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**THE OUTLOOK FOR LAOS**

*Submitted by the*  
**DIRECTOR OF CENTRAL INTELLIGENCE**

*The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.*

*Concurred in by the*  
**UNITED STATES INTELLIGENCE BOARD**

*on 19 May 1959. Concurring were The Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations for Intelligence, Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; and the Director for Intelligence, The Joint Staff. The Atomic Energy Commission Representative to the USIB, the Assistant to the Secretary of Defense, Special Operations, the Director of the National Security Agency, and the Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of their jurisdiction.*

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## THE OUTLOOK FOR LAOS

### THE PROBLEM

To estimate the prospects for political stability in Laos over the next year or so with particular reference to the Communist threat.

### CONCLUSIONS

1. The Communist-dominated Neo Lao Hak Zat (NLHZ), although it has recently suffered some setbacks, is still the most effectively organized political party in Laos and a serious threat to continued non-Communist rule. The lack of unity between the non-Communist political groups, the Lao Hom Lao (LHL) and the Committee for Defense of the National Interest (CDNI), continues to hamper the development of an effective anti-Communist program. (*Paras. 11, 12*)

2. Nevertheless, important leaders of both non-Communist groups are beginning to appreciate the fact that continued disunity plays into Communist hands, and we believe that, with constant prodding, they will probably maintain their precarious *modus vivendi* for the period of this estimate. However, if the CDNI-LHL *modus vivendi* is not maintained and the CDNI and its army supporters become convinced that there is no other means of reducing the conflict and shifting governmental attention to the Communist problem, they may be tempted to seize power. Their decision would depend in

large part on the prospect of US support. (*Paras. 15, 17*)

3. Government and army efforts to undercut Communist strength have had moderate success in the past half-year even in the absence of fully effective cooperation among non-Communist elements. It is probable that a broad government program, if supported and vigorously pushed by a united non-Communist front, would further reduce the strength and influence of the NLHZ and provide at least a better than even chance of continued non-Communist rule. (*Paras. 16, 20*)

4. The CDNI has developed considerable political power during the past six months. Its strength depends mainly upon the support of influential army officers and upon US backing. Although the CDNI organizational structure is still at an early stage of development, it is working to build a nationwide political organization. If the CDNI/army relationship is maintained, we believe that the CDNI will play an increasingly important part in the government. (*Paras. 13, 14, 17*)

5. Key Lao Army leaders are becoming more active in political affairs and the Lao Army will have a major role to play in any government program to reduce Communist strength. However, the army's limited military capabilities are gradually diminishing, largely because of inadequate training. If the Lao Communists were to initiate a general program of terrorism or guerrilla warfare, the army would probably be unable to maintain internal security except in populated areas and along the country's few main transportation routes. (*Paras. 22, 23*)

6. We believe that the Hanoi-directed NLHZ will seek to avoid overt actions which would invite suppression by the Lao Government, at least for the period of this estimate. Any decision for the NLHZ to revert to armed insurrection and forego its legal political status would probably be made by Hanoi and Peiping. Such a decision would probably be made only as a last-resort effort to preserve some assets should the government press an effective and large-scale program to suppress communism or as part of a broader Bloc plan to increase tensions in the area. (*Paras. 19, 21*)

7. We believe that given continued strong US support, Laos will not change its basically pro-US policy to any significant extent during the period of this estimate. However, the Laotian political and military leaders will expect the US to give continuing and concrete manifestations

of its support, especially during the periods of heightened tension which will probably result from their anti-Communist effort at home and from their forthright pro-US foreign policy. The Bloc will probably increase its effort to reconvene the International Control Commission (ICC) in Laos, in hopes of protecting the NLHZ, frustrating any US effort to improve the capabilities of the Lao Army, and exacerbating differences among the Western nations. (*Paras. 24, 26*)

8. French influence and prestige in Laos are diminishing. Major causes of this include Lao dissatisfaction with the training and support rendered by the French military mission and Laos' increasingly close ties with, and heavy dependence upon, the US. The French resent their loss of influence in South Vietnam and are suspicious that the US is attempting to replace them completely in the rest of Indochina. De Gaulle and his government will almost certainly seek to limit growing US influence in the effort to increase the position and prestige of France. He will strive to retain the French responsibilities for combat training of the Lao Army and for French administrative jurisdiction over the base at Seno. While the Lao Government will press hard for the prompt elimination of such French responsibilities, we believe that during the period of this estimate the Lao Government—if prompted by the US—would probably go along with a more gradual resolution of this problem. (*Para. 25*)

