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Politics and Patronage in Laos

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Martin Stuart-Fox

The people of Laos have, traditionally, sought all manner of favors, from employment to business deals, through personal contact.

No one would have dreamed of seeking a job on the basis of qualifications alone. The applicant needed a personal introduction. The introduction might come from a relative—the closer the better, and usually the older the better. It might come from a friend who either knew or worked for the potential employer.

Once employed, the new employee would in turn be in a position to provide assistance for his own relatives or friends by putting in a word of recommendation with his employer.

Those who expected that this clan patronage system would be overturned when the leaders of the Lao People's Revolutionary Party seized power in 1975 have been confounded. Indeed, ties to party members have become an important element in defining a clan. In part, at least, the practice of clan patronage has persisted because of simple economic necessity.

Theories of Revolution

After seizing power in 1975, the party abolished the 600-year-old monarchy and established the Lao People's Democratic Republic. This move brought to an end the national democratic phase of the Lao revolution.

The task then facing the party, as Lao communist leaders saw it, was to move on to the socialist phase of the revolution. This socialist revolution would transform Laos from a semi-feudal agricultural economy to a modern, technologically advanced socialist state.

Lao revolutionary leaders have been guided by a theoretical understanding of this transition borrowed from their Vietnamese comrades. As Marxists, they believe that the basic change must be in the mode of economic production.

They inherited a pre-capitalist "Asiatic" mode of production in the rural areas and the beginnings of capitalist production in a few urban centers. Both had to be transformed into a socialist, collective mode of

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production. The means of production—land, tools, factories, for example—should be communally owned.

This revolutionary change in the mode of production has to be accompanied, Lao leaders believe, by two other revolutions if it is to have the desired economic and social effect. The second revolution has to take place in science and technology. The country must develop a corps of scientists and technicians to serve as the "leading edge" in the transition to a modern economy. And ordinary people must gain an understanding of science and technology.

The third revolution, which should stay a step ahead of the other two, must occur in the ideological and cultural sphere. This revolution aims, in the words of Kaysone Phomvihan, the party's secretary-general, to produce a "new socialist man," one who is dedicated to bringing about the revolutionary transformation of Lao society.

Only if people believe in the historical necessity of this transformation will they strive to bring it about. So the ideological and cultural revolution provides the motivation to pursue and achieve the other two goals.

For the first year or two of its existence, the new regime was concerned above all with problems of security and political consolidation. At the same time, it began the first revolution—in the mode of production. It nationalized the country's few larger industrial enterprises, and it set up state farms on land confiscated from leading rightist politicians and generals who had fled the country or were undergoing "reeducation."

Laos is overwhelmingly an agricultural country. At least 85 percent of its people work as peasant farmers. Thus the economic revolution, to be effective, had to be applied primarily to the agricultural sector. In May 1978, Lao leaders decided to collectivize agriculture, following a similar Vietnamese decision in southern Vietnam.

The Lao Politburo believed the decision to collectivize agriculture was economically necessary and ideologically correct. Unfortunately, however, there had been no revolution in ideology and culture to set the stage for this move.

Members of the Politburo may have understood the need to collectivize agriculture, but the vast majority of peasants certainly did not. Very little attempt was made to explain to most farmers why it would be beneficial to them to pool their tools, livestock and other means of production. No effective education program was conducted to raise their political consciousness.

To make matters worse, the government was not in a position to provide material incentives and support which might have persuaded farmers of the value of joining cooperatives. As a result, peasant opposition to cooperativization mounted rapidly. Farmers refused to cooperate with party cadre and even slaughtered animals and burned crops. Some peasants, especially from southern Laos, crossed into Thailand.

Production suffered. So did security, as anti-government insurgents capitalized on growing popular discontent.

Party leaders were forced to rethink their policies. In July 1979, cooperativization was abruptly halted. That December, the Supreme People's Assembly, Laos's national assembly, unanimously ratified a political report presented by Kaysone, known as the Seventh Resolution. This was more than an economic document. It prescribed social and political changes as well.

The Seventh Resolution ushered in a period of economic liberalization which took account of the economic realities facing the country. The document recognized five sectors in the Lao economy. All, even the capitalist sector, should be stimulated. Thus the resolution tacitly admitted that the attempt to cooperativize the agricultural sector had been premature.

