

December 5, 1991
Manila, Philippines

Dear Friends:

I started this as a letter home right after arriving in Laos in July, wrote things during my stay and then finished it and modified it for general distribution when I returned home to Manila. For those of you who know and care about Laos, I know you will enjoy getting some news. Please excuse some of the more personal items. I know you will understand my excessive enthusiasm in some places.

July 21, 1991 Sunday afternoon

I am back. Back in Laos after 21 years! What memories. Back to when we were still young, when Marcia and I were first married. Back to a focal point in another era of world geopolitics, to where the cold war got hot and the secret war was well known. But that is history. Most important of all is to be back in Laos. You who know it, know my meaning. Laos is like no other country.

Would it be the same? From the time DAI faxes and a UNDP program officer calls me in Manila to ask if I am interested in a consulting job I wonder how would people receive me? Would there be a lot of anti-Americanism? Will the Lao people be different now? Will they no longer be the friendly, happy, caring, hospitable people we all remember? Will the nasties have poisoned everything?

I have butterflies as I fly over northern Thailand, staring ahead, looking for the river, remembering the first time I arrived in Vientiane with Stu During in the '66 flood, landing by chopper at Tat Luang and being retrieved by Phil Buechler. There it is, the Mekong, mae nam kong, the muddy mainstream of Southeast Asia, from Tibet to the South China Sea. So much history. Bringing life, carrying death. Thousands swam it right here.

The Thai Airlines plane circles north, there's Wattay. The old airport looks about the same but the planes are different and not so many. Russian versions of the 737 and Chinese versions of the Fokker whatsit? What was this going to be like? Would immigration be like that surly person at the Lao embassy in Bangkok?

From the moment I reach the bottom of the stairs I start to discover that the friendly Lao are still the same. I immediately try using the language, rusty after all these years, but it does come back folks, slowly for sure but it comes. Hearing those familiar words and tones again is like hearing an old friend's voice on the telephone after many years. I still can't get those tones, Art Crisfield.

As I experience the renewal I find myself wanting to share it with my old friends who spent time in Laos and who I am sure will want to hear about what is happening here. So, hence, this letter. I am also going to send it to others whom I know have an interest in Laos or maybe occasionally wonder what Tony is doing these days.

I am sitting in my room at the Swedish Guesthouse working on my laptop which is giving me problems because for some reason I cannot seem to get the default margin set to work properly. This is a wonderful guesthouse, the likes of which never existed in our day. Room, laundry, breakfast, tennis courts, TV (yes, Thai TV and video) all with excellent service and good Lao humor for \$20 a night. It costs me more than that at home! One of the ladies here used to work at AID in the Requirements Office; another studied at Sammakhan Lao-American. Nearly everyone I have met has some former connection to the American community or have relatives in the States now.

I am here under the DAI flag with Randy Merris, an excellent macro-economist preparing the documentation for the UNDP Roundtable, a donor consultative group meeting to be held in Geneva next February. Randy recently finished a 2-year tour at the central bank of Laos. We are doing macro and sector analysis, a program review and profiles of high priority projects. One of them is the rehabilitation of the Nam Tane irrigation project, built by USAID in Sayaboury. They need help George Ridenour; want to go back?

I know you are wondering. The answer is: the development problems are the same only worse. The country has not moved ahead, in spite of what the government says. The good news of course is the war stopped and the country is unified, sort of. The different ethnic groups still live apart, they distrust, dislike and sometimes hate each other, Government propaganda notwithstanding. Infrastructure is abysmal, except in Vientiane and environs. There is no ag extension, no ADO, very little rural health care and education has slipped way down. They sell electricity and mine trees to meet the foreign exchange requirements. Beef exports to Thailand are picking up. But there isn't much else. The 85% of the people in subsistence agriculture are the same or worse off than in 1975.

