Lao government has not decided what is the official Lao Independence Day, 12 October 1945 or 22 October 1953. The first was declared by Free Lao Government but was only recognised by Vietnam. The second was officially granted to the Royal Lao Government by France and has been recognised by the international community including USSR, China and Vietnam but both dates are now ignored. This international recognition enabled Laos to join the international organisations such as the UN, IMF, World Bank, ADB and many others. The international grants and loans given to Laos were based on its legal status as the independent Kingdom of Laos. The LPRP celebrates December 2, as a national day or independent day. In fact December 2 was the date on which the LPRP seized power from the RLG and abolished the constitutional monarch, Kingdom of Laos. The non-recognition of October 22 by the LPRP is based on ideological principles. The international organisations have never questioned Lao PDR membership validity. The LPRP always regards December 2 a legitimate complete independence. The commemoration of December 2 signifies that Lao PDR is free from Western imperialism. The new Lao national anthem also includes the struggle against intervention of imperialism and the so-called traitors of the Royal Lao Government.

The twenty-five years Lao-Viet Friendship and Co-operation Treaty signed in July 1977 was a renewal of Military Convention signed between the Lao Issara Government and Viet Minh in October 1945 enabling Viet Minh troops to camp in Laos. The new treaty formalized the Lao-Viet 'special relationship', which aimed at providing (Article 2) the legal basis for the continuing presence of Vietnamese troops in Laos for its security. This special relationship has maintained Vietnamese hegemony in Laos. The 'special relationship' gave Vietnam control of many aspects of Lao national life and it made Laos dependent on Vietnam. The LPRP was transfixed by the collapse of the Soviet Union in 1990 and the abrupt end of Soviet aid. This political development convinced the LPRP to implement the New Economic Mechanism (NEM). This policy change saved the LPRP political system from collapse. The NEM replaced the 'centrally planned economy' with the 'market oriented economy' under the management of the LPRP. This state-managed market economy is known as 'quasi-capitalist system'.

Political Ideologies and Development in Lao PDR since 1975
Vietnam remains the leader of the Indochina's political organisations, socio-economic foundations, population and military forces. The Lao-Viet 'Special Relationship' has drawn Laos into a deeper dependency on Vietnam. The LPRP used its dependence on Vietnam as a political lever against Thailand, which reacted by changing from a conservative and ultra-nationalist Grand Thai policy to a flexible approach towards Laos. The change was symbolised by the official opening of the Australian-built Mekong Friendship Bridge in April 1994. Laos' Vietnamese dependency has been lessened with the inflow of investment from Thailand and other ASEAN members. It was first time since independence in 1953 that Laos secured a trading opportunity beyond its landlocked frontier.

Laos has good relations with Myanmar and Cambodia. Normalization of diplomatic and trade with Thailand and China has been both challenging for Laos and a counterweight to Vietnamese dependency. There are indications that the LPRP is seeking accommodation with its neighbouring countries through the border demarcation treaty. Nevertheless the LPRP's Marxist-Leninist doctrine in the first decade of its rule was inappropriate to Lao conditions. Its incompatibility to socio-economic conditions, the inexperience of the Party cadres and the imposition of the Vietnamese model led to the failure of the centrally planned economy. Thus, the LPRP's farming cooperativisation created food shortages and internal instability caused the flight of nearly half a million Lao population to Thailand. The socialist aid packages were wasted. Hundreds of development projects were mismanaged. The hope to bypass the capitalist stage of development to socialism was shattered and by 1985 the LPRP was weakened and near collapse.

The LPRP and the VCP see their relationship as 'historical and special'. Its benefits to the LPRP include the guarantee of Laos' security with Vietnamese military and financial assistance and all-round aspects of aid. The question of sovereignty is beyond the treaty's terms. The treaty will expire in July 2002 (Article 7). If neither party seeks its abrogation it will be renewed for another ten years. It appears that the treaty will be extended for as long as the LPRP and the VCP remain in power. The two parties need each other but for different purposes. Laos' poverty and the political survival of the LPRP are vital factors for the treaty's renewal. The cost of this 'special relationship' for Laos is high. Laos lost 795.5 square kilometres of its traditional territory to Vietnam in
the 1990 border demarcation. The Lao forest was destroyed to pay debts owed to socialist countries. For Vietnam the treaty is the security guarantee of its western border against the West, against Thailand and against any future Chinese blockade. Vietnam also has secured its concessional right to the Lao natural resources for its future industrialization.

During the wars Laos was a subsistence economy. Two decades after the wars the LPRP led Laos through two development methods, the centrally planned and market economies. The change from one to the other had a tremendous impact on the existing LPRP ideology, bureaucratic system and legal framework. With the assistance of international financial institutions and the Western aid donor countries the LPRP managed the transfer from state owned enterprises and cooperativisation to privatisation reforms and a new legal and regulatory framework. Implementation of the NEM saved the LPRP from collapse at the time when Eastern Europe and the USSR imploded. Psychologically, the LPRP suffered but managed to hold onto power because of successful reforms. This had brought Laos to a new semi-capitalist system where the LPRP runs the market economy.

The LPRP has amended its internal rules to suit the regional political development and adopted a market-based economy. The LPRP has been incorporated in the National Constitution as a single political system (Article 3). All citizens must comply with the Constitution and laws (Article 10). However, all must function within the principle of democratic centralism (Article 5). In the past two decades the LPRP demonstrated that it could maintain an internal political stability. From 1988 the Lao government has been co-operative with the world financial institutions, UNDP and aid donor countries. Laos became a member of ASEAN in 1997 and is in the process to apply for WTO membership.

The LPRP has experienced a market economy over three five-year socio-economic development plans, 1986-1990, 1991-1995 and 1996-2000. International organisations have contributed 79 percent to the Lao socio-economic development; the balance is derived from the Lao national budget. This has laid a solid platform for the LPRP to continue its rule. The Party has admitted a few new members into its Central Committee. It has appointed the non-communists to senior government positions for a
trial period before granting them Party membership. China and Vietnam set the precedent by a similar process.

There is so far no indication that the LPRP will allow a joint rule with the non-communists or allow a multi-party system. The LPRP has established firm Marxist-Leninist networks in all sections of Lao society. Its power is firmly rooted in the way it shares power with Lao regional and ethnic group leaders. In the Lao PDR the LPRP is the Lao government and vice versa. The LPRP cadres are public servants. People from ethnic backgrounds such as Hmong, Khmer, and Lu have been appointed to high position equally with the Lao. After ten years the Lao quasi-capitalist system has exhausted itself for a number of reasons. Foreign aid and investment were reduced as the result of the Thai financial crisis and the globalization of economic and trade adjustment. The lack of judicial freedom, the poor quality service for foreign investors and the corruption in Laos affected the state-managed economy, 'quasi-capitalism'. The present anti-corruption decree without enforcement is simply a will without action.

Through UNDP assistance the LPRP overhauled its government organisational structure in 1996 but it still could not provide quality service to foreign investors. Reduction of the public sector has not occurred and the private sector has not expanded. The inflation rate was so high that local entrepreneur and businesses declined to use Lao Kips. Thai Bahts and US dollars have been accepted in local business transactions. Government resources have been wasted to bribe the sacked or retiring influential Party cadres. Public servants and state resources are concentrated in cities leaving rural areas without government resources and service. From 1988 the Lao PDR passed innumerable laws and decrees but they were without authority because the absence of judiciary and intellectual freedom. The laws were 'window dressing' to attract foreign aid and investment. The case of the Australian couple, Kerry and Kay Danes were involved in Lao Gem Mining dispute proved that the Lao legal system on foreign investment was a 'window dressing law'.

Power sharing with ethnic minority groups and the regional Lao clans has strengthened the LPRP's political platform. The accommodation with surrounding countries and external powers has been brought into balance through border treaties and ASEAN membership. The market economy under the LPRP management has not functioned as
expected because the Party is not confident to give more judicial freedom for fear of losing power. The lack of a proper regulated market system, poor quality service for foreign investment, duplication of public service, lack of coordination between government agencies and the long decision making process are some factors contributing to cripple the Lao market economy.

Thus, the LPRP has been unable to implement both the centrally planned and market economic systems. From 1976 to 1986 with socialist aid the LPRP failed to carry out its centrally planned economy. The international communities from both socialist and capitalist camps blamed on the incompetence of LPRP’s cadres due to their lack of socialist management skills and poor education backgrounds. The consultants from USSR, COMECON countries and Vietnam were part of such failure. The LPRP veteran leaders are proud of their thirty years revolutionary records. As a ruling party its performances has been less impressive. Only its past has enabled it to survive through difficult times in the past two and a half decades. Members are confident in the LPRP leadership, as there are no alternatives.

The LPRP claims that it is a true Marxist-Leninist Party although it is comprised of cadres from peasant background. When it shifted to market economy it chose to call it NEM or an Open Door Policy and not revisionism. It continues to claim that its ultimate goal is socialism. It argues that the NEM is a ‘period of transition’ to socialism. The period of transition refers to a capitalist stage of development that the LPRP denounced in its first decade of rule. In other words, the LPRP has corrected its path toward Marxist-Leninist orthodox:

"From the foregoing it is evident that Marx deduces the inevitability of the transformation of capitalist society into socialist society wholly and exclusively from the economic law of motion of the contemporary society.”

The LPRP has managed the market economy for a decade but again it failed to allow the system to work effectively. The state-managed market economy gave birth to a new powerful clan. The inter-marriage between the rich former Vientiane aristocrats and the senior Party cadres has formed another powerful ‘Aristocrat-Party’ clan. It has become a challenging rival to the LPRP. The new clan is a combination of power and money and the corruption in Laos has blossomed affecting the integrity of the public sector. At the same time the Lao government is unable to increase public servants’ salary to the same
level as the private sector. The LPRP membership in 2001 is 100,000 representing 2 percent of the Laos’ 5.2 million populations. The 5.1 million non-communists have no political right to participate in national political affairs. The ‘Aristocrat-Party’ clan becomes more powerful and has influenced the LPRP to make decisions in their favour. The ‘backdoor business deal creates a conflict of interest between the public and private sectors. The client-patronage is also built into the Lao government bureaucracy. This practice is well rooted in the Party Central Committee to the extent that the anti-corruption decree cannot be enforced. Decision-making process is long and painful. It has an enormous impact on the market economic environment where quick decisions must be made.

The legacy of the centrally planned economy and the Party radical rules remain influential in the state-managed market economy. These have prevented the process of law enforcement. Ms Chanthao Pathammavong, President of Intertrade and a central committee member of the Lao Front for National Construction (LFNC) filed a formal complaint in her address on 25 April 2001 to the LFNC Seventh Congress. She noted that businesses were too heavily taxed which made Lao businesses unable to compete in overseas markets. Monopoly in import has forced the non-import group members to lean on state enterprises for importing goods on their behalf. This has enabled them to avoid paying taxes. She added that high inflation, high tax and undue regular government interventions forced Lao businesses into insolvency and bankruptcy.

Among the speakers she was the only one who dared to voice criticism of the LPRP while others praised it.

The LPRP is not prepared to risk relaxing its Marxist-Leninist principles unless it is sure that such relaxation does not affect its power. The LPRP has been aware that its state-managed economy is crippled, but it is unsure of what options to take, as a secure solution has not yet been found. The LPRP has attempted to correct its stalled economy by sending high-ranking delegations to explore China’s success. However, the LPRP is reluctant to grant the judiciary freedom and financial and administrative delegation to lower echelons for fear of adverse impact on its power. Foreign investment in Laos has gradually been withdrawn. Many aid donor countries have initiated scrutiny of their development projects. Among the largest aid donor countries, Japan has commenced assessing its aid projects.
The state-managed market economy in Laos has experienced difficulties due to the lack of expertise and the inflexibility of the LPRP’s doctrine. Lenin insisted that the Communist Party must consist of professional revolutionaries not amateurs. The term ’professional’ was not clarified. The Seventh LPRP Congress report disclosed that the majority of the 53 central committee members have undertaken short and long-term study in Marxism-Leninism. Five have master or doctoral degrees. Moreover, the Lao National Constitution has not stipulated strict separation of powers between executive, legislative and judiciary. All powers are under the LPRP’s control and function in accordance with the principle of democratic centralism (Article 5). At its apex is a small group of full-time party functionaries and the political bureau or politburo. The junior Party cadres and non-Party functionaries have not been authorised to make decisions. Between congresses day-to-day decisions and policies are determined by the politburo, which seeks retrospective endorsement from the central committee. The decision making process in the LPRP is top down:

Decisions were handed down from above, from one level to the next. At each the very full discussion took the form of how best the decisions might be applied to that particular area of activity. There might be differences of opinion but once the party line was accepted every member was expected to operate it. The forming of factions, or opposition groups, within the party, would not be tolerated.

The Lao cultural influence has added more power to the LPRP toward totalitarianism because Lao people have been taught to respect the elderly while the LPRP respects seniority. These combined cultural political traditions give an absolute power to the elderly and senior Party cadres while younger people and junior cadres can only nod their heads with unanimity or ek kh padh. This had weakened the regime of democratic centralism and collective leadership. The Party long decision making process was finally subject to a top senior cadre’s decision. In the Party seniority system every Party member must manoeuvre to save his or her Party position. In this situation everyone is reluctant to deliberately make his or her decision or voice against the proposed solutions, unanimity with senior cadre was likely a way out. Party members are bound by the Party rules; they pretend to live in an illusory world when they communicate with each other or with foreigners. They have been trained to behave in an extraordinary manner, being self-controlled, courteous, careful wording, soft-talking tone and always refer to the LPRP policies and resolutions. This regime has laid a barrier to the current
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Lao state-managed market economic system and would slow down the pace for the Lao PDR in catching up with other regional newly industrialised nations.