The decision to undertake such a major change in economic direction was not taken lightly, nor was it taken without considerable debate. Two factors weighed heavily in party deliberations.

The first was consideration of a World Bank report on Laos submitted to the government in November 1978. The second was Soviet and Vietnamese advice to relax certain economic controls as the Vietnamese had already decided to do in southern Vietnam.

The thrust of the advice given by the World Bank experts and by Laos's socialist mentors broadly coincided. The economically inexperienced Lao leadership felt they had little choice but to accept it. Nevertheless, the new direction in economic policy was not without its dangers, both in the opportunities it offered for individual economic gain and in the dissension the decision generated within the party.

Of the five sectors of the economy recognized in the Seventh Resolution, two were socialist—the state-owned and collective sectors. Three reflected prevailing economic conditions that ideologues within the party had hoped to transform. They were the private sector of individual small-scale production, mostly at subsistence level, the capitalist sector and the joint state-capitalist sector.

Some feared that if these last three sectors were encouraged rather than transformed, they would provoke increasing social tensions—"contradictions," in Marxist jargon. Private agricultural production, for example, might give rise to a "kulak class" of wealthy peasants exploiting poorer farmers. And private capital accumulated by industrial, commercial or transportation entrepreneurs could recreate the unacceptable social inequalities that had characterized the former regime.

It took the Lao who remained in Vientiane four or five years to realize that the party was composed of Lao, and they knew how to relate to Lao.

Reassuring Investors

Initially, those few members of wealthy Lao families who had remained in the country were wary about taking advantage of the more liberal economic climate. They were reluctant to reveal their wealth, and they distrusted the party leaders. If economic policy could be liberalized, it could just as easily be closely circumscribed once again. New businesses could be taxed out of existence, or they could be taken over by the state.

Potential capitalists in socialist Laos wanted some guarantee that their investments would be protected. Even formal contracts governing state-private partnerships or strict adherence to the laws controlling private enterprise could not provide guarantees against policy changes. Guarantees of another kind were needed—guarantees through the traditional channels of family connections and clan patronage.

The remaining representatives of wealthy families were the only people in a position to take advantage of the new economic environment, for they alone possessed the necessary skills, foreign contacts and sources of capital to invest in and manage joint state-private ventures or private enterprises.

Often they controlled more than their individual wealth. When members of wealthy families left Laos, the government did not confiscate their property, except in the cases of those tried and condemned as traitors. Instead, their possessions, particularly houses and land, were placed in the care of relatives.

As the economic environment changed, so did the social and political environment. Negotiations between party members and potential investors increased the social contact between the two groups. The distance between party leaders and members of the former Lao social elite began to decrease. As one long-time observer of Lao developments put it, it took the Lao who remained in Vientiane four or five years to realize that the party was composed of Lao, and they knew how to relate to Lao.

The few remaining members of the former Lao elite have improved their social standing and increased their influence primarily because more educated and technically proficient members of the Lao middle class have fled. The economy needs investment capital that the state cannot provide, most party cadre and bureaucrats have little formal education, and the country has few experienced managers and marketing personnel.

Over time, those with needed skills and money have worked out a *modus vivendi* with party leaders. The guarantees Lao entrepreneurs need before they make investments have been provided in typically Lao fashion—by family relationships, particularly through marriage; through personal contacts, often with relatives of senior party officials; and through clan patronage. The clan relationships may be defined family relationships or personal contacts, or they may be established through employment or business connections.

These relationships between the party hierarchy and remaining members of the old elite have been established in a number of ways.

Members of some powerful families were already active in the revolutionary Pathet Lao during the war years. President Souphanouvong, a member of the royal family, is the supreme example. There are also representatives of such important families as the Souvannavongs and the Pholsenas.

Children of party leaders and leading families in Vientiane meet and fraternize at the only two high schools that have maintained relatively high standards.

Another important avenue of contact is through women. They meet through the Lao Women's Union and, more informally, through social gatherings, Buddhist festivals and even shopping expeditions.

Kaysone's wife, Thongvin Phomvihan, is a target for those who seek to influence her husband. As president of the Lao People's Revolutionary Youth, Thongvin also serves as the principal channel of communication between the youth of Vientiane and the party.

