

LAOS for Outlook 2010

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If 2009 was anything to go by, it would be tempting to predict that 2010 will be more of the same – that is, that politics in the Lao People's Democratic Republic (LPDR) will continue to reflect a consensus agreed upon by a remarkably secretive, but cohesive, ruling elite. But this would be a mistake. The year 2010 will certainly be a crucial one for the politics of the Lao People's Revolutionary Party (LPRP).

What will not change is the way that politics are conducted, entirely within the upper echelons of the LPRP and with no publicity. Nothing will be reported in the tightly controlled Lao media reflecting any differences in political opinion. There will be no political commentary, let alone speculation. Diplomats may pick up rumours and talk to each other, but what is really going on within the Party, and how decisions are arrived at, will remain almost entirely opaque to outside observers.

A large part of the reason for this lack of political transparency has to do with Lao political culture, and how power is gained and used. Throughout Lao history, political power has been personal and patrimonial. The most powerful kings were those who could count on the loyalty of regional lords. Ambitious competitors for the throne gained power by building up networks of allies and clients whom they could call upon in a succession dispute. In return they dispensed whatever patronage was at their disposal.

Under the French, powerful regional families gained political favour through supporting the colonial regime. When Laos became independent in 1953, the heads of these families continued to dominate the Royal Lao Government. Cabinets were carefully selected to balance family and regional interests. Few members of these families gained any prominence in the revolutionary movement that seized power in 1975, the notable exception being Prince Souphanouvong. Power lay in the hands of members of the Political Bureau of the LPRP, and since membership of the Party was theoretically open to all, it appeared at first that the new revolutionary political institutions would break the hold of patronage politics.

For the first fifteen years or so of the new regime, while Kaysone Phomvihan remained secretary-general of the LPRP, this still seemed possible. But while political leaders tried to cope with international challenges and a collapsing economy, the military leaders of the revolution were allowed the freedom to do their own deals. Junior officers became the natural clients of commanding generals. When the generals gained ascendancy in the Party they brought their own culture of patronage politics with them.

Politburo members used the resources of the state for personal gain, and to build political patronage networks. Clients gave loyalty in return for benefits, often plundered from the state. Such patron-client relationships are personal: they take time to establish. The patronage networks of senior Party figures have been built up over years. Once in place their durability depends on the value of the benefits they distribute.

The new patrimonialism benefited greatly from the introduction of a market economy, and particularly from the influx of foreign investment. Corruption flourished, as the example of Party leaders was adopted by lower level cadres. An anti-corruption law was introduced, but

has never been applied to any senior Party member. The only punishment for highly corrupt officials has been to move them to positions with fewer opportunities for personal gain.

So pervasive had corruption become that when in 2006 a younger civilian prime minister, Bouasone Bouphavanh, was appointed he promised to do something about it. But the leadership of the Party remained in the hands of the military: General Choummaly Sayasone is state and Party president; and four of the five top positions in the Politburo are still held by the military old guard.

Since Bouasone owed his elevation to prime minister to the patronage of former Party president General Khamtai Siphandone, he has had to forge his own political support base. This has been made somewhat easier in that Khamtai has retired to southern Laos to manage his extensive business interests, but Bouasone has had to move carefully so as not to antagonise other powerful figures.

Bouasone's working life after he returned with a doctorate in political science from Moscow was spent as a Party official. He has good contacts within the Party and is popular with younger and better educated Party members, including teachers at the National University of Laos. Rumour has it that Bouasone has also gained the support of younger members of the Politburo, including the foreign minister, Dr. Thongloun Sisoulith, and Thongban Sengaphone, the minister of security (formerly the Ministry of the Interior), who is in charge of the police and secret service. But most significantly, again if rumour is to be believed, he has won over the defence minister, General Douangchai Pichit.

It is unclear as yet whether Bouasone's network building strategy is on track. Politics took a back seat during the run-up to the Southeast Asian games, which Laos hosted for the first time in December 2009, but the pace will quicken during 2010. Bouasone's time frame is determined by the date of the next Party congress, which is due early in 2011. Politicking is always intense during the year leading up to the next congress, to decide on membership and rankings in the Politburo and Central Committee, so that all the congress has to do is endorse what has already been decided.

Whether Bouason's support network will be sufficiently cohesive to provide him with the political base he needs to force the retirement of the aging generals in the Politburo remains to be seen. President Choummaly is likely to want another term in the top job, and other powerful Politburo members may be reluctant to retire. The position of former foreign minister Somsavat Lengsavad is shaky, thanks to criticism of the deal he brokered with Chinese business interests to build a new national sports stadium in return for rights to develop a large area of land near the sacred That Luang stupa.

Foreign influence continues to play a significant, if equally opaque, role in internal Lao politics. The principal players are Vietnam and China. Senior Lao Party cadres still attend ideological training courses in Vietnam, which gives the Vietnamese unique access to the upper echelons of the LPRP. Vietnam has two principal political interests in Laos: to maintain its influence within the Lao Party; and to maintain close military-to-military relations as a security measure to protect the long and vulnerable Lao-Vietnamese border.

The Vietnamese have become increasingly concerned about the Chinese penetration of Laos. The transfer of ownership of the Sepon gold and copper mine in southern Laos, the largest industrial enterprise in the country, from Australia's OZ Minerals to China's Minmetals

caught both the Lao and the Vietnamese by surprise. Chinese commercial penetration of Laos has mainly been in the north, though there is a large market in Vientiane. The Sepon mine is close to the Vietnamese border, and Hanoi is far from happy at having what amounts to a Chinese base in such a strategically threatening location.

China also provides ideological and managerial training for Lao cadres, along with substantial aid and investment. Chinese companies have gained mining concessions and large areas of land for agricultural and forestry plantations, in return for which the Chinese government has granted Laos loans under favourable terms and cancelled debt.

As prime minister, Bouasone

has to sign off on major projects and inter-state agreements. His willingness to do so has gained him Chinese support. The support of both Hanoi and Beijing has strengthened Bouasone's position in the LPRP, but not yet to the extent of being able to drive his own program.

A continuing problem for the government is the relationship between the centre and the provinces, which have always enjoyed a degree of autonomy in running their affairs. A recent matter of contention has been over the granting of land concessions at rates the central government believes have been too low (in return for bribes to provincial authorities). The government also wants to extract higher royalties and taxes from foreign mining companies, a move likely to have the reverse effect by discouraging large-scale and long-term investment. Both these matters have yet to be resolved, and will be watched with interest over the coming year, as an indicator of where the government is heading.

The government certainly needs to raise more revenue in order to fund its social programs. Spending on education and health have been abysmally low, but are slated to increase in 2009 when the Nam Theun hydro-electric project comes on-stream. Under terms negotiated with the World Bank, a substantial portion of revenue from sales of electricity to Thailand will be directed to poverty alleviation. Implementation, however – as always in Laos – will be another matter.

In the meantime, politics are likely to continue as usual: that is, as a competition between powerful patronage networks for access to economic resources. It is just this competition that stimulates the corruption that is corroding the Party. Powerful figures look after themselves and their clients, with little thought for the national interest. Take the agreement said to have been concluded for a Chinese and Thai consortium to develop a large bauxite deposit in southern Laos. A Lao company will have a ten percent stake, owned not by the Lao government, but by interests linked to the patronage network of former president Khamtay Siphandone. Meanwhile Khamtay's son, the governor of Champassak province, is tipped to be appointed as a minister in the prime minister's office, where he will be in an excellent position to protect his family interests.

