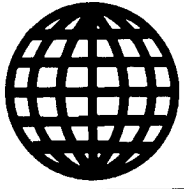


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21 AUGUST 1992

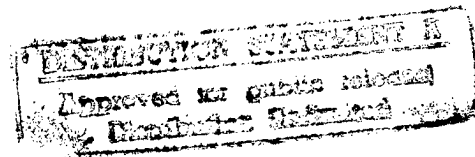


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# ***JPRS Report***

## **East Asia**

### ***Southeast Asia***



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# East Asia Southeast Asia

JPRS-SEA-92-018

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21 August 1992

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## POLITICAL

### MPR Involvement in State Guidelines Formulation

92SE0321A Jakarta ANGKATAN BERSENJATA  
in Indonesian 8 Jul pp 1, 7

[Text] President Suharto stated that although there is some risk involved, MPR [People's Consultative Assembly] involvement in compiling the 1993 GBHN [Broad Outlines of State Policies], materials for which have already been submitted to the three sociopolitical organizations, to ABRI [Armed Forces of the Republic of Indonesia] and to Provincial Delegates, constitutes a test of the extent to which the Indonesian people have developed politically and whether they are mature enough to carry out their political life based on PAN-CASILA [Five Principles of the Nation] democracy.

This statement was made by the head of state in response to the concern expressed by GAKPI [Indonesian Development Employees Organization] that there might be some risk in handing the compilation of the 1993 GBHN over to the MPR because the MPR might not be able to produce a GBHN.

After he and the other heads of GAKPI's DPP [Central Executive Board] were received yesterday afternoon at the president's residence on Cendana Street, General Chairman Dr. Abdul Gafur made a statement to the press about GAKPI's concern; experience shows that in the past the constituent body had to be dissolved because it failed to produce a GBHN. During the Old Order MPR decisions were just a collection of the president's speeches; and when the New Order began, the government had to prepare Draft GBHNs in the following sessions because the MPR was not able to.

In response to GAKPI's question, the head of state, as quoted by Abdul Gafur, said that deliberations are the core of PANCASILA democracy. "In whose interests are the deliberations of MPR members? Aren't they in the interests of the people and the nation," he said.

The president hopes that the materials given to the three sociopolitical organizations by their head organizations will be studied, that the head organizations, through their factions in the MPR, will examine these materials carefully, that their factions in the MPR's Working Body will bring them to fruition, and that they will be reexamined and finalized at the MPR's General Session.

This will result in the entire nation's and people's interests being served. Political development, with all its problems, has been carried out for a long time, and the president wishes to see whether the Indonesian people are politically mature.

### No Voting

Gafur said that the president is convinced that all factions in the MPR will examine the materials given to them and will place the interests of the people and the nation above all else.

"God willing, the General Session of the MPR will succeed, nothing will go wrong, and it will show how politically mature we are."

Gafur said that the 1945 Constitution allows for voting if no agreement can be reached. However, the president hopes that it will not come to that in the March 1993 General Session of the MPR.

The MPR's Working Body was inaugurated in March 1993; it will examine GBHN materials for five months, a sufficient amount of time.

GAKPI's general chairman, accompanied by the organization's duty officer, reported to the president on consolidation efforts. They said that GAKPI now exists throughout Indonesia and is carrying out its programs. Included in these important programs is help for small businesses.

On 14 July GAKPI will initiate three of the five People's Credit Banks (BPR) that have been granted business and operating permits.

Gafur said that the president is very pleased that GAKPI is helping small businesses since, in accordance with government programs, the president has indicated that the present deregulation program is also aimed at helping small businesses. The president hopes that GAKPI will continue to encourage efforts to aid small businesses through BPRs and through cooperatives.

### Faction Neutral on Number of Presidential Candidates

92SE0321B Jakarta ANGKATAN BERSENJATA  
in Indonesian 4 Jul 92 pp 1, 7

[Text] The ABRI [Armed Forces of the Republic of Indonesia] faction is neutral on the issue of whether there should be one or more presidential candidates in the upcoming general session of the MPR [People's Consultative Assembly]. The main reason is our, the entire Indonesian people's, commitment to bring about a national, state and social life.

This was put forward by Udju S. Dinata, the ABRI faction's spokesman in the DPR [People's Representatives Council], in a press statement made yesterday in connection with people's concern over whether the DPR should choose from one or more than one presidential candidates.

Udju S. Dinata said that the ABRI faction is firmly committed to three points: first, that we accommodate and direct the people's aspirations in the best possible way; second, that we not transgress the constitution and

that we put it into practice correctly; third, that we gradually approach and realize our state, national, and social goals.

As for the first point, the ABRI faction has noticed that there are groups in our society that want the DPR to choose from more than one presidential candidate. However, ABRI also has noticed that most people in our society do not care about whether there is one or more than one presidential candidate. What is important to them is to elect a president who can lead them to a better life.

As for the second point, the ABRI faction refers to Section 6 paragraph (2) of the 1945 Constitution, which states that the president and vice president are elected by the MPR by a majority vote. Some people interpret the phrase "by a majority vote," which modifies "elected by the MPR," to mean that there must be more than one candidate. The ABRI faction has a different opinion. Whether there is one or more than one candidate is the prerogative of the factions in the DPR. This is based on MPR decision Number II/MPR/1973 concerning the Republic of Indonesia Presidential and Vice Presidential Electoral System, in which it is stated that each faction can put forward its own candidate.

In this regard President Suharto once stated that everyone can love his own favorite. The ABRI faction believes that there are two possible interpretations to the clause "each faction can put forward its own candidate": the first possibility is that each faction puts forward a different candidate, and the second is that each faction puts forward the same candidate. The electoral mechanism for either one or more than one candidate is already taken care of in the above-mentioned Decision Number II/MPR/1973.

Therefore, no constitutional problem is involved, much less the need to have more than one candidate and not just a single candidate, or, on the contrary, that there cannot be more than one candidate and that there has to be only one.

This is for Parliament and the factions within Parliament to decide.

Certain factions already have criteria or even specific parameters which they use to determine their own favorite, in addition to the conditions set by legislative regulations already in effect.

The ABRI faction also has its parameters, in addition to the legislative regulations. The main parameter used by ABRI in the framework of the third commitment mentioned above: does the presidential candidate have the capacity and capability to lead society to our common goals, a better, fairer, and more prosperous life, both physical and spiritual. The terms capacity and capability cover personal, intellectual and moral characteristics.

In this context Maj. Gen. Samsudin, one of the leaders of the ABRI faction, said at the Islamic Students Communication Forum on 30 June 1992, "The president has

said love your favorite. This means there can be more than one favorite (not that there has to be more than one)." He went on to say, "present conditions are favorable for that."

All of the opinions mentioned above are in the context of the three commitments of ABRI's faction, as analyzed above. "If there is another party which interprets it differently, this is not in line with the ABRI faction's position and opinion," said Udju S. Dinata.

## MILITARY

### Army Says IMET Cancellation Will Have No Impact

92SE0322a Jakarta ANGKATAN BERSENJATA  
in Indonesian 7 Jul 92 pp 1, 7

[Text] Marsda TNI [Armed Forces Vice-Marshal] Teddy Rusdy, Asrenum [Assistant for General Planning] of the Pangab [Armed Forces Command], stated that American cancellation of the IMET [International Military Education and Training] program and reduced American attention to ABRI [Armed Forces of the Republic of Indonesia] in the fields of security and defense will have absolutely no effect on Indonesia. It is the United States that has to decide whether it is ready to abandon ABRI in relation to its interests in Southeast Asia.

This statement was made by Marsda TNI Teddy Rusdy, Assistant for General Planning (Asrenum) of the Pangab, in a conversation with ANGKATAN BERSENJATA held in Jakarta yesterday.

IMET is an American aid program for educating and training ABRI. It has amounted to between \$1.8 million and \$2.5 million per year for the years 1986 to 1992. Marshal Teddy said that the aid, which is used for education in the United States, covers general development, specialization, management, and undergraduate programs as part of the effort to increase the professionalism of ABRI personnel. The advantage is that for a relatively small sum of money the United States can form a cadre of ABRI officers who know the United States and its system.

Each year between 80 and 100 people are sent to this aid program. They are sent by Dephankam [Department of Defense and Security], by ABRI Mabes [Headquarters] and by the Armed Services and Polri [Republic of Indonesia Police]. ABRI in fact operates some important equipment from the United States.

He stated that ABRI itself, without the help of the IMET program, could support either a domestic program of education and training or a foreign program in another interested country, such as, Australia, England, France, Germany, and others. "That's why the impact on ABRI is very small," said Teddy Rusdy. The problem is

whether the American government and people are ready to accept the fact that starting next year there will no longer be any ABRI officers who know the United States and its system.

Army Vice-Marshal Teddy Rusdy said that the United States Armed Forces often offers to hold joint exercises with ABRI. "If there are no ABRI officers who know the American system, and if the United States feels that it doesn't need Indonesia, what's the point of having joint exercises?" he added with a questioning tone of voice.

As quoted in the mass media, Senator Garret Evans, who is very up on this issue, regrets the U.S decision to stop this aid.

The U.S. Government and people are using a double standard in connecting this issue to human rights. It is only proper to ask whether, for example, the Israeli Army is better than ABRI at respecting human rights. Israel and Egypt get more than \$4 billion in aid from the United States.

Teddy Rusdy pointed to the policies of national defense and of HANKAMRATA [Universal Citizens' Defense and Security] in discussing the effects of the cancellation on the future of the American presence in Southeast Asia and the Pacific. He said that in accordance with national philosophy and doctrine ABRI is developing the concepts of national defense and of HANKAMRATA. This means that the Republic of Indonesia must be confident that it can ward off, prevent, and annihilate any obstacles, challenges, threats and attacks, whatever their origin, in line with the total ability of the Indonesian people themselves.

In the Southeast Asia region there is also a joint belief in the concept of regional defense. "I believe that Australia and New Zealand also understand this concept," said this high-ranking Air Force officer. He stated, "For Indonesia, reduced attention towards the areas of defense and security on the part of the United States will have absolutely no impact."

Does the cancellation of American aid mean that there will be a push towards greater cooperation with the Australian Armed Forces? In response to this question from an ANGKATAN BERSENJATA reporter, Teddy Rusdy said that for Indonesia the matter is clear. He added that with or without American aid, according to the concepts of national defense and regional defense, our region, which includes Australia and New Zealand, must be able to take care of itself.

The Indonesian and Australian governments, including ABRI and the Australian Armed Forces, have already made a lot of progress. Teddy Rusdy said that improved mutual understanding between the two nations is capital for bringing about a mutual trust and confidence which in turn will create healthy bilateral relations between Indonesia and Australia.

Better bilateral relations between Indonesia and Australia should not only be carried out between the two governments but should also result in closer ties between the two peoples and their cultures; that is, Indonesia should accept Australian culture, and Australia should also accept Indonesian culture. Both sides need a cultural openness, and each side should learn to value the system in effect on the other side.

### **Army Staff Chief Stresses Decision Making by Commanders**

*92SE0325A Jakarta KOMPAS in Indonesian 6 Jul 92 pp 1, 11*

[Text] Jakarta (KOMPAS)—Chief of Army Staff [KSAD] General Edi Sudradjat cautioned that the Dili Incident of 12 November 1991 should not make Army battalion commanders apprehensive about making decisions, because one of the main functions of a commander is to make decisions.

"We all understand that there is no perfect decision. There is no decision without risk. The prestige of a commander lies in decisions and risks," the KSAD declared Saturday [4 July] at Army Headquarters in Jakarta to a conference of battalion commanders from all over Indonesia.

Edi said the reason for the battalion commander conference is the fact that the battalion is the front line of command, where the capability and personality of a commander have influence on individual soldiers.

Administratively, the battalion is also the front-line administrative unit. The battalion performs planning and administrative functions that are then implemented at higher echelons. Battalion commander is a post that an officer wants to hold—and must hold—during his career.

During the conference, the KSAD, in his capacity as general chairman of the Kartika Eka Paksi Foundation, presented 12 billion rupiah in aid to 120 battalion commanders for improving the welfare of military families, particularly through the rehabilitation of hostels.

### **Unforgivable**

The KSAD said late decisions, inability to make decisions, and fear of taking risks are unforgivable weaknesses in a commander.

"Study a problem carefully. Take the best action, and be confident in it. Make decisions, and take the responsibility for the decisions you make," the KSAD said.

"I do not say that your decisions will always be right or that you will never be wrong. Decisions can be wrong, but as long as a commander takes responsibility, he will still have honor and integrity. That is the attitude of a soldier, a warrior, a patriot, and a citizen, as written in the Saptamarga [the Armed Forces oath].

Edi Sudradjat also warned battalion commanders not to be snared by "routine-ism," which begins by a toleration of things he knows should not happen. The habit of toleration then becomes a justification of such irregularities.

He said "routine-ism" also has the form of mental abstractions, such as moral and ethical deviation. With society becoming more educated and critical, and with transparency in international relations, we can be sure that keeping the rules is the best policy.

"Eliminate the idea that theory and regulations do not apply in the field. The Dili case of 12 November 1991 should teach us a lesson," the KSAD said.

#### Leadership Cases

The KSAD also said there have been many violations and incidents that can be categorized as "leadership cases."

Judging by information from the field, the KSAD said, one can draw the conclusion that unit commanders lean toward efforts to find one invariable style of leadership that is expected to fit situations of any kind.

This tendency also takes another form, that of focusing on the person of the leader. This chronic problem expresses itself in egotistical leadership. Such leaders forget that the objective of the leadership process is to accomplish an assigned duty and not merely to create leaders.

He reminded them that the leadership process consists of four factors: leaders, subordinates, conditions, and communications. Emphasis and concentration on one of the factors to the neglect of the others cause an undesirable kind of leadership.

"If subordinates are not trained well and require close supervision, an authoritarian style of leadership will be more effective. If subordinates are mature, however, a leadership marked by a greater delegation of authority will be more effective," the KSAD said.

#### In Person

Speaking to the press conference about the Kartika Eka Paksi Foundation, Edi Sudradjat, who was accompanied by Brigadier General Hartadi, chief of the Army Information Service, and Major General T.B. Silalahi, secretary-general of the Department of Energy and Mining, said the foundation has spent 26 billion rupiah this year. This expenditure included 12 billion rupiah for 120 battalion commanders, 6 billion rupiah for the construction of 3,000 housing units throughout all military region commands, and 5 billion rupiah for the rehabilitation of Ahmad Yani University at Cimahi.

The KSAD and T.B. Silalahi said the business operations of the foundation are not those of a conglomerate, since none of the foundation's assets are for business investment, but everything is for improving the welfare of military personnel. The KSAD stated that there is no connection between military duties and the foundation's business.

According to Silalahi, the foundation's biggest revenues come from a forest exploitation concession in Kalimantan, which is the best concession in all of Indonesia. Of a total area of 600,000 hectares, 400,000 have been converted. Profits from the concession average 10 billion rupiah annually.

Sunday morning [5 July], the battalion commanders toured the Tapos livestock center and had opportunity to talk with President Suharto. According to a press release from the State Secretariat, the chief of state emphasized that the assistance provided should not be evaluated in terms of its amount but simply as an expression of concern by battalion commanders for their men.

The president said battalion commanders were tasked not only with preparing their men to handle weapons but also with preparing them from the aspect of morality and morale. As an example, the chief of state cited the time during the revolution when he was a commander. One of the reasons for poor morale among his men was the insecurity of their wives and children.