Echoes of a Past Era

These newly-developing bonds of influence and obligation are the latest incarnation of the tradition of clan patronage, which has been especially important since Laos obtained its independence from France in 1954. Political parties under the former regime were little more than loose alliances of clans. Adherence to these parties had more to do with family politics than with ideology.

Family relationships tended to lock an individual into one clan or another, but other factors could also define clan affiliations. Employment, membership in a particular delegation to visit a foreign country, business ties, even success in obtaining a license from a particular ministry—these could all mark a person as belonging to a particular clan. Each favor engendered a debt which might have to be repaid later.

The more powerful the clan leader, the more likely it was that clan members would prosper, and the more likely that others would seek his patronage.

In present-day Laos, personal contact with relatives of powerful party figures such as Nouhak Phoumsavan, the Politburo member in overall charge of the economy, or Sali Vongkhamsao, the influential head of the State Planning Commission, is actively sought. Little love is lost between the two men, thus people must be careful in

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choosing to affiliate with one clan or the other. As leaders of clans of supporters within the party, both Nouhak and Sali are believed to be able to favor applicants outside the party.

The prestige of each clan leader is a reflection, in part, of the standing and importance of members of his clan. Conversely, the rash actions of anyone closely identified with one clan can reflect on the clan patron, even within the party. When it was discovered that Nouhak's daughter made an excessive profit as agent for a state coffee contract, Nouhak lost some of his standing in the party, according to widespread accounts in Laos.

Sali's reputation apparently suffered when he was unable to secure the release of Latsamy Khamphoui, one of his vice presidents on the State Planning Commission, who was arrested on charges of falsely accusing others. Nouhak, by contrast, is believed to have been influential in obtaining the release of Vice Minister of Commerce Chanpeng Bounnaphone, arrested for alleged involvement in corrupt foreign trade deals. Lao, both within the party and outside it, watch such events as an indication of the relative power of clan leaders.

Reforms Cause Tension

These two arrests were part of a larger series of arrests—and subsequent release of some of those arrested—which took place between 1983 and 1985. The events demonstrated more than the relative power of clan leaders within the party. More important, they reflected tensions within the party about the decision to rely more on market forces and less on centralized direction of the economy.

In the eyes of party ideologues, this was a backward step that invariably sharpened the struggle between the "two lines," socialism and capitalism. Kaysone, in his political report to the Supreme People's Assembly in January 1985, said that "the struggle to resolve the problem of who is winning over whom between the two lines" had "developed to a new phase in a fiercer and more uncompromising manner" during the previous year. It extended into all areas of Lao national life, but was primarily being fought out in the fields of "circulation and distribution and economic relations with foreign countries"—just those areas in which the arrested vice ministers

THE REFUGEES: A LOST RESOURCE

The Lao government has long maintained that the refugee policy pursued by Thailand and the United States is designed to weaken the social fabric and undermine the economy of Laos.

Initially, Lao authorities were not unhappy to see so many "class enemies" from the urban middle class leaving. But over the years, the numbers have mounted. In 10 years, about 10 percent of the population has fled the country. According to statistics kept by the United Nations High Commission for Refugees (UNHCR), more than 60 percent of these were "Lao"—a category which also includes ethnic Vietnamese and Chinese but does not include members of "hill tribe" minorities.

The economic effect on Laos of this flight has been devastating, not only because of the numbers involved, but because of the educational level of those who left. The majority of those designated as "Lao" by the UNHCR crossed into Thailand from urban centers along the Mekong River. Besides those families of the political right most responsible for profiteering and corruption under the old regime, these Lao included the great majority of the country's educated middle class.

Almost all the Chinese and Vietnamese merchants left, along with most of the senior bureaucrats, administrators and managers who were not sent to "reeducation" camps. Most of the doctors and dentists, lawyers and engineers, technicians and teachers left, too.

The loss of managers has seriously affected the efficiency of small industries. The shortage of trained administrators has been felt in virtually all government departments. Foreign experts have had to fill the gaps. Cuba and the Soviet Union have sent doctors; the Soviet Union and Vietnam, engineers. East German lawyers are giving advice on the new constitution, a document that has taken more than a decade to produce. Laos is as dependent on outside assistance as it was before 1975.