In the market economy decisions are to be made promptly by the delegated authority at any point in time. Actually, the Marxist ‘dialectical’ concept supported the revolutionary Party to be flexible, able to change with an-ever changing situation. Judiciary freedom and clear governance will hold the Party responsible for its activities and will undermine the Party’s power. This is why the free press and the practice of private legal profession are not allowed in the Laos’ state-managed market economy. Also the administrative and financial delegations to lower levels are not practical. They simply carry out the Party’s resolutions but cannot make decisions. These principles have undermined the public sector accountability and thus have been prevented it from providing quality service to foreign investors. Ten years after the Open Door Policy the LPRP rules and policy still ban Party leaders from meeting with foreigners on informal occasions. Their opportunity to exchange opinions with foreigners is rare. At official meetings they talk about their Party policy and resolutions but little else.

The Kerry and Kay Danes’ case is evidence of this problem. This Australian couple was involved in a complicated dispute with the Gem Mining Lao PDR Limited. Their case became a test for the Lao PDR’s legal system and its investment law. The Danes have been detained in a Lao Police prison since December 2000 without trial but the Lao Prosecutor General Office and the Ministry of Justice has no knowledge of the case. An attempt to find a diplomatic solution took place since their arrest. After formal and informal diplomatic approaches a pledge to speed up with the case was spelt out by the LPRP inner circle in April 2001. In July the case was finally brought to the People’s Municipal Court and the sentence was handed down.17

A decade ago the LPRP placed an emphasis on construction of transport infrastructure linking rural villages to the cities and hydropower, a ‘high speed’ economic growth. At the Seventh LPRP Congress in March 2001 the Party reversed its focus to the production of consumer and export commodities. It is the optimisation of growth and a broad-based distribution. The new policy comes into terms with sustainable agricultural development in line with the ASEAN guidelines. The attempt is to alleviate Laos’ current poverty, which is a filling up the hole and build a stem to the Lao frangipani
metaphor. However, because Laos has no domestic savings in so doing the LPRP has deliberately deserted the peasantry cause. The living standard gap between city and ethnic groups in rural area continuously grows wider apart indicating that the Lao government is breaching its Constitutional Law, paragraph 2 of Article 8. Corruption is rife in city and in government circle at the expense of the rural peasants and the working class.

It is an ideological issue why the state-managed market economy works well in Chinese conditions. In China there appears a strict line between the public and private economic interest has been drawn and is guaranteed by the CCP policies and its legal framework. It may be a Chinese socio-economic tradition. In the Lao PDR the two areas are blurred and have prevented the market economy from properly functioning. Public and private interests are intertwined. The ‘Party-Aristocrat clan’ has flourished and corruption is endemic, as there is no clear administrative, judicial and intellectual freedom and there is the absence of private practice for legal professionals. The backdoor deal has become a normal practice for business approval (contract tender) or for any other favour. This has been negotiated strictly within the family connections (Aristocrat/Party clan). The maconme of powerful ‘patron’ is usually influential. This is an old practice of the former regime that has been reemerged in the state-managed market economy. The patron-client system has diverted much of the state revenue into hip pockets. The intertwined public and private interests also reduced the national revenue and affected the approved socio-economic development programs and the pay for public sector. Changing political ideology is a major phase for China while the LPRP is reluctant to do so.

A decade after the LPRP rule the GDP per capita in 1985 was $US114.00. The Lao budget consisted of 79 per cent of foreign aid and loans. The aid donor countries have claimed that their assistance to the Lao PDR is geared toward poverty reduction and reported that their program objectives have been achieved. Their claim has not been justified because the GDP per capita in year 2000 was far below the World Bank’s GDP criteria. In a period of two and a half decades the Lao PDR experienced two extreme economic models, the centrally planned and the market economies. By 1985 the LPRP clearly had failed to embark on socialism with its centrally planned economy. In the following year the state-managed market economy was introduced but has not achieved much.
In relation to co-operation with foreign aid agencies there exist some obstructions between the Lao government and foreign aid donors and investors. The non-accountability of government services and the principles of non-interference of foreign aid agencies with the Lao internal affairs are crucial obstructions. They hang on co-operation between the Lao government and foreign aid donors. The evaluation of the aid projects implementation was carried out independently and they are always satisfactory. However, there are no statistical data that could demonstrate any real Lao poverty reduction. This situation has directly undermined the poverty alleviation concept of world financial institutions, foreign aid donors and investors. These organisations need to review their policies, objectives and the joint evaluation of the completed projects. The Lao government needs to review its concept of state-managed market economy, political ideology and the communist working traditions, which have failed to achieve much in the current state-managed economy let alone assisted any transition to socialism. The target set to achieve the GDP per capita for year 2000 was US$500 against an estimated US$350 actually achieved.¹⁹

Democratisation cannot co-exist with the current Lao regime. Any future political change in Laos naturally will be based on the experience gained from Marxist-Leninist principles; at least it is an international political ideology. The LPRP continues to recruit patriotic intellectuals into its membership for power consolidation. It has recently revived the political potential of the Lao Front for National Construction, formerly the Lao Patriotic Front, and has extended its political goodwill to the overseas Lao (ex-patriates) and has allowed them to take part in its policy making process provided that they are submissive to the LPRP.²⁰ It seems that the LPRP ideology could not work in either of the two extremes, the centrally planned economy nor the market economy.

This situation pushes the Lao government to rely heavily on loans and foreign assistance. Currently Lao PDR foreign debt is double its GDP per capita of US$380. The Lao program budget depends on the state revenue to be collected during the year not the money available in the treasury. The approved foreign aid grants and loans made up the balance. Senior government employees earn US$15 (130,000 kips) per month while junior private sector employees are paid US$60 (510,000 kips) per month. Most competent employees have left the public sector to work for foreign aid programs or private enterprises. The low salary coupled with high unemployment has crippled the
Lao public sector. In the past teachers did not receive their salary for as long as six months. The current Lao national budget cannot support the incentive scheme to shift public servants to rural areas. The Lao government chooses to fund only top prioritised programs.

It appears that the state-managed economy has not helped to increase employment as anticipated. Private enterprises, which flourished initially ten years ago, commenced to shrink leaving the public sector to become the major employer. Low salaries and irregular payment directly affect the quality of service delivery. This situation has seduced the public employees into corruption that has drained the national budget revenue. Taxation and support for the business community has not been dealt with as related issues. Provincial governors and ministers have equal authority. Both are Party Central Committee members and are equally responsible to the Prime Minister and the politburo. The horizontal co-ordination has been carried out through various Party committees.

The LPRP has faced with a number of problems arising from the operations of the market economy. Foreign investors and foreign aid bodies have lost interest in the Lao PDR. The market has not been properly regulated as expected within the Lao legal framework. The 1997 Asian financial crisis caused inflation in Laos to increase 1000 percent. In 1995 one US dollar was worth 800 kips but in 2001 one US dollar is 8500 kips. It appears that the market economy has not functioned smoothly under Marxist-Leninist ideology. The LPRP has to further relax its political principles if it wants to achieve the market economic development. The Public Administration Reform currently undertaken has not been successful due to a lack of resources. The present LPRP bureaucratic mechanism cannot support the business community and foreign investment. It needs to address these areas:

1. Strict separation of power and clear governance
2. Judiciary and intellectual freedom
3. Revamp the taxation system
4. Focus on agricultural and rural development
5. Elimination of corruption
6. Power delegation and public sector accountability
CONCLUSION

7. A top level professional body to support business and lobby foreign investment
8. Close co-ordination and co-operation with aid donors and foreign investors

Numbers one and two are sensitive and will severely affect the LPRP’s political foundation. These two areas will not take place under the LPRP rule because all powers are controlled by the Party. The change means a clear-cut shift from Marxism-Leninism to found a ‘Lao national political ideology’ even though with a single party rule. However, the enforcement of the existing laws and decrees are necessary if the LPRP wants to get hold of the market economy.

The most important of all is the overhaul of the Lao ageing taxation system inherited from the French colonial period. There is a need to set up a top Party commission at the central committee level equivalent to the Party Central Committee Control Board (LPRP Rule Article 25). It could consist of top calibre qualified and experience consultants responsible for prompt support and problem solving for business and foreign investment acting as ombudsman and watchdog. It should have legal authority to administer laws on anti-corruption, industrial or employment and foreign investment. The commission should be responsible for the lobby of foreign investment. A branch of this commission shall be responsible as a watchdog for corruption. The state-managed market economy needs some legal back ups such as the creation of tribunals dealing with industrial, anti-corruption and foreign investment.

The Central Committee Control Board has limited role and functions as the Party’s watchdog while Foreign Investment Management Committee (FIMC) has specific responsibility to resolve matters related to investment by external investors. It has no legal status to act as foreign investment tribunal. The FIMC does not have an extensive role in economic development similarly to the Thai Board of Investment (BOI). Either the CC Control Board or FIMC should be upgraded and given legal power to be responsible for a similar role of the Thai BOI.

The Seventh LPRP Congress has focused on halting the slash-and-burn and opium cultivation in a number of Focused Development Clusters (FDC). The search for proper and permanent cultivation areas for specific substitute commercial crops for 85
per cent of rural population is of a national task. There is a need to create the Department of Rural Development consisted of technical and research staff responsible above tasks in the FDC jointly with other technical Departments such as Agriculture, Forestry and Irrigation, Public Health, Education, Bank, Administration and LFNC. In so doing it is proposed that the staff and resources at the central, provincial and district level should be downsized to fund the creation of village office. The village administration shall be consisted of administrators, technical staff and budget allocation. If it follows these future directions the LPRP has nothing to loose but it should gain a solid foundation for a successful 'state-managed market economy'. This will serve as a solid foundation for further democratisation of the current regime.

In short, the failure of the centrally planned economy and the current stalling of the state-managed market economy have indicated that the LPRP's political ideology based on Marxism-Leninism is not suitable to the socio-economic conditions in Laos. The acceptance of the market economy was simply an option to hang onto power while the communist regime in the USSR and the Eastern European socialist countries collapsed. The state-managed market economy aimed at capitalist development under Lao Communist Party management. Theoretically and practically the market economy cannot exist under Marxism-Leninism as is proved by the experience of the Lao PDR. It can no longer depend on either Vietnam or China as the populations of these two countries have exploded. Time is running out for the state-managed market economy unless the LPRP relaxes and further changes its political ideology and steers toward a national political ideology and a joint rule between 100,000 LPRP members and 5.1 million populations of non-communists.
Conclusion

1 Dr Thongdy Souvathouvieng and Mr St Chounlamany. Thongdy was a graduate from Phnom Penh, employed as Medecin Chef in Champassak province. Chounlamany was Director of the Arts and Culture. Both were encouraged by the Grand Lao Policy (Lao Nhay) in early 1940s. The spirit of the Lao Pen Lao successfully composed a number of Lao national songs, among these were the Fungpamani of the Lao Lan Xang Kingdom or Champa Meuang Lao.

2 Note: H.E. Dr Thongloun Sisoulith, First Deputy Prime Minister and President of State Planning Committee announced at the gathering on 5 May 2001 that the LPRP had abolished the three Lao categories of Lao population namely the Lao Loum, Lao Theung and Lao Soung and replaced them with a single category, the Lao citizen of different origins.


13 Speech by Ms Chanthou Pathammavong, President of Intertrade addressed to the Seventh LFNC Congress, 24-26 April 2001, Vientiane, Lao PDR.

14 A senior Lao government official privately disclosed in February 2001 that Japan has taken the lead in evaluating its aid projects to explore whether after all those years of aiding Laos, has its projects helped in improving the poverty alleviation in Laos?

15 Douglas Hyde, Communist Today, Dublin, Gill and Macmillan, 1972, p. 44.

16 Ibid., p. 45.

17 Tzovaras Legal versus the Lao Public Prosecutor Office in the case of Kerry and Kay Danes, the Australian couple involved in the dispute of Gem Mining Lao PDR Limited, the couple has been detained in the Lao Police prison without trial, Sydney, Tzovaras Legal, 2001.

18 Bouathong Vonglokham, President of the State Planning Committee, LPRP Central Committee member "Speech by the Representative of the Party Central Committee of the State Planning Committee at the Seventh LPRP Congress on Socio-Economic Development for 2001-2020, p. 1.
19 Speech by the Representative of the Party Committee of the State Planning Committee at the Seventh Party Congress on "Draft Socio-Economic Development Strategy for 2001-2020, -2010 and Fifth five-year Socio-Economic Development Plan (2001 - 2005)"

20 The Seventh Congress of the Lao Front for National Construction in April 2001 amended its rules to allow the overseas Lao (expatriates) to take part in their policy making process. The new LPRP political chapter is to make use of the expatriate potential in the areas of foreign support and investment. This is part of the LPRP's power consolidation.
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ABSTRACT

Pressure and the change in its global defence strategy led to a hasty pull from southern Vietnam in 1975. Thus, the Communist Party became the new Indochina. Vietnam replaced the US as the dominant power in Indochina. The Lao People’s Revolutionary Party had dismantled the so-called puppet machinery, the Royal Lao Government regime and brought down monarchy.

Lao revolutionary group nurtured and assisted all the way along from 1936. The Lao revolutionists then managed to become the ruling party from 1975. The LPRP has seventy-five years now and appears to be firm in its power as long as Vietnam’s current quasi-capitalism. With the assistance of Vietnamese brother of the LPRP successfully established the Lao People’s Democratic Republic and centrally planned economy. The nationalisation of all means of production, the utilisation and aid from the Soviet Union convinced the LPRP that it could not, bypassing the capitalist stage of development. This strategy failed.

