

Re-thinking of "Chintanakan Mai" (new thinking) : new perspective for understanding Lao PDR

著者	Yamada Norihiko
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Re-thinking of “Chintanakan Mai” (New Thinking): New Perspective for Understanding Lao PDR

Norihiko YAMADA*

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Abstract: To date, many previous studies have viewed “Chintanakan Mai” (New Thinking), which was introduced in 1986, as one of the most important factors required for understanding present-day Laos. They tend to see the year 1986 as a watershed in Lao history and divide the history after 1975 into two periods before and after 1986: a period of socialism and a period of reform or market economy, respectively. Therefore, they are likely to see the current changes in Laos as the result or achievement of the reform started in 1986. The year 1986 is always a starting point for understanding Laos today. However, I suggest a different perspective and attempt to re-examine “Chintanakan Mai.” “Chintanakan Mai” is not a watershed in Lao history, but rather a temporary slogan to advance postwar reconstruction. In this paper, I try to establish a new perspective for understanding Laos today.

Keywords: Chintanakan Mai, New Thinking, Lao PDR, Laos, Socialism, Transition

JEL classification: P20, P21, P30

* Research Fellow, Southeast Asia Study II Group, Area Studies Center, IDE
(Norihiko_Yamada@ide.go.jp)

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INSTITUTE OF DEVELOPING ECONOMIES (IDE), JETRO
3-2-2, WAKABA, MIHAMA-KU, CHIBA-SHI
CHIBA 261-8545, JAPAN

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Introduction

To date, Lao studies have viewed “Chintanakan Mai” (New Thinking), introduced at the Fourth Congress of the Lao People’s Revolutionary Party (LPRP) in 1986, as one of the most important factors required for understanding present-day Laos. Why? LPRP introduced “Chintanakan Mai” at the Congress, and thereafter, Laos began comprehensive reform heavily focused on market-oriented economic reform.

There are two general perspectives on “Chintanakan Mai.” In a more limited sense, it is considered to be a policy of market-oriented economic reform called the “New Economic Mechanism” (NEM)¹. In a broad sense, it is considered to be a comprehensive reform policy also including social and political reform. Based on these perspectives, previous studies tend to view the year 1986 as a watershed in Lao history and divide the history after 1975 into two periods before and after 1986: a period of socialism and a period of reform or market economy, respectively. Therefore, most studies view present change in Laos as the result or achievement of “Chintanakan Mai,” which began in 1986. It seems that the year 1986 is always a starting point for understanding present-day Laos. I, however, do not take this approach.

In effect, there have been no comprehensive studies on “Chintanakan Mai”; therefore, there remain basic and essential unanswered questions. In particular, what was the intention of LPRP in introducing “Chintanakan Mai”? What was the real significance of “Chintanakan Mai”? Even in the absence of detailed studies on “Chintanakan Mai,” it is taken for granted that the year 1986 is a watershed in Lao

¹ According to Suzuki (2002, p.259), the main policies of NEM include the following: (1) decontrol of prices with the exception of utilities, (2) agricultural liberalization and abolishment of the state monopoly on rice distribution, (3) reform of state-owned enterprises, (4) tax reformation, (5) trade liberalization, (6) unification of the foreign exchange rate, (7) separation between the central bank and the commercial bank, (8) development of legal systems, (9) introduction of Foreign Direct Investment (FDI).

history and reform today is directly related to “Chintanakan Mai.”

Therefore, to understand present-day Laos comprehensively and “accurately,” I suggest that we re-examine “Chintanakan Mai” and the meaning and significance of the year 1986 in Lao history. I attempt this through two stages: First, I examine the political process of the country since the foundation of the current political regime until the present. Second, I re-examine “Chintanakan Mai” by placing it in relation to the history after 1975.

In the following, I first review previous studies on Laos. Second, I examine the political process from 1975 to 1985 in order to understand the political environment before the introduction of “Chintanakan Mai.” Third, I examine the political process after 1986 and re-examine “Chintanakan Mai” and the significance of the year 1986 by placing them in the context of the political process after 1975. Fourth, I analyze the process of nation-state building after 1991 and the struggles of the party today. Through these efforts, I will be able to provide a new perspective for understanding present-day Laos.

1. Literature Review

As mentioned above, previous studies tend to view the year 1986 as a watershed in Lao history, and therefore it seems that the year 1986 is always a starting point for understanding present-day Laos. The literature can be roughly divided into three groups.

First, there are studies focusing mainly on NEM, i.e., Ljunggren ed. (1993),

Otani and Pham eds. (1996), Mya Than and Tan eds. (1997), and Suzuki (2002, 2003)².

A common perspective in this group is that Laos shifted from a centrally planned economy to a market-oriented economy when the party introduced NEM in 1986. These studies focus on institutional and real changes after 1986 in terms of finance, state-owned enterprises, foreign direct investment, and economic policies, etc.

Butler-Diaz ed. (1997), CPC and JICA (2002), CPI and JICA (2005), Amakawa and Yamada eds. (2005), and Rehbein (2007) can be categorized into the second group. Their studies mainly focus on the current situation of politics, the economy, society, and culture. These studies do not directly deal with “Chintanakan Mai” in either a limited or broad sense, but commonly view contemporary Laos as the result or achievement of the reform initiated in 1986³.

Finally, the third group questions the conventional perspective. Bourdet (2000), Rigg (2005), and Inuma (2009) can be categorized into this group. Bourdet (2000) acknowledges that there was a process of transition from a centrally planned economy to a market-oriented economy. In that sense, his study may belong to the first group. However, he also argues that the economic system in 1975 was “a hybrid form of economic system with distorted market ingredients coexisting with dominant ‘planned’ and regulated ingredients” (Bourdet 2000, p. 26). Therefore, according to him, the reform that started in the mid 1980s is a correction of this inconsistency but not a transformation (Bourdet 2000, p. 26). His argument suggests that there was not only one

² Ljunggren (1993) and Otani and Pham eds. (1996) indicate that economic reform began in 1979. However, both of them view the year 1986 as a watershed adding impetus to economic transition in Laos because the Lao government started to implement NEM seriously at that time. On the other hand, Otani and Pham eds. (1996) point out that NEM was introduced in 1985 but substantial evidence to this effect is not given. Generally, it is understood that NEM was first introduced in 1986.

³ Rehbein (2007) argues that institutional transition in 1986 was caused not only by the introduction of a market-oriented economy but also by globalization at the same time. Based on this perspective, he argues that we cannot understand present-day Laos without considering the influence of globalization.

linear transition from a centrally planned economy to a market-oriented economy, but there were various transitions. Rigg (2005) focuses on people's standard of living, such as poverty and inequality, during the transition. She understands the transition in Laos as a process of modernization "from subsistence to market and farm to no-farm" (Rigg 2005, p.1). Influenced by both studies, Inuma (2009) criticizes the hitherto dichotomous view of the transition, i.e. centrally planned and market-oriented, and she advocates a re-consideration of the economic transition in Laos (Inuma 2009, pp. 1-2).

