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in
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I Introduction

The Lao People's Revolutionary Party (LPRP) came to power in December 1975, emerging victorious from a two-year coalition government and virtually thirty years of civil war. It took over one of the poorest and most sparsely settled countries in Southeast Asia -- its population of around 3.5 million being spread over an area of 236,775 square kilometres. Not only was this population fragmented into some 68 different ethnic groups (perhaps 40 per cent are ethnic Lao) but the country's topography added to the fragmentation. Mountains covered with tropical forests occupy two-thirds of the surface area and have made the construction of a national communications network difficult and costly. Thus Laos has one of the lowest densities of roads in Asia (0.04 per sq km) and therefore it has not really possessed an integrated polity, economy or society.

The mountains are inhabited by various hilltribe groups practising slash and burn agriculture, while in the lowland alluvial plains along the Mekong River and other river valleys wet-rice fields are worked by ethnic Lao peasants. These lowland Lao rice growing peasants are the subject of the body of this survey. With over 80 per cent of its population dependent on subsistence agriculture for survival, most of whom have a low life expectancy, poor literacy and a low per capita income, Laos exhibits all the features of an underdeveloped country. Thus the Lao communists were confronted with the same problem faced by all new nationalist governments in the Third World -- how were they going to begin the process of economic, social and political development of their country. Like most communist governments before them collectivization of agriculture was accepted as the best strategy for revolutionizing the countryside socially and technologically.

The Lao communists launched their collectivization drive in mid-1978, and suspended it one year later. The government in Vientiane remains committed to a collectivized agriculture, but the prospect of a new campaign in the future is dim. It was an

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accumulation of external, internal and natural factors which prompted the LPRP to launch the drive when it did. Deteriorating relations between Hanoi and its neighbours in Beijing and Phnom Penh, plus pressure on Laos from Thailand heightened the security fears of the Lao communists. Their reflex was to strengthen the state's hold, the hold of socialism, on the whole country. In this context the existence of a mass of independent peasants was seen as a potential security risk. If they were gathered into co-operatives the government's political and economic control would be strengthened. Successive bad seasons added a certain desperation to their fears about peasant discontent. Natural calamities also intensified the belief that modernization of agriculture was urgent, and ideology dictated that it could only be achieved through co-operatives. The campaign ultimately faltered because of the government's administrative incapacity, its inability to apply mass coercion, besides inherent difficulties in collectivized agriculture.

Subsequently there was a radical re-thinking of economic policy and a modification of the role of agriculture and the peasantry within it. The change, however, did not involve a retreat from the government's socialist objective, as Western descriptions of economic 'liberalization' in communist countries like Laos sometimes imply. Instead we have the adoption of a socialist strategy which differs from what has been considered communist orthodoxy until very recently. Laos, therefore, has joined the social and economic ferment coursing through most communist societies in the late twentieth century.

Any researcher of contemporary Laos is indebted to the fine work done by MacAlister Brown and Joseph Zasloff in *Apprentice Revolutionaries* (1986), and to Martin Stuart-Fox's work, especially his *Laos: Politics, Economics and Society* (1986). The primary interest of these books, however, is politics rather than economics, and their discussion of agrarian policy is only a minor theme among others. This study, on the other hand, provides a more detailed outline and analysis of the evolution of agrarian policy in Laos.

II Laos 1975-79: "A Profound and Complete Revolution in the Countryside"

The National Congress in December 1975 which announced the formation of the new communist regime expressed its wish that peasants start to adopt collective forms of production. But the statement was moderate and said that for the time being full-scale co-operatives would only be established on an experimental basis. Its broad views on the matter were clear nevertheless:

Encourage and help the peasants to progress towards a collective way of life with a view to developing production and improving the standard of living.

(a) Persuade and help peasants to form and consolidate solidarity units and labour exchange units. Through them the peasants will come to seriously plan their exchange of labour and will familiarise them and workers from all ethnic groups to a collective existence, in which the quality is superior to their former way of life. This aims to improve the way of life of all the people from all the ethnic groups.¹

This straightforward statement of policy is not burdened with exhortations to revolutionize the countryside. Emphasis is on persuasion and force of example, not coercion. The general idea appears to have been that once peasants could be persuaded to operate low level forms of co-operation, such as solidarity labour units and labour exchange teams, and once they had experienced the supposed advantages of such organizations they could be easily persuaded to form higher collective forms of production such as co-operatives. The time scale for this was open-ended and government pronouncements carried no sense of urgency.