Centrally planned economy coupled with the collapse of the Soviet Union cut off its aid forced the LPRP to adopt the New Economic Mechanism, a state-based economy known as the ‘state-managed market economy’ or ‘quasi-socialist financial crisis in 1997 and the global economic adjustments, the state-economy appeared to be stalled and will further be crippled unless the LPRP is able to relax its rigid political principles and to overhaul its bureaucratic style of peasantry was at stake as there is no budget for its development.

With a review of ancient Lao history, the Siamese domination, the French influence and the communist infiltration into Laos. There follows an examination of the century political development of the Lao People’s Revolutionary Party phase. The emancipation of the underground Lao is Lao (Lao Pen Lao) and Issara. The establishment of this movement was directly encouraged by the ent created by the French Grand Lao renovation program, the Lao Nhay, Pan Thaiism propaganda. Lao Nhay gave the Lao people on both sides of the Lao identity and an aspiration to struggle for an independent homeland.
On the relationship between sections of the Lao nationalist movements, discussion concentrates on the Vietnamese-supported leaders such as Se and Nouhak Phoumsavanh, the leaders in the ICP Lao Regional Surface of the underground Lao People’s Revolutionary Party, the political mother Lao. Next was the revelation of its success power seizure in 1975 and the LPRP as a ruling and political party of its own right from 1976.

This is the implementation and the failure of the centrally planned economy of terms of Marxist-Leninist ideology. The shift to adopt of the so-called the New Economy Mechanism had allowed the LPRP to embark another model, the ‘market-based economy’ but under the LPRP’s management. It the ‘state-managed market economy’. The study explores how the modelist-Leninist ideology and its current failure. In Chapter six some directions solvable solutions to the current the Lao socio-economic environment.
APPENDIX ‘A’

APPENDIX ‘A’
THE LAO PDR PROFILE

The data provided below give the overall information of the geography, population and government of the Lao PDR:

**GEOGRAPHY**

**Land Area:** 236,800 square kilometres. (About the size of Britain)

**Total Cultivated Area:** 3,800 square kilometres, of which 650 irrigated (1990).

**Location:** Centrally located in Southeast Asia, with 5 neighbouring states. South of China, West of Vietnam, North of Cambodia, East of Thailand and Southeast of Myanmar or Burma.

**Major Geographical Features:** 70% of the Lao land area is mountains, highlands and plateaus. The balance is alluvial plain. A continuous mountain range averaging 1,200 metres in elevation parallels the 1,000 kilometre eastern border with Vietnam. The Mekong River demarcates much of the corresponding 1,200 kilometre western border with Thailand.

**POPULATION**

**Total Size:** 5.2 million (2000 estimate)

**Annual Growth rate:** 2.4% (2000 estimate)

**Population density:** 21 persons per square kilometre (1990)

**Geographical Distribution:** 85% rural, 15% urban

**Main population centres by province and prefecture:**
- Savannakhet: 766,000
- Champasak: 572,000
- Vientiane: 598,000
- Luang Prabang: 416,000
- Sayaboury: 333,000
APPENDIX 'A'

Life Expectancy
At Birth: 51 years of age

Ethnic Minority Groups: 49

Citizenship: Lao citizen from 49 origins

Main religions: Buddhism, Animism

Main languages: many senior government officials and urban business people speak Lao, French, English and Russian

Education: (1989) Net school enrolment (percent in age group) - 78%
Primary school: 85
Secondary school: 10
Tertiary Institutions: 5

Adult literacy Rate; (1998) Female: 48%
Male: 74%

Employment: (2000) Percentage of labour force in agriculture: 85%

GOVERNMENT
Public administration is organised at national/central, provincial, district, municipal and village levels.

The August, 1991 Constitution ratified the following hierarchy of institutions within the national government:

The National Assembly is elected by the people;

The President of the Republic is elected and subject to removal by the National Assembly;

The Executive Government is headed by the Prime Minister, who is appointed and subject to removal by the President of the Republic with the approval of the National Assembly.

The Lao People's Revolutionary Party (LPRP) guides the national political system. The current President of the Republic is Khamay Siphandone; he is also the President of the LPRP. The current Prime Minister is Bounyang Vorachith. The President of the National Assembly is Samane Viyaketh.
APPENDICE “B”

THE LPRP POLITBURO AND CENTRAL COMMITTEE MEMBERS AS AT THE SEVENTH PARTY CONGRESS ON 12-14 MARCH 2001

POLITBURO:

1. Comrade Khamtay Siphandone
2. Comrade Samane Viyaketh
3. Comrade Lt-Gen. Choummaly Sayasone
4. Comrade Thongsing Thammavong
5. Comrade Osakanh Thammatheva
6. Comrade Bouyang Vorachith
7. Comrade Sisavath Keobounphanh
8. Comrade Maj-Gen. Asang Laoly
9. Comrade Thongloun Sisoulith
11. Comrade Bouasone Bouphavanh

CENTRAL COMMITTEE:

1. Comrade Khamtay Siphandone
2. Comrade Samane Viyaketh
3. Comrade Lt-Gen. Choummaly Sayasone
4. Comrade Thongsing Thammavong
5. Comrade Osakanh Thammatheva
6. Comrade Bouyang Vorachith
7. Comrade Sisavath Keobounphanh
8. Comrade Maj-Gen. Asang Laoly
9. Comrade Thongloun Sisoulith
11. Comrade Bouasone Bouphavanh
12. Comrade Vongphet Saykuyachongtoua
13. Comrade Somsavat Lengsavad
14. Comrade Bounheuang Duangphachan
15. Comrade Nang Onechanh Thammavong
16. Comrade Sileua Bounkham
17. Comrade Chaney Phosikham
18. Comrade Phimmasone Leuanghamma
19. Comrade Khampane Phlavong
20. Comrade Sompanh Phengkhampa
21. Comrade Nang Pany Yathotou
22. Comrade Saysomphone Phomvihane
23. Comrade Khammanh Sounvileuth
24. Comrade Thongyang Sivachak
25. Comrade Oneneua Phommasan
26. Comrade Mouunkeo Olaboun
27. Comrade Somphat Thipmala
28. Comrade Phoumi Thipphavone
29. Comrade Bouathong Vonglokham
30. Comrade Chaloeun Wiapaoheu
31. Comrade Soukanh Mahalath
32. Comrade Soulivong Daravong
33. Comrade Nang Bounpheng Mousephasay
34. Comrade Bouaphong Chitany
35. Comrade Maj-Gen. Souchay Thammasith
37. Comrade Phandouangchit Vongsa
38. Comrade Bounpome Bouttanavong
39. Comrade Khameut Veunhka
40. Comrade Khamboun Douangpanya
41. Comrade Sengyong Vongkhamchanh
42. Comrade Sombat Yialheu
43. Comrade Thongbanh Seng-aphone
44. Comrade Cheuying Vang
45. Comrade Le Kakanya
46. Comrade Boualane Sippanya
47. Comrade Brig-Gen. Koneckham Senglathone
48. Comrade Soubanh Srithirath
49. Comrade Col. Chansamone Chanyalath
50. Comrade Siane Saphangthong
51. Comrade Ponemek Dalaly
52. Comrade Venehtong Luangvilay
53. Comrade Siho Bannavong

**Note 1:** Those who have not been appointed to politburo and to government portfolio have been appointed to head Party positions in the Party hierarchy, mass organisations, police and army with equivalent to the position of minister. For example: Comrade Chalcun Yiapaheu has been appointed to head the Party Political and Administration Institute. Comrade Boumpone Bouttanavong, President of Lao People’s Revolutionary Youth, Comrade Siho Bannavong, Permanent Vice-President of LFNC, Comrade Nang Onechanh Thamnavong, President of Women Union. Comrade Khampan Philavong, Prosecutor General of Lao PDR.

**Note 2:** The Political Bureau and the Party Central Committee have unanimously appointed Khamay Siphandone as the President of the Party Central Committee for another term.

**Note 3:** Comrade Vongpho Saykeuychongoua has been appointed to head the Central Committee Control Board.

**Note 4:** Three of the eleven politburo members are civilians: Thongsing Thamnavong, Thongloun Sisoulith and Bouasone Bouphavong. The rest are army generals.
SEVENTH PARTY CONGRESS IN MARCH 2001
THE ELEVEN POLITBUREAU MEMBERS OF THE LAO PEOPLE'S REVOLUTIONARY PARTY ELECTED AT THE
LAO PDR GOVERNMENT MEMBERS APPOINTED AT THE SEVENTH LPRP CONGRESS IN MARCH 2001

1. Bounyang Vorachith  
   Prime Minister

2. Dr Thongloun Sisoulith  
   Deputy Prime Minister, President of State Planning Committee

3. Somsavad Lengsavath  
   Deputy Prime Minister, Minister for Foreign Affairs

4. General Asang Laoly  
   Minister of Interior Affairs

5. General Duangchay Phichith  
   Minister of National Defense

6. Phimmasone Leuangkhamma  
   Minister of Education

7. Somphanh Phengkhammy  
   Minister of Labour and Social Welfare

8. Phouny Thipphavone  
   Minister of Commerce and Tourism

9. Bouathong Vonglokham  
   Minister of Communication, Transport, Post and Construction

10. Soukanh Mahalath  
    Minister of Finance

11. Soulivong Daravong  
    Minister of Industry and Handicraft

12. Phandouangchit Vongsa  
    Minister of Information and Culture

13. Soubanh Srithirath  
    Minister of the State President’s Office

14. Dr Siene Saphangthong  
    Minister of Agriculture and Forestry

15. Dr Ponemck Daraloy  
    Minister of Health

16. Kham Ouane Boupha  
    Minister of Justice

17. Professor Bounvich Phissamay  
    Minister of the Prime Minister’s Office

18. Professor Souly Nanthavong  
    Minister of the Prime Minister’s Office

19. Xaysenly Tenbriachue  
    Minister of the Prime Minister’s Office, President of the Central Leading Committee for Rural Development

20. Somphavanh Inthavong  
    Minister of the Prime Minister’s Office

21. Somphong Mongkolvihay  
    Minister of the Prime Minister’s Office, President of Lao Melong Committee.

Note: Among the above ministers, the non-LPRP Central Committee members are Kham Ouane Boupha, Professor Bounvich Phissamay, Professor Souly Nanthavong, Xaysenly Tenbriachue, Somphavanh Inthavong and Somphong Mongkolvihay. Kham Ouane Boupha has been appointed in line with the Agreement between the LPRP and
the Neutralist Patriotic Force in October 1964. Kham Ouane was a Patriotic Neutralist Party member from Phongsaly. Others are classified as intellectuals except Xaysenly Tenbriachue. All are senior LPRP members.

The organization chart below illustrates the hierarchical structure of a typical local government. The chart shows the various departments and committees under the authority of the chief of village. Each department is represented by a square, and the lines indicate the flow of authority and communication. The chart also includes a note at the top, which indicates that the chief of village is also holding the position of District Minister. The chart is used to explain the organization and management of the local administration.
POLITICAL IDEOLOGIES AND DEVELOPMENT IN THE LAO PEOPLE’S DEMOCRATIC REPUBLIC SINCE 1975

by

Kevin Prakoonheang

A thesis presented to the University of Western Sydney Macarthur in fulfilment of the requirements for the degree of Master of Arts (Honours)

September, 2001

@ K Prakoonheang September 2001
PLEASE NOTE

The greatest amount of care has been taken while scanning this thesis,

and the best possible result has been obtained.
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MA (Honours) Candidate
Kevin Prakoonheang, 83401741

The specific recommended corrections identified by thesis examiners have been fulfilled to the satisfaction of the supervisory panel as follows:

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Spelling  ‘ replaced “Chintanakarn” with “Chintakan” where is applicable
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PREFACE AND ACKNOWLEDGEMENTS

The two drives behind my study in the Lao political ideologies are derived firstly from my intention to investigate whether Laos has ever had its own proper political ideologies and secondly from a wish to write a book for the Lao future generations. During my school time there was only one freshly written Lao history book as Lao books were rare. This was because Laos was under foreign domination for more than two centuries and a half; written history was destroyed by fires, termites and confiscated by foreign invaders especially by the Siamese in the 1800s.

