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20 February 1986

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AUSTRALIA

PRC WOOL IMPORT DEPENDS ON CANBERRA REVIEW

Sydney THE AUSTRALIAN in English 11-12 Jan 86 p 4

[Article by Anthony Hoy]

[Text]

THE Chinese wool industry, eager for a greater slice of the action on international wool markets (at Australia's expense), is set to snap up large quantities of top Australian merino blood-line sires if the Federal Government adopts a recommendation that export restrictions on merino sheep be lifted.

In a ploy timed to coincide with the review by the Minister for Primary Industry, Mr Kerin, of the export limit on rams and other merino genetic material — ewes, semen, embryos and cull ram inclusion in the live sheep export trade — senior Beijing agriculture official, Mr Fu Yinsheng, has pushed for an increase in Australia's merino flock numbers from 150 million to 240 million to meet China's wool requirements.

But Mr Yinsheng's proviso is that Australia must allow continued access to Australian merino rams to let China build up its own production.

The Yinsheng proviso has sounded warning bells in some agricultural sectors in view of the experience of the Australian cotton industry.

During the 1970s China took thousands of bales of Australian cotton, with the proviso that expertise be provided to help develop China's cotton industry.

The Namoi Cotton Co-operative spent considerable time, money and effort on a pilot cotton project in the Xinjiang province.

Chemicals, fertilisers and machinery were shipped to Xinjiang, and Australian farm management and agronomy staff worked in the cotton fields alongside the Chinese — only to see China, in the words of the co-operative's general manager, Mr John Howes, "bite the hand that feeds it" by using Australian ex-

pertise to boost production and compete for Australian markets.

Today, China's cotton stockpile stands at more than 20 million bales, placing a cloud over the entire world market. Western countries are concerned about the possibility of dumping.

One of the most vocal opponents of freeing merino export restrictions, Victorian commercial merino breeder Mr Colin Austerberry, predicted China would subsidise fine apparel wool as it did with wheat.

"The Chinese Government paid wheat producers \$88 a tonne to grow wheat, withdrawing the subsidies as the industry established itself to the point that China is now almost self-sufficient in wheat," he said. "It is logical that as this subsidy is withdrawn from wheat production it will be re-directed into wool production, with the aim of eliminating as closely as physically possible the need to import wool."

China needed Australian merino rams, Mr Austerberry said, to boost its 35 per cent wool yield (300 million kilograms clean wool from 95 million sheep) to a point more in line with Australia's 65-68 per cent.

Mr Austerberry estimates the value of the merino ram export sector at \$3 million to \$5 million a year. "The ram export proponents advocate exports because they claim there is a need for more wool in the world market," he said. "The Bureau of Agricultural Economics estimate of sheep to be shorn in 1985-86 is 171 million and wool production of 811 million kilograms — a 12 per cent increase on the 1984-85 figures."

"At this rate I would expect 200 million sheep to be shorn in 1989-90, producing 933 million

kilograms of wool. Surely the export value of our wool is hundreds of millions of dollars more than the comparatively paltry sum involved in merino ram exports."

The assistant executive director of the Australian Wool Council, Mr David Coombes, likens China to the Soviet Union when it comes to wool production. "The USSR has a sheep population similar to Australia's. Yet, because it has a large textile industry, it is Australia's second-largest customer," he said.

China too, Mr Coombes predicts, will remain a significant export market for Australian wool. "Like the USSR it is a country with a large population, with good growth potential for domestic wool consumption as standards of living increase," he said.

"The textile export industry earns valuable overseas currency for China, and hopes to increase its earnings. Australian wool industry interests and the International Wool Secretariat are working in China at the moment to lift the quality of fashion and design."

"Chinese domestic wool consumption per head is around 100 grams — extraordinarily low for a cold country. But with increasing privatisation and disposable income, there are early signs that there will be great demand for quality wool products."

"So China is a very exciting market for Australian wool. The broad consensus at this stage is that there does not appear to be any great danger to the Australian Wool Industry in assisting the Chinese with Australian merino breeding technology and genetic material to improve their own industry."