"An even greater feeling of concern is expected, particularly to enable personnel to fulfill their duties as soldiers and warriors upholding Indonesian independence, which is founded on Pancasila and the 1945 Constitution," the chief of state declared.

The president also cited the founding of the Tapos livestock center as one form of this concern. At first, the center was neglected and unproductive, but it was then developed into a livestock center to develop top quality cattle for distribution to farmers needing them.

The president said the Tapos livestock center can be an example to farmers, most of whom own only 0.5 hectare of land. In other words, land worked well with simple technology can improve a farmer's standard of living.

After his talk with the commanders, the president invited them on a tour and personally gave explanations and answered questions on methods used at the livestock center. The president said he hoped the commanders' experience at Tapos would help them in the field, where they will be in direct contact with members of the community, most of whom are farmers.

The chief of state was accompanied by KSAD Gen. Edi Sudradjat, Deputy KSAD Lieutenant General Sahala Rajagukguk, and the commander of Military Region Command VI/Siliwangi.

## ECONOMIC

#### Purchase of German Warships

92SE0338C Jakarta SUARA PEMBARUAN  
in Indonesian 24 July 92 p 9

[Text] Bonn, 23 July—Indonesia will be permitted to purchase 39 warships from the stock of the former armed forces of East Germany. According to a statement by the

German Ministry of Defense on 23 July, Bonn will approve the contract because Indonesia is not regarded as being in an area of tension or conflict.

The transaction will increase the Indonesian capability to undertake amphibious operations, because it will obtain nine mine sweepers, 14 landing ships, and 16 fast patrol boats. Indonesia is one of three dozen countries which have applied to purchase a large number of weapons left over by the East German military after that country was dissolved at the time of German reunification in October 1990.

Several shipments of this remaining military equipment, particularly chemical protective clothing and detection equipment, were turned over to German allies during the Gulf War. Another portion was sold to Finland. The Navy of the armed forces of East Germany had 69 warships, as well as 122 logistical ships, and so forth.

#### U. S. the Largest

Meanwhile, a report by the U. S. Congressional Research Service issued on 22 July stated that the purchase of arms by countries of the Third World had declined by 40 percent, amounting to \$24.7 billion in 1991. However, the U. S. continues to be the largest purchaser of weapons.

The UN embargo against Iraq, which was once the largest purchaser of arms, had a large role in that decline. Also a factor was competition for sales in other places. Sales in 1991 were the lowest since the Congressional Research Service began to provide its estimates to Congress.

The U. S. sold more weapons to Saudi Arabia, amounting to \$5.0 billion, compared to the former Soviet Union, which sold only to the Third World. If the figures are totalled, the U. S. sold \$14.2 billion in weapons to the Third World, a decline from the \$19.1 billion sold in 1990.

However, seen in percentage terms, arms sales increased to 57 percent in 1991, compared to 44 percent in 1990. The largest sales were made to Saudi Arabia, the Republic of Korea, and Egypt. The U. S. took over the position of the former Soviet Union as the largest seller of arms to the Third World in 1990.

The former Soviet Union, now the Commonwealth of Independent States (CIS), controlled about 20 percent of the market as a whole, down from 27 percent in 1990. The value of arms sales declined from \$11.8 billion in 1990 to \$5.0 billion in 1991.

The success of U. S. weapons in the Gulf War increased sales of arms. Middle Eastern countries have tried to buy U. S. weapons in large quantities since the recent war.

Other leading arms sellers in 1991 were: the United Kingdom (\$2.0 billion), Czechoslovakia (\$600 million), Germany and France (\$400 million each), Belgium, China, and Spain (\$300 million each), and North Korea and Australia (\$200 million each).

Saudi Arabia is the largest recipient of arms in the world, with agreements for the transfer of arms worth \$67.7 billion since 1984, according to the Congressional report. The majority of the weapons came from the U. S. The annual report from Congress is based on figures from the U. S. Department of Defense and intelligence data.

#### Greenpeace Group Protests Nuclear Energy Program

92SE0323B Jakarta KOMPAS in Indonesian 16 Jul 92  
p 4

[Text] Tangerang, SUARA KARYA—The Indonesian Government will not cancel its plan to build a PLTN (Nuclear Powered Electricity Generator) in the Gunung Muria area of the Regency of Jepara in Central Java, although this plan has been strongly challenged by the "Greenpeace Australia" group.

Djali Ahimsa, the director general of the BATAN (National Atomic Energy Board), said: "We do not need to consider Greenpeace Australia's appeal, which clearly and on an a priori basis is opposed to nuclear facilities. Whatever we say about nuclear energy, since they are basically anti-nuclear, they will not listen to or accept what we say." Djali Ahimsa made this statement when, together with Artono Arismunandar, the director general of the LEB (Electricity and New Energy Board), he held a press conference after the opening of a seminar on Nuclear Energy Technology in Serpong, Regency of Tangerang, West Java. The seminar, which was sponsored by the Indonesian Union of Engineers (PII) in cooperation with the BATAN, was opened by the director general of the LEB, representing the minister of mining and energy.

The main points of the Greenpeace Australia protest, which was presented to the Australian Parliament, were also made public so that the Australian people would oppose the Indonesian plan to build a nuclear powered electricity generator in the Gunung Muria area. Based on their view of the disaster at the nuclear installation at Chernobyl [in Ukrainia], they argue that the same, specifically bad effects could occur at the nuclear powered electricity generator in Indonesia. And, if this possibility became a reality, this group of environmentalists fears that the nuclear radiation from Indonesia will spread to Australia.

Greenpeace Australia has also called on the Australian Government not to sell uranium, a nuclear fuel, to Indonesia, if the plan materializes to build a nuclear energy electricity generator in the Gunung Muria area. Djali stated firmly: "We are not particularly afraid of the possibility of not obtaining a supply of uranium from Australia. This is because uranium reserves in the world are rather substantial and will be adequately secured during the next 30 to 40 years. We can buy uranium instead from the U. S., Canada, South Africa, or other countries, should Australia decline to sell to us."

**Since 1968**

The plan to build a nuclear powered electricity generator in Indonesia has been under consideration since 1968. In 1972 the Preparatory Committee for the Construction of the PLTN was formed, composed of personnel from the BATAN and the Department of Public Works and Electricity. A study of the location of the PLTN was begun in 1974 and later was followed by a feasibility study. In performing this study the committee was assisted by the International Atomic Energy Agency and Italy. The results of the study were submitted to the Indonesian Government in 1974.

This study was later updated in 1985 and completed in 1986, with help from France and Italy. The main conclusion of the research was that it was feasible to build a PLTN in Indonesia, based on certain assumptions and the need to collect more detailed data to develop an alternative to building a PLTN.

From the research on a number of alternatives for the location of the PLTN in several places in Java was derived the choice of the Gunung Muria region, more specifically in the area between Ujung Watu and Ujung Biring, which fully met the criteria for the construction of a PLTN. A member of the BATAN staff who accompanied its director general said: "However, regarding a decision on the proper location or site where the PLTN will be built, it will be 1993 before this is specifically known. The problem is that the study to determine the PLTN site will not be completed until 1993. It is only then that the feasibility study can be started, which will take about four years."

The director general of the LEB commented that the study of a proper location for the construction of the PLTN in the Ujung Watu-Ujung Biring area would involve an area of about 800,000 ha. He said: "If later a PLTN is built, say, with an output capacity of 4,000 Megawatts, we would only need an area of 1,000 ha."

Artono considered that the seminar, which was attended by experts, university teachers, personnel from the Lembaga Swadaya Masyarakat [People's Self Motivation Institute], members of Parliament, and researchers, was an important first step for the government, particularly in determining policy in the energy field. By taking this first step the government will be able to provide comprehensive and balanced information to the people on the use of nuclear technology in the generation of electricity.

**Portugal Blocking Indonesia's Relations With EC**

92SE0338B Jakarta SUARA PEMBARUAN  
in Indonesian 21 Jul 92 p 3

[Text] Brussels, 21 July—On 20 July Portugal blocked all efforts to develop closer relations between the European Community (EC) and the ASEAN [Association of South-east Asian Nations] trading bloc, using the excuse that Indonesia is violating basic human rights in East Timor.

In the speech by Portuguese Foreign Minister Joao de Deus Pinheiro to his colleagues in the EC on 20 July he said: "Portugal cannot agree to broadening the agreement with Indonesia until Indonesia changes its attitude toward the people of East Timor."

The EC trading bloc, with its 12 members, wishes to open conversations on closer cooperation with the six countries of ASEAN in October. However, it has not yet obtained a mandate for the treaty in view of the objections of Portugal.

A Portuguese official declared: "We are opposed to it. And after this summer we will review this issue again."

Meanwhile, a British official said: "We must be united in taking action." The United Kingdom holds the position of president of the EC until the end of 1992 and is determined to make substantial progress on this issue.

Portugal expressed its desire to enter into a treaty with the five other ASEAN countries: Brunei, Malaysia, the Philippines, Singapore, and Thailand or to negotiate bilateral treaties. However, the other EC countries want an overall agreement which will cover all members of the Southeast Asian trading block.

**Violation**

De Deus Pinheiro said: "The history of Indonesia in the field of violation of basic human rights is such that, until a clear change appears in that country, we will not agree to the drafting of a third generation treaty." He said that he was ready for a discussion of closer cooperation.

The two trading blocks entered into relations in 1980 and raised the level of trade in 1991.

Officials advanced the possibility that the EC would press for the inclusion of special provisions on basic human rights in all future treaties with the ASEAN countries. However, such a provision has previously been opposed in ASEAN circles.

After the completion of discussions at the ministerial level between the EC and ASEAN in Luxembourg in 1991, Asian officials expressed their unhappiness because it appeared that the EC is making broadened economic relations between the two trading blocks dependent on basic human rights. At that time Malaysian Prime Minister Mahathir said: "Really, that is a demeaning condition."

In 1991 the two sides increased their cooperation to reflect the growth of economic relations and the broadening of the influence of the Asian trading bloc. During the 1980's trade in both directions more than doubled, amounting to \$35.3 billion, making ASEAN the third largest trading partner of the EC.

### **Possible Competition From Other ASEAN Countries**

*92SE0328B Jakarta BISNIS INDONESIA  
in Indonesian 1 Jul 92 p 1*

[Text] If put into effect by the other ASEAN nations, the Generalized System of Preferences (GSP) granted by the European Community, Japan, and the United States can threaten the market for Indonesian products abroad.

This possibility is not excluded if the ASEAN Free Trade Area (AFTA) is in effect. "It depends on the countries granting the GSP," Minister of Trade Arifin M. Siregar told *BISNIS INDONESIA* during a break at the ASEAN International Trade and Investment Conference held at the Grand Hyatt in Jakarta yesterday.

In discussing the possibility of the Singapore electronics industry entering the Indonesian market abroad by taking advantage of the GSP, Arifin said that he hoped that Indonesia would be able to compete with neighboring Singapore. Little by little over the next 15 years the government plans to set up a business world which will increase our ability to compete abroad.

Arifin said that another alternative is to develop electronics component production which is superior to Singapore's. To further guarantee market share, electronics component production should complement Singapore's.

In his remarks at the trade conference Arifin said that the openness of the Indonesian economy provided opportunities to cooperate with ASEAN member states. The member states have almost the same strategy now for upgrading their economies—by increasing the value of exports.

The Australian Ambassador Philip Flood, another speaker at the trade conference, said that in the past three years ASEAN business opportunities have risen by 50 percent. He said that inter-ASEAN trade has developed more slowly than trade between ASEAN and non-ASEAN nations.

From 1980 to 1989, Flood said, inter-ASEAN trade rose by 73.1 percent, whereas trade between ASEAN and non-ASEAN nations rose by 81 percent. Flood sees in this an opportunity to increase inter-ASEAN trade. This increase in the percentage of trade is only about 17 to 18 percent of the entire inter-ASEAN trade.

#### **An Important Position**

As a regional service and trade center, Singapore holds an important position in inter-ASEAN trade. Flood said that Singapore has dominated inter-ASEAN trade over the past two decades; Singapore has had 50 percent of the trade, Malaysia 25 percent, and Indonesia 8.1 percent.

He also mentioned the importance of political stability in Southeast Asia as a basis for the development of Australian investments. The formation of ASEAN 25

years ago was an important moment for Australia in working out closer cooperation and in achieving a political rapprochement.

Meanwhile, Sjahrir, chairman of the Rice and Cotton Foundation, emphasized the consequences and implications of AFTA from the political-economic point of view. Based on Indonesian-ASEAN trade balance figures, there was an Indonesian export deficit vis-a-vis Malaysia during the 1987-1991 period. Indonesia also had a trade deficit vis-a-vis the Philippines during 1987 [as published]. However, Indonesia had a surplus trade balance vis-a-vis the other ASEAN countries.

Sjahrir thinks that AFTA will produce a larger market share for ASEAN countries other than Indonesia. As for ASEAN as a whole, AFTA will have an impact on the creation and diversification of trade.

Sjahrir said that Indonesia will increase its production of goods and services at a lower price because Indonesia must compete with the other members of AFTA.

### **DPR Calls For New Rules in Futures Trading**

*92SE0328c Jakarta KOMPAS in Indonesian 16 Jul 92  
p 3*

[Text] The government must anticipate the development of a system of futures trading by laying out a standardized set of rules. This is needed in order to regulate this trading system, which can no longer be held back, so that the problem does not become even more complicated.

Drs. H. Herman S. Soediro, general chairman of Aperbti (Association of Indonesian Commodity Markets Commission Agents), made this statement to *KOMPAS* in Jakarta on Tuesday (14 July). The same statement was made separately by Kariyawan Raddi Pakki, S.E. [Bachelor's in Economics], director of operations of Artha Sembada Niaga, Inc. (PT [Limited Company] ASN).

Without regulations and a place to carry out futures trading, Herman said, only the middle-men will continue to profit from domestic and foreign Indonesian commodity trading. On the other hand, given the development of a global market, commodity prices set by a futures trading formula will guarantee a profitable future for everyone from farmers to traders.

At a working meeting of Commission VI of the DPR [People's Representatives Council] and the Department of Trade held on Wednesday (8 July), Junior Minister of Trade Soedradjad Djiwandono admitted that it is difficult to prevent futures trading even though it has been banned by the government. The problem is that people who use these services benefit from that kind of trade (*KOMPAS* 9 July).

Based on Department of Trade estimates, there are about 100 domestic companies which carry out that kind of trade. In general, said a *KOMPAS* source, these

companies also operate a commission house, an extension of foreign exchange market money trading, such as the Singapore Foreign Exchange Market.

According to that source, in Jakarta alone there are six futures trading companies which are also foreign exchange trading houses.

#### Profitable

On the whole, said Herman Soediro, the practice of futures trading in Indonesia is still good. "It remains to be seen how the government collects statistics and looks into the legality of each company, because it's entirely possible that there are some that aren't honest," he stated.

If necessary, he added, the government as protector can ask for suggestions or even hire foreign experts who know the ins and outs of that kind of business. Otherwise, Indonesian commodity trading will continue to be profitable only for the middle-men since the owners of the commodities themselves never know exact prices on foreign markets. That is why in neighboring countries such as Singapore and Malaysia, commodity markets have become economic movers supporting the national economy,

As we enter a period of highly competitive global markets, Herman said that he hopes that the government will soon lay out the standard rules of the game. "It's odd that the Singapore Commodities Market sets the price of eaglewood, even though that commodity comes from Indonesia," he said.