During 1976, the government's first year of power, little

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attention appears to have been paid to the formation of collectivized production groups in agriculture. However, some over-enthusiastic cadres obviously tried, in some regions and localities, to collectivize everything and prompted a statement of clarification from the government in May:

The Government's programme of action states clearly that the people's right to own property, money, houses and paddy fields will be respected strictly. This shows clearly that besides not seizing the peoples property, the Government takes steps to safeguard the people's interests.²

Having issued this reassurance, the government reiterated that it was in the peasants' own interests to engage in collective forms of production, for only large-scale production, it argued, would enable them to overcome the hazards of natural calamities.

At this time the new government was still grappling with the problem of creating a new administration and controlling the economy at large. It was in no position to launch radical reforms in the countryside. On the contrary, it was trying to create an atmosphere of stability by assuring the peasants that it would protect their basic rights.

Any government wishing to introduce substantial reforms in any society must possess the administrative capacity to do it or else it will create widespread social disruption and even chaos. The new communist government was bequeathed a particularly weak administrative structure by the former Royal Lao Government. This was a product of a poorly developed educational system as well as the fact that the RLG's American backers during the civil war had increasingly taken over the administrative burden of running the country, to the point where the U.S. ambassador was commonly known as the "second Prime Minister".³ Moreover, the 'semi-feudal' structure of the former state meant that the central government in Vientiane exercised tenuous power in the outlying provinces. The withdrawal of United States Aid for International Development (USAID) in May 1975 removed the backbone of the old administration, and in the following six months a large number of the leading members of the RLG state apparatus fled across the Mekong to Thailand either before or after 'popular uprisings' in the bureaucracy removed them. This period possibly saw the departure of the majority of the educated elite in Laos. Those who remained were often viewed with suspicion by the Pathet Lao cadres, most of whom were less well educated, and a significant

number of old regime bureaucrats were sent off to re-education camps. This in turn created a climate of uncertainty among others who soon decided to leave lest they be sent off to re-education too.

The communist government could ill-afford these losses, however the dynamics of its takeover made them almost inevitable. For thirty years the communists had controlled little more than a proto-state in the rugged Lao mountains and its form of administration ran along military lines. Whatever its weaknesses the RLG did have a civilian bureaucracy and it was this bureaucracy that the communists inherited. No doubt it was their lack of experience with routine bureaucratic work plus their natural suspicion of 'the other side' which inclined the communists to compensate for their weaknesses by exaggerating the importance of revolutionary ideology. Claims were made that there is a 'revolutionary way' of doing virtually everything. In such an atmosphere bureaucratic experts from the old regime who contradicted cadres were easily denounced as 'counter-revolutionary' and often sent off to re-education to acquire 'correct' ideas. This situation soon produced either bureaucratic paralysis among the old personnel or bureaucratic chaos as a result of cadres implementing ill-conceived 'revolutionary' new ways.

The difficulties encountered while establishing the new administration were documented by Australian journalist John Everingham. His account of the Pathet Lao takeover of the southern city of Savannakhet gives a rare glimpse of what was occurring inside Laos during the early months of the new regime. What is immediately apparent is a theme one encounters in most peasant revolutions. That is, the confrontation of the countryside with the city, the 'country-bumpkin' peasant armies with the 'city slickers' more inured to the ways of the urbanized West. Many of the Pathet Lao had literally come out of the hills, onto the plains, and into the cities for the first time in their lives. Thus in the takeover of Savannakhet rural cultural parochialism, indeed puritanism, tended to over-shadow practical administrative measures: "Western-influenced youths were taken to task for their dress; girls, too, were criticised. Youths were dragged in for haircuts and women admonished not to wear any form of make-up. To listen to Thai radio stations was to risk being labelled 'reactionary', as with the playing of western music. Both the pursuit of pleasure or profit were denounced as being unpatriotic while the task of re-building the country remained. For this people were urged to go to bed early." Everingham notes that "without compulsion, and with more visible action simultaneously in the important fields of economy, administration and education among

others, the population might have reacted more positively".⁴ As it was, the expectations of the population, who had hoped the revolution would sweep away its problems, fell as administration became even more ineffective than under the former regime. In this situation the evangelism of the peasant victors became particularly irksome:

The citizens of this city were being subjected to the soldiers' eagerness to lecture at every opportunity. One woman was loudly and publicly held to ridicule in the market for wearing a pair of glasses. To her unschooled Pathet Lao antagonist they were 'reactionary' - styles not fit for the new Laos. Attracting attention from all quarters, he demanded that she dispose of them immediately. The woman was not to be beaten: she squared up to the soldier, declared that rather than 'fashion', her glasses were prescription lenses medically necessary for improved sight. The soldier was not displaying a correct political line, she fired back, using the revolution's own jargon. The Pathet Lao soldier was laughed into humiliation and did not appear in the market again for some time.⁵

But this incident is not only a revealing instance of peasant parochialism, it is also an instructive contrast with what was happening in neighbouring Kampuchea where there were reports of bespectacled people who, unable to answer back to the Khmer Rouge soldiers, had their glasses taken from them and smashed. Laos only teetered on the edge of the anarchic violence which was an important part of the Khmer Rouge revolution in Kampuchea.