BUSINESS COUNCIL WARNS AGAINST ECONOMIC DECAY

Sydney THE AUSTRALIAN in English 14 Jan 86 pp 1, 2

[Article by Robert Bowden]

[Text]

A DETERIORATION in key areas of the economy was placing in jeopardy the Federal Government's objective of achieving strong economic growth, the Business Council of Australia (BCA) has warned.

The BCA said that continued rates of growth of 4 per cent to 5 per cent were under threat because of a "number of recent changes in the economic scene".

In its latest bulletin, the council identifies these threats as a deterioration in the current account of the balance of payments, a rising overseas debt, rising inflation, record interest rates, low levels of investment, tightness in the labour market and a surge in industrial disputes.

The bulletin questions the Government's tight monetary policy to defend the dollar and the inflexibility of wages in the face of the recent depreciation of the dollar.

The BCA has been a strong business ally of the Hawke Government, but recent remarks by the council's president, Mr Bob White, together with the latest criticism of policy indicates a growing concern with the Government's economic direction.

The council says that the continuation of real economic growth of 4 per cent to 5 per cent could be a realistic goal for Australia in the next few years provided the Government overcomes several fundamental structural problems.

"Failure to increase the share of resources used in the

production of traded goods and services, failure to increase the share of expenditure devoted to investment, and failure to improve our productivity performance will in due course result in lower levels of real growth, higher levels of unemployment, further pressure on the Australian dollar and inflation," the article says.

The council says that Treasury projections made in early October of 8 per cent inflation for 1985-86 and 6 per cent to 7 per cent for 1986-87 compare unfavourably with projections by the Organisation for Economic Co-operation and Development (OECD) of less than 5 per cent for the leading industrial countries.

The recent rise in interest rates, brought about by the tight monetary policy used to defend the dollar, will have a dampening effect on investment that may last several years, it says.

And even though business investment is forecast to rise, it is low in historical terms and is subject to considerable uncertainty due to the rise in interest rates.

The council says the lack of certainty about the effects of tight monetary policy on investment and on general economic activity means that the government should be cautious about applying this policy.

Another potential barrier to strong growth is the sign of labour shortages, particularly for skilled tradesmen in the building and construction industries, the council says.

"These bottlenecks raise the possibility of a wage breakout in areas of tightness which, with Australia's adherence to comparative wage justice, would rapidly spread throughout the economy."

The bulletin says that to provide for sustained growth a number of structural changes are urgently required, including a shift in resources from the non-traded goods sector to traded goods, a shift from consumption goods to investment goods and greater flexibility in the labour market.

The council describes the 2 per cent wages discount, negotiated under the prices and incomes accord with the ACTU, as "too little and too late".

AUSTRALIA

MANUFACTURING, METALS GROWTH OVER 2 PERCENT

Sydney THE AUSTRALIAN in English 14 Jan 86 pp 1, 2

[Article by John Lyons]

[Text]

THE Federal Government was handed good news yesterday with figures showing continued growth in manufacturing and strong prospects for the year ahead.

Total manufacturing activity grew by 2.4 per cent during the September quarter of 1985, according to figures released by the Australian Bureau of Statistics.

The increase, which came mainly from metal industries, was the third consecutive rise of more than 2 per cent.

Fabricated metal products contributed 1.2 per cent while basic metal products and transport equipment each contributed 0.5 per cent.

Strong growth in other manufacturing areas - particularly production of wood, glass, clay and rubber pro-

ducts - contributed a further 1.2 per cent.

There was a decline in textiles, clothing and footwear.

The Australian Chamber of Manufactures (ACM) welcomed the figures but warned there could be a downturn later in the year.

The ACM's chief economic adviser, Mr Ainslie Jolley, said although a devalued Australian dollar had increased demand for manufactured goods, high interest rates were restraining growth.

"I don't think that 1986 will be quite as good a year for manufacturing as a whole although a number of industries could do quite well," he said.

"The further depreciation in the Australian dollar will give a boost to import-competing industries and exports may improve off a low base during the year.

Analysis of the industries reporting strong growth shows the increase in production is meeting a substantial increase in demand and has also been used during the quarter for larger than usual accumulation of stocks of work-in-progress and finished goods.

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CSO: 4200/639

AUSTRALIA

IRON ORE EXPORT PRICES CUT

Sydney THE AUSTRALIAN in English 14 Jan 86 p 11

[Article by Barry FitzGerald]

[Text]

AUSTRALIA's premier iron ore producer, Hamersley Iron Pty Ltd, has accepted a cut in its export contract prices, and faces a fall in export revenues this year of up to \$50 million.