However, these three groups have a common standpoint. They see current change and reform in Laos as the result or achievement of "Chintanakan Mai," which started in 1986⁴. As a result, they overlook the fact that "Chintanakan Mai" is not the name of a reform policy, similar to "Perestroika" of the former Soviet Union or "Doi Moi" of Vietnam, but it is a temporary slogan to advance postwar reconstruction⁵. And the word "Chintanakan Mai" faded from party documents within few years after its introduction.

I am not denying that other socialist countries impacted Laotian reform. As Shiokawa said, there arose a tidal wave of reform in the 1960s in the former Soviet Union and in East European countries and it reached a peak with "Perestroika" (Shiokawa 2010). In China, a reform and opening-up policy was introduced in 1978. Vietnam also initially introduced a reform policy in 1979 and it reached fruition as "Doi Moi" in 1986. There was a tide of reform in the socialist bloc through the 1970s and

⁴ This includes the understanding that some areas have not changed as a result of the noninfiltration of the reform.

⁵ Martin Stuart-Fox points out that "Chintanakan Mai" was accompanied by NEM, and he said, "chintanakan mai was never intended, as was 'glasnost' ('openness') in the Soviet Union, to lead to greater political freedom. It has thus been more of a political slogan than a liberal policy" (Stuart-Fox 2008, p.57). Even though he clearly and correctly points out the meaning of "Chintanakan Mai," he does not explain in detail about how it came about and its significance in Lao history.

1980s. Of course, reform in Laos was clearly triggered by this wave in part. Stuart-Fox (1997, p.182) points out that LPRP suspended agricultural cooperation in 1979 on the advice of the Soviet Union and Vietnam.

On the other hand, Motoo Furuta, a respected Japanese expert on Vietnam, sees the internal political process as more important than external pressure. Even though he recognizes the impact of “Perestroika” on Vietnamese reform, he argues that it is more important to have internal environments that accept external impact (Furuta 2009, p.4). The same can be applied to Laos. To understand the internal environment, we need to understand the political process after 1975 and re-examine “Chintanakan Mai.”

2. Postwar Reconstruction and State Building

2.1 Issues and policy after 1975

Two months before the foundation of the state, at the Third Plenum of the Second Central Committee, LPRP confirmed a policy after the war that Laos would advance to socialism without going through the stage of capitalist development. However, the party saw collectivization as a long-term process, and hence it did not abolish the multi-sector economy immediately and demonstrated tolerance for capitalist factors. Because of the low level of peasants’ political and cultural awareness, lack of capacity in party organization, and the immaturity of the state sector etc. (Kaysone 1987, pp.19-21), there was not enough infrastructure to directly advance to socialism immediately following the foundation of the state. There was a gap between ideal and reality.

Then, the party proposed two goals during the transition to socialism: (1)

eliminating traces of both colonialism and feudalism, and then building a people's democratic regime by extending administrative power from the center to the grassroots; (2) normalizing people's lives by reconstructing the old relation of production and establishing a new relation of production (Kaysone 1987, pp.22-23). In other words, these can be understood as postwar reconstruction and state building. According to a statement of Kaysone Phomvihane⁶, secretary of the LPRP at that time, the party had to resolve at least five priorities in order to achieve both goals.

The first and foremost priority was to normalize people's lives in terms of food, clothing, and housing and to build socio-economic infrastructures⁷. The second priority was to strengthen the party's rule across the country. Leaders acknowledged that LPRP seized power without firmly establishing their rule across the country (PPPLKKMSP 1981, p.7; Stuart-Fox 1986, p.60). Especially in one area of the former Royal Government, which was called the "White Area" (Kaysone 1977a, p.202), there were no party members or organization. The third priority was to establish state institutions. The second and third priorities were two sides of the same coin. It was necessary for the party to have state administration to implement its policy. The party also had the intention to achieve national integration through both party and state organizations. The fourth priority was to end the wartime regime. It was the first time that the party needed to administer "a state"⁸. During the war, most of the leaders lived in mountainous areas

⁶ I refer to statements of Kaysone at the Third Plenum of the Second Central Committee (Kaysone 1987), the First Session of People's Supreme Assembly First Legislature held in June 1976 (Kaysone 1976), the Fourth Plenum of the Second Central Committee held in February 1977 (Kaysone 1977a), and at the meeting between People's Supreme Assembly and Council of Government held in February 1977 (Kaysone 1977b).

⁷ At the First Session of People's Supreme Assembly held in June 1976, Kaysone already said, "what our people have to understand is that the party and government are seeking every possible way to normalize people's everyday life as soon as possible in a cordial manner" (Kaysone 1976, p.14). Since the Third Plenum of the Second Central Committee, the party argued again and again about normalization of people's life in the meeting of both the party and government.

⁸ Kaysone admitted at the First Session of People's Supreme Assembly in June 1976 that they had

and administered a small area with limited resources. After seizing power, they were required to have organization, institutions, and human resources different from the wartime period. It was therefore imperative for them to change their wartime thinking⁹. In this sense, they were already in need for “Chintanakan Mai” in 1976. The fifth priority was nation building and the integration of minorities.

What Laos faced after the foundation of the state was an issue of modern nation-state building. Even though there were many problems to solve, the party thought that it could go through a transition period and build a socialist country in a short period of time (Kaysone 1987, p.19).

However, in fact, it did not go well owing to a lack of capital and human resources. Necessary human resources, such as educated people with an ability to contribute to state building either fled from the country in fear of communist rule or were sent to re-education camps. Instead, Pathet Lao cadres, who only had war experience in mountainous areas, held key positions in the state administration. At the meeting between the party and government held in February in 1977, it was criticized that the leadership of the party, state administration, and mass organizations were not adequate to rule the country¹⁰. As many previous studies argue, local authorities maintained much autonomy even after 1975¹¹. They could even decide prices by

no experience in state administration and economic and social management (Kaysone 1976, p.31).

⁹ Kaysone argued at the First Session of People’s Supreme Assembly in June 1976 that the recognition of personnel and soldiers did not correspond with the change (Kaysone 1976, p.29).

¹⁰ For example, in 1980, 46% of villages (Ban) and 28% of sub-districts (Tasaeng) did not have any party members or organization (SVSHS 2010, p.213). This number indicates that even after five years had passed since the foundation of the state, party organizations did not penetrate into the grassroots of society.