After hearing my proposed thesis topics, some of the participants had expressed their reservations as how I can access to the archives, primary source and relevant documents of the current Lao communist regime as it was in isolation. In the late 1980s it was indeed difficult to obtain any of such relevant documents. At first I had actually encountered with difficulties in obtaining primary source of documents on the current events in the Lao People's Democratic Republic. What I could obtain were foreign magazines, newspapers, secondary sources and Australian government documents published by AIDAB, the predecessor of the AusAid, the World and Asian Development Banks. The first primary source of documents of the Lao government is the Participants' Manual published by the Lao Investment Opportunities Forum for Asian and Pacific Investors held in Sydney in November 1992 and the newsletter published by the Lao Embassy to Australia. One year after my enrollment in the course I had an opportunity to make an official visit to the Lao PDR and I had talked to the Lao government ministers, politburo members, the President of Lao Front for National Construction and former generals of the Lao Liberation Army. On the same occasion I had collected a number of documents and books published by the Lao government and foreign aid offices in Vientiane. The most relevant documents are the Party Membership handbook and the reports published by the Lao People's Revolutionary Party. I must admit that I have difficulties in understanding the new Lao language written by the present Lao government, particularly the communist jargon, new Lao words and the ways they write with much repetition. In addition I received few new books on recent Lao events written in France and USA and my colleagues in Sydney have also lent me their personal collections.
PREFACE AND ACKNOWLEDGEMENTS

The problem of language diversities of English, French, Lao and Vietnamese has been resolved by the general use of Pinyin forms for Chinese names, and simplified English forms for Vietnamese, Lao and Thai names. The exceptions are where I have retained the French language form in italic format. The names of Lao leaders and cities are originally spelled in French language because the country was under their colonisation for half a century. I have also used the English spellings because some French spellings do not reflect the actual Lao pronunciation for example the name of the Lao capital city was spelled by the French as Vientiane. It is pronounced as Vien Tian. The Lao pronounce it as Viang Chan. The Vietnamese wrote 'Van Tuon' when they referred to Viang Chan. As for the titles I have retained the original spellings used by the authors and I have used the altered spellings throughout my thesis to ensure uniformity. The original Lao words have been retained in brackets or in italics because foreign writers tend to use the spellings in their own language or have copied the spellings written by the regional imperialists who took turn in invading and conquering Laos for example they used the word ‘Tran Ninh’ for a Lao province of Xiang Khuang. The original Lao names for Black, Red and Song Ca Rivers in North Vietnam are respectively Nam Tae, Nam Tao and Nam Mo in Lao language because the territory used to belong to the Lao kingdoms of Luang Prabang and Phuan of Xiang Khuang. The ‘Meuang’ denoted the Lao State or Kingdom; the French spelled it Muong or Muang when they referred to their contemporary administrative district level. I have used ‘Meuang’ spelling throughout the thesis. The new long name of Laos is the ‘Lao People’s Democratic Republic’ has been referred to in semi abbreviation as the Lao PDR. However, for the Lao communists, the term ‘People’s Democracy’ has their own definition clearly spelled out in the LPRP’s official seminar documents. The term actually refers to a development stage where people commence to establish a social and economic foundation revolution. It does not mean that the democratic rights belong to the people nor that they have the democratic rights as understood in the West.

I commenced to work on this thesis at the Western Sydney University, Macarthur Campus while I was in the New South Wales public service. I was one of the first students who attended this campus when it was established as Macarthur Institute of Higher Education, the embryo of the WSU. My thesis commenced immediately from the first consultation session with Dr Robert Lee, Co-ordinator, BA (Asian Studies), Faculty of Arts and Social
PREFACE AND ACKNOWLEDGEMENTS

Sciences. He had immediately assisted with the enrolment into this postgraduate course. He has also become my thesis supervisor. Dr Drew Cottle is associate supervisor. I would like to further express my gratitude thank to both of them for their invaluable assistance and times and the Postgraduate Studies Committee for its tolerant and understanding attitude during my long period while I was writing the thesis.

My thanks are also owed to Dr Gary Lee and Viliam Praxayavong and other colleagues in Australia who have given support and encouragement through this period. The assistance and interviews given by the former and present Lao Ambassadors to Australia, respectively H.E. Vang Rattanavong, H.E. Phanethong Phommahasay and H.E. Soutsakhone Pathannavong are herewith acknowledged. I have the privilege to interview Mr Bonathong Vonglokham, Minister for Communication, Transport, Post and Construction, Mr Thongsaing Thammavong, the LPRP senior Politburo member in August 2000 in Canberra and Dr Thongloun Sisoulith, another LPRP Politburo member, Deputy Prime Minister and President of the State Planning Committee in July 2001 in Vientiane.

My special thanks are due to those few people whose involvement with the thesis. My supervisor Dr Robert Lee, who has closely guided my interests in this direction, has been very generous both with his time and his invaluable advice. I must also thank Dr Drew Cottle, my thesis associate supervisor, who has provided valuable advice and techniques in preparing the thesis. My wife, Helen has given support and provided with critical comments on many areas, my daughters Julie, Nancy and Betty have helped in collecting some books and documents of primary source from Laos and my son John and his friend Emily have provided me with computer facilities. Also I like to thank my nephew, Vilasak Phengsarnay for his assistance in printing colour photographs. These people are very helpful in the improvement the thesis. Also I wish to dedicate this thesis in the memory of my father, Na Bouathong, my mother Kham and my brother Oum. Especially to my father who had fought in all his life for the liberation of his home district of ‘Meuang Sae’ but ended fighting on the losing side in a war between the two Western superpowers. Lest we forget and may their souls happy.

Sydney, September 2001
# ABBREVIATIONS

The following abbreviations are used in the thesis and in the notes:

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<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tbody>
<tr>
<td>ACP</td>
<td>Annam Communist Party</td>
</tr>
<tr>
<td>AD</td>
<td>Anno Domini, since Christ was born</td>
</tr>
<tr>
<td>ADB</td>
<td>Asia Development Bank</td>
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<tr>
<td>AFTA</td>
<td>ASEAN Free Trade Area</td>
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<td>AIDAB</td>
<td>Australian International Aid Development Assistance Bureau</td>
</tr>
<tr>
<td>ASEAN</td>
<td>Association of South East Asian Nations</td>
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<tr>
<td>AusAid</td>
<td>Australian Agency for International Development</td>
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<td>BC</td>
<td>Before Christianity</td>
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<tr>
<td>BOI</td>
<td>Board of Investment</td>
</tr>
<tr>
<td>BOL</td>
<td>Bank of Lao PDR</td>
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<tr>
<td>CAS</td>
<td>Country Assistance Strategy</td>
</tr>
<tr>
<td>CB</td>
<td>Control Board</td>
</tr>
<tr>
<td>CC</td>
<td>Central Committee</td>
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<tr>
<td>CCP</td>
<td>Chinese Communist Party</td>
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<tr>
<td>CDIN</td>
<td>Le Comité pour la Défense des Intérêts Nationaux or CDNI</td>
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<tr>
<td></td>
<td>(Committee for Defense of National Interest)</td>
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<tr>
<td>CPSU</td>
<td>Communist Party of the Soviet Union</td>
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<td>DRV</td>
<td>Democratic Republic of Vietnam</td>
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<tr>
<td>EEC</td>
<td>East European Community</td>
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<tr>
<td>ESAP</td>
<td>Enhanced Structural Adjustment Facility</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>FALMO</td>
<td>Foreign Aid and Loans Management Office</td>
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<td>FAO</td>
<td>Food and Agriculture Organisation</td>
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<tr>
<td>FDC</td>
<td>Focused Development Clusters (Khiet Chut Soun)</td>
</tr>
<tr>
<td>FIMC</td>
<td>Foreign Investment Management Committee</td>
</tr>
<tr>
<td>HPAE</td>
<td>High-Performing Asian Economies</td>
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<tr>
<td>ICL</td>
<td>Indochina Communist League</td>
</tr>
<tr>
<td>ICP</td>
<td>Indochinese Communist Party</td>
</tr>
<tr>
<td>IDA</td>
<td>International Development Association, an arm of World Bank</td>
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<td>IFAD</td>
<td>International Fund for Agriculture Development</td>
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<td>IFC</td>
<td>International Finance Corporation</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>KMT</td>
<td>Kuomintang or Guomindang</td>
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<td>Lao PDR</td>
<td>Lao People's Democratic Republic</td>
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<td>LDC</td>
<td>Least Developed Countries</td>
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<td>LFNC</td>
<td>Lao Front for National Construction</td>
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<td>LPF</td>
<td>Lao Patriotic Front</td>
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<tr>
<td>LPLA</td>
<td>Lao People's Liberation Army</td>
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<tr>
<td>LPP</td>
<td>Lao People's Party</td>
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<tr>
<td>LPRP</td>
<td>Lao People's Revolutionary Party</td>
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<tr>
<td>LRC</td>
<td>Lao Regional Committee</td>
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<tr>
<td>MAAG</td>
<td>Military Assistance Advisory Group</td>
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<td>MADC</td>
<td>Mountainous Area Development Company</td>
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<tr>
<td>MIGA</td>
<td>Multilateral Investment Guarantee Agency</td>
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<tr>
<td>MITI</td>
<td>Ministry of International Trade and Industry of Japan</td>
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<tr>
<td>MOU</td>
<td>Memorandum of Understanding</td>
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<tr>
<td>NEM</td>
<td>New Economic Mechanism</td>
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<td>NGO</td>
<td>Non Government Organisation</td>
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<td>NIC</td>
<td>Newly Industrialised Countries</td>
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<td>NLHS</td>
<td>Neo Lao Hak Sat (Lao Patriotic Front)</td>
</tr>
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<td>NPCC</td>
<td>National Political Consultative Council</td>
</tr>
<tr>
<td>NRDP</td>
<td>National Rural Development Plan</td>
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<td>NUG</td>
<td>National Union Government</td>
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<tr>
<td>OPEC</td>
<td>Organisations of the Petroleum Exporting Countries</td>
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<tr>
<td>OSS</td>
<td>Office of Strategic Services of USA</td>
</tr>
<tr>
<td>PAR</td>
<td>Public Administration Reform</td>
</tr>
<tr>
<td>PNUG</td>
<td>Provisional National Union Government</td>
</tr>
<tr>
<td>POW/MIA</td>
<td>Prisoner of War and Missing in Action</td>
</tr>
<tr>
<td>RLA</td>
<td>Royal Lao Army</td>
</tr>
<tr>
<td>RLG</td>
<td>Royal Lao Government</td>
</tr>
<tr>
<td>SCP</td>
<td>Siamese Communist Party</td>
</tr>
<tr>
<td>SDR</td>
<td>Special Drawing Right</td>
</tr>
<tr>
<td>SGI</td>
<td>Le Service Géographique de l'Indochine</td>
</tr>
<tr>
<td>SIDA</td>
<td>Swedish International Development Agency</td>
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<tr>
<td>SIDASP</td>
<td>United States Social-Political Action Service Programs</td>
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<tr>
<td>SMFC</td>
<td>Snowy Mountains Engineering Corporation</td>
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<tr>
<td>Abbreviation</td>
<td>Description</td>
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<tr>
<td>SOE</td>
<td>State Owned Enterprises</td>
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<td>SPC</td>
<td>State Planning Committee</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Program</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
</tr>
<tr>
<td>USIS</td>
<td>United States Information Service</td>
</tr>
<tr>
<td>USOM</td>
<td>United States Operation Mission</td>
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<tr>
<td>VCP</td>
<td>Vietnamese Communist Party</td>
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<tr>
<td>VNQDD</td>
<td>Vietnam Quoc Dan Dang</td>
</tr>
<tr>
<td>VWP</td>
<td>Vietnamese Worker's Party</td>
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<tr>
<td>WHO</td>
<td>World Health Organisation</td>
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<td>WTO</td>
<td>World Trade Organisation</td>
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</table>
LIST OF TERMS

Ai-Lao: is a race of the Tai-speaking people, inhabited what is now north western Yunnan of China in the first century CE whose descendants founded the kingdom of Nong Sae or Nan Chao. The Chinese texts refer to the Tai-speaking peoples as Ai-Lao. The Ai-Lao people were directly ancestral to the Lao who founded the Kingdom of Lan Xang in mid 14th century. The Lao dropped the prefix Ai leaving simply as Lao.

Banc: means ‘village’, a Lao grass root traditional socio-economic unit outside the city centres. Many households form a village. The next upper administrative level is district or meuang. Chief of the village is called ‘Nai Banc”. In the present regime the incumbent is President of the village committee.

Bolisat Phatthana Khet Phou Doi: means the Mountainous Area Development Company (MADC), a Lao military company established to contract out public work projects. It is modelled on the Thai Army companies with the aim of assisting the government meet its budget shortfalls.

Bo pen yang dok: means ‘never mind, don’t worry about it’. It is a philosophy of self-consolation when things go wrong or when suffering from hardship. The mental or physical suffering sustained can be bearable or tolerable in line with the Buddhist teaching of equanimity or mutita.

Chao: means Prince, the term is also used for the title of provincial governor or district officer such as Chao Khouaeng and Chao Meuang.

Chao Khouaeng: is the provincial governor. In the present Lao PDR regime the incumbent is also the provincial LPRP secretary. He or she is directly responsible to the Prime Minister, not to the Minister of Interior Affairs as in the former RLG regime.

Chao Kok Chao Laow Thong Teen: means the regional elite clan or chieftain. Laos has been formed from the reunification of various princedoms and fiefdoms of multi ethnic groups. For stability their inclusion in the government is essentially necessary.

Chao Meuang: means chief of district. In the present Lao regime the incumbent is also the LPRP district secretary who is responsible to the next upper level, the provincial governor or LPRP provincial secretary.

Chintanakam Mai: means the New Thinking. It refers to the New Economic Mechanism (NEM) launched in 1986 as an Open Door Policy. This policy had allowed the LPRP to embark the market-based economy. It was a shift away from the failed centrally planned economy.

Khett Chout Xoun: means the ‘Focused Development Clusters’ (FDC). In 1996 there were 63 FDC where the Lao government aimed at improving the living conditions of the rural population. However, these programs have not been implemented due to the lack of funding. The FDC had planned to halt slash-and-burn farming practice and opium planting including the introduction of alternative commercial crops. In some case it has involved in the resettle of the relocated mountain top people in the valley areas. The national security is also part of the FDC.
Dok Cham Pa Meuang Lao: means Frangipani of Lao Country. It is the Lao national flower. It represents the close relationship between Lao Lan Xang kingdom and its people. Mr. Sy Chounlamany and Dr. Thongdy Sounthanouwichth composed the 'Champa Meuang Lao' song in the post era of the 'Grand Lao' or Lao Nhay homeland renovation program. It became a national classical song. The frangipani metaphor reflects the reality of Lao geographical setting. It also symbolises the Lao national political ideology and has implied that a landlocked Laos must strive to fulfill such ideology. The current Lao political ideology appears to have set an aim at fulfilling this metaphor but in the name of Marxism-Leninism.

Hin-Sam-Sao: means the three-stone setting that marked the borderline between Vietnam and Lan Xang territories during King Fa Ngum's reign. The demarcation was at the southeastern border of Sipsong Chu Tai at the Mount Phou Luang and Vietnam.