Under the former regime, Laos had steadily built up a technically qualified work force of laboratory technicians, tradesmen, mechanics, agricultural and veterinary extension personnel, heavy equipment operators, construction workers, clerks and other trained technicians essential to a developing economy.

The loss of the great majority of these people has seriously retarded the Lao economy and also reduced its capacity to make use of foreign assistance. The present level of economic aid—about $70 million a year—is the maximum the country can absorb.

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The political infighting which led to these arrests has roots in the third party congress, held in April 1982. The congress addressed one of the priority areas designated in the first Lao five-year plan, revealed the previous year — the consolidation and restructuring of "organizations responsible for managing the economy and the state." The reference was, we can presume, to the government itself.

Following the congress, sweeping changes were introduced in the structure of government. A number of politically loyal but administratively incompetent ministers were shunted aside. The former minister of agriculture, Khamsouk Sayaseng, became "minister responsible for the expansion of coffee production." The former president of the State Bank Commission became "minister responsible for prices."

In the ministries of agriculture, finance, construction and transportation, among others, the displaced ministers were succeeded by military officers. The number of ministries was increased to 14, grouped under the direction of five vice chairmen of the Council of Ministers.

Kaysone retained the position of chairman, or prime minister. Nouhak was placed in overall charge of the economy. Sali was to supervise planning, with Phoumi Vongvichit over cultural and social affairs, Khamtai Siphandon over defense and internal security and Phoun Sipaseuth over foreign relations. Together, these six men form an "inner cabinet" responsible for policy decisions.

Members of the "inner cabinet" and ministers at the second level of government are all long-standing party members. It was at the third level of government, that of the 70-odd vice ministers appointed in 1982, that problems arose. A number of these officials were appointed for their technical skills rather than for revolutionary credentials. Indeed some had worked for the pre-1975 regime.

These men were appointed for reasons of pragmatic necessity, but the move caused jealousy and resentment among those who believed that their dedication to the revolution had not been adequately rewarded. Personality clashes, factional infighting, clanism and ideological opposition to the liberal direction of economic policy all combined to produce increasing dissension within the party—dissension which found dramatic expression in

Even more alarming is the shortage of young people educated to a level where they can be trained on the job. The country has lost almost all its secondary teachers and a large percentage of primary teachers as well. The remaining primary teachers have been promoted to teach at the secondary level. They know too little about their subjects, and they are further hampered by a lack of textbooks and classroom equipment.

Educational standards have fallen to a level where students are often incapable of meeting the requirements for further education abroad. Besides language training, Lao students in the Soviet Union and Eastern Europe need preparatory courses in basic science and mathematics. Half of those carefully chosen for the first engineering class at the new Soviet-built Vientiane Polytechnic Institute could not keep up with their courses. They needed special preparatory classes.

Teacher training in the Dong Dok Institute of Pedagogy is a priority, but even there the quality of entering students is low. Thus it will likely take years, perhaps decades, before teaching improves to the level necessary to sustain a modern economy.

The Lao are certainly right that a primary goal of Thai refugee policy has been to weaken and discredit the regime in Vientiane. The Thai government has benefitted from the propaganda generated as tens of thousands of Lao fled their communist government. But leaders of the Lao party must be held responsible for a number of poorly considered and executed policies which have been instrumental in increasing the refugee flow.

Foremost among these have been policies toward employees of the former regime and of the U.S. aid mission in Laos. Fear of denunciation and arrest and inadequate legal safeguards sent thousands of refugees fleeing to Thailand.

Policies aimed at a rapid socialist transformation of Lao society, including the forced collectivization of agriculture, had a similar effect. However, even since the 1980 liberalization, the refugee outflow has continued. The government appears powerless to prevent it.

The effect has been disastrous. Underpopulated Laos has lost a significant number of its most skilled citizens. The modernization of the country has been set back at least a generation.

— *Martin Stuart-Fox*

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the series of arrests that began in March 1983.

When the arrests began, the new vice ministers had been in office little more than six months. A vice minister of agriculture, Sitaheng Latsaphone, and a vice president of the State Commission for Social and Veterans Affairs, Thongvan Phanlatsavong, were arrested. Both had been civil servants under the former regime; neither was a party member. At the same time, more than three dozen minor officials from these and other ministries were arrested.

