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Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

21 August 1984

Party and Government Reform in Laos

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Summary

Over the past two years, the Lao leadership has made sweeping structural and personnel changes in the government and the Lao Revolutionary People's Party. The changes--began at the 1982 Party Congress--were aimed at improving the government's handling of the economy, reducing bureaucratic waste and graft, strengthening grassroots support for the Lao party, and eventually creating an orthodox, Vietnamese-style regime.

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The results of the Lao effort at reform have been dismal. Western diplomats report no improvement in the bureaucracy, and the party's membership drive does not appear to have significantly broadened the regime's popular base. As a result, we expect Vientiane to become even more dependent on Vietnam's advisory and administrative support.

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1975-1981: The Thrill of Victory Fades

After the Communist victory in 1975, Lao Party General-Secretary Kaysone Phomvihane and other Lao leaders turned to the problems of stimulating the economy and building a strong network

This memorandum was prepared by [redacted] Southeast Asia Division, Office of East Asian Analysis and was coordinated with the Office of Central Reference. Information available as of 15 August 1984 was used in its preparation. Comments and queries are welcome and may be directed to Chief, Southeast Asia Division, OEA [redacted]

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of popular support. An economic recovery in the late 1970s--a 7-percent annual growth rate during 1978-81, according to the World Bank--gave them some reason to hope for success. But by March 1982, Kaysone and Finance Minister Nouhak Phoumsavan had to announce to the Third Party Congress that the country was suffering from "numerous shortcomings" and poor management by the government. The current account deficit--the balance of trade for goods, services, and financial transfers--had more than doubled from \$51 million in 1976 to \$110 million in 1981. Moreover, over 300,000 professionals, administrators, technicians, and farmers fled the country during the same period. [redacted]

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At the Third Party Congress Kaysone and other top party members also expressed concern about the party's lack of popular support--at about 35,000 members, cadres represent less than 1 percent of the population. Like the royal government it overthrew, the Communist government found its attempts to build grassroots support hindered by the nation's lack of cohesiveness. About half the population is composed of non-Lao tribal groups, speaking almost 70 different languages. In addition, the acute shortage of trained personnel has prevented extension of the governmental structure over the entire country. [redacted]

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This shortage of personnel, moreover, has forced the party to rely on politically suspect, corrupt and inefficient bureaucrats. Many are civil servants from the previous government. [redacted] these holdovers from 1975 still fear arrest or discrimination, and are alienated from the party personnel with whom they work. [redacted]

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Reforming the Bureaucracy

Responding to the criticism leveled at the bureaucracy during the Third Congress, the Council of Ministers over the next two years:

- Cut the government work force.
- Promoted technocrats and military officers.
- Reorganized the ministries and the Lao Council of Ministers.
- Arrested several dozen officials for corruption. [redacted]

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The shake-up began with plans to cut administrative personnel from 8,000 to 6,000. Western journalists reported that some officials resigned or retired under pressure, while others joined joint state-private enterprises. According to the US Embassy, the Ministry of Finance cut its staff by up to three-quarters, and offered employees early retirement or provincial posts. The Embassy believed similar steps were in the offing for other ministries. [redacted]

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The cuts were followed by a reorganization aimed at defining bureaucratic responsibilities and promoting capable administrators in order to spur economic development.

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Nouhak Phoumsavan--number two in both the party and the government--announced in August 1982 that ministries dealing with the economy would be reorganized first, followed by those dealing with other administrative matters. Inside the ministries themselves, responsibilities of deputy ministers and departments were spelled out more clearly, according to press reports.

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Post-Congress Ministerial Changes

Former Ministry

New Ministry

Ministry of Industry and Commerce

Ministry of Commerce and Ministry of Industry, Handicrafts, and Forestry

Ministry of Agriculture Forestry and Cooperatives

Ministry of Agriculture, Irrigation and Cooperatives

Ministry of Communications, Public Works and Transportation

Ministry of Public Works (or Construction) and Ministry of Transportation

Ministry of Education, Sports and Religion

Ministry of Education and Ministry of Culture

Ministry for Information, Newspaper, Radio and Television

Abolished; now a State Committee of the same name

Ministry of Materials and Technology; newly established



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[redacted]

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The beneficiaries of the reorganization in many cases appear to have been nonparty technocrats and military officers.

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[redacted] at least 15 appointments of western-educated technocrats, former royal officials, and military men as ministers or deputy ministers.

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-- A high-ranking official stated in July that "a significant number" of army officers and former royal officials would be promoted.

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-- [redacted] Nouhak had announced that expertise, not party affiliation, would guide appointments in the Ministry of Finance.

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-- A French journalist reported in September 1982 that officials with university degrees and technical training had been promoted and a "goodly number" of these had graduated from French schools.