Issara: means freedom or free from colonisation. The Free Lao Movement or Lao Pen Lao used this term for its name in early 1940s in the struggle against French colonisation and Siamese domination.

Isarn: means eastern territory. It refers to the northeastern part of present Thailand. The territory was formerly part of Lao Lan Xang kingdom. The Isarn people are of Lao origin. Those who live in this part of Thailand are called 'Lao Isarn'.

Khabuankarn datpaeng kaekhai neok: means a movement created by the LPRP to conduct political brain washing seminars for people living in the former RLG zones. The aim was to end of the resistance to the communist regime and force these people to accept the LPRP rule.

Khana Kammakarn Ku Sat Lao: means the Salvation Committee of Laos founded and located in the Rue Batrien in Hanoi in February 1946. It was the original power base of the Lao revolutionaries.

Khana Khammakarn Latsadon: means the people's representative committee formed on 12 October 1945 to act as the first Lao National Assembly to form the Free Lao Government or Lao Issara Government. It proclaimed the reunification of Lao territories and Laos' independence.

Khana Khammakarn Tor Tarn Ta Vun Ok: means the Lao Resistance Committee in the East. It was a military committee established in the east of Laos in the Vietnamese territory. This committee was responsible for regrouping of the retreated Lao Issara troops in 1946.

Khana Latthabarn Lao Tor Tarn: means the Lao Resistance Government formed on 13 August 1950. Prince Souphanouvong was appointed Premier and President of the Free Lao Front or Neo Lao Issara.

Khana Pathet Lao: means the 'Lao Country Party', the term used by the Free Lao Front or Neo Lao Issara. Both the Free Lao Front and the Lao Resistance Government were known as 'Pathet Lao' or Lao country.
Khana Phak Khouaen Lao: means the ‘Lao Regional Committee’ established by the ICP members in 1934. It became an embryo of the Lao People’s Revolutionary Party (LPRP) formed in 1955.

Khaosam Pathet Lao or KPL: means the official news agency of the Lao People’s Revolutionary Party (LPRP).

Khoun: means ‘Lord or Sir’. It is a mandarin title in the royal Lao court. In the ancient Lao kingdom of Nong Sae or Nanchao. The ‘Khoun’ was used as the title for the head of state or king. For example Khoun Botom, king of Nan Chao. Later the title was downgraded for the title of the council of nobles in the king’s court. During the period of Kingdom of Laos ‘Phagn’ (Phaya) or Sir replaced the ‘Khoun’ title.

Khun Teung: means the ‘Upper Level’ in the LPRP’s hierarchy. The top Party level is the political bureau or ultimately the LPRP President.

Kom Prasam Garn: means the Department of Coordination responsible for the military police under the command of General Silho Lumphouthakul, the rightist faction of the Royal Lao Government. It was modelled after the Thai Wild Tiger Corps or Sua Parn set up by the Thai king Rama VI.

Kom Songseum Pollameuangdec: means the Population Promotion Department or Social Action, which was part of the US Social-Political Action Service Programs funded by the anti-communist budget. The aid went into hip pockets of the US aid agents and the Lao Young Turks in the National Interest Defense Committee or CDIN leaving the Lao rural areas untouched by the socio-economic development programs.

Kon Kwarm: means a large rock cliff on which Nung Su Dham or old Lao letters were carved to mark the borderline between Lan Xang and Vietnam. The rock cliff is at Bane Arng, presently in Vietnam. Bane Arng was a border village of Meuang Sacen district, Xiang Khouang territory. The town was renamed by Vietnam as Con Cuong.

Lam Puun: means the Lao folkloric song written in poetic rhythm sang in different tones. The Lao stories such as Nihan Khoun Botom, Lao Lan Xang territory and the Viang Chan (Vientiane) story.

Lan Xang Hom Kao: means Million Elephants and White Parasol Dynasty formed by King Fa Ngum in 1353. The dynasty was abolished by the Lao People’s Revolutionary Party on 2 December 1975. It marked the end of the six-century-old dynasty.

Lao Issara: means ‘Free Lao’, a movement which struggled for Laos’ reunification and independence and was led by Prince Phetsarath Rattanavongsa, the Vice-Roy and Premier of Luang Prabang kingdom who was the head of Lao Issara Government proclaimed on 12 October 1945.

Lao Nhay: means ‘Grand Lao’, a French renovation program for Laos aimed to retellie against the Grand Thai or pan Thaiism in 1941. It was a desperate French attempt to save face after Thailand defeated them. Lao Nhay became the first Lao newspaper name and the revival of Lao nationalism that triggered the establishment of Free Lao Movement or Lao Pen Lao. It also gave a clear identity for the Lao population. It formally gave the Lao people an identity.
Lao Pen Lao: means 'Lao is Lao or free Lao'. It was a political code word for the Lao people on both sides of the Mekong River. The term struck the Lao nationalist cords. It was the first Lao underground resistance movement formed to fight against the French colonisation and Thai domination. The Lao people were under foreign domination for more than two centuries. They could not find a proper term such as 'free or Issara'.

Mahayana: is a Buddhist sect known as large vehicle. This sect has been practised in China, Korea, Japan and Vietnam. The sect is flexible in terms of practice and teaching based on the local conditions. It teaches about the past Buddhhas and Buddhas to be.

Meuang: In the Lao history meuang meant both the "country and city state". For example Meuang Lao, the Lao country or Meuang Viang Chan was Viang Chan (Vientiane) City. In the Lao contemporary administration, meuang is an administrative district headed by Chao meuang or district officer.

Nam-Ma-Sam-Keo: is a geographical setting with a triangle mountain slope where Nam Ma River flows by. It is in the upper highland of Vietnamese province of Thanh Hoa that marked the former Lao-Vietnam borderline.

Nam-Pao-Sam-Keo: is a geographic setting with a triangle mountain slope of Nam Pao River where Nam Mo and Nam Khon join at Kon Kwarn, a large rock cliff. Kon Kwarn was renamed in Vietnamese as Con Cuong. Kon Kawn was the former Lao-Vietnam border town now in the Vietnamese province of Nghe An.

Neo Lao Issara: means the 'Free Lao Front' formed in Thai Nguyen province of Vietnam on 13 August 1950. It was a mass organisation of the ICP Regional Lao Committee, modelled after the 'Viet Minh'. Prince Souphanouvong was appointed titular leader and Prime Minister of the Lao Resistance Government.

Nung-Su-Dham: is an ancient Lao language written in combination of Lao and Pali languages. The Nung-Su-Dham has been written on palm leaves to record the Buddhist Scriptures and the Lao stories. Nung-Su-Dham was carved on the rock cliff at Bane Am at Kon Kwarn or Con Cuong marking the former Lao-Vietnam border.

Oupahart: means Vice-Roy. Prince Pesanath was appointed to this position. Under the French Indochina administration, the title was downgraded to a position of deputy district chief. From 1960 the title was superseded by clerical grades.

Patou Pai Sou Sungkhom Niyom: means a gateway to socialism. The acceptance of the quasi-capitalism was known as the state-managed market economy. The LPRP regards this stage as a transitional period to socialism.

Phak Lao Pen Kang: means the Lao Neutralist Party (LNP) formed in 1961 at Phonsavanh by Prince Souvanna Phouma, the NUG Prime Minister. It was denounced when the neutralist forces of General Kongle were driven out of Plain of Jars in mid 1963.

Phak Neo Lao Hak Sat: means the Lao Patriotic Party. It superseded the Free Lao Front or Neo Lao Issara on 6 January 1956 in a bid to broaden the organisation and to
expand network within the RLG legal system. In fact it was a mass organisation, an arm of the Lao People’s Revolutionary Party.

**Phak Santiphab Pen Kang**: means the Neutralist and Peace Party (NPP). Quinim Polsena, former Minister for Foreign Affairs in the Lao National Union Government was the President. In 1960 the NPP formed an alliance with the Lao Patriotic Front.

**Phagna**: (pronounced as Phayar) means the noble title nominated by the Royal Lao Government and appointed by the King, a title equivalent to ‘Sir’. The Phagna title was given to the government ministers or civil servants that excelled an outstanding performance.

**Salard Song Sai**: means clairvoyant or clever and bright.

**Samakhom Neo Lao Issara**: means Free Lao Association. It was established by Ho Chi Minh as a haven to regroup the retreating Lao Issara at Do Luang in Vietnam. Nouhak Phoumsavanh was the President; he was a member of the ICP Lao Regional Committee.

**Sathalanalat Pasathipatay Pasason Lao**: means the Lao People’s Democratic Republic known in short as Lao PDR. A regime established by the LPRP to replace Kingdom of Laos on 2 December 1975.

**Seri**: means freedom, a term used by the Free Thai or Seri Thai during World War II, a second card played by the Thai Government elements designed to fight along side with Western alliance against the Japanese occupation. Thailand allied itself with Japan. It was the Seri Thai that seized all the weapons belonged to the Free Lao Movement of Oum Sananikone.

**Son Sat Son Phao**: means national ethnic groups. Lao PDR has 49 ethnic groups. The three categories such as Lao Loum, Lao Theung and Lao Soung were abolished in March 2001 and were replaced with a single category, that is the Lao citizen with an origin.

**Soun Kak Kung Saloci Senk Karn Meuang**: means the ‘Political Prisoners Detention Centre’ known in Lao PDR as ‘Re-education Centres’ or ‘Soun Sammana’ where fifty thousands of the Royal Lao Government personnel were sent for political brainwash. King Srisavang Vattana and the royal family members were included.

**Tai**: means the Tai-speaking people were those who were from the ancient Ai-Lao kingdom of Nan Chao (Nong Sac) in Yunnan. They moved southward to settle in Burma, India, Laos, Thailand and Vietnam. Thai and Lao were members of the Tai-speaking world.

**Thee chao thee khoi**: means ‘Your turn-My turn’, refers to the political vengeance between the present Lao People’s Revolutionary Party and the leaders of the former Royal Lao Government. The ambition of the Lao political leaders to rise to the top job with two basic aims, power and money. Personal interest comes first, the national is second.
**Theravada:** means a Buddhist sect that called itself as a small vehicle. This sect has been practised in Burma, Laos, Thailand and Sri Lanka. The Theravadins' practice and teaching are derived from the original Scripture in Pali, an old Indian language. Theravada adheres to the teaching of the Four Noble Truths of Buddha Gautama.

**Thong-Sam-Sam-Nga:** means the Thong-Sam plain where is divided into three branches in southeastern of Phou Luang of Meuang Son to mark the former border between Laos and Vietnam.

**Xao Et Ongkarn:** means the Twenty-One Organisation, was an umbrella organisation that consisted of twenty one organisations, formed in 1973 to support the provisional National Union Government (NUG) and the National Political Consultative Council (NPCC).
INTRODUCTION

The first chapter of this thesis attempts to explore the origin of the Lao modern political ideology by over viewing the two well-known Lao kingdoms, Nan Chao (Nong Sae) and Lan Xang. The first ancient Lao kingdom revealed the kinship of the Lao people with the Tai tribal groups while Lan Xang kingdom was constituted by uniting various princedoms into a Lao mandala. Contemporary Lao historians dated Lao history from 1353 when King Fa Ngum formed Lan Xang Hom Kao Dynasty or (Million Elephants and White Parasol). Laos was under foreign power domination for more than two centuries. They lost their national identity and asked themselves who are they and where they were from? Are they Tai or Tai-Lao or Lao? The Lao people claimed that the Ai-Lao race in Nan Chao kingdom was their ancestry. The country is Lao PDR, the people and language are Lao. Today Lao people are confused and unsure about their identity. They distinguish themselves from other tribal groups by the use of word 'Tai' or 'Thai'. For example ‘our group’ or ‘we’ is ‘Thai Haow’, ‘you’ or ‘your group’ is ‘Thai Chaow’. The people from the southern areas are Thai Tay. The people from the north are Thai Neua. Thus the term ‘Lao’ is not used by the people to refer to themselves.

In his history book Maha Sila Viravong claimed that before Nan Chao period the Ai-Lao race origins were at the kingdoms of Lung (Xining), Pah (Chunking), Ngiao and Peh Ngai in the valleys of Huang He (Yellow) and Yangtze Rivers north of the Nan Chao kingdom.\(^1\) Although lacking concrete evidence, it has been agreed that the movement southward of the Ai-Lao people led to the establishment of Nong Sae (Nan Chao) and Lan Xang kingdoms and the southward migration of the Tai tribal groups in Assam (India), Shan (Myanmar), Sipsong Chu Tai (northern Vietnam), Laos and Thailand. Of the remaining Tai speaking peoples in contemporary Guangxi and Guizhou are some 18 million Chuang people with Ai-Lao ancestry. They are the extant historical evidence of the former Nong Sae or Nan Chao kingdom of the Ai-Lao people race.

A map in the Fairbank-Reischauer history of China reveals that Chinese territory in the sixth century BC did not contain the upper part of the Yellow, Wei and Yangtze Rivers. During the Han Empire in 209 BC, Vietnamese territory was in the south of Nan-hai, Guangdong (Canton) and a small portion along the upper coast of Tonkin.\(^2\) The Fairbank-Reischauer text presents a map of Nan Chao during the Tang Empire in the early eight century with the corresponding reign of Khoum Lo of the Nan Chao kingdom in 751 AD.
Nan Chao featured in this history of China until the Mongol invasion. In the late thirteenth century Yuan Dynasty was established which marked the end of Nan Chao kingdom in 1253 AD.³

The majority of the population of contemporary Thailand and Laos consists of a combination of Tai and Lao people. The story of Khoun Borom (*Nithan Khoun Borom*) and regional versions of Lao court chronicles (*Phongsawadarn*) uphold the claim that the Lao people were related to the Ai-Lao race under the reign of Khoun Lo, the eldest son of Khoun Borom. Khoun Lo was sent to rule both Meuang Kalong and Meuang Swa. These principalities were renamed as Meuang Thaeng in Sipsong Chu Tai and Xiang Thong in Lan Xang.