In spite of the problems, I am enjoying Laos now as much as when we lived here. (It is The Lao Peoples Democratic Republic or PDR now but that is not easy to get used to; it is still Laos to me.) I am having a great time. The Lao have not changed. The city is relaxed. Traffic is very light, lots of bikes and Hondas. Vientiane looks the same except some of the old landmarks have different names. No Concorde, Constellation, Third Eye. Frank Manley's office is in the old White Rose building block (must be some strange ghosts in that one.) Talat Sao is all new fancy buildings with a bus terminal next to it. Yes, there is bus service around the city and to towns around Vientiane prefecture and province. That is an improvement. The wats are the same. The government buildings look about the same. Some new ones. Most places are not run down, dilapidated or really seedy as I guess I expected, but some are. The communists are supposed to ruin everything, right?

They actually did try hard to ruin the economy when they first came into power and I guess came pretty close. The fact that 85% of the people are subsistence farmers is probably how the country pulled through it. There is a basic strength when each village is a self-

sufficient little economy onto itself, isn't there? They tried to collectivize the farmers. Each was allowed to keep just enough to feed his family; the rest went to the cooperative. Can you imagine they actually tried that with the Lao? The farmers stonewalled them, of course, and the government soon gave up.

There are a fair number of tourists, a surprising number of decent guest houses and a few small hotels. I am told the tourist trade has boomed just this last year. Lane Xang is still the main hotel and is about as seedy as then. We stayed there one or two nights, then moved to the Swedish Guesthouse. Several good restaurants, an Australian club with pool, lots of good fuh (how do you spell that?) shops, plenty of good french bread, Bolevens cafe', good Thai and Indian joints. The Than Dao Vieng Chinese restaurant is still here, but it is not the same. Several really good Lao cum Thai cum other Asian restaurants. Randy knows them all so that is a big advantage.

The Ministry of External Economic Relations where we work is right across the street from the old ADO office (where I used to work) and it is a very strange feeling to look out the window and see it there. It looks the same from the outside. I went in just for fun but of course it looks completely different inside. I couldn't find the echoes of Doug Clark or Don Murray, of Wade Chubbuck or John Esser, of Wayne Johnson or Kenny Wong. But I found Tony Zola. He is consulting out of Bangkok and the Lao all know him. Bob Griffin comes around also, consulting for the Mekong Committee.

I found our old Nong Bone house after much looking. The old neighborhood has changed, lots of new houses around Tat Luang. That area is really built up. There is a large grotesque monument to the revolution sharing the plateau with the tat. Silver City is barely recognizable, the tennis court is grown over with weeds, and OB is now a government hospital. K6 is the housing area for the PL senior officials. Kaysone uses the school for his headquarters. I talked to some advisors who have been out there for meetings with him but did not know that it was the American school. The ACA gas pumps are still at Silver City and I was startled the other day to see that sign listing the open hours is still there. Can you believe that? Someone also told me the USAID sign is still on Tony C's warehouse in Ban Houi Sai!

We took a drive the other day through the old AID compound, Na Hai Diao, and let me tell you, was that ever eerie. There are a lot of ghosts lurking around there; I had goose bumps. It's all there. Run down a bit, Harry Carr, but still there. The old wooden RDD building looks pretty shabby, Tommy, but I could still hear you talking to us about felt needs. The swimming pool is empty but I could see Haff doing laps with Dan Fredrick trying to keep up. Those hand carved wooden doors are still on the front of the club. The main building is now offices for the national assembly members; the speaker I suppose has Charley's office. AIRA is the Ministry of Commerce and Tourism, a much better use of that structure by far, and the irony is wonderful. Someone told me that many of the files were still in those buildings. I asked Dakan and he said, yes, probably so. There was only time to remove the classifieds. I did not go in any of the buildings. Next trip. Anybody want anything?

Lots of expat advisors here. Mostly UN, Swede, Aussie. Large number of WB and ADB contractors. Surprising number of Yanks.