## DISCUSSION

## I. INTRODUCTION

9. The 1957 political settlement between the Lao Government and the Pathet Lao Communist guerrillas provided for nationwide elections to fill 20 new seats in the National Assembly, thereby raising the Assembly membership to 59. In these elections (May 1958), the Neo Lao Hak Zat (NLHZ), the legal party which replaced the Pathet Lao, organized and led an electoral front with the fellow-traveling Santiphab Party. This front, campaigning on a nationalist-reformist-neutralist program and benefiting from the electoral disunity among competitive conservative parties, won 40 percent of the vote and 13 of the 21 contested seats (one to fill a vacancy). The NLHZ followed up this show of political strength with an active, continued nationwide political campaign and seemed until recently to be holding its wide popular support.

10. The conservative Lao Hom Lao (LHL), composed mainly of old-line politicians, now controls 38 seats in the National Assembly, and its leader, Phoui Sananikone, is Prime Minister. However, inasmuch as cabinet members cannot participate in votes of confidence and investiture, the LHL in fact has only a thin margin over the combined opposition in the parliament and has faced the possibility that a few defections could bring down the government. In January 1959, the National Assembly, after strong US representation, under threat of an army coup, and alarmed by the prospects for an NLHZ victory in the next national elections (then scheduled for December 1959) granted Prime Minister Phoui extraordinary powers for one year. This was to enable him to reorganize the cabinet, to amend the constitution, and to implement a political, economic and social program designed to reduce Communist strength and to insure a continued non-Communist government.

11. Since January, Phoui has reorganized the cabinet to remove or to reduce the authority of some of the more corrupt members, and to include several members of the reformist

Committee for Defense of the National Interest (CDNI). Phoui has continued to exclude Communists from the cabinet, and the government has taken some anti-Communist measures, particularly through the Lao National Army. However, the government has not yet established direct and continuous contact in all parts of the country with the Lao people, who are for the most part politically apathetic and innocent of national affairs. This failure and a political conflict between the major non-Communist groups, the old-line LHL politicians and the younger politicians, officials and army leaders of the CDNI, have continued to hamper the effectiveness of government efforts to compete with the Communists for the loyalty and respect of the Lao people.

## II. NON-COMMUNIST SITUATION AND PROSPECTS

## A. The LHL-CDNI Conflict

12. The LHL is a loose union of the former conservative Independent and Nationalist parties. Its formation after the May elections was largely a marriage of convenience to satisfy US requests for a unified conservative effort against the NLHZ. Although it does not have a wide membership nor an organization that is effective in all provinces, the LHL benefits from the highly complicated Lao system of family and regional loyalties and from the political skill of its leaders. Some of the old-guard conservative politicians who have dominated Laos since its independence are discredited because of their ineffectiveness and corruption. Many LHL leaders tend to be more immediately concerned with the threat to their personal positions posed by the CDNI than with the national threat posed by the Communists. Some of these leaders have shown little inclination to compete with the Communists at the village level or to develop a vigorous party organization. However, the LHL also includes many of the country's very small number of experienced political leaders and competent administrators.

13. The CDNI as a political movement was also formed after the May elections. It is composed of a small group of ambitious younger politicians and government officials dissatisfied with the performance of their political elders. CDNI strength and influence is based upon the support of influential army officers and upon US backing. The CDNI recognizes that drastic reforms in government are necessary to reduce the chances of an NLHZ victory in the next general elections. They appreciate the importance of developing a nationwide organization and a grass roots following both as a basis for political strength and as a means of undercutting the NLHZ.

14. During the past six months, the CDNI has expanded rapidly its role in national affairs. Its leaders now occupy six cabinet posts including the key posts of foreign affairs, finance, defense, and information. The CDNI appears to have the sympathy of the Crown Prince who, though lacking in self-assurance and determination, has considerable influence and important powers as a consequence of exercising many of the prerogatives of the ailing King. Its leaders are developing an active program among the Lao youth and are seeking to win prestige and popularity through their administration of the government civic action and rural aid programs. Although its development as a political organization is still in an embryonic stage, the CDNI is more vigorous than the LHL and its political power is rising.