Xiang Thong was one of the principalities in the greater Nan Chao kingdom. The prosperity for two and a half centuries of Nan Chao kingdom enabled the Ai-Lao people to establish a complex administrative system, customs and traditions, which were similar to the traditional Chinese State.⁴ The second Lao kingdom of Lan Xang was founded a century after the fall of Nan Chao kingdom in 1253. David K. Wyatt referred to the origin legends of the story of Khoun Borom told by the Lao in the Thai history book as the early Tai expansion, Wyatt stated:

It is Khoun Borom legends that shed important light on the early history of the Tai peoples and convey an important sense of group identity and kinship, of commonality of culture and language, and of the spatial relationship among widely scattered Tai groups.⁵

The Lao kingdom of Lan Xang was reconstituted by regrouping of the remaining southern principalities of the Nan Chao kingdom. These principalities were Meuang Xiang Hung, Meuang Xiang Saen, Meuang Thaeng and Meuang Swa (Xiang Thong). Xiang Thong was Lan Xang kingdom’s capital. The Lao people traced their origins through the Khoun Borom’s dynasty. The Chinese and the Vietnamese still refer the Lao people as Ai-Lao.

Contemporary historians in the Lao PDR commenced the Lao history from the reign of King Fa Ngum who established the Lao Kingdom of Lan Xang. King Fa Ngum reunited various small *Lao Meuang* into the greater Lan Xang. Most Lao *Meuang*
avoided war by way of surrendering or negotiations. Chet Cheuang, king of Phuan kingdom (Xiang Khuang) offered his surrender terms:

'I am but the direct descendent of Khoun Borom and Khoun Lo. If you should wish to conquer any territory in the future, my man and I are ready to help your highness to the best of our ability..."'

Chet Cheuang was the descendent of Thao Cheuang, the seventh son of Khoun Borom who was sent to rule over Meuang Prakan or Xiang Khuang from Nong Sae. Reference to the same ancestors thus prevented Fa Ngum from invading Xiang Khuang. King Ramathibodi Uthong of Ayutthaya's Chinese background claimed to King Fa Ngum that the people of Ayutthaya and Lan Xang shared the same ancestors, Khoun Borom. Both Thai and Lao historians did not mention their prehistory for lack of evidence and from political motives such as the change of Thai monarchical dynasties.

Lan Xang's north east territory extended to the Red River and to the south at the Nam Ma River triangle to the mouth of Nam Pao Kham at Konh Kwam (Con Cuong) and along the Say Phou Luang Cordillera or Phou Xai Lai Laeng. The southern border was at Li Phi (in Khong Island). The northern tip was at Pha Dai Pha Dang in Sipsong Panna and the west border was east of Phetchabun between Chiang Khan and Phetchaburi in north west toward south west at Dong Phaya Phai and Dong Phaya Pho mountain range at Korat Nakorn Ratchasima in present Thailand. Lan Xang frontiers were established through treaties with surrounding powers (Ayutthaya, Lan Na and Vietnam). The evidence of Lan Xang territory was transferred from father to son in poem and song. The master of religious ceremonies and the local spirit worshippers (mao chom phi menang) chanted these lyrics at the Lao government oath taking ceremony and other traditional Lao ceremonies.

Xiang Thong was renamed Luang Prabang after the golden Buddha Statue called Prabang Buddha Avalon brought from Angkor Wat in 1359. It marked the introduction of the Theravada Buddhism into Lan Xang in an attempt to eliminate animism. The Lan Xang Mandala started from the reign of King Fa Ngum in 1353 to the last year of King Surinavongs's reign in 1694. The kingdom enjoyed peace and prosperity for three and a half centuries. The Dutch merchant Gerrit van Wuytschoff of the Dutch East India Company and the Italian Jesuit missionary Jean Marie Leria who stayed in Lan Xang.
kingdom for five years witnessed the apogee of its civilisation. Lan Xang was noted in the accounts of these Europeans.10

Lan Xang kingdom declined at the end of seventeenth century after the king Surinyavongsa died. He left no heir to the throne as he had allowed the execution of his only son for adultery. Lan Xang was succumbed to succession disputes and internal fight and was subject to interference of outside powers, Vietnamese, Burmese and Siamese. Each too advantage of the intra-Lao disunity to advance their own interest. In less than a century Lan Xang was divided into three smaller kingdoms of: Luang Prabang, Viang Chan and Champasak. From 1779 all three were placed under the Siamese suzerainty. In 1893 France proclaimed protectorate over former Lan Xang territory on the east bank of the Mekong River. The disadvantage of Lan Xang was an inland country with loose unity of the Lao menang and its dependence on the neighbouring coastal countries for its trade had greatly weakened Lan Xang independence.

Annexation of Lao territory by the Vietnamese and Siamese continued by different ruses and strategies to the end of Second World War. Internal disputes were used as a pretext for invasions. The Lao court chronicles indicated that throne succession disputes were the major factor for foreign invasions because losers sought foreign military assistance to regain power. In the late nineteenth century both Siam and Vietnam claimed Lao territory under the shadow of French and British imperialism. The British wanted the upper Mekong valley up to the Shan States in Burma while keeping Siam as buffer between French Indochina and British Burma. The French sought to control the Mekong as trading route to southern China and Laos as a buffer.

French colonialism claimed former tributary territories to Vietnam. These tributaries were Luang Prabang, Xiang Khuang (Tran Ninh), and Viang Chan (Van Tuon) and the Khorat Plateau west of the Mekong. Vietnamese colonial officials lobbied France to cede Lao territories to Vietnam. Siam told Britain that Siam ruled of all Tai speaking territories including the three Lao Lan Xang kingdoms and Sipsong Chu Tai. Two French warships blockaded Bangkok to force the Siamese to relinquish their rights to the east of the Mekong and all islands in the river. The Franco-Siamese Treaty on these territories was signed on 3 October 1893.
In 1893 France demanded Khorat Plateau, Sipsong Panna in the north and all former Vietnamese tributaries of Luang Prabang kingdom as they attempted to expand into Indochina. The attempt was abandoned at the Anglo-French convention in London, 15 January 1896.\textsuperscript{11} Twenty year earlier, an official expedition led by Doudart de Lagrée had found that the upper Mekong River non-navigable. This resulted in the French indifference to Lao socio-economic development. France annexed Laos for its strategic convenience.\textsuperscript{12} On the east of Mekong Laos had one-fifth of its former territory and one million people Laotians reduced by the Siamese depopulation and devastation in eighteenth and nineteenth centuries. Four-fifths of the Lao territories were annexed by Thailand and Vietnam.\textsuperscript{13} When the French hope of reaching China via the Mekong collapsed, they turned their attention to the Red River in northern Vietnam. Laos became marginal to the French interests. It was a trading backwater in the Mekong valley and a border of French Indochina. The embryo of Laos had been created by the French trade ambitions in southern China and Vietnam. Border conflicts between French Indochina and Siam continued until the end of World War II.

During the eighteenth century there were no first-hand accounts on Laos written by Europeans. The Lao chronicles were also meagre. Laos was under foreign domination for more than two centuries, which severely weakened the Lao nationalist sentiment. Foreign dependence became the Lao political principle and pro-foreign factions dominant amongst Lao leaders. Nevertheless, a struggle to throw off Siamese hegemony was mounted by King Anuvong of Lan Xang Vientiane kingdom in 1827 but was defeated.

The Nan Chao and Lan Xang inland kingdoms had little access to foreign cultures. Lao people lived in villages surrounded by fragmented farms. The household was the basic economic unit. Subsistence farming was their way of life. Villages were placed under the loose administration of the petty principality. The term 'Lao State' was not known since Laos was usually under suzerainty of foreign powers notably Siam and Vietnam. Lao people were not keen to understand what was happening outside their family and their village. They have a tradition to confine themselves to their family and village affairs and had very little communication with other villages. Each village had its own distinct tradition and dialect that are different to those in other villages.
Modern Lao politics emerged amid the conflicts between three power contenders, France, Thailand and Vietnam. Lao nationalists chose France, an external power as protector, as a way out of regional conflict and in the hope to gain a later independence. Thailand fought against both Vietnamese and France to regain its lost tributaries of Thai speaking peoples on the left of Mekong River. Thailand gave shelter to the Vietnamese communists using them as shield against French expansion to the Lao territories on the right of Mekong River.

When Luang Phibul Songkhrarn became Siamese Prime Minister in 1938 he was exercising his power to build Siam, a new nation (sang chart). In 1939 he changed the name of Siam to Thailand signifying that the Thai (Tai) speaking peoples inside and outside the borders of old Siam, belonged to Thailand. This policy directly counterattacked the occupation of the French in Laos and the territory of the Tai speaking peoples east of Mekong and beyond. In so doing Phibul sent his regular army and the youth militia movement (yuwachon) to occupy the Lao provinces of Sayaboury and Champasak in the west of Mekong. He claimed that the act was a 'reunion of peoples of the same flesh and blood, same language, same culture and same religion' but not the annexation.

The pan-Thai campaign defeated the French in the undeclared war of 1940-41 during which France was occupied by Hitler's armies and in the east the Japanese army began to move into French Indochina. Japan arbitrated this conflict in favour of Thailand, and soon after Thailand became Japan's ally. In August 1941 the Japanese imposed their control in Laos through Vichy authorities in Indochina and thus the Luang Prabang kingdom was allowed to form a cabinet composed of a prime minister and four other ministers, all appointed with Vichy concurrence. The maha ayubath, Prince Phetsarath, became Prime Minister. The French suffered an incalculable loss of prestige in the undeclared war with Siamese and had attempted to retaliate against the Pan-Thai policy with the launch of 'Lao Nhay', a Lao Renovation Movement but known to the Lao was Khahmankarn Lao Nhay or Grand Lao Movement. In fact it was originally designed to develop a lively sentiment of gratitude to France.

Ho Chi Minh was a member of the Communist International to propagate the communist doctrine in Southeast Asia. In 1925 he established a base in Canton, China
and extended the network of revolutionary activity to Tonkin, northern Vietnam. His mission was to fight against French domination in Indochina. With support from both the Soviet Union and the Guomindang, Ho Chi Minh managed to neutralise other communist and nationalist groups that opposed him. In 1930 he established the Indochinese Communist Party (ICP). Upon admitted to the Comintern, the ICP announced a liberation war against French in the name of the communist international movement. The ICP called for the dictatorship proletariat and direct elections by the country's workers, peasants and soldiers. It issued an appeal directed to Vietnamese and peoples in Indochina to unite against French imperialism; the capitalists and the conservative Vietnamese mandarinate.

In 1941 the Indochinese Communist Party (ICP) established the Vietnamese Independence League more commonly known as 'Viet Minh'. While the ICP went underground, the Viet Minh became a popular front for nationalists and communists to work for independence. It opposed French colonial rule in Indochina. Its aim was to unite the three Vietnamese territories, Laos and Cambodia into a federation modelled after the Soviet Union. When the French were defeated at Dien Bien Phu and left Indochina, the Vietnamese ambition for Indochina Federation was half realised. It proved itself as the only successful contender against French power in Indochina. Marxism-Leninism was the ICP's ideological foundation. Through the Viet Minh the ICP became an umbrella organisation for both Lao and Cambodian independence movements.

Communist opposition to the French rule began in late 1920's and intensified from 1930 two years after Ho Chi Minh organised the ICP cells in resident Vietnamese communities in North Eastern Thailand (Isan) and in Laos. In 1930 thousands of Vietnamese rebel militants escaped from Nghe-Tinh and were recruited to work in mining zones in Laos. These became the basis of strong communist cells in the four major Lao cities along the Mekong River. These cells had easy communication with the established 'soviet' in Huang Khe (Ha Tinh) via Mu Gia and Na Pae passes, the border check points between Laos and Vietnam. In 1932 all communist cells in Laos were accepted into the ICP organisations. The ICP under Le Manh Chin established the Lao Regional Committee (LRC) in September 1934 at Mekong Xing Sou Island near
Vientiane. A few junior Lao functionaries joined the movement. The LRC primarily consisted of Vietnamese, two of whom were ICP central committee members.\(^8\)

In early 1945 Free Thai assisted in setting up Free Lao-Viet units based at Na Kae in Thailand's Nakon Panom province to fight against Japanese occupation. From 1930 to 1945 the communist activities in the area were dominated exclusively by Vietnamese cadres. They could not recruit the local Lao elite into the movement until late 1945 when Prince Souphanouvong met with Ho Chi Minh in Hanoi. Thailand policy against the French in Laos was to allow a safe-haven for Vietnamese communists who escaped French repression in Vietnam. Thailand used the resident Vietnamese as a shield against further French expansion into the former Lao territory on the Right Bank of the Mekong River.

According to the official LPRP history the demonstration calling for Lao independence and seizure of power in Vientiane in August 1945 was organised under the direction of the local units of the ICP Lao Regional Committee. The Lao Issara Movement claimed it organised the demonstration under the leadership of Prince Phetsarath Rattanavongsa. It was Khammao Vilay, the Lao Issara Prime Minister who proclaimed Lao unification and independence on 12 October 1945. Only Vietnam recognised Lao independence. Four days later a Lao-Viet treaty for friendship and co-operation was signed in which a decision to form a coalition Lao-Viet army was made.\(^9\) The Vietnamese LRC became the backbone of the revolutionary movement in Laos and of the Free Lao Movement.