-- Another western journalist noted in 1983 that nonparty technocrats were rising in the civil service although party members continued to dominate the top posts.

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At the same time, the Council of Ministers strengthened its grip on the machinery of government. The reorganization divided supervisory duties for ministries, state committees, and top party organs among Kaysone, Nouhak and the top dozen members of the Central Committee.

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[redacted] the Council of Ministers established joint inspection committees with the Central Committee to scrutinize government organizations for compliance with official directives.

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Removing Corrupt Officials

In early 1983 and again in early 1984, reports surfaced of a "purge" involving several dozen high-level officials. Among those removed were several vice ministers, vice chairmen of state committees, departmental heads, one minister, Kaysone's personal secretary and two sons of President Souphannouvong. In addition, the editor of the party newspaper PASASON, Chanthi Douangsavan, was also detained. [redacted] By far the largest number of removals occurred in the Ministry of Agriculture, Irrigation and Cooperatives, and the Ministry of Industry, Forestry and Handicrafts. We estimate that at least 47 officials may have been removed in those two ministries by mid-1984.

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The majority of those actually arrested had been accused of corruption or of deviating from the party line.

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[redacted] the biggest round of arrests in March-May 1983 netted between 60 and 100 people. Although the US Embassy was unsure of the merits of the corruption charges, [redacted]

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[REDACTED]

[REDACTED]

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[REDACTED] Some of them appear to have had access to official funds and materials, and the US Embassy subsequently reported that one group of about 20 officials had received heavy sentences for graft. The next arrests, in early to mid-1984, netted perhaps two dozen officials, including two vice ministers and Souphannouvong's sons. [REDACTED]

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Although most of the purges appear aimed at streamlining a corrupt and inept bureaucracy, there have been a few reports that some of the removals were politically motivated. [REDACTED]

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[REDACTED] the purge in 1983 sprang from either factional squabbles among the party leadership or Vietnamese pressure. At the same time, the US Embassy reported that perhaps a dozen high-ranking officials had been sent to Vietnam for political training, and two members of the Central Committee had been sent to the provinces. [REDACTED]

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Mobilization Efforts--Too Few Communists?

While they were trying to streamline the bureaucracy, Lao party officials also initiated efforts to broaden the party's control and increase popular identification with the regime. [REDACTED]

[REDACTED] the party is seeking 75,000 new members between 1983 and 1988. During 1983 and 1984, the party also convened the first national congresses of women's, youth, and trade union organizations. After the Congress of the Lao Women's Union in March 1984, the US Embassy commented that the party had formally completed the establishment of its three primary organizations and that it was theoretically more capable of controlling the majority of the population and informing it of its policies and goals. [REDACTED]

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We share the Embassy's skepticism, however, that much of the population is actively involved in party-sponsored political groups. Scattered reports in the press suggest difficulties in recruiting for the party and its mass organizations, and press statements by party leaders suggest impatience at the slow pace of mobilization. For example, a female activist in Sayaboury Province reportedly encountered problems because of the presence of antiregime guerrilla forces and because of the political ignorance of the local women. She managed to recruit about 130 women in six years, and the local Women's Union now has 155 members. Also indicative of attitudes affecting party recruitment are occasional contributions to local newspapers that complain about cadres' abuse of authority and express disenchantment with party work. [REDACTED]

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Membership of Selected Party Organizations*

| <u>GROUP</u> | <u>MEMBERS</u> |
|---------------------------------|---------------------------|
| Lao Peoples Revolutionary Party | 35,000 (1982 est.) |
| Women's Union | 426,000 |
| Youth Union | 115,000 |
| Trade Union | 50,000 |
| Total Population | 3,938,000 (1982 est.) |

*Our estimate of party membership figures--which the Lao government does not publish--is based on diplomatic reporting. For other organizations, membership figures are taken from official broadcasts. The 1982 estimate of total population was published by the Lao government.

Because of the problems in generating civilian interest in the party, Lao officials may be turning to the military to boost party membership. [redacted] local party officials include a high percentage of army and police officers. One striking example is the party committee of Savannakhet-- [redacted] 13 out of 21 full members are military or police officers on active duty. Moreover, there has been increased media coverage of military figures in party affairs, and both military and security officials gained seats on major party bodies at the Third Party Congress in 1982. [redacted]

Systemic Malaise?

Despite these efforts at reform, the Lao regime appears to have made little progress in solving its problems. Still dependent on a stagnating agricultural sector, the Lao gross domestic product has increased by at most 1 percent annually during the last two years. Inefficiency and corruption continue unabated. In fact, the anticorruption drive may have worsened the situation. According to the US Embassy, the drives against officials on the take halted nearly all work in the Ministry of Agriculture because no one was willing to take responsibility. [redacted]

Finally, Vientiane's attempts to tighten its control over the country's population may further alienate the rural population. The US Embassy in Bangkok reported that refugee arrivals from Laos during the first six months of 1984 nearly equaled the total number of arrivals in 1982 and 1983 combined.