News of the setback emerged yesterday and could prove embarrassing for BHP with its \$880 million acquisition three months ago of the remaining 55 per cent of the other main iron ore producer, Mt Newman, apparently as part of its defence against Mr Robert Holmes a Court.

BHP is still negotiating with its European customers and faces a similar cut in contract prices for Mt Newman's output.

The setback in iron ore export prices, suggesting the outlook for commodity prices is still bleak, could sap some of the dollar's recent gains on hopes of an improvement in the balance of payments.

European steel makers extracted price cuts of 5.5 per cent from the CRA Ltd subsidiary shortly before Christmas, and the Japanese are also expected to win lower prices.

Hamersley settled its European iron ore contracts with a 5.5 per cent cut, effective from January 1.

It sells 7 to 8 million tonnes, or about 20 per cent of its total sales, to the European market a year.

The price cut, on a cost insurance freight (CIF) basis, leaves Australian iron ore at US\$36.2c (lump) and US\$32.4c

(fine) an Fe (iron unit).

The ruling price in 1985 was US\$38.48c (lump) and US\$34.3c (fine) an Fe.

The real crunch for Hamersley comes in the last week of this month when it begins earnest discussion on 1986 contracts with the Japanese mills.

In preliminary discussions with the Japanese it has become clear that they too will be looking for a price reduction.

If the European price cut were transferred to Japan a similar fall on a free-on-board (FOB) basis would be around 2 per cent - slashing Hamersley's revenues by about \$30 million.

In its negotiations with the Europeans the Australian producers had been hoping for constant price settlements in CIF terms, which would have translated to a rise in FOB terms.

That was because of the estimated 15 per cent fall in sea freight rates to the major European ports over the past 12 months.

Mining analyst with Melbourne broker McCaughan Dyson and Co Ltd, Mr Keith Docking, estimates an average shipment of 150,000 tonnes at the end of 1984 would have cost \$8.50 a tonne.

Now the cost is about \$7.20 a tonne, with some shipments being made as low as \$6.50 a tonne.

Mr Docking said Hamersley's settlement was somewhat surprising because European Economic Community (EEC) crude steel production maintained a fairly constant rate of output in 1985.

"Further, the European mills

are understood to be profitable at present, and hence profitability will improve," he said.

Mr Docking said the big question was the extent of any price cut on shipments to Japan (effective from April 1) and the rest of Asia.

"Added problems here are falling Japanese crude steel production and the strength of the yen which is impacting on steel exports," he said.

McCaughan has assumed the cut on Japanese contracts will average 3.5 per cent.

The cut taken by Hamersley in the European market followed earlier settlements by Canadian and Brazilian producers.

They took 1.1 per cent cuts on an FOB basis and followed their normal practice of settling early to protect tonnage.

In their initial negotiations, Brazil requested a price rise of round 6.2 per cent - an amount close to what Australian producers are believed to have been asking.

The price cuts in Europe will please the Japanese, who are claiming things are tough because of the appreciation of the yen against the United States dollar.

The Japanese are highlighting a suspected slowdown of steel output as a result of reduced demand both in the domestic and export markets.

Export markets, principally in the US, are being hit by the high value of the yen. But for the Japanese, this is offset by a substantial fall in the effective cost of raw materials, which are priced in US dollars.

AUSTRALIA

GOVERNMENT REPORT SHOWS BLUE COLLAR WORKER DECLINE

Melbourne THE AGE in English 15 Jan 86 p 5

[Article by Sonya Voumard]

[Text]

White collar workers have increased their share of Australia's employment while the number of blue collar workers has decreased, according to a report released by the Federal Government yesterday.

The occupational outlook report shows that a large increase in the employment share of "professional, technical and related workers" coincided with a sharp decline in the employment share of "tradesmen, production-process workers and laborers" from 1972 to 1984.

Released by the Department of Employment and Industrial Relations, the report analyses some of the main changes in the distribution of employment by occupation in 1972-1984 and suggests policy implications.