It is unclear how much profit Singapore makes from its futures trading, which is regulated by the commodities market. However, Kariyawan Raddi Pakki said that his company, which only operates as an agent of Okachi & Co., Ltd., a member of the Tokyo commodities market, takes in an average profit of \$2,500 per day from its 40 to 60 commodity lot transactions per day, or about 365 lots per month. "And that is for only seven types of commodities: rubber, soybeans, silkworms, silk, cotton, corn, and kidney beans. That is far below the hundreds of commodities traded on the Tokyo market," he said.

#### Pure and Transparent

The domestic company PT ASN, under a license from Okachi & Co., Ltd., has various kinds of training for the consultants that it recruits. "At the present time we have 58 consultants. We introduce them all directly to the mechanism of pure transparent futures trading. We even invite some of them to the Tokyo Market for comparative studies and to broaden their horizons," said Raddi Pakki.

PT ASN, which is open to all parties and which began operations last May, has now begun to enter the era of sales. This means that the clients monitor the price situation transparently on a day-to-day basis, so that when the price falls, they can sell directly, and vice versa. "This shows that pure trading has a direct effect on the

floor of the Tokyo Market since all transactions really take place there and don't get stuck in some other place," he said.

#### Minister Comments on Foreign Debt

92SE0338A Jakarta KOMPAS in Indonesian 20 Jul 92  
pp 1, 11

[Text] Paris, KOMPAS—Given the present condition of Indonesian infrastructure, it is difficult for Indonesia to reduce its dependence on foreign loans. A number of loans received by Indonesia have been used to build infrastructure to broaden the base of the economy, so that productive capacity will be greater.

This was stated by Radius Prawiro, coordinating minister for economics, finance, industry, and development supervision, in answer to a KOMPAS reporter after the end of the CGI (Consultative Group on Indonesia) meeting held in Paris on 17 July. He had been asked whether the foreign loans obtained from the CGI countries, which were larger than the request for \$4.8 billion, would be a new burden for Indonesia and would be passed on to the next generation.

The minister said to KOMPAS reporters Widi Krastawan and H. Witdarmono: "The new increase in debt does not mean that we are opposed to the desire to make Indonesia self sufficient or that it will increase Indonesian economic dependence on foreign aid. This new loan is specifically part of a great effort to accelerate the self sufficiency of the Indonesian economy."

According to Radius, the new loans to Indonesia, especially the \$4,948 million in loans obtained from the CGI countries, should not be seen exclusively as increasing the burden of foreign debt as a whole. The burden of foreign debt must be seen from the size of the "Debt Service Ratio" or DSR (the size of the obligation to repay a debt, compared with state foreign exchange earnings). And the loans from the CGI countries are intended to finance several infrastructure projects to increase Indonesian capacity to earn state foreign exchange by raising exports.

#### Strengthening the Foundation

At the same time the views expressed by Radius are intended to reject the basic view as to why the spirit of Indonesian determination to reject all help from the Netherlands was not kept in mind in a determined effort to reduce foreign debt. The concept of steadily reducing the size of the debt has been expressed by a number of private sector groups—not long after the government decision of 25 March. They say that the rejection of Dutch aid should not simply stop there.

According to Radius, the problem is that at present, and whatever the circumstances, Indonesia still needs foreign aid funds. Radius adds that this need for foreign aid can still be said to be rather large. This is because the foundations of the Indonesian economy are still not

strong enough to make it possible to free the country from dependence on loans. He said: "With the proceeds from our loans we are trying to expand to a broad-based economy, through the development of a number of infrastructure projects."

At present, with limitations on infrastructure, such as highways, electricity, and telecommunications, for example, the effort to increase the size of the industrial sector still faces many obstacles. So, looking farther ahead, the effort to increase exports and obtain foreign exchange will certainly be limited.

Radius said that, should Indonesia now choose the alternative of steadily reducing foreign aid, there is a good possibility that the level of state foreign exchange earnings from exports will also decline. He said: "The problem is that we would return to the previous kind of economy, which was not broad based."

However, Radius admitted that this concept cannot be said to be wrong. Nevertheless, he added, the Indonesian Government at this time prefers the second alternative, which still needs foreign loans to increase production. He said: "There is nothing wrong with the logic of the first alternative. The fact is that we have chosen the second alternative."

According to notes made by KOMPAS, the total foreign debt of the Indonesian Government amounted to \$59.6 billion in 1991. This figure does not take into account the proceeds of the latest loans from IGGI [Inter Governmental Group on Indonesia] at the end of the 1991-1992 fiscal year, amounting to \$5.25 billion, and from the CGI meeting in Paris, amounting to \$4,948 million. (Information from the "Indonesia Source Book 1992"—Editor's Note).

When private sector debt is added to the public debt figure, according to Sjahrir (in KOMPAS, 14 June 1991), the total is even larger. Private debt alone, according to Sjahrir's calculations, amounts to \$22 billion. The total government and private sector foreign debt totals about \$90 billion.

Meanwhile, the level of the Debt Service Ratio (DSR) of Indonesia, according to the "Country Report" of the World Bank, is increasing. The World Bank, which groups the debt over periods of five years, notes that the DSR during the period from 1974 to 1980 was 16.4 percent; from 1981 to 1985, 18.0 percent; and from 1986 to 1989, it went up to 34.9 percent. Regarding this figure of 34.9 percent, the World Bank notes that this was caused by the decline in the petroleum price and the depreciation in the value of the U. S. dollar.

A number of economic observers have commented that a relatively safe DSR figure would be about 25 percent. The DSR of a neighboring country such as Thailand, for example, was only about 19 percent for the five year period from 1986 to 1989. This is also the case with Malaysia, where the DSR in the same period was 19.3 percent.

### Mobilization of Domestic Funds

In addition Radius also emphasized the possibility of using the potential of domestic funds to balance the role of foreign funds. In the APBN [State Budget] for fiscal year 1992-1993 domestic receipts have really been increased. From the oil and natural gas sector it is difficult to hope for much more. A target has been set showing receipts of about 13,497 trillion rupiahs (down 7.1 percent). Meanwhile, it is hoped that tax receipts—which have been substantially accelerated—will bring in about 30 trillion rupiahs. From these figures the portion of tax receipts and the value of petroleum taxes appear to be the areas which have been most increased—about 36 and 34 percent, respectively. Meanwhile, the role of export taxes has declined about 50 percent, and they are only targeted to bring in 60 billion rupiahs.

The portion of foreign aid in the State Budget itself reflects a decline in percentage terms. Whereas in the State Budget for fiscal year 1989-1990 the percentage was 68.14 percent, it has dropped to only about 41 percent in the State Budget for fiscal year 1992-1993.

According to Radius, domestic savings will continue to be emphasized as a source of domestic funds. In this connection the rise and fall of interest rates is indeed a decisive aspect. He said: "If the interest rate on savings is too low, or under 15 percent, the incentive to save can decline. Because considering the inflation rate and a 15 percent increase in taxes, this may make people lose their desire in saving."

In addition he also admitted that some people often still have a mistaken view of the real value of money. Radius said: "If you have a sum of 1.0 million rupiahs, in fact it is worth less than 1.0 million if the factors of inflation and taxes are included. So do not spend all of it—no more than 70 percent."

### The Function and Meaning of CGI Aid

The \$4,948 billion in aid obtained by Indonesia through the first CGI meeting in Paris will be used to finance about 40 projects in nine sectors, that is, agriculture, irrigation, mining and energy, communications and tourism, education, health, public housing and private home construction, IPTEK [science and technology], and natural resources and the environment.

Furthermore, the CGI aid will be used to finance sectoral loans to buy equipment from abroad. Counterpart rupiah funds from loans will also be used to finance development in several sectors and will be specifically allocated to fight against poverty. The decisions made and priorities adopted in the respective sectors will be discussed on a bilateral basis between the Indonesian Government and the foreign governments or institutions involved.

From sources contacted by KOMPAS, a breakdown of the largest projects in terms of cost is as follows:

From the above data it appears that 62.5 percent of the projects which will be supported by CGI funds involve the development of general infrastructure. This breaks down to 22.5 percent for the communications sector, 15 percent for the energy sector, 15 percent for the development of potable water and the cities, and 10 percent for the irrigation sector.

For the human resources development sector the project allocation is 20 percent, of which the education sector will receive 12.5 percent and the health sector will receive 7.5 percent.

The agricultural sector, which absorbs 56 percent of Indonesian labor, will only receive a project allocation of 10 percent of the aid funds. For the last two sectors, that is, natural resources and the environment, as well as science and technology, the CGI loans will provide 7.5 percent of its total proceeds.

In terms of the value of the assistance provided by an aid donor country, several development sectors can only show optimum results if they are integrated with regional development policy. In the same way several sectors associated with the development of general infrastructure will always need to be worked in with the problems of training, education, and supervision. A member of the Japanese delegation at the CGI meeting said: "The development of infrastructure in the administration and legal sector is a precondition for the success of Indonesian development."

### Controversial Business Project Distribution Discussed

92SE0323C Jakarta KOMPAS in Indonesian 7 Jul 92  
p 3

[Text] Jakarta, KOMPAS—The uneven distribution of business projects has again been questioned by members of the Young Indonesian Businessmen's Association (HIPMI). As a result, a controversy has arisen as to whether businessmen must also engage in political activity to obtain a business project or whether it is sufficient to prepare themselves to be increasingly professional so that they will be the very best in tight competition.

This was the atmosphere of the dialogue at the "Friendship Evening for the Extended Family of HIPMI," which was held in Jakarta on the evening of 5 July. The dialogue was presided over by Fathomi Asaary, a deputy chairman of the Board of Directors of HIPMI, together with Adi Putera, chairman of the Board of Directors of HIPMI, and Bambang Riyadi, chairman of the Council of Honor.

Abdul Latief, one of the founders and former general chairman of HIPMI, opened the dialogue, warning the young businessmen not to hesitate to take action. He said: "Be consistent and responsible in the choices which you make." Specifically, businessmen must be selectively bold and clear in choosing what they consider the most important and what is not. Do not try to do everything.

The owner of the Pasaraya Group said: "So if you want to be a businessman, go ahead. If you want to be a politician, go ahead. If you want to be a playboy, go ahead. If you even want to be a Muslim religious teacher and go on the pilgrimage to Mecca four or five times, go ahead."

Meanwhile, Bambang Riyadi also criticized businessmen who mix up their role in business with being politicians. All of this will make it difficult for businessmen to move ahead.

Then Sutrisno Bachir, one of the deputy chairmen of the Board of Directors of HIPMI, tried to clarify the discussion by reminding his listeners that talking about economic affairs finally cannot be separated from talking about politics. The only thing is that there is a basic difference. Businessmen tend always to be profit oriented, and this makes them avoid becoming politicians.

### Politics for Lobbying

Latief warned that political lobbies, and particularly those including senior officials or provincial governors, are still important. This was also the advice of Umar Said of KODEL, who was also one of the founders of HIPMI. He said: "If you do not have a lobby with sources of information who know about the plans and priorities of development, do not complain if large and promising business projects fall into the hands of people like that."

For example, there are many businessmen wishing to diversify who buy banks at a high price. Meanwhile, those who know for certain that the banking sector will be deregulated wait and prepare carefully. The same is true when the capital market is deregulated.

Latief said: "So if you are not ready, in the long run those of us who do nothing but complain can be trapped into a process of being split into small pieces. That is, we are left with small projects which become increasingly smaller. So access and lobbying are indeed important."

In this connection Umar Said warned businessmen to be prepared to pay professional people well. He said: "This is because those are the people who can develop concepts and also process the information which we obtain."

### Pressure Groups

Tato Pradjamanggala, also one of the founders of HIPMI, warned that politics and economic affairs basically are inseparable. He said that political power is divided into three kinds of power. There is legal power, in the sense of law; physical power, in the political sense; and economic power, as well.

Pradjamanggala said: "I remember when I met Latief 20 years ago. He said that, if you want to succeed, form a pressure group in the political field with the AMS (the younger generation of the Siliwangi Division of the Army—Editor's Note). You should also form a pressure group in the economic field. Then Latief and his friends established HIPMI, which finally succeeded in arranging

for Presidential Decision 10 to be issued to give business projects to medium and small sized businessmen."

Therefore, Tato Pradjamanggala also welcomed the efforts of HIPMI to establish joint ventures with large conglomerates, such as the Salim Group and Bimantara. He said: "But I cannot say how this will turn out. We will have to wait and see."

However, the success mentioned by Riswan Helmi, former deputy chief of HIPMI, cannot be made into a standard of judgment. This is because bad practices which often develop in any organization also happen in HIPMI. A director comes to an official or a large conglomerate, saying that he comes in the name of one of the members to lobby. As soon as he is given a project, then he just takes advantage of it.

He said that an important consideration is how HIPMI did not just become an organization in appearance only which then was only used by its directors who were not prepared to give priority to the aspirations of its members, particularly in the provinces. In that connection Bambang Riyadi emphasized that in addition to training its members as increasingly professional businessmen, HIPMI also had to deal with answering national and international economic questions.

### **Radius Prawiro Announces More Deregulation**

*92SE0315B Jakarta TEMPO in Indonesian 11 Jul 92  
pp 89, 90*

[Text] To guarantee that national economic growth will continue to be gratifying, the Indonesian Government has no course but deregulation. Since 1983, when deregulation began in the monetary sector, at least five big deregulation packages affecting three sectors have been issued. The sectors involved are trade policy (imports and exports), price controls, and capital investment licenses. The latest was the Package of June 1991, the purpose of which was to streamline licensing procedures for investments and relax marketing regulations—naturally excluding cloves and citrus fruit marketing, which was made even more complicated.

Last Monday [6 July], at the Graha Sawala Room of the Department of Finance, Radius Prawiro, coordinating minister for economics, finance, industry, and development control, announced on behalf of the government another deregulation package. Many people had been waiting anxiously for this important announcement. Some weeks earlier reports spread everywhere—some of them whispered by Radius Prawiro himself, such as in his speech at Kupang—that the deregulation would include the automotive sector as well as the real sector. It has been said everywhere that protection of the automotive industry has become excessive. According to economist Rizal Ramli, the effective rate of protection for this sector has reached 600%.

As it happened, automotive deregulation was not included in the 6 July package. There are apparently too

many obstacles to doing it, despite repeated talks held by the Department of Industry with people who hold the key to the automotive business.

What Radius Prawiro announced at the beginning of this week can be described "only" as a follow-up to the Package of June 1991. In other words, it was not a great blow. Nevertheless, any deregulation is important.

In the trade sector, it eliminates monopoly and protection (through marketing controlled by BULOG [Logistics Board] and PT [Limited Company] Krakatau Steel). To encourage investment activity, several regulations on regional licenses and control of land were made more efficient. It was therefore not strange that Minister of Home Affairs Rudini and Chief of National Defense Board Soni Harsono were also present at this deregulation announcement.

The aspect that will naturally help domestic industry (use of steel) is the freedom for importing manufacturers (e.g., automotive, shipbuilding, and household furniture making) to import steel directly. In the past, imports had to come via Krakatau Steel. Under yesterday's deregulation, if manufacturers that use steel can import the same products from the international market at lower prices, they are permitted to do so. Radius Prawiro declared that all steel products, for which marketing has been controlled by Krakatau Steel, are now freed of controls.

This apparently also includes hot-rolled sheet steel, a commodity not touched by the Package of June 1991. Under last year's deregulation, Krakatau Steel was no longer in charge of importing cold-rolled steel and tin-plated steel, two of the three important steel products. The third vital type of steel is hot-rolled sheets. Krakatau Steel's control of imports, which began in 1982, was for protecting PT CRMI (Cold Rolling Mill Indonesia), a Krakatau Steel subsidiary once associated with Liem Sioe Liong and Ciputra. Thus, Krakatau Steel (and CRMI), which has long been the target of much criticism—from users of their products to DPR [People's Representatives Council] members—as an inefficient business, is now genuinely compelled to stand alone and be competitive.