French fears of both Vietnamese nationalism and aggressive Pan-Thaiism made the French sponsor the Lao nationalist movement. The movement enabled Laos to receive more budget allocation to enhance educational opportunities for the Lao people. The Lao Nhay Movement was allowed to publish newsletters in Lao and French languages under various headings such as 'Lao Nhay' or Grand Lao, "Lao Mai" or le Nouveau Lao, 'Vin Lao' or Lao territory and 'Pathet Lao' or Lao country. It was also an opportunity for the Lao elite to promote the Lao nationalist sentiments through theatre, music, dance, literature, radio programs and the organisation of youth and women groups. For the French these initiatives were aimed at neutralising the Thai propaganda.
It was an opportunity to revive the nationalist sentiment. The movement produced the nucleus of the Lao nationalist elite. The patron of the Lao nationalist movement was Prince Phetsarath who also was the Prime Minister of the Luang Prabang kingdom. It was the Lao Nhay Movement elites, which formed the backbone of the Free Lao movement in the independence struggle in September 1945. Half of them worked for the French administration. However, the LPRP claimed that it was exclusively the work of the Lao Regional Committee and ignored the activities and the nationalist sentiment of the Free Lao Government members. After the French troops defeated the Free Lao Government the Viet Minh-sponsored faction gained momentum. It gradually absorbed the Free Lao Movement members, as Thailand withdrew its support when Japan lost the war. Kaysone Phomvihane and Nouhak Phoumsavanh were trained to lead the underground ICP LRC in 1946. From 1945 Prince Souphanouvong was appointed leader of the popular front, the Free Lao Front (FLF) or Neo Lao Issara.

After the Free Lao Government was defeated by the French, Kaysone Phomvihane and Nouhak Phoumsavanh future Lao Leaders were involved in the LRC operations but its direction was controlled by ICP Vietnamese cadre. The LRC executive was transferred to the Lao People's Party in 1955 and went underground. It was the Free Lao Front that led the struggle as a popular front. At its Third Congress in 1982 the Lao Communist Party began to function on its own right as the Lao People's Revolutionary Party (LPRP). Information on politics, intelligence and military was shared with its Vietnamese counterpart. The LPRP cadres learnt Marxism-Leninism at the Ho Chi Minh Institute in Hanoi.

A Franco-Lao Treaty signed by French President, Vincent Auriol and King Sisavang Vong in Paris in July 1949 created divisions within the Lao nationalist movement. Three months later the Free Lao Government in exile collapsed. Prince Souphanouvong, Phoumi Vongvichit, Chao Souk Vongsack, Phoun Sipraseuth continued their struggle under Viet Minh directives. The sections of Free Lao Government that escaped to Vietnam were merged into the Viet Minh-sponsored faction under the leadership of Kaysone Phomvihane and Nouhak Phoumsavanh who were responsible directly to the Viet Minh and the ICP. They were appointed to the leadership in 1946 and worked in organisations under LRC control. The Committee for Lao Independence and the Neo
Lao Issara Association were renamed as, Free Lao Front or Neo Lao Issara, a mass organisation.

At the Second ICP Congress in 1951 Ho Chi Minh allowed each country in Indochina to set up its own national Communist Party. The Lao Regional Committee became the Lao Communist Party. In 1955 the Lao People's Party was established based on the framework of the Lao Regional Committee in which the ICP Vietnamese was the secretariat and trained the Lao communist cadres. The LPP was supported by the Free Lao Front but it was totally dependent on the support of Vietnamese resident militia (volunteers) and the Vietnamese regular army. In 1956 the Free Lao Front was renamed Lao Patriotic Front or Neo Lao Hak Sat. The front was commonly known as Pathet Lao or Lao country (a leftist Lao faction).

After the French defeat at Dien Bien Phu the Lao Patriotic Front (LPF), from being an outsider began its emergence as a Lao political party. The ICP became a legitimate and dominant power in Indochina after the French defeat at Dien Bien Phu. It consolidated its position with the aim to form a new Indochina Federation where the Vietnamese-dominated ICP would replace the French in Indochina. The Friendship and Co-operation Treaty signed between Prince Souphanouvong on behalf of Free Lao Government and Viet Minh in October 1945 continued to sanction the stationing of Viet Minh troops in Laos.

American intervention in Vietnam dragged Laos into a regional conflict. The LPRP was totally reliant on Vietnamese political and military strategies. With this strong Vietnamese support the LPRP carried out similar strategies to Vietnam. The LPRP struggle was based on two ultimate goals: (1) The overthrow of the monarchy and liberation of entire Laos with the LPRP as a ruling party was their ultimate goal and (2) The negotiation and formed the coalition with the Royal Lao Government (RLG) depending on regional political development with the aim to win the popular support within the RLG.

The Lao People's Revolutionary Party (LPRP) did not have diplomatic relations with any communist countries. Its relationship with Peking, Moscow and other communist countries was through the ICP and VCP. In 1961 the LPRP established a party-to-party
relationship with the Soviet Union and People's Republic of China under the supervision of the VCP. During the early stage of Indochina War any strategy or resolution approved by the ICP was carried out by both the Viet Minh and the Pathet Lao. At the later stage the resolutions reached at the VCP Congress were conveyed to the LPRP as a guide. The Lao Communist Party usually followed the same directions of the VCP. The VCP influence over the LPRP was powerful. After seizing power the LPRP implemented of the socio-economic development program based on the Vietnamese model.

The disintegration of the right-wing leadership and the withdrawal of American forces from southern Vietnam were the key reason for the LPRP successful seizure of power. After 1961 the Pathet Lao troops were equipped with modern weapons from the Soviet Union and China. The liquidation of the Neutralist Party of Souvanna Phouma by Vietnam and the US paved the way for a direct confrontation. The Pathet Lao took part in the three coalition governments with the RLG, which was a LPRP's political strategy to overthrow the monarchy. The LPRP gained accurate intelligence and was a well-disciplined organisation. Its army surrounded all major cities. The LPRP was supported by RLG functionaries and the VCP cells in the RLG zone. The latter was under the command of Le Van Hien, the Vietnamese Ambassador to Laos. He was a VCP Central Committee member. The LPRP manœuvre both the National Union Government (NUG) and the National Political Consultative Council (NPCC) to overthrow the RLG and the monarchical system in Laos. Upon seizing power the LPRP attempted to secure the political stability by the elimination of 'reactionary elements'. In 1977 the LPRP initiated border negotiations with the VCP and signed a twenty-five year friendship and co-operation treaty with Vietnam to provide a firm security against external threats. The LPRP sent fifty thousand RLG functionaries to retention centres known as 're-education camps'. The Lao People's Democratic Republic (Lao PDR) was considered a socialist outpost in Southeast Asia.

With Soviet aid the LPRP introduced the centrally planned economy. From a subsistence economy it aimed at bypassing the capitalist stage of development. The LPRP eliminated private ownership and nationalised private enterprises and collectivised agriculture. The LPRP replaced the Royal Lao Government administration with Party cadres at all levels. The LPRP network consisted of Party machinery,
government office and mass organisations. The LPRP ruled the country in the name proletarian dictatorship and made Laos a police state. Three hundred and fifty thousand Lao people left for refugee camps in Thailand and later settled overseas.

From 1976 to 1986 the LPRP implemented the Vietnamese model of socio-economic development. Experts from the Soviet Union and other socialist countries in Laos offered advice but were not needed by the LPRP, which followed VCP resolutions. This special relationship was deep rooted and the LPRP followed all aspects of Vietnamese direction. The Lao thinking bore a strong Vietnamese imprint and ignored Lao socio-economic conditions. The Vietnamese economic model in Laos was a contradiction to Marxism-Leninism as it stipulated that the capitalist stage was the prerequisite to socialist development. The people in the former RLG zone were seen as non-class citizens and not admitted to high government positions. Marxism-Leninism was new in Laos and people did not understand the Party and government’s nationalisation and cooperativisation programmes. The implementation of centrally planned economy resulted in falsified statistics and waste.

The LPRP admitted that this over-centralised model of socialism failed to produce food sufficiency while socialism was remained unrealised. The LPRP claimed it sensed the collapse of the socialist economy and made a decisive move. Three years before the collapse of the Soviet Union the LPRP launched the Open Door Policy known as New Economic Mechanism (NEM). It was a move toward the market economy, a copy of the model adopted in China in 1978. The NEM was adopted at the Fourth Party Congress in 1986. The LPRP took three years to prepare for NEM implementation. The LPRP confronted difficulties as both economic models clashed. The transition was uneasy. All levels of Party cadres had to attend internal and external training and seminars but all cadres remained under the Party rules.

Through the NEM, the small and family businesses prospered under Party guidelines. People enjoyed more freedom in their business transactions. They were allowed to trade with surrounding countries but with restrictions. The privatisation of State-Owned Enterprises occurred. Some SOEs were retained but under new management. Others were sold to private firms but many were transferred to the Party patron-clients. The Lao government wasted budget funds in the Party subsidising, the Party retirement
package (the free transfer of government properties to retirees) and the transfer of SOEs to the Party patron-clients. The LPRP saw NRM as a gateway toward socialism in a period of transition. It aimed at increasing of agricultural production and the development of transport and communication. Forest exploitation became the major source of income for the Lao government.

Marxism-Leninism remained the Party political ideology. All power remained under Party control, which restricts the operations of the market economy. Democratic centralism and collective leadership remain vital to the LPRP. The Party Congress is the top decision making body in the Lao PDR. The executive, legislative and the judiciary are the executors of Party resolutions. The Party Central Committee members and senior cadres hold this power and in mass organisations at every level. The Party Congress is held at five-year intervals. The Central Committee (CC) meets annually and the day-to-day Party operations rest with the Politburo and the Party President. The LPRP draft resolutions and passed to various echelons for discussion and amendments to the draft, which are rare because the Party principles give power to the upper echelon. It is the CC and the politburo, which make the final decision. Most draft resolutions are unanimously passed with few suggestions or amendments. In the long term, Marxism-Leninism appeared to give rise to a Lao national political ideology through the LPRP. Its membership has increased from 35,000 in 1982 to 100,000 in 2001 representing 2 percent of the 5.2 millions population.

The LPRP rules stipulated that it is the leading organisation of the labourers, representative of the national interest and the Lao working class of progressive patriotic ethnic groups, and the nucleus of people's democratic regime. This claim is in line with the proletarian dictatorship, as the ruling class. The LPRP has two priorities: (1) to create a socialist country and (2) to make Laos a peaceful, independent, democratic, unified and prosperous country by basing on Marxist-Leninist general principles as its ideological foundation. It works in accordance with democratic centralism and leads with collective leadership. The LPRP observes cohesion of its ranks to ensure political, ideological and organisational unity based on power sharing with multi ethnic groups and regional leaders to ensure its firm grip on power.
Introduction

The leadership accepts self-criticism and criticism as law for personal and Party development and expansion. The Party resolution implementation is carried out through mass organisations. From 1982 the LPRP rules have gradually been amended to suit with the change. As a ruling class the LPRP combines the Party machinery with executive, legislative, judiciary and mass organisations although it becomes cumbersome and a burden to national budget. The Central Committee members have been appointed to head all politically important organisations. The upper level, the Central Committee and ultimately the politburo make the decisions and the lower levels have the duties to carry out the Party resolutions. The LPRP’s organisational structure consists of 4 levels: the central, departmental district and village levels.

The LPRP gives important role to the grass root level for example the national security. It has not provided budget and personnel allocation to the villages even though they are vital national socio-economic units. The national resources are concentrated and wasted at central, provincial and district levels. Government machinery and state enterprises are directly controlled by the LPRP. The decision making process is in accordance with the Party rule. Seniority dictates the control in the Party’s democratic centralism. Collective leadership is in the name of power balance for the sake of Party unity. In most cases Party members at each level normally agree with the decision dictated by the senior cadre using the term “ekkapharb” or unanimity.

The LPRP spent a decade implementing the centrally planned economy but failed to build socialism in Laos. The ultimate aim of the LPRP remains socialism; it wants neither democratisation nor capitalism. From the NEM implementation to year 2001 the LPRP sought to build transport and communication infrastructure and increase food self-sufficiency. The NEM attracted a substantial flow of investment from European Community (EU), Japan and ASEAN, and in particular Thailand. Foreign aid increased dramatically and offset the eclipse of Soviet aid. Foreign assistance aimed at poverty alleviation but did not succeed. Lao peasants were not incorporated in the national socio-economic development plans. Foreign aid and Lao national budget allocation did not provide equal distribution to 85 percent of the country’s population.

Soviet Union and the COMECON assisted the Lao PDR, as a new socialist State in Southeast Asia. It became a strategic point for the Soviet Union vis à vis China and the
USA. The Soviet aid from 1976 to 1990 was 763 million roubles of which loans were 715 million roubles. The Soviet exports to the Lao PDR during this period were 600 million roubles against 60 million rouble imports from Laos. Vietnam was responsible for all Lao military and political training. It assisted the Lao PDR with US$134 millions, half of which was gratis aid.

From 1976 to 1985 the Lao PDR was short of skilled and qualified Marxist-Leninist personnel. Those trained in Soviet Union and other socialist countries were not employed in the jobs for which they qualified because they opposed the Vietnamese economic model. The cadres trained in Marxist-Leninism in Vietnam had no technical and professional skills and were incompetent to manage large aid projects. The former RLG skilled technicians qualified personnel were not trusted as they were regarded as class enemies. The socialist aid packages were wasted and equipment was under utilised. The LPRP decision making process was prolonged and there was no financial and administrative delegation to lower echelon. The lower level personnel were Party's cadres who were to carry out decisions made by the top level.

