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LAOS: POLITICAL BACKGROUND

9. In April 1958 an electoral campaign was under way in which the Neo Lao Hak Xat, the communist-front party, was permitted to participate. The campaign was being fought for 21 seats to the National Assembly in fulfillment of a provision of the Political Agreement which had been signed between the Royal Lao Government and the communist dominated Pathet Lao the previous November. This agreement had also provided for the entry of two Pathet Lao leaders into the Cabinet. The Military Agreement, signed at the same time, provided for the integration of two Pathet Lao battalions into the Lao Army and the demobilization of the balance of the Pathet Lao forces. In sum, with communist and fellow-travelers permitted to enter the Cabinet, the administration, the army and the National Assembly, the fate of Laos appeared in the spring of 1958 to be cloudy indeed. The results of the elections, which were held in May, confirmed our fears. The Neo Lao Hak Xat and a satellite party won 13 of the 21 seats at stake, giving clear evidence of the party's strength and organization.

10. Since then, anti-communist elements have taken a firmer stand toward the NLHX and a take-over by peaceful means, which we may presume the PL anticipated and we ourselves feared, does not appear to be an immediate possibility.

11. The election results gave anti-communist patriotic elements a severe shock and in reaction the two major political parties merged into one (Rally of the Lao People), while a group of young, relatively better educated men in the government, military and business circles organized themselves into a so-called Committee for the Defense of the National Interests (CDNI). The CDNI's stated purpose was to support any Cabinet, political party and individual who worked in the national interests. The CDNI was strongly anti-communist.

12. In July 1958, the vacillating Souvanna Phouma, who negotiated with the Pathet Lao, resigned as Prime Minister and, in August, Phoui Sananikone formed a new Cabinet from which the Pathet Lao were excluded and which comprised representatives from both the Rally and the CDNI presenting a solid anti-communist front. This Cabinet, which was further strengthened in January 1959 by the inclusion of three senior army officers, tackled one by one some of the major problems which had been left pending by previous governments. It carried out monetary reform, a partial administrative shakeup, undertook various village aid and psychological warfare programs, and consented to have France and the United States implement a joint training program for its army.

13. In January 1959, the Prime Minister declared unequivocally before the Assembly that the government's foreign policy was pro-western and

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