Increasing the efficiency of domestic industry has its own part in the deregulation through the sanctioning of imports of used machinery and other capital equipment. Radius Prawiro said it is hoped this new provision will reduce investment costs so that industry will be more competitive on international markets. It can also create a new service industry in the field of reconditioning these machines and capital goods.

It is also hoped that the Package of 6 June will make foreign investors happier about coming to Indonesia, since there are facilities for licensing and land control—which naturally are attractive in themselves—besides a shorter negative list of investment areas. There are now four kinds of licenses, instead of eight, that investors need. Furthermore, the government guarantees facilities

and quicker finalization of licenses for industrial complexes and for plants located in those complexes. For example, building permits for companies in industrial complexes will be issued by regents (chiefs of level II regions) within seven to 14 working days.

The batik industry, as well, is no longer protected under the NTB (nontariff barrier) but falls under the tariff system, and batik may be imported. "Although batik was tightly protected for so long, there is no longer any fear of competition with imported products," Radius Prawiro said. Import taxes will be imposed to protect the small producer.

### Differences in Minimum Wage Rates Reported

92SE0323A Jakarta KOMPAS in Indonesian 8 Jul 92  
p 12

[Text] Bandung, KOMPAS—The decision of the minister of manpower on minimum wage rates is unclear. As a result this situation can harm the interests of workers. In Decision No. 328 of 1990, issued by the minister of manpower, it is stated that the minimum wage received by a worker shall consist of the basic wage, plus allowances in money. It states that 75 percent of the worker's minimum wage shall be the basic wage.

This was stated by Husen Basarah, chairman of the Regional Executive Council of SPSI (All Indonesian Workers Union) for West Java, in an interview with KOMPAS in Bandung on 1 July. He stated that as a consequence of the lack of clarity regarding the decision on minimum wages, a number of employers often exploit the weakness of the regulation, so that finally the workers are the losers.

At present, according to Basarah, the allowances provided by companies to the workers are not clearly defined. That is, whether they are permanent or non permanent allowances. The minimum wage in effect in West Java varies, according to the area. There are workers who receive 2,100, 1,900, and 1,800 rupiahs per day.

Basarah said: "It is hoped that the minimum wage in effect in the Bogor, Tangerang, and Bekasi area (known collectively as BOTABEK) will be raised in the near future, because the cost of living in the three areas near the capital city of Jakarta has risen steadily." He added that workers in the BOTABEK area now receive a daily minimum wage of 2,100 rupiahs.

### Increase in Minimum Wages

The worker's daily minimum wage of 2,100 rupiahs includes allowance money. This means that the worker only receives a basic daily wage of 1,600 rupiahs, while the remaining 500 rupiahs are allowance money. Basarah said: "However, it is not clear what this allowance is for. Is it a permanent allowance (that is, an allowance for the worker's wife and family) or is it a non permanent allowance (for food or transportation)?"

Although the 500 rupiahs include the company's expenditure on allowances to the worker, Basarah says that the value

of this money is meaningless, compared with living needs at the present time. Furthermore, the living needs of workers in the BOTABEK area are now the same as in Jakarta.

Basarah stated that the Tripartite Institute (made up of representatives of workers, employers, and the regional government) in the BOTABEK area has proposed an increase in the minimum wage to the Salary Study Council of West Java. Subsequently, this proposal was forwarded to the governor of West Java. If the governor approves the size of the proposed increase in wages, it will then be sent to the minister of manpower to be turned into a decision.

Basarah said: "If, beginning in July 1992, workers in Jakarta enjoy a new minimum daily wage of 3,000 rupiahs, it is hoped that workers in the BOTABEK area can receive an increase in the minimum wage in August 1992."

Basarah warned that if the minimum wage question is not immediately considered seriously by the government, actions to express the feelings of the workers will continue, particularly among workers in the BOTABEK area. In addition the provisions of law now in effect should be applied to the maximum extent by law enforcement authorities.

Basarah said that it is only right for us to have clear regulations. However, in fact, it turns out that this is not the case. We should implement the existing provisions before replacing them with new regulations. Furthermore, it is also hoped that employers will respect the existing provisions.

### Government's Handling of Cooperatives Criticized

92SE0323D Jakarta KOMPAS in Indonesian 1 Jul 92  
p 3

[Text] Bandung, KOMPAS—At present the government is not providing the cooperatives with an opportunity and freedom to develop. As a result, the development of cooperatives has been left in the hands of the private sector. Although in this case, the interaction of the government with the cooperatives is still needed, so that in the national economy the position of the cooperatives can be on a par with the private sector and state owned business enterprises (BUMN). Meanwhile, several policies for deregulation of the economy which have been issued by the government tend to be directed toward serving the interests of the private sector.

This was stated by Doctor Soelarso, director general of the Cooperative Development Institute (BLK), when he was a panelist at the national seminar on the strategy and practice of cooperative development aimed at making them stand on their own in Phase II of the Long Term Development Program (PJPT-II). The seminar was held at the South Bandung Livestock Cooperative (KPBS) in Pangalengan, Regency of Bandung, West Java, on 30 June. The other participant in the discussion was Dr. Tasman Pasaribu, a staff expert in the Department of Cooperatives.

Director General Soelarlo reviewed the essential thinking as well as the proposals presented by the marketing team of the Indonesian Cooperative Institute (IKOPIN) of Bandung. The IKOPIN team, which is composed of Dr Ramudi Ariffin, Dr Maman Suratman, and Attorney Suarny Amran, said that the government must be consistent in the policies adopted in establishing and developing cooperatives and especially KUD [Village Unit Cooperatives].

Ramudi said: "A change in orientation needs to be made immediately in the development of cooperatives, particularly the possibility of emphasizing the role of cooperative participation in the industrial and production sectors. Up to now cooperatives have more often been active in the consumption and distribution sector."

#### Professional Management

According to Soelarlo, although it is the government which has been more responsible for the development of cooperatives, not every problem suffered by the cooperatives is the exclusive fault of the government, as an external factor. At times problems encountered by the cooperatives were caused by internal difficulties, such as questions of management organization.

Soelarlo added that when cooperative organizations are directed by professional management, the aspect of nepotism or arbitrary actions by the directors are not problems. He said: "On the one hand we want the management of the cooperative to be handled professionally. However, in fact resources are often wasted, here and there."

The conditions needed by cooperative organizations to be able to develop include, among other things, discipline by the managers in handling money and carrying on the business activity of the cooperative. For that reason the oversight of the cooperative by the people must be increased, particularly to make it clear that the cooperative is a business unit which acts in the interests of its members.

Soelarlo said: "We need to establish strong, internal conditions within the cooperatives so that they can develop, because if the cooperative structure is weak, a cooperative will not be able to do much for its members." He also added that an appropriate role by the government toward the development of cooperatives is still needed.

Soelarlo continued: "However, if the cooperative development activity carried out by government officials is more directed toward efforts to interfere in the cooperative structure, that is not right and must be avoided. Develop a supervisory attitude by government officials and do not try to audit the cooperative on an occasional basis. For a long time I have been opposed to such practices."

The study team from IKOPIN also proposed that it is time for Law No. 12 of 1967 on the Basic Practices of the Cooperative Movement to be reviewed, because many

changes have taken place during the national development effort from the time of the First Five-Year Development Plan to the present.

Ramudi suggested: "The involvement of the government in promoting cooperatives must be directed toward the adoption of a process of autonomous cooperative development. The government may take part to the extent of providing security, support, and direction aimed at making the cooperatives able to handle their own affairs."

Tasman, a staff expert of the Department of Cooperatives, said that in the national economy we do not want to have a free market but a controlled market. During the implementation of the First Phase of the Long-Term Development Plan the cooperatives were not included in the economic sector but were still included in the social sector. He said: "However, in the future the existence of the cooperatives cannot be separated from the rest of the economic sector."

#### Clove Board Promises To Purchase All 1992 Harvest

92SE0328A Jakarta SUARA PEMBARUAN  
in Indonesian 15 Jul 92 p 4

[Text] Tony Hardianto, Executive Director of the Cloves Marketing and Support Board (BPPC), promised that the BPPC would purchase this year's entire clove harvest.

After a closed meeting of the KUD [Village Unit Cooperative], the provincial government of Central Java, the BRI [Indonesian People's Bank], and Sucofindo [Superintending Company of Indonesia] held in Semarang yesterday, Tony Hardianto stated that this year's clove production would probably reach 80,000 tons.

Accompanied by BPPC Secretary General Jantje Worotican, Tony said, "The BPPC will not seek additional funding in order to purchase that many cloves; it will all be done with its own funding, for example, funds obtained from selling cloves to cigarette factories."

Tony also said that the BPPC would be more flexible in selling its cloves to cigarette factories; old and new cloves will be combined in one sales package so that cigarette factories can afford to buy them.

In that way, he said, it is hoped that increased sales will result in an increase of BPPC funds, "so that we can keep on buying this 80,000-ton harvest."

The BPPC has already borrowed 750 billion rupiahs for purchasing cloves; these loans originate in the KLBI (Bank of Indonesia Liquidity Credit). The BPPC has to pay interest of at least 11 billion rupiahs per month on those loans.

He said that that much money is still not enough to purchase existing cloves. In fact, the BPPC has also had to provide its own funds in order to purchase the cloves. Tony was not prepared to state how much money the BPPC has already spent.

The BPPC has already purchased 217,000 tons and sold 60,000 tons to cigarette factories. "Because of that, the BPPC is having a hard time paying out its KLBI loans," he said.

Agreement was also reached at the meeting on the price of rejected cloves; it will be 200 rupiahs per kilogram in Java and 100 rupiahs per kilogram outside Java. Rejected cloves are broken cloves, clove stalks, wild cloves, fallen flowers, and small cloves which pass through the 40-millimeter sieve.

It is hoped that this agreement on rejected cloves will overcome the frequent confused state of prices in the field. Sucofindo offices in Central Java and in Yogyakarta have been informed of this agreement and will put it into effect starting today.

### **Cigarette Makers Hurt by Cloves Monopoly**

*92SE0315A Jakarta TEMPO in Indonesian 27 Jun 92 p 93*

[Text] Officially, authority to support cloves prices has been moved to the shoulders of INKUD [expansion not given] and PUSKUD [Village Unit Cooperatives Headquarters]. This transfer of authority does not mean, however, that the Cloves Support and Marketing Board (BPPC), headed by Tommy Suharto, no longer has a role, because the board has a monopoly on the marketing of this "brown gold" until its 150,000-ton stock is sold.

Before cloves cigarette makers can buy revenue stamps from the Directorate General for Customs Duties, they must have a cloves delivery certificate (TBPC) issued by the BPPC. This document is proof that the producer did not make cigarettes from illegal cloves.

This TBPC unexpectedly became the trigger for negative news related to the BPPC. The Jambu Bol cigarette plant was forced to furlough its 4,850 employees because of TBPC problems, according to Baedowi Ma'ruf, production director at Jambu Bol.

As a result, Jambu Bol must pay "wait money" (for about a week) of 300 to 450 rupiah per day to each worker. That comes on top of losses from lack of production. Normally, Jambu Bol makes an average of 5.5 million cigarettes per day, which are sold in parts of Java, Sumatra, Kalimantan, and Sulawesi.

According to Baedowi, this disaster is a result of BPPC's slowness. Usually, he said, cloves cigarette makers get a delivery order from the BPPC one day after the delivery contract is signed. After that, they can get a Cloves Certificate of Origin (SKAC) from PT SUCOFINDO. The SKAC is then exchanged for a TBPC and functions to facilitate the purchase of revenue stamps.

Although a purchase contract was signed on 4 June, the delivery order unfortunately was not received until 12 June. Why? "What I heard was that the BPPC was closed for inventory. I do not know until when," Baedowi said.

BPPC Secretary-General Jantje Worotitjan declared, however, that the fault was not with the BPPC. "Do not always blame us," he said. Jantje claimed that the BPPC did not issue the delivery order until 12 June because Jambu Bol did not pay its overdue bill of 916 million rupiah until that date.

To facilitate the work of Jambu Bol, the BPPC had two days earlier (10 June) issued delivery instructions to PT SUCOFINDO as the surveyor. For some reason, the delivery instruction from PT SUCOFINDO Headquarters did not arrive at Lampung (the cloves delivery point) until 16 June. Consequently, the cloves delivery planned by Jambu Bol for 15 June had to be canceled. "The fault is with PT SUCOFINDO, not the BPPC," Jantje asserted.

Which is true? What is clear is that since revenue stamps were linked to purchases from the BPPC, many cloves cigarette makers have been complaining. "The increasingly long bureaucratic process is making our position difficult," said Wawang S. Soemiran, marketing director at Retjo Pentung in East Java.

That is not all. The price of cloves, which the BPPC has set at 13 to 15 thousand rupiah, and the payment system requiring full payment in one week, are felt to be a great burden. Before the BPPC was created, cloves could be bought on three-months credit.

As a result, several small plants have closed. According to Wawang, there are at least two in Nganjuk, East Java, that have closed, namely Gatut Koco and Ronggeng. In Tulungagung, the Gol Geter plant has folded.

### **Big Cigarette Maker in Financial Straits**

*92SE0315C Jakarta TEMPO in Indonesian 4 Jul 92 p 75*

[Text] "Bentoel is the right choice." This cloves cigarette commercial will continue to appear on independent television broadcasts, as the contract requires. It is surprising that in the midst of such promotion, which must be expensive, news reports emerge indicating that Bentoel is threatened with bankruptcy.

A top newspaper last Saturday [27 June] analyzed the bankruptcy issue in three separate articles. The gist of the articles was that Bentoel is now asking the State Court in Malang to pronounce the company bankrupt.

That bad news was backed up by another paper on Monday of this week [29 June]. As a result, PT [Limited Company] Rajawali Wira Bhakti Utama (RWBU), which now holds the reins of Bentoel's operations, is in an uproar. "Many people are asking if it is true that Bentoel is filing for bankruptcy," said an RWBU director.

According to an advertisement placed in several newspapers by Bentoel creditors, however, the bankruptcy filing is not by PT Bentoel but by one of the guarantors of the company's indebtedness. The creditors say he is

Suhardjo Adisasmito, a stockholder who was Bentoel's president director last year, before the company was taken over by RWBU.

The motivation behind the advertisement run by 26 creditors, which are foreign banks, is unclear. According to Hotma Sitompoel—who out of fear of violating court ethics was unwilling to mention the name of the person implicated—the filing for bankruptcy is appropriate.

“Generally, if a guarantor is no longer able to fulfill his obligations, he should be declared bankrupt,” added Hotma, who is attorney for the foreign banks dealing with Bentoel. According to Hotma, the guarantor's assets should be auctioned to cover some of Bentoel's debt if the request is granted by the court, which will convene on Tuesday of this week [30 June].

This action taken by the bankers (represented by the Bank of Tokyo, Hong Kong and Shanghai Bank, and Crore Bridge-Vanatu) is much to Bentoel's advantage. “I am surprised that they ran the ad, for filing claims with the court would have been enough,” said a former Bentoel director in Surabaya.

Unfortunately, Suhardjo could not be reached before this report was filed. Therefore, the amount of his obligation could not be learned, nor the amounts for which the other eight guarantors are liable.

The issue of bankruptcy by a guarantor aside, Bentoel has shown significant growth in the hands of RWBU. Its turnover has risen to 700 billion rupiah per year (previously only 550 billion rupiah).