No sense in Vientiane of any real repression. Everyone says that things have relaxed tremendously in the last couple years. Hardly ever see a soldier. The government is being run by the same type people who were running it before 1975. Except for the top guys, the Ministers, everyone else is pretty much from the same group of Vientiane bureaucrats who were running the bureaus "pre-liberation." The PL didn't have any trained people to take over so they had to rely on RLG holdovers. The junior staffers (and some senior ones) in 1975 who stayed on are now the office directors and even vice ministers. If they "learned" fast in the "re-education" camps, the transition was relatively easy. The ministers are still all old guard party regulars, with the emphasis on old. That young band of guerrillas from the 50's and 60's is now a geriatric club.

We had dinner last night at an old Corsican place called the Arawan. I cannot remember it from the old days. The food was good. The owner said he came to Laos in 1965, before that he was in Cambodia for 11 years and Saigon for 17. He came to Indochina in 1936, the year before I was born. We never worked out whether he stayed in Vietnam during WWII. They have not bothered him here. I suppose he was not one of the famous Corsican drug dealers or I imagine they would have gotten him but perhaps that is the wrong logic.

I was told six falang businessmen were allowed to stay after "liberation." The one and only American was Frank Manley. I have had dinner with him several times, once with Bob Griffin, recently relocated from Honolulu to Walnut Creek, California. It was interesting talking to Frank about the last 20 years, particularly the last 15. He actually moved his family to Bangkok in '77 because the school closed but he has a room over his office and spends a lot of time here. The PL never even questioned him. He said his insurance business actually picked up after liberation because all the embassies wanted to get insurance and other foreign insurance firms pulled out. The heavy equipment business continued but obviously the Pan Am agency and the shipping and forwarding business disappeared. I had dinner the other night with Prince Panya. He is still doing business out of Bangkok and is getting re-established in Vientiane.

One of my field assistants told me that Lahanam has changed. The Muong headquarters was moved out to route 13 at Paksong. I remember one incredible and hilarious night Marcia and I spent there when the PL got too close to Lahanam and the old fat tasseng who hid us snored like a tractor all night and nobody else could sleep! The Lahanam irrigation project is still operating after 25 years. They have a new Japanese pump (what else?) and they are producing good crops in the dry season. There is some justice in the world after all. Everyone I talk to remembers ADO and thinks it ought to be recreated but nobody has offered me a contract, not yet anyway. I had planned to go to Lahanam but the week we were scheduled to go it flooded heavily in Savannakhet and we were forced to cancel.

There are still about 60 thousand refugees, mostly Hmong, in Thailand and 5

thousand in China. There is a plan forming for an orderly repatriation. They are preparing a couple of sites for them now up north. That is a lot of people to repatriate and I imagine about half of them have never lived in Laos as adults. What are they going to do? They certainly do not need any more slash and burners or opium growers. The narcs of course are worried. The government really is not prepared to handle it. I hope they get a lot of help. You are not ready retire yet, are you, Mac? Win?

Have played some great tennis at the Swedish guest house and swam a lot at the Van Sanna Guest House. Good dinners at the Nam Phou on the fountain circle right off Samsenthai, about a block and a half behind the Lane Xang. Really good food (a mix of continental and Asian) and service. It is THE place to go. Met lots of people there, spent a few late nights with folks like Frank Manley, some journalists, and an American entrepreneur who is trying to put together a big hotel project, and various other business and NGO types. Even met some U.S. Army officers on MIA business. I was startled to see them in uniform. Frank and I tell war stories. Frank has told some fascinating stories about some of his experiences since 75. He should write a book. Thirty years straight here is some kind of record. I think he is the only American who did not leave in 75.

I find myself in most conversations telling people what it was like before 75. There is an incredible amount of misinformation about what really happened; what the American role was in Laos. Many people actually believe that U.S. troops fought here just like Vietnam. I even read a reference in a UNDP report about the "occupation of the Americans and their SEATO allies." Government historians of course wrote the history of that era to fit the party line but it is troubling to learn how badly informed are many of the Europeans and Australians. An Aussie bridge engineer brought me a stack of photos one evening and wanted to know why the U.S. bombed all the bridges on the main roads. It turns out he had some BPR photos of the PL-sabotaged bridges in the Pakse region and on Rt 13 north. He even had some pictures of a young Larry Jones and a training class.