¹¹ For example, Stuart-Fox (1986, pp.78-79) and Funch (1993, p.128) argue about local autonomy. Martin Stuart-Fox says, “From the time of the seizure of power by the Pathēt Lao in 1975, a surprising degree of provincial autonomy existed in the LPDR. In part, this derived from well-established regional loyalties dating back to the division of the unitary Lao state into three separate kingdoms at the end of the eighteenth century. In part, it was due to geographical factors, to topographical divisions and to the lack of adequate means of transportation and communication. In part too, however, it reflected the existence of regional power bases that had developed within the

themselves (Kaysone 1977a, pp.31-38; 1977b, pp.27-28). The party could not exercise unified control throughout the country.

In addition, the external environment of Laos was severe. Aid from western countries came to an end. Thailand sealed the border. This created a problem for the import-dependent country. Lives of the people were badly affected by the lack of daily essentials. Moreover, crop production was devastated by drought in 1975 and 1976 (Uehigashi 1990, pp.151-152; Masuhara and Suzuki 1996, pp.182-183). Under the party rule, the lives of the people did not improve but instead worsened.

At the Fourth Plenum of the Second Central Committee held in February 1977, the party decided to speed up socialist construction by advancing nationalization and collectivization. Kaysone outlined the goals of the party, “abolishing feudalistic ownership and exploitation, confiscating the assets of a reactionary feudalist and comprador capitalist...constructing a socialist production relation in the state economy based on two forms of primary ownership: ownership of all the people and collective ownership” (Kaysone 1977a, pp.59-60). Acting as if the delay in implementing socialism was at fault for the economic devastation, the party accelerated the construction of a socialist state. It was attempting to rush through the transition period.

At the Fourth Plenum, another important economic policy was introduced to give priority to local economies. It was a policy of building a province as a strategic unit in the economy and national security and building a district as a basic economic unit. Kaysone was against localism or regionalism and believed that national and local economic developments went hand-in-hand. However, in considering the status of the transition to socialism at the time, he indicated that it would be better to focus more energy on economic development at the provincial level (Kaysone 1977a, pp.121-127).

revolutionary movement during the ‘Thirty-year Struggle’” [sic] (Stuart-Fox 1996, pp.172-173).

Owing to a lack of resources at the central level, the party had to encourage “regional self-sufficiency” in order to increase food production and normalize people’s lives (Stuart-Fox 1996, p.173).

This does not mean that the party gave a free hand to local authority. Kaysone understood that both the central and local economies were part of the national economy under the leadership of the party and government (Kaysone 1977a, pp.121-123). Therefore, in Kaysone’s mind, local authority could develop its economy “independently” under the unified leadership of central authority. Then, Kaysone proposed to build an economic management mechanism along vertical (sector) and horizontal (region) lines. This means that sector departments at the local level are under the leadership of both vertical (ministry) and horizontal (local authority) lines, which is called “double-burden.” Regarding the administration system in Laos at the time, sector organizations, i.e., agriculture and public health, belonged directly to local people’s administrative committees (horizontal line), so that the sector organizations basically followed the directions of the committee. However, the sector organizations were also under the leadership of the central ministry in Vientiane so that they also had to follow the advice of central ministry, especially in areas requiring expertise (Saphaa pasaason suungsut 1978). This mechanism was intended to allow the ministry to ensure unified leadership across the country and local authorities to adapt to the local situation and reality in economic management (Kaysone 1977a, p.61, 121; Inako 1962, pp.29-30). However, in reality, sector departments in the provinces were strongly influenced by provincial authority rather than the central ministry. Therefore, the administration system of Laos at the time was mostly a horizontal institution.

Such institutions were already in place following the foundation of the state. If

so, why did the party give more priority to local economic development at the Fourth Plenum? Why did it advocate an economic management mechanism along vertical and horizontal lines again?

As mentioned above, local authority already had much autonomy. If local authority behaved like an independent state, it would be difficult for the party to use local resources for postwar reconstruction and state building. Therefore, I assume that leaders tried to place local authority under central control by “officially” incorporating them into the economic management mechanism. Even though Kayosone gave priority to local development, his essential intention was to bind local economic activities to central control. For this reason, the party had to clearly establish an economic management mechanism along vertical and horizontal lines.

2.2 Introduction of the Market-Oriented Economy

On May 11, 1978, the Political Bureau issued a resolution on improving and expanding agricultural cooperatives (Kaysone 1979a). There were two objectives: increasing agricultural production and strengthening the party’s leadership in villages (Evans 1990, pp. 49-50). However, agricultural cooperatives did not fit with peasant’s traditional way of life. The collectivization of land and other means of production and uneven distribution based on “egalitarianism” eventually provoked the peasants’ opposition. Contrary to the leaders’ expectation, the amount of production decreased and it worsened people’s living standard, especially that of urban public servants (Kaysone 1979b, p.79). The problem became a political issue in the late 1970s and the party was required to change its course once again.

In November 1979, at the Seventh Plenum of the Second Central Committee,

the party decided to introduce some principles of a market economy. At the plenum, Kaysone acknowledged that the transition to socialism was a long process and as Laos was still in an initial stage, the party could not abolish capitalism and the private economy in one day (Kaysone 1979b, p.167). Based on this acknowledgment, he confirmed that even though the state and collective economy played a major role in the Lao economy, there still were five economic sectors in Lao PDR: the state economy, collective economy, state capitalist economy, private economy, and individual economy. And he announced the utilization of nonsocialist sectors to increase production and improve the living conditions of the people (Kaysone 1979b, pp.148-239).

A new course suggested at the plenum included autonomy of state-owned enterprises, private ownership, private profit, abolishment of subsidies and pay in kind, development of a price system corresponding to the market and a salary system corresponding to labor, participation in the international division of labor, and expansion of trade relationships with nonsocialist countries (Kaysone 1979b, pp.148-239). These changes amount to what would today be called market-oriented economic reform and liberalization. Policies implemented thoroughly since the 1990s were already in place in the late 1970s.

I think that there are three important implications of this change. First, socialism lost substantial meaning and it was not a realistic national goal anymore. It does not mean that LPRP abandoned socialism. Socialism was the eventual goal of LPRP and remains so even today. However, the party realized that the transition period would be longer than expected. Therefore, even though socialism was still an end goal of the long process of transition, the party was not sure when it would be able to achieve that goal. In other words, socialism was no longer a realistic goal but only an

ideal. Instead, postwar reconstruction and laying the necessary foundation for state building became the realistic and substantial goal of the state. Thus, the five priorities in the postwar period mentioned above were no longer means to build socialism but the end in itself. This is the second implication. As socialism became an “ideal,” it was necessary for the party to have real and substantial goals. Third, to achieve a new goal, LPRP introduced some principles of a market-oriented economy.

In short, while LPRP kept its socialist legitimacy by keeping socialism as an idealistic end goal, it started to pursue more realistic state building. In 1979, this shift and the three implications were not clear yet. However, as LPRP started encouraging a full-scale market-oriented economy in the 1990s and a widening gap between “ideal” and “reality” became observable, we can understand the implications of the year 1979 more clearly. Moreover, entering 2000s, we can observe LPRP’s struggle to fill the gap.