That is what has caused RWBU to be enthusiastic about taking over the cloves cigarette company, which is among the three biggest. Peter Sondakh, now the Bentoel president director, has said that RWBU (which is a joint enterprise of Ometraco and the Gajah Tunggal Group) plans to take over 70% of Bentoel's stock.

Initial steps have been made by having Bentoel's finances audited by accountant Hamadi Sujendro and PT Jardine Fleming Nusantara. The results of that audit (completed last February) will be used in negotiations with creditors.

According to Peter, negotiations will be conducted at the end of this year. “We will then discuss procedures for paying Bentoel's debts,” he said. Discussing Bentoel's debts is no small matter. The 62-year-old company has assets of only 400 billion rupiah but liabilities of 721 billion rupiah.

Not long after those first steps, the government ruled that the volume of cloves cigarettes produced by machine must not exceed twice the volume of handmade cigarettes. The objective was to prevent layoffs. Consequently, machines cannot work at full capacity, although the dollar loans used to buy them have been hit by devaluation three times.

“Bentoel's added debt has reached \$100 million simply because of changes in exchange rates,” a director said. Fortunately, Bentoel, which still employs 18,000 people on a shift system, has a famous name and bright prospects. “It is natural that RWBU is obstinate about staying on at Bentoel,” said a former director.

## ECONOMIC

**Hazardous Chemical Storage Facility Planned for Lumut**

92SE0317B Kuala Lumpur BERITA HARIAN  
in Malay 22 Jun 92 p 4

[Text] Port Kelang, 21 Jun—All depots that store hazardous chemicals at Port Kelang will be moved to Lumut Island when the infrastructure there is completed at the end of next year.

Chief Minister Tan Sri Muhammad Muhd. Taib said the state government has issued notice of the move and that groups affected are in the process of moving.

He said the move also includes the lubricant storage depot owned by Tiram Malaysia Sdn Bhd, where there was a fire yesterday, and the one owned by BP Malaysia Sdn Bhd.

He said that the groups affected will be permitted to continue operating until the effective date of the move to ensure that they will not suffer losses and local residents will not lose jobs.

“The state government is preparing a new industrial area, and the Federal Government has also allocated 486 hectares for the construction of West Port on Lumut Island as the location for all hazardous plants and depots,” he said.

He said this to reporters at Kelang Port Board (LPK) Headquarters after receiving a briefing on the fire at the Tiram Kimia Sdn Bhd plant, from which seven deaths have been confirmed so far.

Six other people are still missing and are feared dead because of the fire, which occurred about 2100 hours last night.

Muhammad said the state government cannot immediately close the plants and depots involved, since some of them have been operating for more than 40 years.

He said he realizes the presence of the plants and depots in the area threaten the safety of nearby residents but that he is compelled to allow them to operate until the new area is ready.

“The state government is not going to put hazardous plants and depots near housing in the new industrial area on Lumut Island,” he said.

Speaking about the fire at the Tiram Kimia plant, he said the state government has instructed 59 families who live in the area to move temporarily to the resettlement center at North Port until conditions have been restored to normal.

In addition, he said, the Selangor Community Welfare Department has opened a temporary resettlement center to house and ensure the safety of residents from the area around Bagan Hailam.

Minister of Transportation Datuk Seri Dr. Ling Liong Sik said on a previous occasion that there is danger of fire on the surface of the water if tankers should spill xylene into the sea. Such a fire would threaten Bagan Hailam residents.

Muhammad said the fire, which has burned for more than 12 hours, will be brought under control and conditions restored to normal by late this afternoon.

“We cannot say if the fire was caused by negligence, for investigation is still under way.

“If it was caused by negligence, however, firm action will be taken against the people involved.

“Although negligence may be considered a small matter, its consequences are serious. These frequent fires can hurt the economy and the nation’s image,” he said.

He said the state government will fully support the national investigation commission to be formed by the Ministry of Transportation.

He said the state government will also submit the name of Mr. Mohamad Nafis, deputy first state secretary of the state government, for membership on the commission.

**Government Considers Value-Added Tax**

92SE0342A Kuala Lumpur BERITA HARIAN  
in Malay 23 Jul 92 p 7

[Text] The government is studying various steps to increase revenues by broadening the tax base, including the possibility of introducing value-added tax (VAT) in the 1993 Budget.

Minister of Finance Datuk Seri Anwar Ibrahim says the government has almost completed the formulation of this tax revision.

He says that, besides increasing government revenues, this step will also ensure that the national tax system is effective, without weaknesses and leakage.

While depicting the 1993 Budget as one that will continue to focus on efforts to maintain the current rapid economic growth for the benefit of the people and the country, he said the introduction of the new tax is in response to requests by many sectors represented in this budget dialogue for incentives, renewal, and tax reduction.

“At the same time, however, they see the need to broaden the tax base, and the VAT was identified as a step with potential in the proposed revision of taxes,” he told reporters after the close of the 1993 Budget Dialogue in Kuala Lumpur yesterday.

Anwar guaranteed, however, that any tax revision made will not hurt low income people and the poor.

He said the dialogue was very useful because it gave opportunity to the sectors involved to discuss and argue issues they face and present ways to resolve them.

He said the dialogue also focused on some steps to control inflation and ensure a steady economic growth without hurting price stability and employment.

"Most dialogue participants want the government to guarantee steady economic growth without hurting the consumer price index or employment," said.

Anwar said the current tax system is still better than that of other developing countries, because it does not force the country to borrow to finance public expenditures.

### 'Dirty Tactics' Mar Labor Union Election

92SE0317A Kuala Lumpur BERITA HARIAN  
in Malay 22 Jun 92 p 8

[Article by Wan Hamidi Hamid: "Anonymous Letter Threatens 'Peace' in CUEPACS [Congress of Unions of Employees in the Public and Civil Services]"]

[Text] Today's election of the CUEPACS [Congress of Unions of Employees in the Public and Civil Services] leadership, which should go as smoothly as it does every three years through the usual campaign for support, has been marred by an anonymous letter.

This unexpected turn of events began when Anwar Abdullah, candidate for secretary-general, received an anonymous letter threatening that something would be done to him and his family if he did not withdraw from the race against CUEPACS Secretary-General A.H. Ponniah.

Even worse, the letter raised the racial issue and made indirect charges against the union leaders running for office.

It was learned, too, that the letter was postmarked in Pulau Pinang and carried the symbol of a CUEPACS-affiliated union whose leader is a candidate.

Anuar, who is deputy secretary-general of CUEPACS and secretary-general of the Royal Malaysian Customs Employees Union, acted quickly by reporting the matter to the police on Thursday [18 June]. He said he would not be intimidated by any threat and would proceed with his race to win the secretary-general post for the 1992-1995 term.

"I consider this threat an incentive to continue campaigning until the CUEPACS leadership election on Tuesday [23 June]," he said.

Ponniah was surprised at the matter. Contacted at his office, he said such a thing should not take place in a healthy campaign for CUEPACS leadership posts.

"I did not know anything about this before other CUEPACS officers showed the letter to me after a CUEPACS Working Committee meeting last Thursday," he said.

Asked whether he knew who sent the letter, he said he did not know and hoped the authorities would investigate the matter.

He said he was surprised that the person involved did not raise the matter during the committee meeting Thursday, since the report to the police had been made in the morning of the same day.

Ponniah declared that the primary thing is not winning or losing, because worker solidarity is more important than a campaign of mutual disparagement.

"This is the first time in my 27 years in the labor union movement that I have been faced with an anonymous letter involving me. I hope the authorities will investigate this matter," he said.

The election of the secretary-general will be the hottest issue in the Triennial CUEPACS General Assembly, which will be held at the MCA [Malaysian Chinese Association] Building in Kuala Lumpur for three days beginning Monday [22 June]. The presidency was won without opposition by Mohamad Mat Jit, president of the Civilian Employees Union of the Malaysian Armed Forces (KESATRIA), when his opponent, Mustafa Hassan, of the Internal Revenue Employees Union, withdrew before nominations were closed.

Who, then, could have sent the letter?

Sources say it is possible that people outside CUEPACS are involved as an attempt to change the policies of the congress, which is increasingly seen as close to the government.

They claim that leaders of certain unions do not want the new leadership of CUEPACS under Mohamad Mat Jit to continue its close cooperation with the government.

Mohamad, who is also president of the Malaysian Labor Organization (MLO), the main competitor of the Malaysian Trade Union Congress (MTUC), is said to be the obstacle to attempts by MTUC leaders to expand their influence in the public services.

The sources say that although MTUC President Zainal Rampak is not involved in the CUEPACS election campaign, other MTUC leaders are responsible for the problems in the race for the CUEPACS secretary-general post.

After Zainal and his secretary-general, V. David, were criticized by the government, the MLO, and CUEPACS for hurting the country at the recent International Labor Organization (ILO) conference in Geneva, some people have connected MTUC leaders with attempts to bring down the CUEPACS leaders.

Under these conditions, Anuar, who is Ponniah's only opponent, is probably concerned about these unhealthy developments in the CUEPACS election. Anuar said in a recent interview that his campaign has nothing to do with people outside CUEPACS.

"My challenging Ponniah is an effort to bring new life to CUEPACS, which I feel has not been giving opportunity for expression of views to the government, particularly the Public Services Department (JPA). We do not want to be considered a tool of the government, because our responsibility is to guarantee and protect the interests of our members," he said.

He said the threat would not keep him from seeking his main objective, namely to bring responsibility, effectiveness, and stability to CUEPACS.

In his manifesto, Anuar declared that he wants to:

- Create unity among employee unions in the public services, statutory bodies, and local governments.
- Maintain close relations between the government and public employees in order to resolve problems through discussion.
- Maintain the status of CUEPACS as the main organization for government employees at both domestic and international levels.
- Maintain the struggle to obtain negotiating rights in the public sector in accordance with the requirements and needs of the public services.

He rejected the issue of being for or against government. He said public services employees must naturally be responsible for carrying out the government's policies.

Therefore, he said, the question of being for or against the government should not arise, because emphasis must be given to the interests of members, particularly their right to voice views to the government on improving productivity.

Sources claim, however, that the anonymous letter may be a result of involvement by political parties with close ties to certain MTUC leaders. It is difficult to determine the truth of this, however, since no one is willing to confirm it.

Some sources also charge that an opposition party leader who was once a CUEPACS member may be involved in the attempt to divide CUEPACS leadership and thus keep it from being an obstacle to the actions of MTUC leaders.

It is generally known that MTUC leaders are busy campaigning against the MLO, which they describe as a progovernment organization. Because CUEPACS President Mohamad Abas has recognized the MLO as the main labor organization in the country, MTUC considers him their principal enemy.

Therefore, if Mohamad Mat Jit wins and becomes the new CUEPACS president, it is certain that ties between the MLO and CUEPACS will be even closer. MTUC leaders worry that their influence will be reduced.

The MLO rejects the argument that most labor union members are members of the MTUC. The MLO points out other factors, such as sectoral interests, should be a measure for determining whether an organization should

represent Malaysian workers in international conferences, particularly at ILO conferences.

MLO Secretary-General K. Sanmugam says the MTUC has no right, simply on the basis of numbers of members, to charge that the MLO should not represent the country's workers. Factors of sector and contribution to the national economy are also important in determining suitability to represent workers.

"MTUC leaders once claimed they have 500,000 members, but recently they said they have 300,000. That number can still be disputed, especially because many of those members do not pay dues.

"On the other hand, the MLO, which has more than 130,000 members, has affiliated unions that represent the main sectors involved in national economic development," he said.

He stated that the MLO is trying to get more members and affiliated unions through its service to workers rather than through enlistment campaigns.

This situation concerns MTUC leaders, who not only must compete with the MLO but must face criticism from the government, including Prime Minister Datuk Seri Dr. Mahathir Mohamad, for actions called hurtful to the country.

Moreover, the views of Minister of Human Resources Lim Ah Lek about the possibility of the MLO's taking over the MTUC's spot as the country's main labor representative at ILO conferences is also causing concern to MTUC leaders.

If charges are true that opposition parties and MTUC leaders are involved in the CUEPACS secretary-general election, that would be an unhealthy development. The use of anonymous letters, which is common in elections of political party leaders, is now plaguing labor unions.

The determining factor in this case is whether the CUEPACS people themselves will be affected by anonymous letters. They must realize that they represent more than 600,000 members who are the moving force of the public services. A bad decision will have an impact on harmonious business relationships.

CUEPACS members need to evaluate for themselves the work and service of their leaders. Being the leader of a union or alliance of unions is not merely a career. It is a mandate that must be totally fulfilled.

Anuar and Ponniah should not be worried about the dirty tactics of anonymous letters. Their campaigns must be based on efforts to improve productivity in order that the people will continue to have confidence in the quality of public services.

The determination of whether outside parties were involved in the anonymous letter issue has been handed over to the police. The important thing now is to see to it that the election proceeds smoothly according to the law.

### Ramos Outlines Steps for Economic Development

92SE0331A Manila BALITA in Tagalog 1 Jul 92  
pp 1, 2

[Text] Yesterday, President Fidel V. Ramos asked for the unity of the entire Filipino family, stating that the Philippines will first have to undergo hardships in order to achieve progress within a period of six years, which is the duration of his term of office; he also promised to remove the obstacles to achieving progress by putting pressure on grafters, tax evaders, smugglers, and by dismantling organized crime.

This rosy outlook of the new president—the twelfth president of the Philippine Republic—was shared by the populace at his inaugural address, after he took his oath of office at the historical place of the Quirino grandstand in Luneta Park.

Ramos said that when he was elected by the people, it dawned on him that the past election had sent three messages: First, he said, the people had made a clear statement of their aversion towards (old) politics as usual; secondly, the people favor the separation of church and state, although both can indeed mutually assist each other.

Ramos heartily added, "In this kind of spirit, I see myself not as the first protestant to become president, but rather as the twelfth Philippine president who happened to be a protestant—who has to be the president of the Muslims, the Christians, and of all the other people of different religious denominations who constitute our national community."

Ramos further added that the third message of the people is the evidence of their willingness to endure many of all the difficult problems and hardships that confront us prove to ourselves that we are capable of reaching the top in our ascent.

In the face of it all, the 64-year old president conceded that the country is faced with tremendous problems, but there are no easy and quick solutions, that peace and order will not come easily, but rather that what can be done immediately is to make hard decisions.

In the face of the huge mound of work waiting for him, Ramos firmly asserted that he is not afraid of it "because any crisis has within it the fire that produces heroes of ordinary people, and also crisis is an instrument of change, transforming a weak, unprogressive society into a strong one."

Foremost among the problems that confront him and that he has to deal with is to heal the wounds born of the last election and to restore civility in the political arena "because the people are already fed up with intrigues, and there is nothing more demeaning and demoralizing to Filipinos than this."

In his inaugural speech, Ramos promised the following:

Leadership consultation in meeting with both houses of Congress to immediately establish priorities regarding the laws to be implemented; and Requests for congressional help to formulate amnesty policy in order to grant clemency to the rebels so as to bring them back into civil society.

Ramos is the first president to call for the rebel soldiers and communists to surrender their weapons used in clashes in order to enable them to be rehabilitated and thus to attain their objectives as civilians.

Meanwhile, a retired British captain in the Royal Air Force was arrested by men of the Western Police District Command (WPDC) after he caused some trouble yesterday morning in front of the Freedom Grandstand where the inauguration of President Fidel V. Ramos took place.

Men of the WPD Intelligence Service and Action Division [ISAD] caught and took into custody Raymond Gerald John Goodwin, 32, supposedly in Manchester, England, and temporarily staying at the Hotel Nikko Manila Garden in Makati.