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[redacted]

Ethnic Lao refugees cited poor economic prospects, fear of the draft, and anxiety about the future as their motives for fleeing. [redacted]

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Greater Vietnamese Influence?

The unsuccessful attempts at reform may be leading to even greater Vietnamese influence over the Lao party and government. A politburo meeting last year adopted a resolution calling for strengthened cooperation among the Indochinese nations and detailing expected behavior of personnel working with Vietnamese advisers. When the directive was disseminated in February, government personnel were told to expect more Vietnamese advisers. [redacted]

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In addition, the party's action in sending civil servants to Vietnam for training suggests an effort to reshape both party and nonparty personnel in the Vietnamese mold. The party leadership--while willing to employ former royalists and western-educated officials because of a manpower shortage--apparently continues to feel it cannot trust them. Thus the ministers and "super-ministers"--who oversee the ministries' work--continue to be loyal party members with strong ties to Vietnam. [redacted]

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Finally, the apparent increasing reliance on the military forces for new party members and administering party affairs may also strengthen Vietnam's influence over Laos. The Lao army has extremely close ties with its Vietnamese counterpart--Lao and Vietnam units conduct joint operations, Vietnamese advisers are attached to most units, and most senior Lao commanders fought side by side with the Vietnamese forces in Laos before 1975. [redacted]

[redacted]

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Appendix
 Officials Involved in Bureaucratic
 Reforms, 1983 and 1984.

1983

| <u>Organization</u> | <u>Name and Post</u> | <u>Date</u> | <u>Comments</u> | |
|---------------------|--|-------------|--|------|
| Min. of Agriculture | Choung Phanlatsavong Dir. Irrigation Institute | Mar-June | Corruption charges, may have been sent to provinces, released some months later. | |
| | Khamsingkeo Dir. Veterinary Dept. | June (?) | Corruption charges; may have been sent to provinces. | |
| | Oukeo Dir. Nong Teng Animal Husbandry School | June | Unknown reasons; sent to Vietnam. | |
| | Saneu Chounlamani Dep. Chief Tha Ngon Animal Feed Factory [redacted] Dep. Dir of Veterinary Medicine | March | Corruption; given heavy sentence; released in July 1984 | 25X1 |
| | Sengdao (LNU) Chief Tha Ngon Animal Feed Factory | March | Corruption; given heavy sentence released in July 1984 with Sitaheng. | |
| | Sitaheng Rajaphon Vice Minister | March | Corruption; sentenced to 18 years; replaced by Somphong Mongkhonvila, cleared and released along with Saneu and Sendao in July 1984. | |
| | Sivong Philamat. Former Dir. Irrigation Company Number Three [redacted] forestry official.) | Mar-Apr | Corruption; sentenced to 18 years. | 25X1 |
| | Sommmai (LNU) Dir. Nong Teng Vaccine | March | Corruption; given heavy sentence; cleared and | |

| | | | | |
|---|---|----------|---|------|
| | Plant | | released with Sitaheng and Saneu. | 25X1 |
| Min. of Construction | Sengkham Phinit Vice Minister | May-June | Corruption, according to western press; released before Nov 83; re-arrest and release in 1984. | |
| Min. of Culture | Sisana Sisan Minister, member Central Committee | May | Circumstances unclear; rusticated; Central Committee member Thongsing Thammavong replaced as minister; no indication that lost Central Committee seat. | |
| Min. of Defense | Chanaphon Songkham Colonel Post unknown | March | Embassy reports arrest; charges and fate unknown. | |
| | Khamphu Vongsa, Colonel Post unknown | March | Embassy reports arrest; charges and fate unknown. | |
| Min. of Finance | Rattanak Bounpheng Post unknown | March | Embassy reports arrest; charges and fate unknown. | |
| | Chenpheng Duangdara Dung Thonsavat Sovana Pheuphadi, Posts unknown | March | Embassy reports arrest; charges and fate unknown. | |
| Min. of Industry, Forestry, and Handicrafts | Boukeut Khamphongphan Vice Minister | Mar-Apr | Sent to Vietnam for training; circumstances unclear. | |
| | Khammouan Boupha Vice Minister | Mar-Apr | Sent to Vietnam for training; returned to post 1984; circumstances unclear. | |
| | Sichan Soksavat Dir. State Forestry Enterprise Number Three | March? | Arrested for corruption; released in July 1984 along with Sitaheng. | |