One of the reasons for ambiguity in 1979 was that LPRP did not use the term “market-oriented economy.” What it described was a shift from ‘bureaucratically centrally planned state subsidized mechanism’ to a “socialist economic management mechanism.” What does it mean by that?

LPRP introduced a “bureaucratically centrally planned state subsidized mechanism” in 1975. This describes a state that looks after every aspect of people’s lives, while the people follow the order and plan of the state. For example, the state supplies everything to the company and even makes up for deficits. The company’s production activity is performed according to the central plan. Here, the market is not considered. However, as Kaysone points out, people cannot exercise their independence in the mechanism. Moreover, it gives them less incentive to work, which eventually leads to production delays, lack of goods, decline in productivity and efficiency, and

deficiency of innovation, etc. (Kaysone 1984b, p.23).

On the other hand, in the socialist economic management mechanism, even though planning plays a central role in economic management, the market is considered as a new factor. According to Kaysone, in the five economic sectors, state, collective and state capitalism are based on the principle of a planned economy, whereas private and individual sectors are based on the principle of commodity–money relations (Kaysone 1980, p.252). In other words, the socialist economic sector is based on planning, whereas the nonsocialist economic sector is based on the market. Therefore, if a multi-sector economy is utilized, two contradicting principles have to be linked: central planning and the market. Therefore, LPRP changed the planning process. Before, the State Planning Committee (SPC) did not consider local situations (Kaysone 1984b, pp.2-13). In the socialist economic management mechanism, it was required to adapt to the local reality and consider equilibrium and the market (Kaysone 1984b, p.55). Moreover, the state was required to implement an effective economic policy in terms of finance and trade, similar to capitalist states (Kaysone 1980, pp.270-288). In this sense too, establishing the economic management mechanism along vertical and horizontal lines was a key.

In September 1984, Kaysone reported on some opinions about altering the economic management mechanism at an enlarged meeting of the council of ministers. In this report, he proposed seven principles of a socialist economic management mechanism as the following:

- 1) Democratic centralism and division of management among administrative divisions

- 2) Economic management under the dictatorship of the proletariat
- 3) Close coordination between sectors (vertical) and regional (horizontal) mechanisms
- 4) Economic management centered on planning
- 5) Changing to an independent accounting system and socialist business principle
- 6) Effective utilization of economic policies
- 7) Reform of the management organization, development of officials, and establishment of disciplinary rules and a working system (Kaysone 1984b, 36-40).

These principles were already suggested at the Seventh Plenum of the Second Central Committee, and hence Kaysone summarized them again using different words. In summary, he argued that the party needs to build an economic management mechanism along with both vertical and horizontal lines by clearly defining the roles of central and local authorities. In doing this, while it ensures a centrally unified management across the country, local authorities can keep their autonomy. To establish such a mechanism, disciplinary rules and sufficient human resources are required. In addition, even though planning is a central player in economic management, the state is also required to implement economic policies effectively. Under such an economic management mechanism, companies are given autonomy with an independent accounting system and are required to make a profit.

At the meeting of the council of ministers, Kaysone used two terminologies synonymously: “Socialist Economic Management Mechanism” and “New Economic

Management Mechanism.” However, the term “New Economic Management Mechanism” gradually became a common word throughout the 1980s. At the Sixth Congress in 1996, the party recognized that the Seventh Plenum of the Second Central Committee was the beginning of the “New Economic Management Mechanism” (PPPL 1996, p.7). Therefore, I use the term “New Economic Management Mechanism” (NEMM) below to refer to the economic mechanism introduced in 1979.

2.3 Institutionalization of the New Economic Management Mechanism

NEMM has been gradually institutionalized since 1980. First, in May 1980, a decision giving autonomy to state-owned enterprises was promulgated by the council of ministers (Saphaa latthamontii 1980). In response to this, several state-owned enterprises introduced a contract system in the supply of materials on a trial basis. By 1983, autonomy was partially granted to strategic sectors such as tobacco, beer, electricity, and wood (Kaysone 1984b, appendix). In addition, from 1980 to 1984, reform of the national civil service salary system was undertaken three times¹². Salary in kind was decreased from eight to five types (Kaysone 1984b, p.5). Government price control was also decreased from 86 goods in 1976 to only strategic products such as petroleum goods, rice, and coffee in 1984 (Kaysone 1984b, pp.5-6).

On January 9, 1984, the “Council of Ministers Rule No.30 on Segregation of Duties and Rights of Economic Management between Central and Province Authority” was promulgated. In short, the rule defined the role of central and local authorities in four main areas: infrastructure construction, distribution, planning, and organization and personnel management (Saphaa latthamontii 1984). For example, the council of

¹² In 1980, the salary of national civil servants was raised 2.7 times compared to 1976. In 1982, it was raised 50–70% again and some allowances were also defined (Kaysone 1984b, p.5).

ministers decides a reference price range for important commodities such as rice, tobacco, coffee, mineral products, and strategic goods, for example, equipment and raw materials. Based on the prices, the ministries decide detailed prices within that reference price range. On the other hand, provinces determine the price of products produced and distributed within their jurisdiction or those the central government does not procure (Saphaa latthamontii 1984, pp.28-32). In this way, the role of the central and local authorities in each area was segregated.

Along with the reform in economic management, state institutions were also reorganized. On May 20, 1981, the “Politburo Resolution No.10 on the Improvement of the Organization and Work Style to Enforce and Achieve the Duty of the Party in New Era” was enacted (PPPLKKMSP 1981). Based on the resolution, in July 1982, the structure of the government was reorganized from twelve ministries, one commission, and the state bank to fourteen ministries and five committees¹³. This reorganization was aimed at supporting NEMM. For example, three independent committees for price, salary, and the foreign economic sector were incorporated into the State Planning Committee (Kaysone 1984b, p.4). In addition, approximately eighty deputy ministers

¹³ The Ministry of Industry and Commerce was divided into the Ministry of Industry, Handicraft and Forestry and Ministry of Commerce. The Ministry of Post and Telecommunication and the Ministry of Traffic, Transport, and Public Works were reorganized into the Ministry of Transport and Post, the Ministry of Construction and the Ministry of Equipment and Technical Supply. Social welfare was no longer under the jurisdiction of the Ministry of Interior and the Committee for Veterans and Social Welfare was newly established. Moreover, the Ministry of Information and Culture was divided into the Ministry of Culture and Committee for News, Newspaper, Radio and Television (Saphaa pasaason suungsut 1978, 1982; Stuart -fox 1986, p.72). Therefore, there became fourteen ministries in total: The ministry of the Interior, the Ministry of Defense, the Ministry of Foreign Affairs, the Ministry of Justice, the Ministry of Health, the Ministry of Education, the Ministry of Culture, the Ministry of Agriculture, Irrigation and Agriculture Cooperatives, the Ministry of Commerce, the Ministry of Industry, Handicraft and Forestry, the Ministry of Transport and Post, the Ministry of Finance, the Ministry of Construction, the Ministry of Equipment and Technical Supply, and five state committees: the State Planning Committee, the National Banking Committee, the Committee for News, Newspaper, Radio and Television, the Committee for Veteran and Social Welfare, the Committee for Ethnic Groups (Saphaa pasaason suungsut 1982). Stuart-Fox (1986) said there were fifteen but the law of People’s Supreme Assembly stipulated fourteen ministries and five committees (Saphaa pasaason suungsut 1982).

and vice chairmen, including some who were educated in western countries and worked with the former regime, were appointed to the ministries, especially to the economic ministries and committees (Stuart-Fox 1986, pp.72-76)¹⁴.