According to Senior Inspector Jack Luna of the WPD-ISAD, Goodwin was arrested by the men of WPD Station 5 when, all of a sudden, at about 1130, he let out a scream in front of the Freedom Grandstand in Rizal Park.

### Senate To Formulate Economic Reforms

92SE0320 Manila DIYARIO FILIPINO in Tagalog  
11 Jul 92 p 2

[Text] The administration will formally implement the reduction in the number of agencies with the help of the new Senate.

Yesterday, Senator Edgardo Angara proposed a bill for the reorganization of all offices, including those of the Cabinet, in order to strengthen the economy, and to serve the people more effectively.

In this connection, it is expected that the public employees will face tremendous problems, since the proposed bill includes a reduction in force of the public servants.

However, Angara also stated that there will be some benefits for those who will lose their jobs.

In his bill, Angara stressed that one of the obstacles to national progress is the huge but useless bureaucracy.

The power to implement that reorganization is in the hands of President Ramos; so is the authority to discontinue and eliminate an office, and to form a new one if need be.

Ramos should complete the reorganization within six months after signing the bill into law.

Possibly, there will be only a 10 to 20 percent reduction in the offices that will be affected by the bill, and consequently, the same percent of the payroll costs will be reduced. Nevertheless, the security of tenure and other rights of the employees must be taken into consideration.

After the reorganization is accomplished, the President must submit a report to Congress on the details of the process, such as the names and numbers of the offices abolished, and also on the organizational setup and the duties and responsibilities of those offices.

The affected employees should receive separation pay equivalent to 150 percent of their basic salary for each year of service.

### **Ramos To Lower Food Subsidy, Eliminate Oil Controls**

*92SE0320A Manila DIYARIO FILIPINO in Tagalog  
9 Jul 92 p 1,2*

[Text] President Fidel Ramos has affirmed his support of the economic austerity program supported also by foreign financial institutions, which the former leadership could not implement because of strong opposition to it.

According to Ramos, the government will follow the austerity program endorsed by the International Monetary Fund (IMF), which involves the lowering of the food subsidy, the elimination of controls on oil prices, and the improvement of tax collection.

Announcements of this kind are expected to be opposed by some congressional groups who support the decrease in the percent of the budget set aside for the payment of foreign debts.

It is said that this will prolong the tension concerning the control of authority established by the former administration of President Aquino, which ended on 30 June.

Aquino's first cabinet was divided between the group allied with former Secretary of Finance Jaime Ongpin, which supported the privatization of the economy and deregulation, and the group of the supporters of former Executive Secretary Joker Arroyo.

However, Ongpin and Arroyo resigned from their Cabinet positions in September, 1987, but the domestic squabbles continued until the business faction gained a slight advantage over the other groups.

When the oil price increase of 1987 was being planned during the last years of the administration, tension in the labor sector increased, and there was an attempted 'coup d'etat' that almost toppled the Aquino leadership. Because of the frighteningly unstable situation, the government was forced to slow down the economic liberalization in order to save itself.

It will be difficult to ascertain the seriousness of the opposition that Ramos is going to face until the Congress convenes on 27 July. The National Union of Christian Democrats won only two seats in the Senate and 30 out of 200 positions in the House of Representatives.

Nevertheless, whatever structures existed were torn down after the election, when the victorious congressional delegates began wooing the favor of the new President so that they could get their portion of the pork barrel.

Once the austerity program goes into effect, it will mean a much smaller budget for the municipal public works badly needed by the local politicians.

Budget and Management Secretary Salvador Enriquez warns that there will be a huge decrease in public works (funding) and other projects because of the possible 17.7 billion peso budget deficit this year.

It is also doubtful how the business and trade representatives in the country will abolish the structures that have protected them for such a long time.

Foreign analysts believe that the government is focussing too much attention on the economy. However, according to Teodoro Locsin, who served in the first cabinet of Aquino, the reverse of the first statement is true: business and trade dominated the government.

Locsin added, "It is not true that the nation's problem is the extreme involvement of the government in business, for there is a business sector that deals with the economy with the assistance of the government."

## POLITICAL

### Articles on Organized Political Movements

#### Description of Movements

92SE0327A Bangkok KHAO PHISET in Thai  
3-9 Jul 92 pp 3-5

[Article by KHAO PHISET Political Team]

[Excerpt] [passage omitted] While we are "happy" that the structure of Thai society has changed this year, Prime Minister Anan Panyarachun has clearly said that "it's already 1992." What he meant by that is that the "terrible May" events were the work of "people who are behind the times." But "obstructionists" are still active, and they have given every indication that they plan to step up their activities.

1. The Red Gaurs-Thai Bats: Major General Sutsai Hatsadin, the "old Gaur," took a public stance again following the bloody events in May. His goal was to protect what is right based on the ideals of the Red Gaurs. He said that "I stand for what is right." But then he remained silent after Anan Panyarachun's name was announced. It has been learned that he has simply withdrawn for the time being because events do not "pose a threat." But if the democratic forces "make waves," such as by setting up "rump courts" to exert pressure to punish the leaders of the armed services, the Red Gaurs are prepared to rise up and "provide protection." He also said that they would definitely not use force. As for the "Thai Bats," they belong to the same "phylum" but are a different "species," being more interested in "money" than in ideals. Thus, people tend to view the activities of the Thai Bats as the "activities of wild dogs" who hunt their prey at night, like the heirs of Dracula.

2. The Vocational Students Center of Thailand: This is another offshoot of the Red Gaurs. The KHAO PHISET political team has learned that they are hurriedly "organizing" and picking the "bright stars" among the student leaders at various schools to attend training seminars. Their goal is to "check and balance" the Student Federation of Thailand. The activists in this group are in the "mechanical engineers" groups. They are under the "watch" of a former vocational student leader who showed his "bravery" during the period 14 October [1973] to 6 October [1976]. Their immediate goal is to play a role in the "central organization" in order to supervise the coming election.

3. The Aphirak Chakri group: This group is led by Captain Amon Suwannabuppha and Sit Chaiyathongphan. This is an ISOC [Internal Security Operations Command] academic group that belongs to the "Siwichai group," which reached its zenith during the period 1976-1980. This group holds "ultra right-wing" views. Following the bloody events of May, they accused the four opposition parties and Democratic Federation of being members of the presidium who want to revive communism. They want to protect the military at all costs by putting the blame on a "third hand." The

activities of this group have always been in line with the activities of the military. They came to the forefront when Captain Amon led 16 groups in "attacking" students, academics, the Democratic Federation, and opposition parties at the "conference room" of the Army Club on 21 June. They have also received close support from Army Region 1 officials.

4. Cultivation of "non-commissioned Air Force officers": In its 18 June issue, NAEO NA published a report about what had happened at the Air Force Trat conference hall. At a meeting with non-commissioned officers, an Army video on the May events was shown. NAEO NA reported that when the video reached the point when soldiers began shouting at people to come down from the counter in the Royal Hotel and then began kicking them with their boots, the hundred non-commissioned officers there began shouting "good, do it again, harder."

5. "Patriotic Youth" seminars at the Pakthongchai Camp: Last week, NAEO NA published a report on the "activities" of the 2d Army Region. It is holding "patriotic youth" seminars at the Pakthongchai thahan phran irregular camp in Nakhon Ratchasima, with each seminar attended by up to 120 people. It has not requested permission from the parents of the children. The seminars cover four main topics: the threat of the Communist Party in the past, the present political situation, national security, and administration in a democratic system.

6. The Free Radio goes on the air: The goal of this radio was not to provide true information to the people during the recent events. This is the "Free Radio" of Lieutenant General Uthan Sanitwong, a former armor officer who was active in the period prior to 6 October 1976 and who played an important role in arousing the people with the line "the right will kill the left," which led to the terrible killings on 6 October 1976. The KHAO PHISET political team has learned that Lt. Gen. Uthan held the first meeting of the Free Radio group 2 weeks ago. That was after there were reports that he and Sit Chaiyathongphan had been at the Capital Peacekeeping Force when forces suppressed people on Ratchadamnoen Road.

7. Academics for Security mobilize brain power: the KHAO PHISET political team has been informed that 400 members of the Academics for Security group, who are said to belong to the same "species" as the Aprirak Chakri and Thai Bats groups, held a meeting on 28 June at the Air Force engineers club in Bang Su. The 400 people who attended the meeting are the "activists" in the group. Altogether, the group has 1,499 members. Twenty-four seminars have already been held. It's said that the leader of this group is a retired officer named Major Gen. Phaibun. The mission of this group is to inform people about the dangers of communism and the dangers stemming from new religions and to teach students. They are not involved in retaliating but feel that they are helping the country in times of emergency such as occurred recently. Their ultimate objective is

Sanam Luang. They are very skilled in writing leaflets. Their first leaflet "exposed the fact" that Maj. Gen. Chamlong Simuang, the former leader of the Moral Force Party, is so "absorbed" in another religion that he once visited the Vatican.

8. Leaflets...threats: Dr. Pradit Charoenthaithawi is one of the main targets in the attempt to "topple" people using leaflets and threats. As a result, he has had to maintain a low profile. Leaflets revealing the activities of the opposition leaders and leaders of those calling for democracy have been disseminated at the same time as leaflets aimed at protecting military leaders. Most recently, leaflets attacked Anan Panyarachun, charging that he is a "(fake) benevolent dictator."

The KHAO PHISSET political team has not written this article in order to "cause alarm." We have written then just as a "warning." We tend to agree with Prime Minister Anan when he said that this is 1992. Also, the "activists" in these "obstructionist" groups are all "dead wood" who have very little power. Moreover, the political situation in 1992 is not one that will "facilitate" the growth of these groups. We do not think that "they" will succeed, because in 1992, there are not enough communists left in Thailand to raise forces in opposition. There are no "leftists" for the right-wing groups to kill. There is no "presidium" or "new religion." What we do have are "social movements" for development, including the middle class and those who are calling for democracy.

It should not be forgotten that those "obstructionist ideas" arose out of emotion and not reason. In taking action, they do not consider whether they will succeed or not. They take action based on emotion for the sake of their leaders, whom they feel have been dishonored. These are the emotional actions of people who think that there are still communists in Thailand who are concealing themselves in new forms. They remain "stuck" to their old views. We were rather "shocked" to learn that they still think like this. Even though they can't succeed, they can still "scar" Thai society. Even though the chance of a revolution or coup occurring is almost zero, this is like a "ghost" that haunts Thai society. This is because such things have occurred very often here. But we would like to warn people not to become "careless,"

because a spark can spread and become a major fire if the "wind is right." We don't want these "obstructionist groups" to be the "spark" that sets off the fire. [passage omitted]

#### Education Minister on 'Patriotic Youth' Group

92SE0327B Bangkok NAEO NA in Thai 2 Jul 92 p 2

[Text] The ISOC (Internal Security Operations Command) has asked that schools in the northeast subordinate to the Ministry of Education hold seminars for students in accord with the "Patriotic Youth" program. The target of these seminars is to teach students about the political situation and about the threat posed by the Communist Party of Thailand [CPT].

Mr. Somchai Wutti-pricha, the deputy minister of education, was interviewed about this on 1 July. He said that he has investigated this and learned that this is a normal ISOC program. The ISOC requested permission from the Ministry of Education in 1987. At that time, the political situation was not quiet because of the threat of interference by the CPT.

However, the deputy minister of education said that because the situation has now changed, the Ministry of Education has informed the ISOC to stop this program. From internal coordination, he has learned that the ISOC agrees that this program should be halted temporarily, because the present political atmosphere is unsuitable. But the ISOC can continue this program if it wants, because it obtained permission.

The deputy minister of education said that based on the program to teach students about national security, the ISOC can coordinate things with the schools directly without having to go through the Ministry of Education.

A reporter asked if teaching students about communism will arouse the ghost of communism. Mr. Somchai said that the curriculum of the ISOC is outdated. Even though there may be remnants of communist parties in other countries, he is not sure whether there is still a communist party in Thailand. Personally, he thinks that the curriculum should be changed. For example, they should teach students how to be good people in society.

## POLITICAL

### Professor on Constitution, People's Rights, Duties

922E0187A Hanoi NHAN DAN in Vietnamese  
29 Jun 92 p 3

[Article by Professor Dao Tri Uc, doctor of law: "The 1992 Constitution: A New Step Forward in the Fundamental Rights and Duties of Citizens"]

[Text] In the legal system of our state, the Constitution plays a leading role in laying down the regulations on the rights and duties of citizens, while other state laws are entrusted with the task of concretizing and creating legal guarantees for the realization of these rights and duties.

#### Three Main Groups of Citizens' Fundamental Rights

In Chapter V of our country's 1992 Constitution, the basic rights of citizens are divided into three main groups:

a. *The group of political democratic rights and freedoms.*

These are the rights to participate in the administration of the state and society, and in discussing the common issues of the entire country and localities, to petition to state agencies, and to vote when the state organizes a referendum (Article 53); the rights to vote and to stand for election to the National Assembly and the people's councils (Article 54); the right of equality between the sexes (Article 63); the rights to enjoy freedom of speech and the press, to be informed, to hold meetings, to set up associations, and to demonstrate (Article 69); and the right to freedom of belief and to believe or not to believe in a religious faith (Article 70).

b. *The group of individual freedoms (or civil rights, as they are called in the 1966 Human Rights Charter).*

These are the rights to freedom of movement and residence in the country, the right to go abroad and to return home (Article 68); the rights to corporeal inviolability and to have one's life, health, honor, and dignity protected by the state (Articles 71 and 72); the rights to domiciliary inviolability and to safety and confidentiality of mail, telephone calls, and telegrams (Article 72); and the right to lodge complaints and denunciations (Article 74).

c. *The group of socioeconomic freedoms.*

These are the right to work (Articles 55 and 56); the right to freedom in business (Article 57); the right to legal ownership and inheritance (Article 58); the right to study (Article 59); the rights to do research, to discover, and to invent (Article 60); the right to health protection (Article 61); the right to build homes (Article 62); the right to protection of marriage and family (Article 64); and the right of war invalids, sick soldiers, and survivors of fallen heroes to enjoy various state preferential treatment policies (Article 67).

The "fundamental duties" of citizens prescribed by the 1992 Constitution include: the duty to be loyal to the fatherland (Article 76); the duty to defend the fatherland

(Article 77); the duty to respect and protect state property and public utilities (Article 78); the duty to abide by the Constitution and law (Article 79); and the duties to pay taxes and render community service (Article 80). The Constitution also determines that the state shall the legitimate interests of overseas Vietnamese residents and those of foreign nationals residing in Vietnam (Articles 81 and 82).

#### New Provisions on Political and Civil Rights

Historically speaking, the political and civil rights and freedoms antedate the socioeconomic rights. The 1946 Constitution, our country's first, reflected this fact.

These are the rights that ensure the free development of man, affirm the need for man's emancipation, and guarantee citizens' mastery over their administration and state. This is the best way to enhance the democratic values and traditions before the economic premises are ripe. Nowadays, political and civil rights must be regarded as the most important nucleus for the building of a society of citizens. All the efforts of our party and state in this domain are aimed at confirming the true values of these rights. These efforts consist in their resolve to renovate the organization and operations of the system of representative democracy and the electoral system, and to reform the state apparatus step by step. The stipulations on the rights to freedom of movement and residence in the country and the rights to go abroad and to return home (Article 68), the right to be informed (Article 69), and so forth, are extremely new and democratic regulations. The adoption of a principle of criminal proceedings as an important principle of the Constitution—namely, "No one shall be considered guilty and punished until a court verdict of guilty has taken legal effect"—is one of the important steps forward in the constitution-making history of our country in the domain of human rights protection and a confirmation of the human values highly treasured by our people.