Professional and related workers increased their share of the employment market by 4.3 per cent in that time to 15.7 per cent while tradesmen and other blue collar workers decreased their employment share by 5.7 per cent to 27.9 per cent. Clerical workers increased their share by 2.1 per cent while the service, sport and recreation group rose by 1.3 per cent.

The report said Australia had a relatively high-cost economy and its ability to improve productivity lagged behind that of many of its south-east Asian neighbors. An im-

portant reason was the relatively low investment in training in Australia.

To remain competitive Australia needed to improve the skill base of its economy. "Investment in human capital thorough skills training must take place," the report said.

"To a large extent these movements in occupational structure reflect changes in the industrial composition of the Australian economy." Thus the employment share of agriculture and manufacturing had declined, whereas industries such as community services and finance, property and business services showed strong growth.

Figures to August 1984 showed that four main employment groups employed a total of 72 per cent of the labor force. The biggest group covered tradesmen, production process workers and laborers (27.9 per cent) followed by clerical (18.1), professional, technical and related workers (15.7) and service, sport and recreation workers (10.1). The smaller employment groups included farmers, fishermen, timber-getters and miners, as well as transport and communication workers.

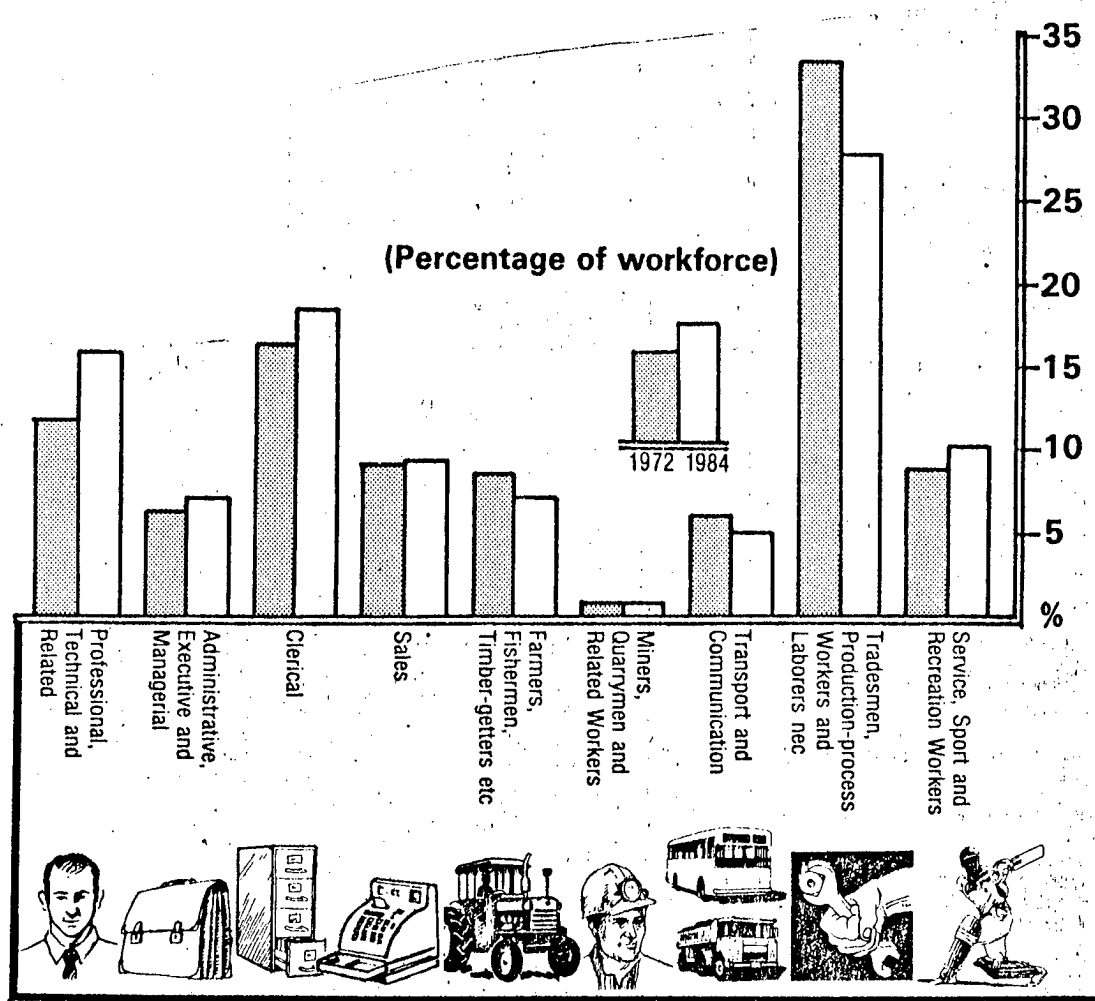
The report said the most signifi-

cant decreases in the employment share of blue collar workers were recorded among machine toolmakers, machinists, mechanics, plumbers and laborers. It said farmers, fishermen, hunters and timber-getters also experienced significant declines in their employment share. Increases in the professional group were chiefly among professional, technical and related workers, teachers and nurses.

The report showed that at all levels of occupational classification a marked segmentation existed along gender lines. Male employment was most heavily concentrated in the blue collar group while the clerical group was the biggest single source of female employment. Other minor sources of female employment included "other clerical workers," stenographers, teachers, typists, nurses, housekeepers, cooks and maids.

The report said the changes in occupational structure had important implications for government policy but care needed to be exercised in interpreting the trends. There were indications, for instance, that the increase in the employment share of the professional group had slowed in recent years.

The report said the decline in the blue collar share did not imply that training for this group should be reduced. "Indeed...a further increase in apprentice training may be desirable to ensure an adequate level and quality of trade skills," it said.



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AUSTRALIA

EDITORIAL VIEWS FARMING BOOST TO ECONOMY, LOSSES IN RETURN

Sydney THE AUSTRALIAN in English 15 Jan 86 p 6

[Editorial: "Still Riding on the Farmer's Back"]

[Text]