However, the series of reforms were not a solution for building a centralized economic mechanism. In January 1984, Kaysone disparaged at the Sixth National Congress for Organization that democratic centralism could not be established yet; the country could not be led in a unified manner; close coordination among sectors and between higher and lower levels could not be established (Kaysone 1984a, p.7, p.41). Even though the rule-of-law and institutions was reformed, a centrally unified leadership was not in place. Under these circumstances, the Fourth Party Congress was held in November 1986.

3. Re-thinking of “Chintanakan Mai”

3.1 What is “Chintanakan Mai”?

“Chintanakan Mai” (New Thinking) was introduced at the Fourth Party Congress held in November 1986. As mentioned in the Introduction, in a broad sense, it is considered to be a comprehensive reform policy that also includes social and political reform. In a more limited sense, it is considered to be a policy of market-oriented economic reform. Based on both perspectives, previous studies tend to see contemporary change in Laos as the result or achievement of “Chintanakan Mai.” In other words, it is considered that the reform has been implemented under “Chintanakan Mai.”

¹⁴ For example, there were six deputies in the State Planning Committee, five each in the Ministry of Industry, Handicraft, and Forestry, the Ministry of Foreign Affairs, and the Ministry of Transport and Post (Stuart-Fox 1986, p.76).

However, looking at the Political Report of the Fourth Congress, I find that there was nothing particularly new about the economic policy. Chapter Four, titled “Altered Economic Management Mechanism,” explains the economic policy, but its content is almost the same as what NEMM presented at the Seventh Plenum of the Second Central Committee in 1979:

- building the province as a strategic unit
- economic management with planning
- building a management mechanism with division of duties between vertical and horizontal lines
- institutional reform
- use of the market, etc. (PPPL 1986, pp.124-154).

As for the word “Chintanakan Mai,” it was not used as the name of a policy but as a slogan to promote NEMM. For example, Kaysone said in the report:

...if we want to alter the economic management mechanism, ... the most important issue is to ensure the quality of management staff; first of all, the staff must have new thinking, new knowledge, and new work style along with new circumstances... (PPPL 1986, p.151).

Kaysone explains in other words that as the situation always changes, the party should not be obsessed with old customs and means of production, but it needs to improve the economic management mechanism continuously. It is therefore imperative for administrative staff to continuously obtain new knowledge, new thinking, and new

economic thought (PPPL 1986, p.153, p.210, pp.227-228). What exactly are “New Thinking” and “New Economic Thought”?

At the Second Plenum of the Fourth Central Committee held on November 30, 1986, the leaders discussed “Chintanakan Mai.” Kaysone said the following, contrasting old thinking with new thinking:

At some time in the past, they did not have the courage to speak frankly about the facts, difficulties and shortcomings of their works to the people but they were trying to speak about only achievement and victory. That is not a scientific way of thinking and it is wrong. ... speaking in accordance with fact is new thinking (Kaysone 1986, p.45).

Trusting the people, speaking frankly, and talking to people in accordance with facts are the new way of thinking as well as new work style. The other way around, not trusting the people, distorting the facts, not revealing the difficulties and shortcomings are an outdated way of thinking and an old way. Old thinking is subjective and radical (Kaysone 1986, p.47).

He said the following about economic thought:

One example of old thinking is to see only negative aspects of a nonsocialist economic sector but not to see the advantages of it in economic development and the improvement of people’s lives at all. Therefore, we think that changing the ownership of the means of production is a key to develop a production

force, which will automatically lead to improvement of people's lives (Kaysone 1986, p.50).

In economic management, old thinking involves direct planning, strengthening of intervention and inspection of the central authority, a centralized distribution system through national institutions, and a monopoly of the state. And new thinking involves actively improving management mechanisms, abolishing a bureaucratic subsidiary mechanism, converting to a socialist independent accounting system, a clear distinction between production management and administrative management, and furthering the independence of local and grassroots authorities (Kaysone 1986, p.55).

In summary, old thinking involves bureaucracy, distortion of facts, subjectivism, and radicalism. New thinking involves revealing objective facts along with the actual situation and continually acquiring new knowledge (Kaysone 1986, p.27). Moreover, new economic thinking is precisely a departure from the “bureaucratic subsidiary mechanism” and the construction of NEMM.

Therefore, “Chintanakan Mai” can be understood as a slogan to promote the state building process through NEMM rather than a specific reform policy. It signifies change to the people. And I understand that departure from the old thinking is also a means to break away from wartime thinking. In that sense, the Fourth Party Congress seems to be a watershed in Lao history. However, NEMM has been in place since 1979. Even before that, the party had already started building an economic management mechanism along vertical and horizontal lines. Therefore, the Fourth Congress is one

point in the long process of establishing NEMM; it is one point in the state building process started immediately after the foundation of the state. This perspective is supported by the fact that the term “Chintanakan Mai” was used for only a few years.

In the beginning of the 1990s, the term “Chintanakan Mai” gradually disappeared from party documents. In the Political Report of the Fifth Party Congress held in March 1991, the term was used only twice in terms of awareness of the mass and management of human resources (Kaysone 1991, pp.51-52). Instead, the word “kaanpian paeng mai” (renovation) was used for comprehensive reform¹⁵. After the first constitution was enacted in August 1991 and the “mechanism of the market economy” was stipulated (Saphaa pasaason suungsut 1991), usage of “Chintanakan Mai” faded. Therefore, I say that “Chintanakan Mai” was a temporary slogan used for a very short period of time. Even in the history of the party today, “Chintanakan Mai” is not given an important position.

If so, why did many previous studies treat “Chintanakan Mai,” from both limited and broad perspectives, as a watershed in Lao history as if it was a comprehensive reform policy? Why did they see the Fourth Party Congress as a starting point for a transition to a market-oriented economy? As mentioned above, this is partly because they have not conducted an in-depth study on “Chintanakan Mai.” Another factor is that they may have neglected the importance of “management” in NEMM. They are likely to focus only on the aspect of the market.

