

private sector, but in the political world. "All reform, even limited, seems like a fundamental challenge to the social contract." The Dutch, by contrast, debated reform in the practical language of economic necessity and tradeoffs.

Schnapper adds that the upheavals in the Dutch welfare system have contributed to anti-European Union sentiment in the

country. The EU has required the Dutch to make certain changes in their social welfare system, she writes, but it has acted by administrative fiat rather than through a democratic process. That may help explain why consensus-minded Dutch voters overwhelmingly rejected the new EU constitution a few months after Schnapper's article appeared.

## *Red Star over Laos*

"Laos: Still Communist after All These Years" by Joshua Kurlantzick, in *Current History* (March 2005), 4225 Main St., Philadelphia, Pa. 19127.

On the short list of states that cling to communism, China, North Korea, Vietnam, and Cuba get almost all the attention. Habitually overlooked is a small country that once loomed large in the news: Laos.

Sandwiched between Vietnam and Thailand, with China to the north, Laos is still ruled by "the same generation of leaders that battled the United States and its allies in the 1970s," notes Kurlantzick, foreign editor of *The New Republic*. Khamtay Siphandone, the top leader, is 81, and some Politburo members are in their nineties. Though the aging communist leaders have prospered, most of the country's six million inhabitants have not. Some 85 percent are subsistence farmers, scratching out a life based on sweet potatoes, chickens, and water buffalo. Laos once had a fling with reform, but the country's leaders have been busy ever since trying to turn back the clock.

In the late 1980s, after China and Vietnam had shown the way, the Laotian leaders tentatively began to open their economy to the outside world. "More than 80 [foreign] aid groups opened offices in Laos, and Vientiane developed a thriving social scene of expatriate assistance workers, who congregated at new cafés serving Western staples like chicken pie and drove around Vientiane in expensive Land Rovers." Trade with Thailand mushroomed after the opening of a "Friendship Bridge" over the Mekong River in 1994. The regime relaxed its prohibitions against Buddhism and discussion of the former royal family, and loosened restrictions on tourism. The number of

tourists rose from 140,000 in 1994 to more than 700,000 six years later. Young backpackers from Europe and America could be found sipping coffee in the espresso bars that sprang up around the country, and their Laotian peers reveled in the glories of new bars that served up beer and Thai karaoke.

But the changes in Laos were "more cosmetic" than in China and Vietnam. The hard-line leaders refused to liberalize much of the economy, and the close ties with Thailand proved ruinous when the Thai-centered Asian financial crisis occurred in the late 1990s. The level of foreign investment in Laos plummeted. Siphandone and his colleagues were shocked in 1999 when some 30 pro-democracy Laotian students planned a public demonstration in Vientiane, the first such protest since the Pathet Lao came to power. "Police broke up the rally before the protesters could even unfurl their banners," says Kurlantzick. Many of the activists have not been seen since. Other inconvenient people have also disappeared.

As it retightened its rule, the government turned to China. Beijing provided export subsidies and aid, and it agreed to join Bangkok in jointly financing a new road through Laos that will link China and Thailand. These steps could help Laos's struggling economy, Kurlantzick says. Eventually, the country may be drawn into expanded trade with other Asian nations and even with the United States. That would be good news for proponents of economic reform, including "younger members of the Lao government."