ONCE again Australia's farmers have prevented the balance of payments from developing into the crisis we probably deserve. It was only a welcome, if surprising, boost in exports of sugar, cereals and wool last month that rescued the current account deficit from an even worse result than \$1 billion.

Yet for propping up the balance of payments, the farmers have gained nothing in return. As the president of the National Farmers Federation, Mr Ian McLachlan, pointed out on Monday in the second in our series of feature articles on the rural sector, the average income of farmers is expected to be only about \$7000 this financial year. This is below the poverty line.

We are deceiving ourselves to think we are no longer dependent on the rural sector for our wealth. Nothing could be further from the truth. The rural sector has always been our main source of foreign exchange, and the float of the dollar now means we depend more, not less, on that sector. While it is obvious enough that the farm sector feeds us, under the float it now also clothes and houses us.

Yet the rural sector itself is now struggling. It has to contend with the subsidised trade war between the United States and the European Community, and the subsidised output of the Third World to pay its foreign debts, while it is being squeezed by higher costs due to wage indexation

and record interest rates – a result of the Government's misguided attempts to save the dollar.

The nation cannot continue to expect that more domestic spending will solve our problems. Our economy is too inward looking, as if the rest of the world did not exist. Only if we become more export sensitive are we entitled to expect sustained economic growth. To become more export sensitive, we need a less rigid wage structure to meet overseas competition, a tax system which gives exporters an incentive and improved infrastructure. As the chairman of Elders IXL, Mr John Elliott, pointed out in yesterday's article in our rural series: "This nation cannot afford to continue disregarding the negative impact of a rigid labour market on our ability to export at competitive prices. As a nation, we cannot afford to price ourselves out of business."

The folly of expecting a rising standard of living with scant regard for our exporters is costing the nation dearly. We must compete against the rest of the world, not against each other. Nothing is gained from the unions extracting higher wages if they are eventually paid for by farmers.

Unless we export more, we cannot even sustain the standard of living to which we have become accustomed, let alone improve it. Most of our consumer goods are imported, and these have to be paid for by exports. The fact is that farmers have been

subsidising our purchases of new cars, electronic equipment and other consumer durables and even the plant and equipment which provides our jobs. Our heavy dependence on foreign borrowings has to be financed by exports. Yet for their trouble, farmers have been taxed by higher wages, higher interest rates and higher materials costs.

Without the farm sector, the dollar would be much lower than it is now because no other industry can replace it. If we continue in this way, we will end up with two societies – one that produces and another that takes. Unless we are prepared to back new export industries – and this would require a new wage structure and a different tax at the very least – we will have to do much more to support the ones we have.