As we have seen, the party has consistently used the word “management” either in “Socialist Economic Management Mechanisms” or “New Economic Management Mechanisms.” Looking back on the political process since 1975, we can observe that building an economic “management” system along vertical and horizontal

¹⁵ At the Fourth Party Congress, this word was used only once in the political report.

lines has been at the center of state building efforts. However, many previous studies have overlooked an important aspect of “management.” The fact that “konkai khum khoong seetthakit mai” (New Economic Management Mechanism) has been translated to “New Economic Mechanism” may be a contributing reason. Therefore, as if there was discontinuity in the state building process in 1986, previous studies tend to view 1986 as a watershed in Lao history and divide the history into two periods before and after 1986: a period of socialism and a period of reform or market economy, respectively. However, even before 1986, the party had been working on establishing an economic management mechanism along vertical and horizontal lines. This priority has not changed since 1975. It is even valid today.

3.2 Meaning of the 1991 Constitution: A turning point in Lao history

So far, through a re-examination of “Chintanakan Mai,” I explained that it was a temporary slogan to promote the state building efforts initiated in 1975 intended to break away from the wartime regime rather than a comprehensive reform policy. In other words, there is continuity in building NEMM before and after 1986. Rather, a new era began in Laos when the constitution was established on August 15, 1991.

The constitution has two important implications. First, NEMM was officially established in article 16:

...an economic management system is implemented in accordance with the mechanism of the market economy regulated by the government, rationally implementing the principle of combining the unitary centralized management of central authority with delegation of responsibilities to local authority (Saphaa pasaason suungsut 1991, p.6).

Moreover, article 13 stipulated that the economic system of Laos “is a multi-sector economy.” As for ownership, it acknowledged five ownerships (state-owned, collective, individual, private of domestic capitalists and foreign investors) and ensured their protection (Saphaa pasaason suungsut 1991, pp. 5-6). In this way, the concept that had been discussed since the late 1970s was officially recognized in the constitution.

Not only the principle of NEMM but also its means of implementation was solidified because the political system was more clearly defined in the constitution. Article 3 stipulated, “The rights of multi-ethnic people to be the master of the country are exercised and ensured through the functioning of the political system of which Lao People’s Revolutionary Party is a leading nucleus” (Saphaa pasaason suungsut 1991, p.1). Although this provision did not fully guarantee the one-party regime, the leading role of LPRP was secured. Moreover, article 5 stipulated that the “organization and the activity of the National Assembly and all the state institutions are organized in accordance with the principle of democratic centralism” (Saphaa pasaason suungsut 1991, pp.1-2). In addition, the local administration system was changed from a horizontal (region) management system to a vertical (sector) management system. The Local People’s Administrative Committee and People’s Assembly were abolished, and instead, a provincial governor appointed by the President (Article 53) and a district chief appointed by the Prime Minister (Article 60) were put in place. Along with the change, sector offices that used to be under the control of local authority were directly placed under the authority of the central ministry (Saphaa pasaason suungsut 1991, pp.18-20, p.23). The centralization of the administrative system ensures a unified national

administration, which the party expected for a long time in order to implement NEMM.

Second, the constitution signified the departure from the postwar state and the commencement of full-fledged nation-state building. Nouthak Phoumsavanh, the chairman of People's Supreme Assembly at the time, spoke about the necessity of the constitution:

We have initially achieved success in building material and technical foundations for the national economic foundation...our restructuring line, which has been carried out over the past year, has caught up with the practical conditions of our country in the present. Our delegate may have now come to understand the need for us to have a constitution that defines the various characteristics of the new system in the political and social fields, defines the organization of state apparatuses in the period of the establishment and development of people's democratic system....It is also necessary for us to have a constitution to serve our future and to uniformly understand the characteristics of our state....The constitution is the state's fundamental law. It lays the foundation for the fulfillment of the country's legal system and provides the means to defend the people's democratic rights and the right to mastery, which are indispensable conditions for economic and sociocultural development and giving new life to the people [sic] (FBIS 1991, pp.44-45).

He also said that the essence of administering the state by the constitution is to improve public awareness and ethnic harmony, which are an important and indispensable foundation for nation building and national defense (*Pasaason*, August 16,

1991).

According to Nouhak's statements, we can understand that Laos already established the groundwork for a state and moved into the phase of full-fledged nation-state building. In other words, establishing the constitution was an imperative act required to achieve postwar reconstruction and to enter a new era of nation-state building. The constitution is a symbol of breaking away from the postwar period. In that sense, I propose that the enactment of the constitution in 1991 rather than "Chintanakan Mai" in 1986 was a turning point for nation-state building in Laos.

3.3 External Factors leading to the Constitution

In the previous section, I clarified the significance of the constitution in the process of nation-state building in Laos from an internal perspective. However, we should not overlook external factors, namely the influence of the former Soviet Union and East European countries. There are two points to be made on this matter.

First, the Soviet Union significantly reduced aid to Laos, and hence it was necessary for Laos to obtain assistance from other western countries. Second, because of democratization in the Soviet Union and Eastern Europe, debate on democratization inside and outside the party was heightened. Because of these two reasons, the party faced the challenge of maintaining a one-party regime while responding to the calls for "liberalization" and "democratization" at home and abroad. Attempts of appeasement of the party were observable by comparing the first draft constitution, which was published in June 1990, with the final version¹⁶.

Initially, the political system was defined in article 1 as follows: "Lao People's Democratic Republic is a people's democratic state under the leadership of the Lao

¹⁶ In this paper, I refer to the first draft Constitution published in *Vientiane Mai* on June 6 1990.

People's Revolutionary Party.” However, in the final version, the phrase “under the leadership of the Lao People's Revolutionary Party” was replaced by the phrase “Lao People's Revolutionary Party is a leading nucleus” to avoid clear expression of control. Moreover, in the first draft, the term “commodity–money relations” and “planning linked to the market” were used for economic management (Article 17) but were replaced by “the mechanism of the market economy regulated by the government” in the final version. In addition, there had been no article about the right to education and the right to freedom of movement and residence in the first draft, but both of them were clearly defined in article 25 and 27, respectively, in the final version (Saphaa pasaason suungsut 1991).

As for political institutions, the party did not consider institutional change in local administration so that the local assembly and people's administrative committee were unchanged from the first draft. There had been a discussion on the abolishment of local assembly because it had not functioned well since its establishment. In addition, the party had desired for many years to establish a vertical (sector) management system. Still, a horizontal (regional) management system was maintained in the first draft. Why?

I presume that the revolutionary process may be a reason. Many of the participants in the National Congress of People's Representative held in December 1975, which declared the establishment of the Lao People's Democratic Republic and the abolition of the monarchy, came from local assemblies elected in November 1975 (Chaleun 1996, p.133). In other words, since they legitimized the revolution, it was not easy for the party to abolish local assemblies. In addition, the party might have been afraid of criticism from the international community for limiting the political participation of the people. In any case, the party was hesitant to abolish the local

assemblies.