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|--|---|----------|--|
| Min. of Material and Technical Supply | Soulivong Salavong Vice Minister | June | Sent to Vietnam circumstances and whereabouts unknown. |
| | Thongsavat Paseut Vice Minister | June | Sent to Vietnam circumstances and whereabouts unknown. |
| Min. of Public Health | Vannaret Ratsapho, Dr. Vice Minister | Mar-June | Sent to Vietnam for training; circumstance unclear; returned early 1984; still holds vice ministerial post; former royal official; French educated. |
| Min. of Trade | Bounpheng Soksavat Chantha Vongsa Duangdara Bounmi Sengboun (LNU) Posts unknown | March | US Embassy reports arrest; no further information. |
| Min. of Transportation and Posts | Khamlouat Sittlakon Vice Minister | June | Sent to Vietnam; circumstances and whereabouts unclear; retained post |
| | Tiou Sayavong Finance Section, Land Transportation Enterprise Number One | March | Arrested for embezzlement; no further information. |
| PASASON (party daily newspaper) | Chanthi Douangsavan Editor-in-Chief | May | Arrested for unknown reasons; official Party broadcast on 24 May 1983 criticizes PASASON for low quality and departing from party line. |
| Lao Federation of Trade Unions | Sanan Souththichak President; Member Central Committee; Former Minister of Public Works, Transportation, Communications. (pre-reorganization) | June | Sent to provinces for mass work; rumors of corruption; media still covered activities in October 1983; died January 1984; central committee organized funeral. |
| Social Welfare and Veteran's Committee | Thongvan Phanlatsavong Vice Chairman | March | Arrested for corruption with brother Choung; sentenced, |

| | | | |
|----------------------|--|---------|---|
| | | | cleared and released in July 1984. |
| 1984 | | | |
| Min. of Agriculture | Saveng (LNU) Head fish pond and purchase section Tha Ngon Animal Feed Factory | April | Arrested for corruption. |
| | Singkeo Sayasouk Advisor to Minister | April | Arrested for corruption; Singkeo and Sisouvan are western-educated. |
| | Sisouvan Souththiphong Veterinary Dept | | |
| | Sitha (LNU) Tha Ngon Feed Factory | April | Corruption. |
| | Thon (LNU) Tha Ngon Feed Factory | April | Corruption; possible suicide or death under torture. |
| Min. of Construction | Boun Sien Chief Accounting Dept | Feb-Mar | Arrested for corrupt practices |
| | Khampho Keomalavong Chief Planning Dept | Feb-Mar | Corruption; US Embassy reports release in May. |
| | Sengdao Louangnopphakoun Chief National Construction Company Warehouse at KM Five | Feb-Mar | Corruption; also allegations of subversion. |
| | Sengkham Phinit Vice Minister | Feb-Mar | See note in 1983; also allegations of subversion. |
| | Sien Sihavong Deputy Dir. for Construction | Feb-Mar | Corruption; also allegations of subversion. |
| | Seuk Savan Chief Construction Enterprise Number Two | Feb-Mar | Corruption; US Embassy reports release in May 1984. |

| | | | |
|-----------------------------|--|-------|---|
| State Planning Committee | Latsami Khamphoui Vice Chairman, former Vice Minister of Agriculture | April | Arrested for corruption; had denounced others for corruption in 1983; alleged to have deviated from or criticized party policy. |
| President Souphannouvong | Phansai Souphannouvong unknown Post at Ministry of Industry, also teaches at Party University | April | Arrested for "adulterous affair"; illegal foreign contacts; under detention in Houa Phan Province |
| | Vietvan Souphannouvong (a.k.a. Khamman), Office of Council of Ministers | | Corruption; illegal trading; deviation from party policy; under detention in Houa Phan Province. |
| 555 Tobacco Factory | Sang Thong Head of Factory | April | Arrested for corruption; under detention. |

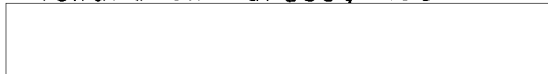
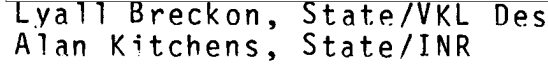
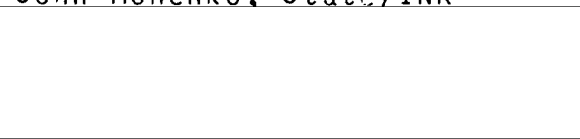
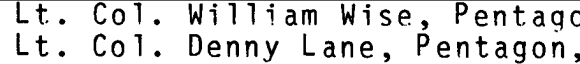
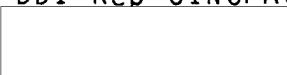
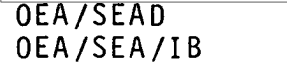
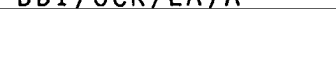

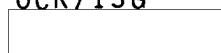
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