In September 1983, all were brought to trial. Thirty-two officials, including both vice ministers, were found guilty of unspecified crimes apparently connected with foreign aid projects. They were sentenced to various terms of imprisonment. The remainder were freed.

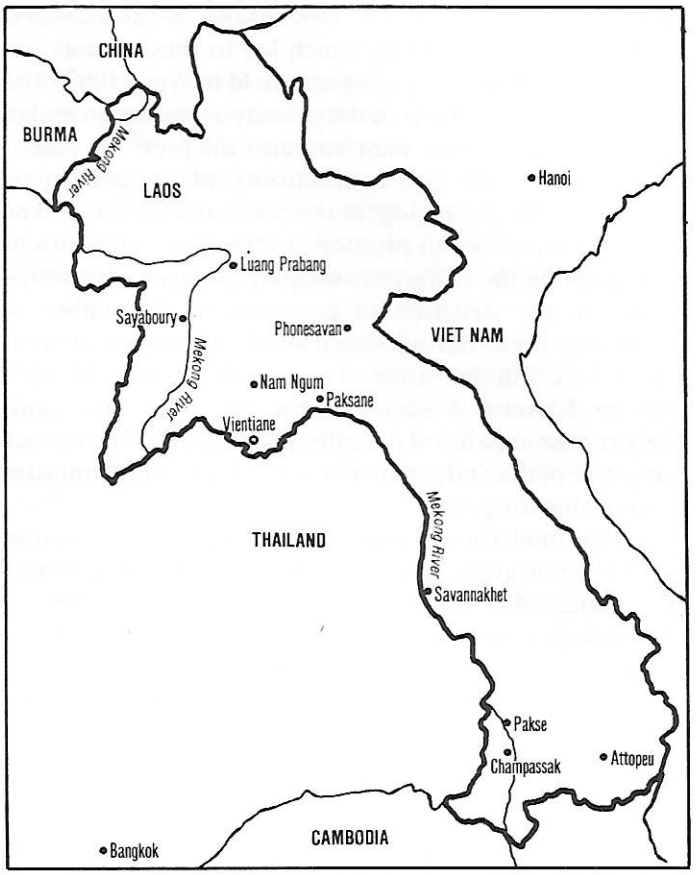
These arrests were not related to the case of Minister of Culture Sisana Sisane at about the same time. Sisana lost his portfolio as punishment for sneering at a performance by Soviet entertainers. He retained his place on the party Central Committee, however. He attends its meetings regularly and lives comfortably if quietly in Houa Phan province in the northeast.

Almost a year after the first arrests, two more vice ministers were taken into custody. One was Latsamy Khamphoui from the State Planning Commission; the other was Sengkham Phinith, vice minister of construction. Charges against the two were never made public, but it was widely believed in Vientiane that Latsamy had been instrumental in denouncing those arrested the year before.

Sengkham apparently had nothing to do with those earlier arrests. Like Sitaheng and Thongvan, he had worked for the former regime. There were reports that he had angered Kaysone by making pointed criticisms of government economic policy in conversations with foreign diplomats. His crime was one of indulging in "anti-party activities."

In mid-1984, an extraordinary "special appeals tribunal" sat for a month to investigate the evidence used to convict Sitaheng and Thongvan, the first two vice ministers arrested. The tribunal met in secret, and its conclusions were never revealed. The outcome, however, was that both men were released, together with a number of other officials arrested at the same time, and restored to their former positions without explanation. Reports said the tribunal found that much of the evidence used to convict the two men had been fabricated, and that Latsamy had been involved.

If these findings were something of a surprise, it was even more surprising that the tribunal sat at all. The tribunal was not a part of the normal process of Lao justice. It was convened only after concerted pressure by the families of the accused, who protested their innocence through family and clan channels. The tribunal represented a triumph for traditional Lao methods of exerting



influence.

A third series of arrests took place toward the end of 1984. Two vice ministers, Oudone Pholsena from the Ministry of Finance and Chanpeng Bounnaphone from the Ministry of Commerce, were arrested along with several other officials from their ministries. All were charged with corruption.

Charges against Chanpeng were apparently dropped, for he was released in June 1985. It is unclear whether Nouhak obtained his release, though this is widely believed.

Oudone, by contrast, was implicated in the fabrication of evidence against Sitaheng and Thongvan. He was also reportedly involved in a scheme to buy reconditioned heavy earth-moving equipment from a Thai firm and sell it to the Lao government as new machinery.

