

LAOS

Shedding Its Skin

Communist Party seeks to define a new role

By Bertil Lintner in Vientiane

Change will come to even the drowsiest Marxist backwater. As the ruling Lao People's Revolutionary Party prepares to hold its sixth congress at the end of March, Vientiane is abuzz with the usual revolutionary slogans and decked out in hammer-and-sickle flags. But all the communist trappings can't hide the fact that even in Laos, the old order is changing. The question is: What new role does the LPRP want to assume in the post-socialist world?

Answer: an authoritarian-nationalist one, *a la* Indonesia's Golkar or Burma's Union Solidarity and Development Association. Indeed, a Western academic who specializes in Laos believes the country is "on its way towards a political system which more and more resembles that of Burma or Indonesia: an authoritarian government over which the military exercises strong influence."

In the process, the academic says, the LPRP is changing from a vanguard party in the old Marxist mould to a vehicle for upward social mobility—"something you join to get good jobs"—and a civilian support base for the ruling elite. The ideology of the party is also moving in the direction of authoritarian nationalism, and it's the nuts and bolts of this process that will be discussed at the party congress.

At a practical level, the congress could see a changing of the guard. Some observers expect that 80-year-old President Nhouhak Phoumsavanh will step down in favour of party chief and Prime Minister Khamtay Siphandone. Such a handover would formalize what many already believe: that Khamtay is the real strongman of Laos.

If Khamtay takes over as president, he would have to relinquish the premiership to either Khamphoui Keoboulapha, deputy prime minister and head of the powerful State Committee for Planning and Cooperation, or the current defence minister, Lt-Gen. Choummaly Sayasone.

Khamphoui is Laos's economic tsar, a dynamic 65-year-old with a reputation for pragmatism. Choummaly, on the other hand, is a relatively conservative military man who wants to see slower economic development with greater state control. But he's far from an anti-market dinosaur. Indeed, the Lao military's role in the economy has been strengthened over the past few years through a wide range of activities by the army's own trading com-



Khamtay Siphandone: future president?



Lao trader: too free for some party stalwarts.

pany, the Bolisat Phatthana Khet Phoudoi Import Export Co. (see accompanying story). That would not have been possible if Choummaly objected.

The odds seem to favour Choummaly, a veteran of the wars against Laos's

former colonial overlord, France, and the American-backed royal government that was ousted in 1975. More importantly, as commander-in-chief of Laos's armed forces he wields almost absolute power on internal and external security matters.

Company Town

Lak Sao doesn't appear on any map. Even its name is unusual: It means "20 kilometres" in Laotian, and probably derives from an old milestone nearby. Until a decade ago it was merely a collection of seven ramshackle huts near the Vietnamese border in Bolikhamxay province. Today, however, it is one of the most prosperous towns in Laos. Its 12,000 inhabitants enjoy a well-laid-out grid of roads, relatively modern buildings, schools, a hospital, even an airport.

But Lak Sao is not just another frontier boom town. Rather, it's a company town with a difference. It was established by the Lao army and is virtually run by one of its most important commercial enterprises, the Bolisat Phatthana Khet Phoudoi Import Export Co., or BPKP. The name translates in English as the Mountainous Areas Development Co.

This unusual corporation was officially set up in 1984 by the Lao government to make its armed forces more

self-sufficient—and less dependent on the central-budget funds that are monitored by foreign aid donors sensitive to big military expenditures. Since its inception, the BPKP has earned more than \$105 million, according to two extraordinarily frank reports over the official Lao Radio in November 1994—so far the only official account of the company's finances. In a Lao context, that's a staggering amount of money. The activities of the BPKP, the radio went on, included "agriculture and forestry, building and infrastructure, industry, handicrafts and processing services, trade and tourism."

Laos is not a military-run country, but since the communist victory in 1975 over the former American-backed government in Vientiane, the Lao power structure has been a triumvirate of the government, party and army. For instance, the present prime minister and party chief, Khamtay Siphandone, is a former armed-forces commander-in-

All state security officials and the heads of the army, air force and navy report directly to him.

As Laos takes the development road, however, the forces of reaction are gelling. There are already signs that, as in Vietnam, many revolutionary veterans are apprehensive that economic reforms are going too fast. Indeed, Lao sources who have attended the many seminars that have been held over the months leading up to the congress report that party lecturers emphasized the need to be vigilant against "our new enemies." These, according to the ideologues, are "profit-hungry private businessmen."

A leading party figure even said that "free-market forces" are a Trojan horse "sent in by the imperialists to undermine our socialist system." But a foreign expert in Vientiane says that since there isn't much of a socialist system left in Laos anyway, such sentiments should be interpreted as arising from fear of losing control over economic development.

"They want a free-market economy since it's profitable for them and the country, but they are afraid of free-market forces," says the expert. The solution to this dilemma appears to be a state-directed market economy in which the military plays a dominant role: again, not unlike in Burma and Indonesia.

Meanwhile, the LPRP is trying to boost its membership, which observers note has

increased to between 65,000 and 75,000 from 50,000 five years ago. Laotians are also signing up for membership of the party's mass organizations: the Lao Front for National Reconstruction, with several hundred thousand members, and the Lao People's Revolutionary Youth Union, which is nearly as large. Then there is the Lao Women's Union, which last year claimed 618,000 members, and the 75,000-strong Lao Federation of Trade Unions.

With the internal frictions over development within the top party leadership, "President Nouhak may stay on as long as he can to avoid the contradictions from developing into an open conflict," says the foreign expert. But whoever succeeds him in the end, Laos's authoritarian system is likely only to be strengthened.

The last attempt to create an alternative to the LPRP and its mass organizations was nipped in the bud in late 1990, when three former government officials—two of them former deputy ministers—formed a "Social Democrat Club" to call for democracy and a multiparty system. According to Amnesty International, the three are still being held in prison in the remote northeastern province of Houa Phan, on the border with Vietnam. Since then, there has been no more overt dissent. And none is likely to surface as long as Laos stays on the authoritarian road. ■



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Today, with Laos having retained its authoritarian system of government but changing over to capitalist economic principles, the army has followed suit by throwing itself with vigour into private business. The BPKP is active mostly in central Laos. One of its sister companies, the Agricultural Forestry Development Import Export & General Serv-

ice Co., is active in the north. Another sister company performs the same function in Champassak in the south.

Ties between these companies and Thai interests—especially in the timber business—are strong. The Lao army has discovered that it can learn a lot from Thailand's successful experience in merging the interests of private business and the military.

■ Bertil Lintner