Large projects were reduced to small-scale projects to suit the Lao personnel's competence. From 1984 to 1992 the Lao government capital expenditure on health and education was minimal. Most funds were spent on transport and communications and agriculture. During this period the rural development was not in the government development agenda. The LPRP considered this area in 1996 but no budget allocations were made to the planned Focused Development Clusters (FDC). Laos has neither sea access nor seaport facilities and is reliant on subsistence farming. Foreign assistance formed a major part of the Lao budget capital expenditure and there is a lack of domestic savings. The LPRP attempted to attract private foreign investment on hydropower dam projects of which there were 57 prospective sites for development. The Lao PDR stated that in 1994 it had a GDP per capita of US$250 and forecast it would reach US$500 in 2000 when the Nam Theun II hydropower dam was to be completed. At the same time the Lao PDR had a per capita external debt of US$500 including the non-convertible Russian roubles.

Foreign aid formed 79 percent of the Lao budget capital expenditure. It appears that the increase in the balance is unlikely because Lao economy was badly affected by the 1997
regional financial crisis. Dependence of the Lao PDR on trade with Thailand deepens. Since 1997 Lao macroeconomic conditions have deteriorated severely. With an inflation rate of 180 percent (one of the highest in the world) the value of Lao currency, the kip is less than 30 percent of its value. Merchants and entrepreneurs in Laos did not use local currency. Yet the Lao currency was expected to recover along with other ASEAN economies. The Asian Development Bank, World Bank and IMF played a significant role in guiding Laos towards market economy. Foreign assistance from 1993-94 totalled US$211.7 million.

The development programs are based on long term objectives and large projects, which benefit the urban areas. The standard of living of the 85 per cent of the population in rural areas thus lagged behind in development. Budgets for public health, education and rural development programs were meagre because the Lao government placed emphasis on prioritised national transport infrastructure and communication. In the past two decades it appeared that foreign aid for humanitarian programs and poverty alleviation was not directly and equitably distributed to the majority of the Lao multi ethnic population in the remote areas as the aid agencies claimed. The world financial institutions dictated their terms of assistance and managed their projects jointly with the Lao government. However, the project assessment was carried out independently by the aid donors or funding institutions as the Lao government lacks staff with expertise in the areas of feasibility study and project evaluation due to poor salary payment. So far the financial institutions have not been able to persuade the Lao government to improve its communist bureaucratic machinery and its decision making process to enable the management of its market based economy. Although Lao PDR has little benefit out of ASEAN membership but it was first time in Laos’ contemporary history that it joined the regional trade. The Australian-built Mekong Friendship Bridge is the first landmark of making Laos a crossroad. The benefit of the bridge is dependent on the Thai-dictated trade terms.

The implementation of New Economic Mechanism (NEM) in 1989 pressed the Lao People’s Revolutionary Party to promulgate new laws, decrees, regulations and codes including a foreign investment law. The National Constitution promulgated in 1991 stipulated that the economic system in the Lao PDR is a multi-sectoral economy. Bitumen roads and bridges were first priority, hydropower dams and mining were aimed
at hard currency generation while agriculture development was focused on self-sufficiency in rice and foods. The Foreign Investment Management Committee (FIMC) was formed to assist in the resolution of foreign investment questions but it has no legal power to form as a tribunal.

The foreign investment was promoted by holding various Lao investment opportunity forums in overseas. It provided a long list of potential development areas consisting of four major areas such as transport and communication infrastructure, agriculture and forestry, energy and mining and industry. The policy also offered 100 per cent foreign ownership and fiscal incentives. As the result the forums attracted some foreign companies but most of these were not long-term investors they got in just to earn loan or aid money and got out. The on the table-service-rendering fees, the multi layer authority, the practice of air share investment, the poor foreign investment service and the non-enforcement of the promulgated laws exhausted foreign investment. Many companies withdrew.

The current Lao legal framework was introduced to support the implementation of the Lao New Economic Mechanism or the market based economy under state management from 1989. This economic system has been known as the state-managed economy, an economy that is controlled by the Lao Communist Party. The Lao PDR shifted away from the strict Party rule to a market economy regulated by laws and regulations. The shift aimed at attracting foreign investment, more aid from non-socialist countries and to save the Lao Communist regime from collapse. The Lao legal framework later supported the Lao PDR in its application to join ASEAN and WTO. The LPRP remains in absolute power and all government machineries are under its strict control including the executive, legislative and the judiciary. The Party Central Committee members closely supervise all these powers and mass organisations from top to the grass root levels.

The People’s courts dealt with the process of commercial, industrial and foreign investment disputes. There are neither industrial nor foreign investment tribunals. The court process is always slow and delayed due to the strict democratic centralism and collective leadership. Each of the government departments is independent from one another. There is no internal coordination or cooperation between government
departments because the top Party Central Committee members are of equal authority. There were attempts to restructure the cumbersome Lao public sector but instead of downsizing it the number of employees increase from 69,000 to 72,000.

The Public Administration Reforms (PAR) was carried out in order to catch up with the NEM. The redundant employees are revolutionary veterans with little education. The redundancy and retirement offer was met with resistance because public sector employees are Party members with patrons higher up in the politburo. The on-the-table service rendering fees have informally been regarded as a complementary bonus offsetting the low pay. During 1976 to 1990 public servants worked only half days so they could take care of their families. Most competent employees left to work in private sectors and the public sector was in limbo. The LPRP has been legally founded as a single political party in the National Constitution. The governance by laws has challenged the Party’s authority and the promulgated laws and decrees have not been reinforced. Every Central Committee member or senior Party cadre holds several positions while others have less responsibility. For example in Xieng Khuang province a senior Party cadre held sixteen positions. He spent much time in meetings and political propaganda for each of his positions. In this case effectiveness and efficiency and quality service delivery was minimal.

The LPRP Party members have comprised multi ethnic groups since its inception. Most of them are from peasant background, the Party claims that it represents the interests of multi ethnic people and works for their wellbeing. Yet the past and present Lao governments have paid very little attention to village administration. It has been left out of the contemporary administrative stream. The central government has not provided budget allocations to the village administration but expects it fulfil the tasks given to them by Constitution Article 64, the implementation of laws, decision and orders. In the past two decades the Lao government did not directly address the wellbeing of the peasants who were revolutionary militants. There was no plan to shift budget allocations and the excessive qualified technical and administrative employees from city centres to be based in rural villages.

The Lao political concept remains traditional, people who sought political power aimed at making money, getting rich and getting out. Most of revolutionary cadres were
peasants and had little education. They were subject to redundancy when PAR was carried out. Low pay has greatly undermined effectiveness and efficiency in the Lao public sector. Laos is rugged and mountainous and has few dirt national roads. When the LPRP became the ruling party it spent most of national resources and foreign aid to develop national transport infrastructure and communication but at the expense of rural villagers who form 85 per cent of the country’s population. These people are core Lao social and economic units that have been left out of the national socio-economic development programs.

In 1996 foreign aid to Laos formed 79 per cent of the Lao government socio-economic development budget. It aimed at poverty alleviation but had not been equally distributed to the Lao 85 per cent rural population. The 1996-2000 socio-economic development plan issued by the Lao State Planning Committee acknowledged that the gap between rural and cities is growing wider apart. From 1991 the Lao government has placed an emphasis on halt to slash-and-burn upland rice farming practice and opium cultivation, it created Focused Development Clusters (FDC) in remote rural areas but with a mere budget of 3.92 per cent for the total 63 FDC and 800 projects. It becomes a target that would not be achieved with such meagre budget.

Both the Frangipanni metaphor and the Lao contemporary neutralist policy are similar endeavours. Both refer to the way Laos’ attempts to accommodate with its five surrounding countries. It strives to unlock itself by making friends with them and by building national transport infrastructure and communication. The Australian-built Mekong Friendship Bridge and the Japanese Pakse-Champasak Mekong Bridge form a platform for the Lao crossroad. With a strong Vietnamese military support Laos has claimed that it has political independence. The road towards socio-economic independence will be long and difficult for Laos. The LPRP appears to be unable to make the state-managed economy work to its full steam. The market-based economy has yet been allowed to function in its legal framework although Lao government has enacted a number of laws and decrees but they become paper laws. The LPRP is unlikely to further relax its strict control especially the democratic centralism and the collective leadership, which is a major obstacle to the market based economy. The collective leadership regime is the key factor to the effectiveness and efficiency in the decision making process.
At present Laos is skewed in favour of loans rather than grants. Lao history has started to repeat itself because Laos is dependent on different things from different former regional powers, Thailand, Vietnam and China. The Lao PDR has relied on ideological and military support from Vietnam and the Lao people's day to day living conditions are dependent upon the Thai exchange rate and market fluctuations. The Lao local market tends to ignore the Lao national currency and has used Thai currency in its business transactions. Foreign aid agencies have focused on humanitarian and poverty alleviation in Laos but their grants in the past two decades were pro-active. Foreign aid money was not equally distributed to the 85 per cent of rural Lao peasants in remote areas. The Lao government has claimed that it signed border delimitation with four of the five neighbouring countries. The border delimitation with Thailand is underway with tough negotiations. The Lao-Vietnam treaty indicated that Laos lost some 795.5 square kilometres of its traditional territory to Vietnam. Both Laos and Vietnam blamed the French Service Geographique de l'Indochine (SGI) for leaving blank and unfinished maps.

The Lao socio-economic development relies on what Lao government can get to sustain its development programs and dependable heavily on foreign aid and loans. Thailand has been ranked number one in foreign investment in Lao PDR since 1989. As the result of regional financial crisis in 1997, the poor service delivery and the absence of transport facilities foreign investment trends in the Lao PDR have reduced drastically. The expectation that transforming a subsistence economy into a commodity-based market economy will gradually improve the living conditions of the rural peasants is far from reality because the downward trends of foreign assistance and foreign investment. This is because the LPRP is not prepared to further relax its power. There was no improvement in taxation system, public service salary, the governance, law reinforcement, and quality service delivery for foreign investment and foreign aid and loan coordination. On 26 October in 1999 students and teachers at Dong Dok National University protested against the communist hardline asking the government to resign and replacing the LPRP by multi political parties.

The path toward economic growth for Lao PDR is still a long road and will totally dependent upon the LPRP's democratic centralism and collective leadership. However, to the extent that both the centrally planned and the state-managed market-based
economies did not help to improve the fundamental Lao socio-economic conditions but the quasi-capitalist system works elsewhere in China and Vietnam. There will be in the long and difficult path toward democrotisation even though attempts to help have been made by World financial institutions and foreign aid donor countries. The trend to improve poverty alleviation in Lao PDR has not been in place although the transport infrastructure and communication have been improved. Lao government declares time and again that rural and mountainous areas are its important economic battlefields. This policy was simply words but not deeds. At the recent Seventh Congress of the LPRP held in March 2001 the policy to stop slash-and-burn, opium cultivation and the production of commodities re-emerged in the Party's socio-economic plan.

The World Bank social indicators clearly pointed out that the living conditions of 85 per cent of the Lao rural population in comparison with neighbouring countries has not been improved in the last two decades. Lao PDR relies heavily on Vietnam, China and Thailand for aid and investment. There was no strong commitment in lobbying for foreign investment especially from external powers. This development strategy will be politically and economically suitable to the Lao PDR situations. The Marxist-Leninist strict uniformity and strong discipline has undermined the Lao market economic system. The LPRP pretended to support the promulgation of a number of laws and decrees but did not allow their reinforcement and they became paper laws. In the past decade the Lao government focused on transport infrastructure development and hydropower construction. Agribusiness is a natural base for industrial development in most of the newly industrialised countries in Asia but was ignored by the LPRP.

The Lao government has set to achieve an expansion of GDP per capita income through the five-year socio-economic plan. It had planned to implement strict balancing macroeconomic measures aiming to increase budget revenue but failed to deal with taxation and corruption. The support for business and foreign investment is not in place. The present Lao taxation system appeared to undermine business community and to drive it to bankruptcy rather than supporting them. The absence of quality service delivery and foreign investment tribunal had driven both domestic and foreign capital out of Laos. The democratic centralism and collective leadership for the time being have helped to maintain Party unity and political stability in the Lao PDR. In reality the regime does not work in such context. The ultimate power rests with top senior Party
member, the President. The junior members are always in unanimity or *sikhapharb* with the ideas proposed by senior members. In most cases all Party members of very Party level must be cautious of his or her move. Decision making process is slow and long because it has to go through every Party layer for propaganda and educational of Party members. No one would voice against the proposed resolutions as all are Party members and are subject to the same Party rules. The state-managed market economy has found difficult to function in the current LPRP’s democratic centralism and collective leadership. Thus the present LPRP’s ideological trend and Party mechanism are unhealthy for its socialist transitional period.
Introduction


2 Ibid, pp. 172-173.


4 Fairbank and Reischauer, pp. 10-11.

5 Viravong, Sila, *M. History of Laos*, p. 29.


11 LeBar F. and Suddard, A. *Lau, its people, its society, its culture*, p. 17.

12 Stuart-Fox, M. *A History of Laos*, p. 27.


19 Note: An unnamed senior Party cadre held six positions in Xiang Khuang provincial administration was informally reported to a delegation member of the Internal Medicine Society of Australia and New Zealand (IMSANZ) during its visit to Lao PDR in July 2001. This person must have been with extensive experience and qualifications are rare in the province. However, most of senior Party cadres normally held more than four positions. Due to the lack of government incentive scheme the experience and highly qualified-staff prefer to live in the capital city. For example Dr Siho Bannavong has held four positions such as 1) member of the LPRP Central Committee, 2) Member of Parliament, 3) Permanent Vice-President of LPRC equivalent to a government minister’s position and 4) President of the Lao Committee for Peace and Solidarity.