The West Australian election has already shown the power farmers can potentially wield. We should not see this as an abuse, but as a rude reminder that without our exporters Australia cannot hope to grow wealthy.

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CSO: 4200/639

AUSTRALIA

EDITORIAL EXPRESSES CONCERN OVER NEW CALEDONIA EXTREMISM

Melbourne THE AGE in English 11 Jan 86 p 11

[Editorial: "New Caledonia at the Crossroads"]

[Text]

THE arousal of extremist tendencies in New Caledonia is another unwelcome indication of the political pressures building in a neighborhood that is already troubled by the Philippines crisis, the Anzus dilemma, a new Soviet military emphasis on eastern Asia and the Irian Jayan problem. There is no doubt that feelings are running high in the French territory as President Mitterrand's Government continues to prepare the way for independence. Both major communities, the Melanesian Kanaks and the French settlers, are anxious about what the future holds. The trouble is that no one can tell them. It is in these circumstances that small groups of New Caledonians are turning to violence in the hope of influencing the political outcome. More than 20 people have been killed in the past year or so.

Australia, as the nearest Pacific power, is naturally concerned about reports of the Kanak independence movement, FLNKS, seeking support from Libya. It is also alarmed at the appearance among right-wing settlers of vigilante squads said to

be the force behind a series of recent attacks on pro-independence targets. Clearly the potential exists for considerable unpleasantness. But it is important for everyone involved to try to maintain a sense of perspective. By all reliable accounts, the militants form only a tiny proportion of New Caledonians. The overwhelming majority would prefer a peaceful resolution of the dispute. There may be no more than a few hundred people on both sides of the argument who are actively involved in violent deeds, despite the presence on the islands of a disproportionate number of firearms.

The FLNKS has been quick to point out that a move by the leader of one of the smaller parties in the pro-independence coalition to foster ties with Libya does not carry official endorsement. The longer the political uncertainty continues, however, the more influence the extremists are likely to garner. What is particularly unsettling is the prospect of a conservative victory in the French national election next March. Many of the settlers in New Caledonia have been encouraged to look to such a result for their salvation just as many Kanaks fear that the defeat of the socialists would spell an end to the program that has already given them control of three of the territory's four new regions. Whoever forms Mr Mitterrand's next government will carry the responsibility for deciding one way or the other the territory's future. As things stand now, the chances of a peaceful outcome are deteriorating.

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AUSTRALIA

EDITORIAL DECRIES 'POLITICIZED' FUTURE OF ANTARCTIC

Sydney THE SYDNEY MORNING HERALD in English 14 Jan 86 p 12

[Editorial: "Antarctic Perils and Politics"]

[Text]

THE AMERICAN rescue of three British explorers who had skied 1,412 kilometres to the South Pole and 21 very lucky survivors of their rendezvous ship, the Southern Quest, sunk by moving pack-ice over the weekend, dramatically underlines the well-known perils of Antarctic exploration. This group of private explorers achieved their goal of retracing the route followed in 1912 by the famous, ill-fated Captain Scott. Further private expeditions are underway. Project Blizzard, for example, wants to preserve Sir Douglas Mawson's 1911-1913 base hut. And the ecological politicians of Greenpeace now have a vessel in perilous Antarctic waters close to Ross Sea, where the Southern Quest went down.

The Greenpeace plan is to establish the first non-governmental base in Antarctica and erect a monument to the idea that Antarctica should be a "world park", free from all mineral exploitation. For safety's sake, the Greenpeace operation should probably be called off — as the Minister for Science, Mr Barry Jones, urged before the Footsteps of Scott expedition ended so abruptly.

The current, very severe Antarctic conditions — which trapped the official Australian supply ship, Nella Dan, for a month last year — again raise the question of banning private expeditions. Many officials dealing with Antarctica have proposed this before. Without gainsaying the courage, curiosity and idealism of private individuals and groups who wish to raise expeditions, there is little doubt that private expeditions are inappropriate to such a dangerous area. They can divert the energies of official scientific expeditions, which support a few hundred researchers during the winter months and only a few thousand in the short summer. Logistical support is most costly and cumbersome.