#### Citizens' Socioeconomic Rights Reflect the Reality of Renovation

Citizens' socioeconomic rights defined in the 1992 Constitution reflect major changes in socioeconomic life. Citizens' rights and duties are a reflection of the policy of socialist-oriented multisector economy (the market mechanism), which has as its goal the implementation of social policies. The "right to freely engage in business" (Article 57), the right to a social security system (Article 56), the right to long-term use of land, the right to transfer the right to the use of land, and so forth, are established with the aim of bringing into full play all production potential of society.

#### Our State Strongly Affirms Its Respect for Human Rights

Trough the Constitution, our state has strongly affirmed its respect for human rights (Article 50). The most important legal basis ensuring the implementation of

citizens' fundamental rights and duties is determined in the Constitution itself by the stipulation that citizens' rights and duties are determined only *by the constitution and law* (Article 51, Paragraph 3). Article 4 of the Declaration of Human Rights and Civil Rights by the 1789 French Revolution also solemnly stated that the limits of citizens' rights and freedoms could be determined by law only. This means that no one else has the right to arbitrarily establish privileges, to limit or obstruct the implementation of the rights already stipulated by law, and to lay down additional duties of citizens.

The rights and duties of citizens stipulated in the Constitution are called *fundamental rights and duties* because rights and duties of this kind, once they have been prescribed by the constitution, must be implemented in the most direct possible way and are not contingent on any conditions or anyone's discretion. This is why we can see that the constitutions of some countries also call these citizens' rights *the direct rights*. It is also due to this character that one of the most outstanding features of our country's 1992 Constitution—compared to the 1980 Constitution—is that the new charter has liberalized to the greatest possible extent those stipulations devoid of legality and those for which the possibility, forms, and mechanisms of implementation in the real life of our society are still lacking. Here, the socioeconomic rights are the ones most substantially affected.

However, this does not mean that citizens' rights and freedoms can be directly implemented with no guarantee needed. All political and socioeconomic rights and all individual freedoms require guarantees in all respects. To enable citizens to fulfill their duties, the state and society should also provide guarantees. But, in this matter, we should guard against the notion that the state must pay special attention only to the performance of citizens' duties to ensure its own interests. Citizens' rights deserve equal attention. Our state is a state of the people, by the people, and for the people; therefore, it is the primary duty of the state to ensure that citizens can exercise their rights. On the other hand, not only the performance of citizens' duties but the exercise of citizens' rights and freedoms also give expression to the positive character of citizens. This is because all that comes within citizens' *rights to do* is precisely the highest generalization of the need for social deeds that our state and society wish to see performed in all domains—political, economic, cultural, social, ethical, and so forth.

The state, by means of all its legislative activities, must lay the first legal foundations for the full exercise of citizens' fundamental rights and duties in the political, economic, civil, cultural, and social fields. That is why when talking about the Constitution and legal system, people usually say that that the Constitution is the basis, the center of the legal system, because *other laws* must be aimed at concretizing or creating additional legal conditions for ensuring the implementation of citizens' fundamental rights and duties. It can be said that the majority of the stipulations of the Constitution—from

those regarding the political and economic systems to those dealing with the organization and operations of the state apparatus—are closely related to citizens and dictated by people's interests, the highest value in our society. It is necessary to affirm that people's interests and the people themselves are a touchstone for all organizational renovation, all economic reforms, and all social measures.

### Article Discusses Economic, Political Renovation

922E0189A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 13 Jun 92 p 2

[Article by To Van Giai, Nguyen Ai Quoc School, Zone 2]

[Text] One of the major issues of the seventh national party congress was to put forth guidelines, based on a review of the practices, for correctly handling the relationship between renovating the economy and renovating the political system. Because of this, practical results have been achieved, and this has contributed to maintaining political stability and developing the economy and society.

Recently, a number of socialist countries have shown deviate views and one-sided methods concerning this problem. At times, they have emphasized economic reform and ignored reforming the political system. Those places have implemented political pluralism, allowed opposition parties, and even eliminated the constitutional articles concerning the leadership role of the Communist Party. They have advocated "eliminating the party" and "depoliticizing things" in the state organizations and Armed Forces. In the end, those countries have had to bear very heavy losses. In just a very short period of time, the party's leadership role with respect to state administration has been lost, socialism has been lost, and there have been stunning changes among communists throughout the world.

In Vietnam, there have been deviate manifestations with respect to the issue of renovating the economy and the political system. According to this viewpoint, in Vietnam, renovation of the political system must be the center or must at least be on a par with renovating the economy. Those who hold this view argue that these two spheres (the political and economic systems) must move at a measured pace and not go too fast or too slow. They must not "walk lame on one foot. They are critical of the fact that our renovation movement is concentrating on the economic aspect. This erroneous viewpoint has been promptly criticized by the party and people and been completely rejected by the realities of life.

Our party thinks that there is an organic relationship between renovating the economy and renovating the political system and that the two cannot be separated from each other. They create the conditions and preconditions for each other. In this, economic renovation is the basis for renovating the political system. Thus, in

reforming and building socialism, we cannot renovate just the economy without renovating the political system. Or conversely, we cannot renovate the political system without renovating the economy.

Starting from the special characteristics of a country with a backward economy that is moving to socialism without passing through the capitalist stage of development, where the consequences of war have been very serious, and where the standard of living is still low, our party advocates placing economic renovation at the center in order to exploit the potential of the country, free the production forces of society, create many more commodity products, and satisfy the pressing needs of daily life. The initial and very important achievements scored in recent years prove that the line of the sixth congress, which was affirmed and developed by the seventh congress, is entirely correct.

But our party is not stopping at using economic renovation as the center. Along with renovating the economy, the party advocates gradually renovating the political system. Why must renovating the political system be carried on gradually? Because politics is a very complex and very sensitive sphere. If things are rushed and careful preparations are not made with respect to contents, forms, and steps, there will be a loss of political stability. And if there is political instability, the economy will not be able to develop. The party's correct line has helped our country pass through a stage filled with difficulties and challenges. Political stability is attractive to foreign investors, and it will ensure success in renovating the country.

On the other hand, we must see the effect of the political system (an important element of the superstructure) on the economy on two fronts: stimulating or restraining. Manifestations of sluggishness in renovating the organization and operating formulas of the political system is a weakness of the state's economic management role at the macrocosmic level that has caused major obstacles for economic development. "In the face of the all-round renovation requirements of the country, the center of which is economic renovation, the political system has exposed many shortcomings and weaknesses. In this, the greatest shortcoming is that the party and state organizations and the mass organizations have failed to adequately manifest and implement the ownership rights of the people. The system of responsibilities is not clear, organization is very cumbersome, work methods are manual in nature, there is a lack of order and discipline, and results have been poor. Bureaucratism and corruption are rather widespread and serious." [Footnote 1] [Proceedings of the Second Plenum of the Party Central Committee (7th Term), p 13] This situation requires that we renovate the political system in a more basic manner and intensify the synchronized and all-round renovation process started and led by the party. Unless this is done, it will not be possible to exploit the integrated strengths of the political system, and because of this, the country's economy will not be able to expand favorably.

The Second Plenum of the Party Central Committee (2d Term) and the recent 11th session of the National Assembly (8th Term), spent much time discussing and revising the 1980 constitution. Now, the 1992 constitution has been passed by the National Assembly. The election to the National Assembly, 9th Term, will be carried on nationwide on 19 July. These continuous political activity campaigns will certainly create an enthusiastic atmosphere and an atmosphere of trust among the people with respect to the leadership of the party and the management of the state in order to effectively implement the guidelines on renovating the political system, improving the state apparatus, manifesting socialist democracy, and guaranteeing the rights of the people put forth at the seventh congress.

### City Youth Union Holds Congress

#### Discussions on Cultural, Ideological Education Noted

922E0186A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 10 Jun 92 p 1

[Article by Tran Loc: "At the City Youth Union Congress: Lively Discussions at the Center for Discussion of the Special Topic of Ideological and Cultural Education"]

[Text] At the Ho Chi Minh City Ho Chi Minh Communist Youth Union [HCMCYU] Congress, five centers have been set up for discussions of five major topics. Each delegate must choose for himself to participate in debating the topic that interests him the most. This is a way of doing things that clearly shows the democratic character of a congress of the younger generation. The five centers for discussion of special topics will certainly create more favorable conditions for the congress to focus the intellect of delegates and attract interesting and useful suggestions, thereby enabling the congress to develop and decide on a practical work program conforming to the aspirations of youth union members and youths and satisfies the need to renovate youth union work. The congress set aside the morning of the opening day for delegates to participate in activities at the five centers.

As planned, I went to Center 1, which specializes in discussion of HCMCYU ideological and educational education in the new situation. This topic is one of the work programs to be carried out by the HCMCYU during its coming term to help its members and the youth enhance their understanding of the socialist ideal and Ho Chi Minh thought and ethics, and deepen their revolutionary sentiments and will to persist in following the road chosen by the party and Uncle Ho. This program would also enable HCMCYU members to gain a correct perception of the line of national development based on the seventh national party congress resolution and to appreciate the Ho Chi Minh City Party Organization Resolution and the city's socioeconomic development program for the years ahead. A heartening fact that

surprised many participants was that 100 delegates, or one-fourth of the delegates to the congress, chose to come to this center, thus showing their concern for the youth union's primary task, which is also an undertaking fraught with difficulty and complexity. Youth-related ideological work is a major concern of the Ho Chi Minh City party committee and the HCMCYU Central Committee. At the center, we met Comrade Tran Trong Tan, member of the party Central Committee and deputy secretary of the Ho Chi Minh City party committee; and Comrade Pham Phuong Thao, secretary of the HCMCYU Central Committee.

—What brings you to the discussion of this special topic?  
I asked a delegate as soon as he stepped into the discussion room. He replied without hesitation:

—I consider this a vital task of the youth union in the new situation. What would befall the country when the youth cannot determine for themselves a correct ideal that accords with the nation's ideal? The difficulty now is that the youth union must clearly determine what to do and how to help the youth voluntarily determine for themselves the socialist ideal and persist in following this path, the path chosen by our nation, our party, and Uncle Ho.

The discussion attracted the delegates' attention right from the beginning. A truly open atmosphere prevailed, and a very lively debate took place.

Opening the discussion, Tran Dinh Dat, a delegate from the 3d Precinct Youth Union, held that, at a time when the world situation is undergoing many complicated changes and our country is being renovated and opening its door, youth-related ideological, political, and cultural education must be the youth union's primary task. This task is by no means simple. Therefore, it is highly essential to enhance the theoretical standard and youth union-related work skills of HCMCYU cadres so that they may be able to resolve the concrete problems posed at the grass-roots level. Ideological work must also be developed on a grass-roots foundation. Huynh Ngoc Son, a delegate from the 6th Precinct Youth Union, brought up the reality that the youth union has for a long time confined its ideological work to a number of politically conscious and good youths. The youth union should pay attention to the generation of 13-17-year-old youngsters. Adding to Huynh Ngoc son's opinion, La Hoang Dung, a delegate from the Higher School of Pedagogy, maintained that although intramural ideological education is a pressing requirement, this task has not been satisfactorily carried out and not suited to specific age groups. Le My, a delegation from Ly Tu Trong Vocational School, added that appropriations for this task were not yet adequate, that they amounted to no more than 8% of the school's operating funds. He stressed: Ideological education for the youth will decide the survival of the youth union. It is the same in this field as it is in trade, that is, if our goods are plentiful and of good quality, they will be able to beat the inferior goods.

Nguyen Hong Phuc, a delegate from the Communication, Post and Telegraph Bloc Youth Union, maintained that in any grass-roots unit where the youth union failed to satisfactorily carry out the ideological education of youths, the youth union there would be weak. However, to do this work well, the grass-roots youth unions must be strong. What goal must we aim for in carrying out ideological and cultural education? Captain Nguyen Nhat, a delegate from the Gia Dinh Regiment, held that this goal must be the propagation of Uncle Ho's thought and ethics. He said that his unit used many methods to educate soldiers in Uncle Ho's thought, encouraging each combatant to do his own research on Uncle Ho, to express his impression of the late president, and to spell out the good deeds he should perform. Vo Van Sen, a delegate from Ho Chi Minh City University, recalled the need to educate the youth in the national spirit. According to him, youth union cadres must be capable and educated by the party and people.

Comrade Tran Trong Tan participated in the discussions of the delegates and raised several questions. He emphasized the unity between the requirement of educating and training the youth according to Ho Chi Minh thought and ethics and that of educating and training them according to Marxism. It is necessary to keep the thinking of the young generation in our country from falling behind that of the rest of the world because at present, particularly after the collapse of the Soviet Union, people around the world are concentrating once again on studying Marxism. As our party's platform has affirmed that our country's path is to advance to socialism, the youth union congress should bring up this viewpoint for discussion. Comrade Tran Trong Tan also drew the delegates' attention to the need to educate the youth in living according to the law, a task that must be regarded as a goal of ideological and cultural work. Concerning working methods, Comrade Tran Trong Tan pointed out that ideological and cultural education should not be carried out in a general, uniform manner but must be administered in diversified forms suitable for specific objects. The youth must concern themselves with anti-illiteracy work to bring the light of culture to the people. That is what culture is all about. Concerning guidelines, the youth union must put itself in the current, real situation in order to educate the youth. Under the light of the party's ideology, the youth union must apply itself to the ideological education of its members and young people. The youth union must equip the youth with knowledge so that they can tell right from wrong and develop new, correct thinking about quality and ideals.

#### Need for Renovation in Various Union Activities Cited

922E0186B Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 12 Jun 92 p 1

[Article by Tran Binh Long: "Discussions at the Congress of Ho Chi Minh City Ho Chi Minh Communist

Youth Union—A Pressing Demand: Renovating the Methods of Education, Organization, and Operation at Youth Union Bases”]

[Text] At the symposium on the special topic of *Building Political Forces and Diversifying the Forms of Rallying Youths*, what was notable about the outset was the lively, candid, and enthusiastic atmosphere of discussions and debates that testified to the great concern of delegates. Despite the short time slot (just more than three hours), no fewer than 18 youngsters expressed their thoughts and concern. Most of them focused their attention on finding an answer to the question why youth union membership has tended to decrease. According to a report on the subject mentioned above, between 1987 and late 1991, the youth union membership in all Ho Chi Minh City dropped by 182,078; in 1991, the number of youths admitted into the union equaled to only one-third of number of young people joining in 1988. This decline had many causes, but according to the same report, the most direct cause was the shortcomings of the grass-roots youth unions in *motivating, organizing, and rallying young people*. So, the most important task of the current youth union congress is to find a solution to this situation.