15. The conflict between the LHL and the CDNI stems primarily from the CDNI threat to the entrenched political position of the LHL politicians. However, there are strong pressures for LHL-CDNI cooperation. Important leaders of both groups are coming to appreciate the fact that continued disunity would defeat the aims of the grant of special powers and play into Communist hands, and they are using their influence to reconcile the LHL-CDNI differences. Moreover, increased propaganda pressure from Hanoi and heightened tension in the border areas is tending to draw the non-Communist groups together. Furthermore, the Lao leaders recognize their

country's heavy dependence on US aid and appear to be increasingly responsive to US urging for a unified anti-Communist effort.

#### B. Prospects for Non-Communist Unity and Continued Non-Communist Government

16. For the period of this estimate it is likely that a fragile *modus vivendi* between the non-Communist groups will be maintained by constant negotiation and compromise. Each side, however, with an eye to the basic political conflict, will continue seeking to further its own interests, thereby dividing its attention between its conservative opponent on the one hand and the Communist threat on the other. The major test of the LHL-CDNI cooperation may occur in connection with the next electoral campaign which almost certainly will not take place until 1960. Government and army efforts to undercut Communist strength have had moderate success in the past half-year even in the absence of fully effective cooperation among non-Communist elements. It is probable that a broad government program, if supported and vigorously pushed by a united non-Communist front, would further reduce the strength and influence of the NLHZ and provide at least a better than even chance for continued non-Communist rule.

17. If the CDNI/army relationship is maintained, we believe that the CDNI will play an increasingly important part in the government. However, if the CDNI-LHL *modus vivendi* is not maintained and the CDNI and its army supporters become convinced that there is no other means of reducing the conflict between the non-Communist groups and of shifting governmental attention to the Communist problem, they may be tempted to seize power. Their decision in this regard would depend in large part on the prospect of US support.

18. A further element of uncertainty in the political situation is the possibility of a struggle for succession to the throne if the ailing, 74 year old King Sisavang Vong should die without formally designating an heir, as required by the constitution. In such event

the Crown Prince would be the leading contender, but he might be challenged by any of the several brothers and other male descendants of the royal line. If the Crown Prince, who favors the CDNI, should become King, Phoui might be replaced. In such case, as in the event of any change of government during the tenure of the present National Assembly, a CDNI premier-designate would probably find it most difficult to attain the necessary vote from the LHL parliamentary majority, unless the army applied strong pressure.

### III. NLHZ STRENGTH AND COURSES OF ACTION

#### A. The NLHZ

19. The NLHZ has wide popular support, unified and capable leadership, and an effective organization at the provincial and village level. It also has successfully cultivated many members of the influential Buddhist priesthood. The party is tied directly to, and receives its basic policy directives from, the Communist party of North Vietnam. The Lao Communists have a large potential capability for infiltration, subversion, and sabotage, and they are probably attempting to consolidate their clandestine apparatus. They almost certainly have organizational plans and arms caches for a possible reversion to armed dissidence. However, their capabilities for armed action are probably less than they were before the Lao Government-Pathet Lao political agreement which ended the insurrection. The amount of military equipment in Communist hands has been reduced, and the Pathet Lao military organization has been dispersed.

20. The NLHZ is concerned by the increasing political strength of the CDNI army group in the government, and it views the possibility of a concerted anti-Communist effort by a unified government with considerable apprehension. The government, through the army, has taken some repressive measures against NLHZ agents and has gradually expanded its civic action and rural aid programs in some areas formerly dominated by the Communists. We believe that the NLHZ is experiencing

some difficulty in maintaining its rank-and-file following and the discipline of its local cadres. Despite these developments and the continuing fear that the army and the government might launch a major campaign to repress Communist activity, the NLHZ, thus far, has played a waiting game, avoiding actions which might endanger its present status as a legal political party. At present, the NLHZ is continuing its peaceful, legal, and nationalistic stance, while the burden of a campaign of threat and intimidation is being carried by Hanoi, Peiping and Moscow.

