

Economically, Laos presents a picture painted in stark colors. The economy today, more than the military and political situation, is chaotic. The prospects for this year's rice crop are dim. The annual rains were too late and too few. With over one hundred thousand young men in the army there are precious acres of paddy land that were never ploughed or planted. Apart from rice and a few cigarette factories there is no production, no economic base. People speak of a potential resource in iron ore and tin, of greater rice production through the clearing and planting of unused land, but who will risk investment and labor at the moment? On subsistence living the people have - bamboo and thatch at hand for housing, a little rice for food, homespun cloth for clothing. Economic advance, however, requires in Laos as in any country an infrastructure: roads, railroads, electricity, education, medical care, industrial and farm production that can earn hard currency to shore up the valueless Kip. Solvency is temporarily provided by the United States import program. By this device, the U.S. imports an estimated fifty-six million dollars worth of food and manufactured goods a year. These imports are sold on the local market to provide needed commodities and to supply counterpart Kip for necessary government spending. However, the benevolent aims of the import program are jeopardized by the soaring rate of the Kip. A year ago the official exchange rate of the Kip was 80 to \$1.00. The open market rate for a dollar ran ahead to 120 Kip, not a serious difference. Today, the official rate stands at 136 to 1, while the open market rate ranges as high as 700 to 1. Clearly, the Lao Kip is worthless. Kip savings are literally wiped out. Food prices at local markets in Vientiane are out of sight. The old joke is true, if not very funny in Laos: "Everything is going up except rain and even that soaks you." A dinner I enjoyed with three of the Team Leaders and their wives my first evening in Vientiane at a riverside restaurant cost over 8000 Kip, the equivalent of \$100.00 at the official rate. A head of cabbage was priced locally at 300 Kip, or \$2.50. Salaries of Lao employees within USAID were increased by 125% the latter part of October. Where this will end no one claims to know. The latest rumor as I left was that a Pan American plane had arrived bearing seventy-five tons of new Kip notes, and that a new currency and valuation was imminent. More hard currency could be provided to back up the Kip, money that might come from any number of countries anxious to keep Laos alive. The question that keeps returning is still the question as to how long forced feeding can continue when there is so little sign of recovery and health in the patient. What concerns most of us who fear for Laos is what may be done to insure, not temporary transfusions from the outside, but development of inner health. Here is where IVS in close partnership with USAID is trying to help.

IVS began its first work in Laos in 1956 with a small rural development team in Xieng Khouang province. That initial program led to the later and larger VARDA (Voluntary Agency Rural Development Administration) contract which foresaw 53 volunteers dispersed throughout the country, and an education team of twelve which was to work at the National Education Center near Vientiane. IVS appeared to be in Laos with both feet. The political and military events of these past seven years have successfully prevented the extensive work that the country needed and that our people were anxious to do. The work of the education team at the NEC has gone ahead with minimal interruption. But as recently as February of 1962, when I made my first visit to Laos, the VARDA team numbered seven.