However, as the influence from democratization movements in the Soviet Union and Eastern Europe spread to Laos, the leaders changed their mind. In May 1990, pro-democracy demonstrations were held in Warsaw and Prague by Lao students abroad. In August, a social democrat group circulated a letter advocating the introduction of a multi-party system in Laos (Stuart-Fox 1996, p.215; 1997, p.201). These incidents did not evolve into a large pro-democracy movement, but their impact was strong enough for the leaders to change their policy. While the party clearly guaranteed a market economy and basic people's rights in the constitution, it strengthened centralization by establishing a vertical (sector) management system. The constitution was influenced by both the internal and external situations. Nouhak Phoumsavanh said the following:

Until now, allies in the world have expressed their interest in human rights, democratic rights of citizens, freedom of religion, commercial freedom of the private sector, the opening-up policy, and the foreign policy of our state. I believe that the answer to these concerns is in the constitution approved at this time (Pasaason, August 16, 1991).

4. New National Goal and Spell of Socialism

When Laos enacted the constitution, it entered into an era of full-fledged nation-state building. It meant that the party needed a new national target to replace the old one of postwar reconstruction.

On February 18, 1993, a new goal of graduating from the Least Developed

Countries (LDCs) through economic development was set at the Sixth Plenum of the Fifth Central Committee (SVSHS 2010, pp.274-277). Later, the party specified a deadline for this goal at the Sixth Party Congress in 1996: the party is striving to have the nation graduate from the poorest countries by 2020 (PPPL 1996, p.29). Thus, “graduating from poverty by 2020” became a new national goal of Laos. Since then, it has been working toward economic development for that end goal.

In addition, a stance of firm adherence to “Marxism-Leninism” disappeared from the Political Report of the Sixth Party Congress. Of course, the party did not abandon socialism and Marxism-Leninism altogether, but terms such as “class struggle,” “Marxism- Leninism,” and “dictatorship of the proletariat” disappeared from the report, and “toward socialism” was replaced with “toward the modern state” (PPPL 1996; Yamada 2002, p.133). Moreover, the goal of political thought was not directly related to socialism but was more related to nation-state building:

...forming a recognition fitting with the party line, building confidence in the bright future of the nation, expanding the legacy of patriotic tradition, building a unified national consciousness, unity within the party, and strengthened domestic mobilization, building a spirit of independence and perseverance to overcome the difficulties, and independent wealth creation (PPPL 1996, p.59).

Nevertheless, socialism is still a basic foundation for LPRP’s legitimacy and it plays a role as a measure to deal with problems. As the economy grew in the 1990s, numerous “negative phenomena” such as corruption, fraud, disparity, and inequality arose. At the Fourth Plenum of the Sixth Central Committee held in April 1997, leaders

intently discussed problems, particularly related to disparity between the haves and have-nots and between urban and rural areas (KBSP 1997). Leaders began to insist more on wealth creation and a fair and equal society. This trend became stronger following the Asian Economic Crisis.

In *Alunmai* March-April 1998, a theoretical and political magazine of the party, there was an article titled “What do we inherit and discard for the benefit of our renovation task?” The author defined the goals of renovation as follows: “people get wealthy, the state becomes robust, and society becomes civilized, equal, and fair” (Phaophonphan 1998). A politburo member Osakanh Thammateva reiterated a similar policy in *Alunmai* the following month. He issued an article titled “Continue to implement renovation tasks comprehensively for a firm and strong state, people’s happiness, and a fair and civilized society” (Osakanh 1998).

While the party tried to establish a fair and equal society, it also started to resume clinging to socialism behind the scenes. At a conference on “Building Political Grassroots and Rural Development” held in December 1998, Party Chairman Khamtay Siphandone said, “to grasp grassroots and people is a serious struggle of ‘who will win over whom?’ between us and our enemies” (Khamtay 1998, p. 9)¹⁷. This is a revival of an old-fashioned idea about the ideological struggle between capitalism and socialism. This phrase had disappeared since the beginning of the 1990s, which was a time of steady economic development. However, as the difference between reality and ideal were getting substantially wider, economic and social problems became more apparent and ideological fluctuation occurred owing to an economic crisis, that is, the old-fashioned ideological struggle was again emphasized.

Khamtay confirmed at the same conference that socialism was a long-term goal

¹⁷ At the Fifth Congress of the Party in 1991, the title of Party Secretary was changed to Chairman.

to be implemented step by step and the transition period was also a long-term process (Khamtay 1998, p.9). Moreover, around the same time, a paper was issued in *Alunmai*, supporting the claim of Khamtay of a legitimate long-term process of socialism. The author said

In order to prepare for the transition phase, it is necessary to hold a certain period of time, which means 'transition for transition' or 'indirect transition' for reaching socialism. Generally, such a transition line is the longest, a complex and difficult route (Chueang 1998, p.17)

According to the argument, it was claimed that Laos was in transition for transition or in an ultra-long transition, and negative aspects of economic growth were the difficulties caused by the process. Therefore, the party used the argument to legitimize their line as well as trivialize the “negative phenomena.” However, even if such a theory could legitimize the long duration of socialism and its concomitant problems, it did not necessarily solve a contradiction between socialism and the market economy. In other words, the party did not have a theoretical measure to deal with the problem, except for socialism. Therefore, the party trivialized the problem to an ideological struggle. As the problems influenced the political arena, the party started to rely more on socialist ideology.

There was political unrest from 1999 to 2000. On October 26, 1999, a group calling itself “Lao Student Movement for Democracy” consisting of teachers and students attempted to call for democracy on the street. It was said that the group was dissatisfied with the economic situation caused by the Asian Economic Crisis. Although

the demonstration was besieged by the authorities soon after they started, direct political action of the people must have shocked leaders. In addition, bombings occurred intermittently in the capital, Vientiane, from 2000 to 2002. The political situation was more or less destabilized. To cope with this situation, the party began to use the phrase “the struggle between the two lines of socialism and capitalism”¹⁸. Then, at the Seventh Party Congress in 2001, contrary to previous congresses, the party again emphasized socialist ideology in the political report with phrases such as “adherence to socialist goals” and “adherence to Marxism-Leninism” (LPRP 2001). Again, socialism was a necessary measure for the party.