#### B. Probable NLHZ Courses of Action

21. The NLHZ probably has very little latitude for independent decision except in matters of purely domestic policy. Any decision for the NLHZ to revert to armed insurrection and forego its legal political status would probably be made by Hanoi and Peiping, rather than by the NLHZ leaders. We believe such a decision unlikely except as a last-resort effort to preserve some assets should the government press an effective program to suppress communism or as part of a broader Bloc plan to increase tensions in the area. At least for the period of this estimate, the NLHZ will probably continue to emphasize propaganda, subversion, and legal political competition with the non-Communist parties.

### IV. THE LAO NATIONAL ARMY—ITS CAPABILITIES AND FUTURE ROLE

22. Key leaders of the 25,000-man army are becoming increasingly active in the government and in political affairs. Most of them are cooperating with or are sympathetic to the CDNI. The army will have an important role to play in any government program to reduce NLHZ strength and influence. This role includes maintaining effective internal security during a time of increasing pressure on the NLHZ, and assisting the government in an anti-Communist rural aid program at the village level.

23. The Lao Army is the only organization with any real potential capability for maintaining internal security. However, if the Lao Communists were to initiate a general campaign of terrorism and guerrilla warfare,

the Lao Army, at its present level of training and effectiveness, would be capable of maintaining internal security only along the country's few main transportation routes and in populated areas. Even this limited capability is gradually diminishing largely because of inadequate training. Unless this trend is checked, the effectiveness of any governmental program to reduce NLHZ strength and influence will be decreased.

## V. INTERNATIONAL RELATIONS

24. Although Lao governments have publicly described their foreign policy in terms of neutralism, nonalignment, and peaceful coexistence, they have in fact relied almost entirely upon US support. Laos is under the SEATO defense "umbrella." US aid finances more than 90 percent of Laos' imports and virtually its entire military budget. Laos has refused to exchange diplomatic representatives with any Bloc state, and has recently accepted Chinese Nationalist consular representation. It has no trade with the Bloc and has refused Bloc offers of trade and aid. The present Phoui government has been more outspoken in its association with the US and in its criticism of communism and of Bloc policies than any prior Lao government. We believe that given continued strong US support, Laos will not change its basically pro-US policy to any significant extent during the period of this estimate. However, the Laotian political and military leaders will expect the US to give continuing and concrete manifestations of its support, especially during the periods of heightened tension which will probably result from their anti-Communist effort at home and from their forthright pro-US foreign policy.

25. French influence and prestige in Laos are diminishing. Major causes of this are Laotian dissatisfaction with the training and support rendered by the French military mission, and Laos' increasingly close ties with, and heavy dependence upon, the US. The French resent their loss of influence in South Vietnam and are suspicious that the US is attempting to replace them completely in the rest of Indochina. De Gaulle and his government will

almost certainly seek to limit growing US influence in the effort to increase the position and prestige of France. He will strive to retain the French responsibilities for combat training of the Lao Army and for French administrative jurisdiction over the base at Seno. While the Lao Government will press hard for the prompt elimination of such French responsibilities, we believe that during the period of this estimate the Lao Government—if prompted by the US—would probably go along with a more gradual resolution of this problem.

26. Laos' relations with North Vietnam and Communist China continue to be hostile. In December 1958, Hanoi created a tense situation along the Lao border in an attempt to prevent a suspected military coup or the grant of special powers to Phoui. Since that time, both Hanoi and Peiping, through their radio and press, have continued to vituperate and threaten. However, because of the risk of US retaliation, we believe it unlikely that Bloc forces will initiate major armed action against Laos during the period of this estimate, although they might continue limited border forays. Both Hanoi and Peiping have charged Laos with border and air space violations and have sent notes to the Geneva co-chairmen requesting that the International Control Commission (ICC) be reconvened in Laos to guarantee fulfillment of these articles dealing with the maintenance of foreign bases and troops and providing for political freedom within Laos.<sup>1</sup> Moscow subsequently lodged a formal request that the ICC reconvene. The Bloc will probably create whatever pressures it can through the ICC to exacerbate differences of opinion among the western nations and to obstruct any foreign efforts to improve the combat capabilities of the Lao Army.

<sup>1</sup>The ICC in Laos adjourned *sine die* last July, after the political settlement with the Pathet Lao and the supplemental elections, with certain provisions for its recall. On 11 February the Lao Government unilaterally announced that it had fulfilled the requirements of the Geneva Agreements and was no longer bound by them.