I am asked many times if I think things were better, worse or the same as when I was here before. There is no war, that is better. From all I can gather from talking to people and reading consultants reports, the rural areas for the most part are about the same economically, but that varies. Socially, there has been a decline. Education and health services have declined. The environment is being sacrificed for current income. There is heavy equipment logging going on in most regions and the damage is extensive.

As we always suspected or vaguely knew, it turns out Laos is full of valuable mineral deposits-- a world class iron ore deposit south of the PDJ, potassium just outside of town here, coal, tin, copper, lime (cement), sapphires and other semi-precious stones and of course gold and silver. The experts think there is a major gold deposit(s) here. Don't they always? The lime and coal is up by Vang Vieng but there are plenty of deposits of all kinds of things all over the country.

The Aussies are going to build a road and railway bridge across the Mekong from Thadua to Nong Kai thus directly linking Vientiane to the Thai railroad system and that incredible market. David Jordt, an enthusiastic California geologist working for the UN, is

proposing a railroad from Thadua up to all the mineral sites, a total of only 220 km. Apparently there is some serious interest in building the railroad but I am sure we talking many years off yet.

It turns out that Thailand's booming industrialization needs all the things that Laos can supply: coal, iron, potash, hardwood, meat (Savannakhet may become west Texas) but most of all electricity. The next big project is the Nam Theun in Khammouane province which will be at least 600 MW or 4 times Nam Ngum. It will probably cost about \$800m but at full operation it will earn an estimated \$100m a year from sales to Thailand. Not bad, what? That is more than the entire government budget this year.

The Vietnamese on the other side of the hills want the minerals too, as do the folks up north. Thailand naturally will win says me. Money talks. And boy do they have it. You would not believe what is happening there if you have not been lately.

Hunt Oil is exploring in Paxse region and a British oil company, Enterprise, is exploring in Savannakhet and Khammouane provinces for the black stuff. Wouldn't it be wild if the next Dhaharan is Savannakhet? That worries me. They found some oil seeps on the ground east of Lahanam in the mountains.

The trainer at the Swedish club is a 59 year old ex-FAR officer in about the same shape as Stefen Edberg. He has a 27 year old wife and a son, 16 months. He ran my butt off, and everyone else's as well. Dakan, where are you when I need you?

I spend weeks without a newspaper and have no idea what is going on in the world and to tell the truth, I like that, info junkie that I am.

Saturday I am going with two people from the Ministry of External Economic Relations up to Ban Keun, Nam Ngum Dam and Phone Hone.

One of my field assistants from Lahanam now works for an aid agency and drives around in a nice Toyota. He took me to his home out past Chinaimo for lunch and then on a tour of the wats of Vientiane. I had never seen most of them on the inside before.

The Ruskies are nearly gone. Manley says there were 4000, including the other block countries at the peak, which he says is what the U.S. had here at our peak. I am trying to figure out where we put 4000 Yanks. I don't think it could have been that many, even including AA, CAS, IVS, OB, and Dooley (I understand they are back, by the way, Dooley that is but no dollies this time, or maybe they never really left).

Peace Corps is supposed to start operations but still has not signed an agreement. The negotiations apparently are hung up. The Lao want an exchange of ambassadors; Washington is not ready because the MIA problem won't go away and elections are coming, aren't they? Jim Lehman, former IVSer and former Peace Corps director in Philippines is now the Peace Corps director in Laos.