One perceptive Savannakhet resident observed: "The Pathet Lao tried to apply in Savannakhet the same rules and regulations that had applied in their liberated zones -- in the jungles their rules worked well for the few people there -- never realising that the same would not also succeed when they got to the city. They never realised how complex and how numerous are the problems caused by so many people in such a small place."⁶

For example, the soldiers spontaneously placed bans on the free movement of trade from the villages to the city. Previously the guerrillas had only been familiar with the military control of trade in the old liberated zones. Moreover, because of their long years of hardship in the mountains they were largely oblivious to the serious impact that this was having on living conditions in the

city -- food supplies dwindled, prices rose and smuggling began. In May 1976 Savannakhet was going hungry when a leading cadre realized what was happening and told the soldiers guarding the entrance to the city to lift their ban; whereupon the markets filled with food once again. Everingham also reported that the poorly educated soldiers were easily deceived by opportunists whose command of revolutionary rhetoric enabled them to denounce people in high offices and then take their place. "Scores of officials, many of them honest citizens, fled the country", he wrote.⁷

The discontent caused by the new regime's actions attracted the attention of the Party leadership in Vientiane. Finance Minister, Nouhak Phoumsavan, a native of Savannakhet, was dispatched to the city to re-assert the central government's policies. At a public meeting in Savannakhet he accused the soldiers and the new administration of not adjusting to city life, of "oppressing the people" and of substituting what he called "one old feudalistic system for a new kind of feudalism". They had, he said, "created a military dictatorship".⁸ Strong corrective action by Vientiane checked the spontaneous tendency of regions in Laos to follow their own political course.

The situation in Savannakhet illustrates clearly the administrative problems faced by the new government. Poor communications links -- and in this respect Savannakhet is much better located than many other areas of Laos -- and poorly educated cadres, meant that policies formulated in the capital were likely to be misapplied in any particular local situation, and only discovered by Vientiane after the damage had been done. Although a significant factor in the communists' victory against the old RLG had been its ability to create a centralized nationwide military and political organization, this was still inadequate for the administration of a country. The organization of the state they inherited was a product of weaknesses arising from economic backwardness and would continue to be a source of problems for the new regime.

Relatively little is known about what was occurring in the countryside at this time. However it is clear from the government statement quoted earlier that some Pathet Lao zealots had attempted to instantly communize agriculture, and, as in Savannakhet, their actions had to be repudiated by the new regime. One could speculate that there were fewer 'excesses' in the countryside simply because there was less cultural gap between the peasant soldiers and the peasants themselves. On the other hand, rural remoteness would mean that instances of communizing zeal would take longer to come to the attention of higher authorities.

Probably our best indicator that there were few instances of such extremism in the early period of the new regime is the fact that only a tiny proportion of refugees to Thailand at the time were peasants.

These early problems of translating central government policy into practice would re-emerge during the collectivization programme.

Economic Problems

The serious economic difficulties encountered by the new regime were an important reason for its turning to collectivization as a solution to a growing economic crisis in Laos. When the communists came to power they inherited the poorest country in Southeast Asia. In 1975 annual per capita income was estimated at \$70-80. On top of this they inherited a bankrupt state. The former RLG had been supported by bilateral aid programmes and the Foreign Exchange Operations Fund. This was set up in 1964 by the United States, Japan, Britain, Australia and France so that Laos could make purchases on the world market and maintain price stability in the country. It financed the whole current account deficit (approximately a quarter of the GNP in the early 1970s), and nearly 80 per cent of its budgetary expenditures. In 1974 the FEOF provided US\$32 million. In 1975 the amount halved thereby de-stabilizing the *kip* and fuelling inflationary pressures. The withdrawal of USAID in mid-1975 had a similar effect. By the end of its twenty-year involvement in Laos in 1975 this organization was pouring approximately US\$50 million into Laos while the RLG budget stood at only US\$14 million. The withdrawal of Western aid was only partially offset by aid from socialist countries, and in the second half of 1975 inflation was running in excess of 100 per cent.⁹