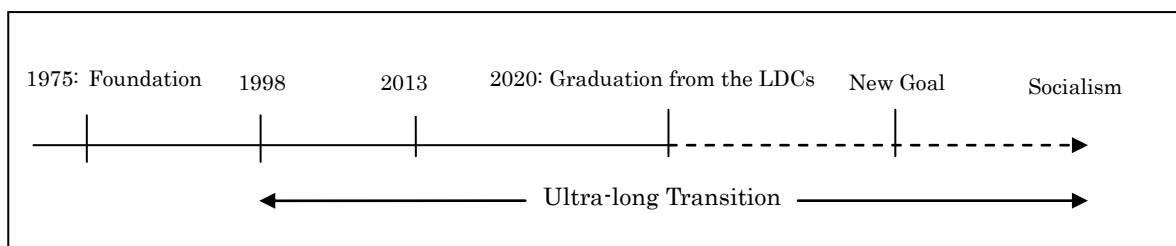
However, it could not be a substantial solution. The more the party depended on ideology, the more the gap between reality and ideal widened. Thus, it had to turn to ideological problems to narrow the gap. The party already had such a problem when it introduced a market-oriented economy in 1979. Legitimizing the market economy within the framework of socialist ideology has been an ongoing problem since 1979. During the 1970s and 1980s, political ideology was not a problem because the party clearly did not use the term “market economy” yet, and postwar reconstruction was more important than ideology. Moreover, it was believed that LPRP had been devoted to socialism. However, because the “market economy” was clearly stipulated in the constitution and as the economy grew, the difference between ideology and reality widened. Therefore, it was necessary for the party to integrate the ideal of socialism with reality without contradiction.

The party found an answer to this problem at the Eighth Party Congress in

¹⁸For example, at the Fourth Congress of Lao Federation of Trade Union, which was held on June 23, 2000, a politburo member, Thonsing Thammavong, said, “robust trust for the ideals of the revolution and the party leadership is lacking, there is an ambiguous thought on unclear distinction of friend-enemy, and we do not see the nature of the struggle between two routes of socialism and capitalism and the enemy in new condition” (Thonsing 2000).

2006. The leaders defined three criteria to judge if the party acts in line with socialist policy or not: 1) developing economic power, 2) strengthening the state and ensuring political stability, 3) improving the living standard of the people and creating benefits for the people (PPPL 2006, pp.36-37). Further, they said, “in order to achieve the long-term goal defined by the party, we must consider industrialization and modernization as the priority in development because socialist transformation has the same target and goal as industrialization and modernization”¹⁹. According to their logic, economic development through market economy is not in contradiction to socialism. Therefore, while Laos still holds the process of socialist construction as an ideal, it is simultaneously in the process of nation-state building as a mid-term realistic goal within the same framework (Figure 1). Since the Sixth Congress, Laos has been working toward the 2020 goal. After 2020, it will set a new realistic goal and continue to work on nation-state building within the framework of socialist ideal.

Figure 1



(Source) Author.

However, reality does not necessarily correspond with such a linear line (Figure 1). The party always has to respond to changes in reality and strike a balance

¹⁹ This is a quote from *Documents of the VIII General Congress of the Lao People’s Revolutionary Party 2006*, pp.28-29. This is a summary of the Political Report in English.

between reality and ideal. For example, as economic demand as well as dissatisfaction regarding economic disparity of the people increased, in 2005, the government established a hot-line in the National Assembly to receive people's concerns. In addition, the government legalized the establishment of associations (including nonprofit organizations) and started to encourage overseas Laotians to return to the country in 2009. The party had previously seen both of them as potential threats to their regime. However, the party needs the strength of civic society and overseas Laotians to solve contemporary socio-economic problems. Thus, changes in reality and the gap between reality and ideal require institutional reform. The party needs to respond to this requirement. Therefore, as long as the party pursues both reality and ideal, a market-oriented economy and socialism, it will always need institutional or structural reform to deal with the contradiction.

Conclusion

In this article, I made two points by tracing the political process since 1975. First, the year 1986, which has been considered to be a watershed in Lao history, can be understood as a step in the process of nation-state building. Second, "Chintanakan Mai" is not a comprehensive reform policy but a temporary slogan to promote NEMM to achieve postwar reconstruction. Based on this perspective, how can we interpret Laos today? I would like to explore this below.

In December 1975, the Lao People's Democratic Republic was established and LPRP began their rule. It was the beginning of socialist construction as well as of nation-state building. However, the most important issue at that time was postwar

reconstruction. The party had to establish basic socio-economic infrastructures and party/state organizations in order to build a modern state. Laos spent almost 16 years addressing these issues.

Enactment of the constitution in 1991 signified the departure from the wartime regime as well as the beginning of full-fledged nation-state building. Therefore, we can consider the year 1991 more important than 1986 in Lao history. This does not mean that Laos entered into a completely new era in 1991. If so, we would reiterate the same mistake as assuming that discontinuity occurred in 1986. There are two reasons for this, as outlined below

First, nation-state building has been an issue since a long time, dating back to the civil war, and LPRP has always made the issue a top priority. Even war between the right and left during the 1960s and 1970s was a battle over who would be the builder of the state. After the foundation of the state, the party spent almost 16 years to build necessary infrastructures. Based on this, the party has been continuously implementing nation-state building. Thus, we can understand that both socialism and market-oriented economy are nothing more than a measure to enable nation-state building. The long-term process of nation-state building has been continuously advancing.

Second, LPRP still maintains socialist ideology. As is mentioned earlier, the significance of their goal of building a socialist state shifted from a real objective to an ideal one in 1979. It is ideal in the sense that the party is not sure whether the objective can be reached. Even so, building a socialist state remains the final goal of the party. Whether the party is actually pursuing socialism is not the issue. The point is the fact that socialism is still bound to Laos. Also, the party still uses socialism as a reference framework for trivializing or addressing problems. Further, socialism is a foundation for

their legitimacy. In other words, while the problems caused by economic development and a market-oriented economy are symbolized as “evil,” socialism is still symbolized as “good.” Thus, although socialism may be an unreachable goal, it still possesses important meaning for the party. The party probably cannot clearly define what its “socialism” means. However, socialism still gives legitimacy to LPRP, and it can be a useful tool for responding to political, economic, and social problems. This is probably why the party extends the transition period in order to cling tenaciously to socialism. By doing this, the party may try to give socialism a new universality. In any case, as the economy grows and concurrent problems arise, the party will not abandon socialism as both the basic principle of their rule and a tool to address problems.

As shown in Figure 1, we can see the political process of Lao since 1975 as a process of both socialist state construction and nation-state building. While the party upholds a universal ideology, it set a rather realistic mid-term goal of transition to promote nation-state building, i.e., normalization of people’s life during the 1970s and 1980s and “graduation from LDCs by 2020” today. Considering this, we can understand that Laos is on the way to achieve a realistic mid-term goal within a longer process of socialist construction. Thus, both processes are part of the same historical process and overlap each other. Also, even though the party sometimes gives priority one way or the other, it has been able to maintain balance between them. However, today, the party is more required to respond to contemporary challenges. I think that we should understand present-day Laos in this way. Because of recent economic growth and “deregulation,” many people emphasize Laos’ economic reform and its transition to a market economy. Yet, we should keep in mind that there are still many socialistic aspects in Laos and the party is still trying to put the state economy under its control. It is not giving up its

socialist way of management yet.

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