The Lao do not have many people to manage things. Most swam in 76 & 77. Communism is gone. Everything is free market rhetorically and rapidly moving toward it in reality. They are actually doing better than the Filipinos in divesting state-owned enterprises. In some ways they are moving too fast. I worry about the talk of a total market economy for the subsistence farmers. I am sure the economic growth they hope for in the ag sector will not occur if it depends solely on the subsistence farmer responding to the market, which is what I am hearing. Agricultural development depends on so many things and a free market alone is far from sufficient.

Corruption does not seem to be a major problem yet but there are signs. I met a senior minister today who is a former PL commander but I understand he was more of a political type than a fighter. He was very friendly, very Lao and very tuned in. Someone told him I used to manage ADO. He seemed to know all about it and wants to start it up again. I told him about the pump projects in Lahanam and elsewhere and he wanted to learn all about how we did things. All the time I was talking to him I was wondering where were you in 1968, what were you doing?

August 11

I spent Saturday on a trip to Phone Hone (It has grown tremendously since the days of Loring and Ann Waggoner, I recognized very little), Nam Ngum, and Ban Keun, which looked very familiar, Stu, but I couldn't figure out where your house was. It was fascinating. Things have been happening. The road, for openers was fabulous. We should have such good rural roads in the Philippines. They do not have anything near the traffic load here so maintenance is less of a problem. (Actually, from what I am told, I think it is the only really good road in the country). The dam and power plant are very impressive. Agriculture looks good and the timber industry is booming, clearly too much so. There are too many small, inefficient sawmills wasting too much timber.

Saturday night we went to a party at a nearby hotel, with mixed Lao and falang attendance, many Yanks. The Lao, mostly central bank and finance types. I am impressed by the openness, the relaxed casual relationships, and the self-confidence of many of the senior, better educated Lao. They do not appear repressed or constrained and do not seem to be afraid to speak their minds. They are more assertive than I expected with foreigners. They are not cocky like so many Filipinos. Most surprising are the women. Not equals yet but very strong, many well educated and self-confident. It appears that the Vientiane elite culture at least does not automatically relegate them to the background. The Governor of the central bank is a very impressive Hmong woman. Think about that?!

It is Sunday and I played doubles this morning with three young Lao guys, all of whom play at my level when I am playing my best which was not today but it was reasonably good and I had fun. I then went to lunch with Lao friends in Ban Sithanthai, out

on the Mekong towards Thadua, an old ADO stronghold and one of the main outbound swimming spots. We were in the traditional Lao home of a former RDD field assistant. He has his own well, a nice Japanese pump, a decent sanitary out-house, a little sari-sari store along side that his wife and kids run, a fish pond, and a flock of birds which look like grouse and sell for a good price. He has a couple hectares of irrigated rice and seems to be doing reasonably well. His wife is from Lahanam so we talked about that. He has six children, I think, but I admit I lost count. One son is studying tropical agriculture in Moscow. Apparently he is not learning anything technically useful but it is intended to get him a good job with the government. He writes that he only gets \$5. per month to feed himself so the family wants to get him back home. I wonder what sort of experience he is having during the transition.

Oroth Choulamontry, the agronomist who worked with Jamie Bell on the high-yielding rice varieties is retired from government and has a little consulting firm. He has been very helpful and a fountain of information. Jamie and his wife are in Thailand, working on an agriculture project there as part time volunteers.

August 20

We had to move out of the Swedish Guesthouse and into the VanSanna Guesthouse which is also good and has a swimming pool.

One of the former IVS assistants from Lahanam found out I was here and came to see me one day. He ran the cluster newspaper and showed films and did molam around the cluster. He later worked for AID and in '75 was assigned to the RO warehouse in Vientiane, to his great bad luck. He was only a warehouse manager but I guess they thought he was a real bad guy and they put him in one of the heavy duty reeducation camps in Xieng Khouang. He did 12 years of hard labor, making little rocks out of big ones, building roads. The amazing thing is he still has a sense of humor about it all. I think I would be one bitter son of a bitch if that happened to me. He laughs it off in the Lao embarrassed way but also at some of the ironies and silliness of it all. They did not change the way he thinks about anything, nor apparently of many others. They did not make communists out of many or even good little socialists. It is not difficult to get Lao to cooperate with each other when they see it is in their interest but it is nigh impossible to force them to cooperate. When they collectivized farming, the passive resistance of farmers was a resounding victory for their right of free choice.