Inflation was carried along by social forces created by Laos' dependence on American dollar infusions. As in other urban centres of Indochina, U.S. involvement in the region had opened up great trading opportunities for merchants in the cities of the RLG zone (who were mainly Thai, Chinese, Vietnamese or Indian) and this class had grown rapidly. From the early 1960s onwards they were augmented by a steady stream of peasant refugees from the battle areas who became petty traders in small shops and stalls both in the cities and rural villages. These small traders were largely dependent on the bigger city-based merchants for their goods, and the whole trading edifice was largely dependent on

imported consumer goods. The cut-off of U.S. dollars made these goods difficult to buy and the traders bargained frantically for dollars, drastically devaluing the kip and causing runaway inflation in the process. The departing RLG elite in 1975 also drove the blackmarket price for dollars up as they attempted to exchange thousands of kip.

In the rural areas the war had damaged some of the most productive lands, resulted in the killing of tens of thousands of draught animals and made 400-700,000 of the rural population into refugees. At the beginning of the Provisional Government of National Union formed in February 1974, one year after the cease-fire in Laos, there were 350,000 of these people requiring resettlement. One result of these developments was that agricultural production neither kept pace with population growth nor with the demands of the bloated urban areas, and Laos became a food deficit country, importing 15 per cent of its annual rice requirements.

The protracted nature of the communist takeover in Laos, the pace of which was largely dictated by the winding down of U.S. aid to the RLG and the subsequent disintegration of the Lao rightwing, meant that the central government could do relatively little about the deteriorating economic situation in the country. By mid-1975 almost the entire RLG wartime leadership had decamped to Thailand. But the final communist *coup de grace* came only after the Thai Government blockaded land-locked Laos following frontier clashes in November. The economic impact of the border closure was crippling and imposed unprecedented austerity on the population in the former RLG zone. Aid supplied by Vietnam and the Soviet Union enabled the emerging regime to withstand Thai pressure, but the crisis forced the Lao communists to call together a National Congress for early December. They had not expected to assert complete control until elections already announced for April 1976. "The hardening of Thailand's attitude," a *Le Monde* correspondent commented, "the prolonged closing of the frontier formed by the Mekong and the halt of deliveries of fuel and foodstuffs have no doubt driven the Laotian communists to close their ranks and to provoke a political transformation which will allow them to deal rapidly with economic problems."¹⁰

By the time the border was re-opened at two points on 1 January 1976, the new government had set out to bring the economy under its control. It struck first at food speculators and closed Vientiane's vast 'Morning Market', forcing many merchants to leave for Thailand. Yet, by the middle of 1976 Laos had one of the highest inflation rates in the world, and in mid-June the government

attempted to curb the activities of currency speculators by enforcing a switch from the old Royal kip, bearing the former king's portrait, to the Liberation kip previously only in circulation in Pathet Lao held areas. By insisting that the bulk of family and business wealth be deposited in the government-controlled banks, and then issuing new currency against it, the government hoped to create a cash short economy and ease inflationary pressure. Simultaneously the government attempted to fix all market prices. These measures were soon undermined, however, by demand pressures and speculation against the kip gained momentum once again. Finally, in October, soldiers were sent to occupy the stores of the major import merchants. Shops were searched and the merchants were forced to sell their goods to the government or the public at prices converted from dollar import values at the official low rate. Thus another wave of merchants quit socialist Laos.

Although most rural economic activity fell outside the monetized sector of the economy government restrictions on trade in 1976 did affect the peasantry. In January the new regime had prohibited merchants from buying rice and livestock in the countryside and banned inter-provincial trade in goods. And even if the new regime's actions elsewhere did not degenerate to the point they did in Savannakhet, zealous application of the restrictions -- such as peasants being constantly checked and asked by soldiers for travel documents when they attempted to bring foodstuffs and animals to town to sell -- amounted to bureaucratic harassment. Peasants soon found it was too much trouble to make the journey, and in these conditions the flow of food to the urban areas began to dwindle. The state trading network, on the other hand, was too weak to fill the gap, even though at the end of 1976 the government boasted it had 92 state-run department stores and 138 marketing co-operatives. The government responded to the food-shortages in the towns by resorting to rhetoric about the country's need for self-sufficiency, and government ministries were urged to grow their own vegetables and raise poultry and livestock. The austerity caused even more urban dwellers to leave the country as refugees. For the peasants, who had relatively little to trade after their subsistence needs were met, the new regime's policies were an inconvenience but not a major disruption to their lives. Indeed the new policies induced a retreat to the traditional insularity of the Lao peasant community.

While the government's actions trimmed the economic power of the merchants, and therefore the power of a class the regime saw as hostile or potentially hostile to it, they also caused a further drop in the level of economic activity in the country. No doubt