



Written by [Christian Gomez](#) on January 11, 2011

Communist Laos Opens Stock Market

“Beware, my dear Zilkov. The virus of capitalism is highly infectious. Soon, you’ll be lending money out at interest,” commented Dr. Yen Lo, the Chinese Communist handler of Raymond Shaw in the 1962 classic *The Manchurian Candidate*. Now it would appear that the “virus of capitalism” has infected Laos — the Lao Democratic People’s Republic — with the country’s first stock market set to open today. Laotians have high hopes that the Lao Securities Exchange will bring in much-needed foreign investment to the landlocked and impoverished Southeast Asian Communist state.



With the disintegration of the Soviet Union in 1991, Laos lost its main source of foreign aid, and has been forced to make reforms as it struggled to keep its economy afloat.

Following the footsteps of Deng Xiaoping’s China of the 1980s, Laos is loosening its rigid economic model in favor of a more market-oriented and investor-friendly economy. Hoping to avert the economic collapse of so many other Communist states around the world in the early 1990s, Laos sees its stock market as a vital step toward assuring the survival of the Communist state.

Although President Obama [declared](#) in June of 2009 that Laos had “ceased to be a Marxist-Leninist country” — and thus removed it from the U.S. trade blacklist against Communist countries — the nation remains a one-party system dominated by the Communist Lao People’s Revolutionary Party.

The new Lao Securities Exchange, headquartered in a \$10 million building in the capital city of Vientiane, will consist of only two state-run firms: Banque Pour Le Commerce Extérieur Lao (BCEL) and the Électricité du Laos Generation Company (EDL-Generation Co.).&

[The Wall Street Journal](#) reports:

The real benefit for Laos launching its equity market might be in highlighting the potential for the country’s isolated economy and encouraging its Marxist rulers to spin off other state-controlled businesses and take them to the securities exchange.

Douglas W. Clayton, founder and CEO of the private equity funds manager Leopard Capital LP, which has invested in EDL-Generation Co., observed:

I think we need to be modest in our expectations [of the new Lao stock market], but this is the beginning of a process that could end up with 10 or 15 companies listed on the market in the next few years.

In addition to the backing of the Communist Laotian government, the Securities Exchange project has the help of the World Bank as well as the Asian Development Bank, which is providing Laos with Asian



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Development Funds (ADF) financing. Both the World Bank and the Asian Development Bank are optimistic that the new stock exchange will generate billions of dollars which can be invested to improve Laotian schools and health-care facilities.

Additional outside support is coming from South Korea's Korea Exchange, which has invested \$9.8 million, and from Thailand, which is currently the main import and export trading partner of Laos.

The Laotian national bank is investing \$10.2 million toward the project, according to [Bloomberg news](#).

Thus, a great deal of resources have been invested toward the Lao Securities Exchange as, interestingly, the Laotian government relies of capitalism to save its fragile communist state.

*Lao officials watch an electronic board during an opening ceremony of the Lao Securities Exchange, Tuesday, Jan. 11, 2011 in Vientiane, Laos.:
AP Images*



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