This scam, known as the "Caterpillar affair," throws light on another aspect of the economic changes ushered in by the Seventh Resolution—the new opportunities and temptations for corruption. The free market in Vientiane, which sells not only privately-grown produce and imported items but even deals in currency and gold, has allowed some peasants and urban entrepreneurs to increase their incomes well above the level of even the most senior government officials.

People in Vientiane learned how to operate under a new set of ground rules. They watch warily for signs of political struggle within the party, and they exploit whatever opportunities they find for individual or family gain.

Civil servants are paid only a tiny fraction of their salaries in cash. The remainder is paid in coupons which may be used only in government shops, often poorly stocked. All government employees are forced to supplement their official incomes.

Some receive remittances from family members abroad. Others rent out homes to foreigners, have family members who trade on the open market or participate in corruption. Indeed, petty corruption has become so widespread in Laos that it is all but institutionalized. Only when it is on a larger scale, as in the "Caterpillar affair," does it become a target of official censure.

Miscalculations and Setbacks

To a large extent, the ills which now beset Lao society are of the regime's own making. The Lao economy would not be in such a poor state, nor Laos so dependent on foreign aid and expertise, if so many educated Lao had not fled the country since 1975.

The misplaced attempt to bring socialism to Laos in such a short period did not take into account the fears and suspicions of educated urban Lao, nor did it consider the desires and aspirations of the peasants. By the end of 1979, when party leaders yielded to pressure for a change of policy, the damage had been done.

Not only was the revolution in the means of production set back, but the educated class had been lost. Because the government had failed to harness the energies and talents of the old educated elites for the good of the country, it had all but destroyed the possibility of pursuing the revolution in science and technology. Laos has been left with an educational system in which standards have dropped so precipitously that it will take years to recover. At the same time, almost every major foreign aid project has suffered from the lack of trained technicians.

As for the third revolution, in ideology and culture, there are few indications that the regime has had much success in creating a "new socialist man." Instead, people in Vientiane have simply learned how to operate under a new set of ground rules. Their struggle has been one for survival. They have become wise to the ways of the regime in the way a city child becomes streetwise. They watch warily for signs of political struggle within the party, and they exploit whatever opportunities they find for individual and family gain. In doing so, they follow tried and tested culturally-based modes of personal interaction.

There are other indications that old attitudes are resurfacing in a new guise. Laos now depends on the socialist bloc as much as it once did on the United States. This dependency engenders similar attitudes toward aid and assistance. Lao complain that the Soviets do not maintain equipment as well as the French or Americans did. They do not suggest that perhaps the Lao should maintain their equipment themselves. So far, the party has been ineffective in generating a sense of national pride and determination. There is only a snide feeling of superiority over the Vietnamese. At least the Lao are not *that* poor!

Meanwhile, inside the semi-secret party, the politicking continues as it prepares for its fourth congress planned for this year. At its center is the struggle between those who want to force the pace of an ideologically orthodox transition to socialism and those who want to leave room for individual initiative in an economy dominated by the state.

This struggle is endlessly complicated by personal jealousies and clan loyalties, by advice from sources as diverse as the World Bank, the United Nations, the Soviet Union and Vietnam, and even by the state of Chinese-Vietnamese relations. Those who would like to emulate the Chinese experiment do not dare say so. Their arguments have to be couched in other terms, lest they be accused of being pro-Chinese.

The reformers can easily cite other examples to follow. Some economic changes have been justified by referring to Lenin's New Economic Policy of 1921. As Vietnam experiments with economic reforms, Laos has the opportunity to follow suit.

This is not to suggest that the Lao must necessarily adopt Vietnamese policies. Laos may be firmly fixed within the Vietnamese orbit on foreign relations, but its leaders enjoy considerable latitude in directing the nation's internal affairs.

The critics who claim that Lao politics requires nothing more than the implementation of Vietnamese instructions miss an important part of the picture. Both the degree of regional autonomy permitted provincial party leaders and the increasing evidence of family and clan influence weigh against such an interpretation. Ten years after the communists seized power, politics in Laos take place in an environment broadly shaped by certain overriding Vietnamese concerns and interests, but in ways which increasingly reflect characteristically Lao social values and relationships.