The communist leadership failed totally within the first two years of the imposition of the system on lowland Laos. The government spent the next few years reeling about, trying to find a way to make things work, absorbing lots of Eastern bloc aid. By 1980 they were already moving back toward a market economy. The momentum toward a market economy increased throughout the 80s with a big step (not to be confused with a giant leap) forward in 1985 with the introduction of the New Economic Mechanisms. Since then western aid has been rolling in, reaching an annual rate of about \$120 million in 1990. I would say they are about ready to shift into second gear with their development program and still have a long

way to go. It is interesting though because in some ways they are ahead of Russia and Eastern Europe in terms of the private sector, probably because they were not out of the market economy as long.

It is fascinating because the party is still very solidly in control politically but communism as an economic system is gone from the doctrine and nearly gone from the scene. One does not ever see the word "communism" in print or hear it spoken. One rarely hears socialism. The Russian flag, formerly prominent, is now only seen on Russian embassy facilities. The hammer and sickle started disappearing this year from the Lao national emblem. The major remaining vestiges are those state-owned enterprises that still have not been shut down or sold off, although many have.

The party is trying to reform as fast as it can. Economic reforms seem to come easier than political ones. The old guard does not want to give up power but it is inevitable that a more democratic system will evolve, just as it will in China. Strangely, it may come first in Cambodia. When the political system will change in Laos is anyone's guess. There is a lot of restlessness in the younger generation. They know what is going on in the world. They know what is happening economically in Thailand and Malaysia and elsewhere in Asia. They even watch Thai television. They like a lot of what they see. They of course do not want to be subservient to Vietnam any longer but look in awe across the Mekong at the economic power and tremble in fear of being gobbled up. Some think that would be the best thing that could happen to Laos.

September 14, 1991

We leave tomorrow. Ten weeks. It was about 3 weeks too long but I enjoyed it all. Hard work but interesting. My only regret is that it has been flooding in Savannakhet these past two weeks and I could not go down to Lahanam. The Lahanam folks in Vientiane had a baci for me this morning. It was fabulous. It is even harder for me to sit on the floor cross-legged now than it was before. They still remember RDD, ADO, and IVS fondly. The schools, the irrigation system, the clinic, the community center, the training programs, they remember it all. I remember that ghastly lao-lao, it still tastes like kerosene. I had at least ten offers of mia noi! And I am a grandfather. I've got strings half way to my elbows. That will cause some comments back at the Manila Yacht Club.

I gave my Wilson wide body to the trainer, he has been lusting after it for two months. He will be lethal now. I made him promise not to hurt anyone.

October 10, 1991

I am in Manila. Heading for the states soon. I am going to contact Larry Woodson about distributing this.

I will be going back to Laos sometime soon in 1992. It is time for everyone to make

a visit. It is time for the PVOs to go back. Where are you IVS? They need help and they need it badly. They need teachers and skills training. They need a self-help program for wells and classrooms and clinics. And they need ADO, at least some form of ag support program.

October 23, 1991

I just talked to Bob Dakan who just returned from a trip to Laos with Dayton Maxwell, Win McKiethen, and Frank Gillespie. They were joined by Charles Alton there to do an assessment of flood damage for AID.

I am organizing a consortium of NGOs to work in Laos, Cambodia and Vietnam, primarily in human resource development. If anyone is interested in being part of that, write to me at the address below.

November 25, 1991

I have the Khao Lao mailing list from Larry so I can send this now. Lots of names there!

All the best,

Tony Babb

Babb and Associates
11th Floor
Ramon Magsaysay Center Building
1680 Roxas Boulevard
Manila, Philippines

telephone: (632) 521-8589
fax: (632) 521-6797