An important issue on which most of the speakers focused their analyses was models for the organization of youth union activities at the grass roots. The secretary of the 3d Precinct Youth Union admitted that at present the union was not delving deeply into studying the characteristics of operations and activities peculiar to each form of grass-roots organization, therefore no appropriate organizational methods were developed (for schools, industrial enterprises, subwards...). Minh Hue, secretary of the Communications and Post and Telegraph Bloc Youth Union, pointed to the fact that, in some industrial enterprises, youth union organizations have been “jettisoned.” Ms. Ngoc Dien, deputy director of the School Department of the city’s youth union, said: Although youth union organizations in schools have followed a good model, they have shown great confusion and inefficiency in operations because of the management mechanism, of school cadres’ way of thinking, and of youth union cadres’ weaknesses. Some delegates directly posed the question: With its current organizational mechanism, can and should the youth union continue to exist in industrial enterprises? After many analyses and explanations, ultimately it was still agreed and affirmed that youth union organizations not only would continue to exist but also should expand in all fields of activities. To prove the validity of this assertion, the secretary of the Ha Tien Cement Factory Youth Union pointed to the reality of diversified and effective activities of youths at his factory (such as various projects in which the youth assumed difficult tasks and achieved high quality and efficiency). Ms. Cam, secretary of the Gia Dinh Post and Telegraph Center Youth Union, made an emotion-filled statement: Why should there be any “limitation” when our youths work and operate for us, for society, in our beloved country? We should organize for the youth to operate, in particular

poor youths and teenagers facing difficulties in life. We should inculcate in youngsters the love of people and their own native country, and an understanding of their ideal so that they may follow the party’s path and build the socialist fatherland.

So, what was the real issue that must be resolved? A delegate from the public health service said: The youth union must rally the youth by means of concrete organization and activities along with practical and effective programs of action. Recently, the union did carry out a number of programs, but their effects were limited because of a lack of purposefulness. On the other hand, as a delegate from the 3d Precinct Youth Union put it, all activity programs were confined to the city level, with nothing going on at the grass-roots level. Delegate Duong Quy Hien, secretary of the Nguyen Thi Minh Khai School Youth Union, one of the youngest delegates at the congress, said modestly: “In my opinion, renovation must begin at the grass roots.”

Looking at this problem from a different angle, various delegates candidly raised the issue of youth union cadres’ quality, which still did not measure up to the requirements of the director’s tasks at present. Delegates Ngoc Dien (deputy director of the city’s Youth Union School Department) Le Thi My Huong (of the Control Committee of the city’s Youth Union), basing themselves from a survey of realities, held that because their recent training was insufficient and inappropriate, youth union cadres lacked the ability to lead and to organize the implementation of tasks. This was the responsibility of the youth union leadership at all levels. According to Delegate Trung Kien, deputy secretary of the Communications and Transportation Ministry Bloc Youth Union, aside from good operational and organizational methods, youth union cadres and members must have a good heart and a high sense of struggle for the lofty cause and ideal of the Ho Chi Minh Communist Youth Union. Only in this way would they be able to persuade, rally, and organize youths and teenagers.

However, the resolution of these problems depends on another vital issue, namely the education in ideal. This is one of the two main themes discussed at the symposium. The secretary of the Gia Dinh Post and Telegraph Center Youth Union affirmed: At present, educating youths in ideals is a task of particular importance. In response to this general requirement, we must create favorable conditions for further educating the youth in the national traditions and history and instilling in them the love of their birthplaces and country, the love of people, the love of their nation, the love of working people, especially the poor.... Realities at the Gia Dinh Post and Telegraph Center have shown that activities carried out in that direction here have been fairly interesting, attractive, and useful, have not been dull or mechanical, and have appealed to the youth. Thus, the main thing is the methods. Delegate Dao Kim Trang, director of the city’s Youth Union Talent Club, reported: The recent study

tours, organized by the city's Youth Union and essentially aimed at studying and educating in the national traditions, history, and culture, yielded good results; and this movement has spread to many neighboring provinces.... However, at the discussions, numerous delegates, prompted by a sense of seriousness and responsibility for the youth union movement, frankly criticized themselves for the shortcomings committed recently by the youth unions in organizing the education in and study of ideals for youths. Of these shortcomings, the most serious were that the methods of education were mechanical, unrealistic, insipid, and simplistic. Some delegates stressed: Education of youths in politics must be based on concrete movements and practical programs of action. The ideals of youths are no alien matter; they spring from such realistic deeds.

### Youth Union Renovation Discussed at Congress

922E0190A Hanoi NHAN DAN in Vietnamese  
29 Jun 92 p 3

[Article by Pham Dao]

[Text] This September, the Sixth National Youth Union Congress will be held in Hanoi. The ideas concerning this important political event of the youth union organizations and of the youths of the country have been discussed at provincial and municipal youth union congresses. According to the initial notice, to date, almost 40 provinces and cities, including Hanoi and Ho Chi Minh City, and a number of directly-subordinate units have concluded their youth union congress. What was accomplished and not accomplished at these congresses has and is having a direct effect on the national youth union congress and on the process of renovating the youth union in the localities. From monitoring the youth union congresses at the various echelons and from discussing things with the leaders on the Youth Union Central Committee, we see that there is much joy about the changes that have taken place in the youth union and the youth union movement. But there is still much frustration and worry about many youth problems, the operating themes and formulas of the youth union, and organizational and cadre work.

#### Correctly Determining the Programs and Operations Targets:

This time, the provincial and municipal youth union congresses were organized with the requirement: The youth union must contribute to freeing the potential of youths and implementing the economic and social programs of each locality. Through this, it must satisfy the pressing needs of youths, which include jobs and recreational activities, and create a wholesome environment to educate youths. On the other hand, the country is in a period of all-round renovation and this means that the youth union must be renovated in order to enable the union to survive and grow. Building the youth union has become an even more burning issue with respect to solidifying the country's political system, strengthening

the combat reserves of the party, and having the union serve as the nucleus in organizing and leading the youth movement to strive to hit the target of a "prosperous people and strong country." Because of this, one clear accomplishment is that the recent provincial and municipal youth union congresses correctly defined the five operational programs of the union in the coming period. These programs are: the union and educational work; the union and the organization of youth movements to develop the economy and society in conjunction with creating jobs for youths; participation in maintaining order and security and defending the fatherland; building the new civilized life; and giving attention to educating the children. Few of these programs stop at simply setting guidelines. In many places, the youth union has planned action programs with specific targets. The Hanoi youth union congress adopted the norm of participating, from now until 1997, in creating jobs for 20,000 young laborers by launching an excellent productive labor and business movement among youths and by solidifying and expanding the assault youth formations and job recommendation centers. It is worth noting that in Ho Chi Minh City, the youth union has decided that in the coming period, through arousing the energy and creativity of youths, it will nurture the revolutionary ideals of youths, build political forces, vary the forms for assembling youths, and participate in developing the talents of the youths in conjunction with stimulating the youths in studying and working creatively and maintaining security and national defense. In Son La Province, the congress affirmed that the survival and growth of the union is tied to launching tribal youths to move away from their families and native villages, accept land and forest areas, build farms and establish prosperous families, set examples in carrying out the population and family planning programs, and prevent diseases by having each young family have three projects: bathrooms, septic tanks, and water wells. Early marriage and demands for wedding gifts must be prevented. The Lam Dong provincial youth union congress organized five centers to debate five youth operating projects. Various sectors participated and contributed ideas in order to ensure the feasibility of the projects.

It can be said that at almost all of the congresses, many people said that the activities to build funds to maintain abilities, "scholarships for future development," "scholarship funds for poor students," traditional education through work to return favors and satisfy obligations, and other activities rich in mutual affection will bring practical economic and social results and affirm the direction being taken and the formula being implemented to educate youths in the new period. However, the delegates expressed concern about the fact that the union organizations are continuing to decline in prestige and that they are losing their ability to attract youths. The crisis in operating formulas has led to a rapid decline in the number of youth union members. In particular, at the primary level, where things were

already loose, the situation has become even more difficult. Unfortunately, a few congresses did not set aside much time to discuss ways to solve the problems using specific measures.

#### From the Congresses, What Is the Outlook Like?

What is easy to see is that the party committee echelons and authorities have given very concrete attention to the recent provincial and municipal youth union congresses, from determining the contents of the activities in the coming period to formulating specific standards for selecting youth union executive committees. In the localities where the congresses set aside much time to discuss youth union work and the youth movements, the provincial and municipal people's committee have examined the budget problems and problems concerning mechanisms. Occasionally, they made "quick" decisions right at the congresses, which has generated confidence and energy for the youth union in entering the new term. Although it did happen, very few party committee echelons and authorities interfered in selecting the youth union leadership apparatus in their localities. What we can be happy about is that in many provinces and cities, the youth union cadres ran as candidates on their own, and they usually won many votes at the congresses. When the congresses took the initiative in choosing the apparatus and reducing the formal "structure," the provincial and municipal youth union executive committees reduced the number of people participating by 30-40 percent, and 40-60 percent of the cadres were participating on the committees for the first time.

All of the things that were achieved and not achieved by the union organizations in recent years were raised at the congresses. Looking at the faces of the delegates, we can't help worry because of the lack of young and enthusiastic faces reflecting the vibrancy of life. In a number of provinces and cities the congresses had to reserve much time to discuss the problems of youths and of the youth union organizations and much time and energy was spent electing people.

Youth union cadres must be young. That is a very special feature of youth activities. For many years now, the youth union and party committee echelons have failed to solve the cadre problems, particularly "exits" for them. As a result, little progress has been made in reducing the average age of the ranks of union cadres through the congresses. In Ha Tinh Province, the congress elected a new executive committee, with the average age of the members being 28.3 years. And 30 percent are women. This has become an example in reducing the average age of the union cadres. Based on an initial analysis, the average age of the members of the provincial and municipal executive committees is 31-40. The members of the executive committees and the union delegates who will attend the coming national youth union congress are older than those in the previous term.

It will not be long before the national youth union congress convenes. To overcome the objective and subjective difficulties, the provinces and cities that are about to hold youth union congresses must promptly learn the lessons, use every chance to make the congress a festive occasion for the young communists and stimulate the youths and attract suggestions on how to make the people prosperous and the country strong and satisfy the urgent needs of youths. Renovating the youth union must start from the congresses in each locality.

## MILITARY

### Cuu Long Army Group Activities Noted

922E0188A Ho Chi Minh City SAIGON GIAI PHONG  
in Vietnamese 17 Jun 92 pp 1, 5

[Article by Dao Van Loi: "Soldiers of Group 9 (Cuu Long Military Corps) Return to Their Former Base Areas To Build the Grass Roots"]

[Text] From 15 May to 25 June 1992, Group 9 (of the Cuu Long Military Corps) sent its companies to help develop the grass roots in three villages in a former resistance base in the North Cu Chi Area. These units lived and trained in various hamlets and villages with the aim of simultaneously carrying out field training, participating in the development of the mass movement to implement various party positions and policies, contributing to strengthening Army-people solidarity, and bringing into full play the "Uncle Ho's soldiers" character of troops.

In the areas where they were stationed, soldiers worked in close coordination with the local party organizations and administration to develop regular methods of operation for the local branches of the Ho Chi Minh Communist Youth Union and Collectivized Peasants Association, and for militia and self-defense forces.... They performed practical deeds such as dredging 12,000 meters of flood control canals, built and repaired 3,000 meters of roads, sank 48 new wells for various families, gave medical examinations and distributed medicines worth more than 500,000 dong to 30 families of revolutionaries, and organized the training of 135 militiamen. Group 9 also set up an entertainment unit, which coordinated with the Cu Chi District Cultural House and the 5th Precinct Youth Union in organizing variety and film shows for more than 5,000 spectators. Cadres of the group contributed 600,000 dong to open two savings accounts for two families of fallen soldiers in Phu My Hung Village.

The Group 9 party committee and command worked together with the party committee and people's committee of Cu Chi District and the party secretaries and people's committee chairmen of various villages to promptly draw experience from the recent dispatch of troops to help develop the grass roots. This was aimed at

preparing for the next dispatch of soldiers to other localities and bringing into full play the policy of sending troops to the grass roots.

## ECONOMIC

### Foreign Bank Officials Discuss Problems Encountered

922E0192A Ho Chi Minh City TUOI TRE CHU  
NHAT in Vietnamese 12 Jul 92 p 6

[Article by Ngoc Trung: "Foreign Banks Open Branches in Ho Chi Minh and Hanoi—The Race Has Not Begun Yet...."]

[Text] All the four banks—the Bangkok Bank, BFCE [Foreign Trade Bank of France], BNP [National Bank of Paris] and Credit Lyonnais—have been issued with almost identical licenses. They may carry out all the functions of a commercial bank, but, what is special about them is that they deal with foreign economic organizations and individuals only. The services they may offer to Vietnamese economic organizations and individuals are limited.

According to these licenses, branches of foreign banks are permitted only to accept deposits made by local corporations, enterprises, and individuals not in excess of 10% of their capital, that is, less than \$1.5 million.

### Deposits by the Vietnamese Side Are Restricted Indeed...

Concerning this 10% limit, however, each bank has a different interpretation.

To Mr. Hubert Marchat, general representative of the BNP in Vietnam, this point is vague. He does not know if his bank is allowed to accept if there are many depositors and deposits exceed \$1.5 million. He said: "I must have this point clarified and will give an answer later." But he acknowledged that for the NPB branch in Ho Chi Minh City, the question of attracting deposits from Vietnamese individuals is not a top priority. According to Mr. Pierre Zerdoun, general representative of the Credit Lyonnais in Vietnam, its Hanoi branch has not thought of accepting deposits from Vietnamese. He said that Credit Lyonnais is prepared to welcome deposits from Vietnamese corporations and enterprises, "but if a big corporation like Petchim, for instance, may not deposit more than \$1.5 million, then that is indeed restricted."

The views of Mr. Francis Renaud, general representative of the BFCE in Vietnam, do not differ much from those of the two bankers cited above. He said: "It is not the duty of a bank branch to provide services for Vietnamese individuals." He elaborated: "We have neither a good knowledge of the local market nor an extensive network as the local banks do."

As for the Bangkok Bank in particular, the problem is slightly different. Mr. Suphot Wasuri, future director of

the Bangkok Bank branch in Ho Chi Minh City—scheduled to open on 15 July—said he is very eager to receive deposits from the local people. The first sentence of the description of the operational procedures of the Ho Chi Minh branch of the Bangkok Bank clearly states: "The bank accepts fixed and demand deposits in dong and foreign currencies by foreign and Vietnamese individuals and by foreign and Vietnamese economic organizations." But he admitted: "Vietnamese individuals who want to make deposits must prove that the money has been lawfully transferred to Vietnam from abroad."

May Vietnamese who work for foreign companies in Ho Chi Minh City and are paid with money derived from foreign currency deposit their earnings with the Bangkok Bank branch? Mr. Watsuri answered: "Theoretically, they may." He added: "But we must consult the Vietnam State Bank."

### Financing Vietnamese Corporations and Enterprises, But...

All the branches of foreign banks are prepared to lend money to Vietnamese corporations and enterprises. Certainly, no further permission whatsoever is required for them to do that. They are also willing to open credit letters for Vietnamese import-export companies.

However, according to Mr. Renaud, it would not be easy at all to do this in reality. He said: "Unlike the Vietnamese banks, we do not have enough data for credit analyses. We must try hard to study the operations of a Vietnamese company before we can finance it." But he expressed his hope that with its branch in Ho Chi Minh City, the BFCE will be able to do that owing to its "direct relations and regular contacts."

Mr. Zerdoun also admitted that the main difficulty is how to accurately analyze and assess those Vietnamese companies and enterprises knocking at the door of his branch. He held that foreign companies operating in Vietnam and joint ventures between foreign countries and Vietnam would pose fewer problems. But he confirmed: "Our concern is to do business with all, not with foreign countries only."

Mr. Marchat's views were no different: "Naturally, we will finance Vietnamese economic organizations, but on condition that they strictly comply with our requirements." He elaborated further: "We must know their operations, what they are going to do with the loans, and especially, their financial status.... These are requirements we would insist on anywhere in the world before opening our purse."

Surely the day will come when foreign banks are treated in the same way as the local banks. Only then will the competition for customers begin in earnest. But now, Vietnamese bankers still have ample time to hone their skills in preparation for the race.

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