Perhaps an international agreement banning private expeditions is overdue; it would certainly be far easier to achieve than the legal regimes for the potential exploitation of Antarctic minerals which have preoccupied the Antarctic Treaty powers for some years. Last year, the 32 Antarctic powers reached an agreement to restrict human access to 16 special environmental and sci-

entific areas of the continent, and to monitor the extent of environmental damage that may already have been done.

The refusal of Greenpeace to call off its plan to establish an Antarctic base camp, however, illustrates how the future of Antarctica has become fashionably politicised. While Greenpeace opposes minerals exploitation, many Third World nations, led by Malaysia, advocate a new international framework to replace the 26-year-old Antarctic Treaty — partly to facilitate the wider exploitation of Antarctic minerals. Instead of a club of 18 “consultative” and 14 other powers, they want Antarctica to be part of the “common heritage of mankind”, on the Law of the Sea precedent.

Despite criticisms by the ecological groups now bidding for power in Antarctica, the Antarctic Treaty system has generally worked well. Australia has rightly worked hard to extend its membership, and since 1982 we have supported and hosted efforts to achieve agreement on a minerals regime. But our scientific expenditure hardly justifies our claim to 42 per cent of the frozen continent and, as the debate sharpens over who “owns” Antarctica, and why, Australia’s historical claims and political influence in Antarctica will be increasingly threatened.

/9274

CSO: 4200/639

AUSTRALIA

BRIEFS

RECORD FOREIGN INVESTMENT--Foreign investment in Australia reached a record level last financial year. After hovering around \$10,000 million [Australian dollars] for 3 years, it rose to \$12,000 million [Australian dollars] for 3 years, it rose to \$12,000 million -- a rise of 25 percent [figures as heard]. The Bureau of Statistics say factors underlying the rise included record foreign investment in government securities, a substantial increase in both public and private sector borrowing from foreign investors, and a large turnaround in corporate head office investment in Australian branches. The bureau said public sector borrowing from overseas rose particularly strongly last year offsetting a sharp fall in foreign investment in Australian corporate equities. Japan replaced the United Kingdom as the biggest source of foreign investment in Australia during 1984-85, with the UK dropping to third behind the United States. [Text] [Melbourne Overseas Service in English 0830 GMT 20 Jan 86 BK] /12640

FARMERS, DRIVERS PROTEST--The prime minister has received a rowdy protest from farmers and truck drivers in Perth after a meeting with rural leaders on the plight of the farming industry. Mr Hawke met for one and a half hours with rural leaders concerned about high interest rates, fuel costs, and low returns. He told the farming industry leaders he appreciated their concerns and said he would take the matters up to the federal cabinet. However, about 200 farmers and 60 truck drivers, who had held a rally nearby, marched on the hotel where Mr Hawke was meeting with rural leaders. The truck drivers say they are most upset about plans to impose a distance tax and operator license fee. Mr Hawke told the protestors that many of the difficulties facing Australian farmers were the result of European action in the international market. Radio Australia's Perth office says, however, Mr Hawke walked away from the gathering following rowdy interjections. One man was arrested after refusing to leave the hotel lobby where the protest took place. [Text] [Melbourne Overseas Service in English 0830 GMT 27 Jan 86] /12640

NO NUCLEAR ACCIDENT CONTINGENCY PLAN--In Perth, a retired Naval officer has warned that Australia has no plan to deal with a possibility of an accident or nuclear explosion despite port facilities offered to nuclear-capable American warships. The comments of former lieutenant commander, (Michael Lynch), came as the submarine USS Tautog is due to dock at the Stirling Naval Base at Fremantle, Perth's port. Mr (Lynch), who served with the Royal Australian Navy for 20 years, said a plan did exist to deal with radiation leaks, but no such contingency plan had been developed to cover an accidental nuclear explosion. He compared the decision to allow nuclear-armed vessels port facilities as allowing fully laden nuclear-armed B-52 bombers to land at Perth airport. [Text] [Melbourne Overseas Service in English 0130 GMT 29 Jan 86] /12640

CSO: 4200/643

LAOS

USSR DEPUTY MINISTER DESCRIBES AID RELATIONSHIP

Vientiane PASASON in Lao 8 Oct 85 pp 3, 4

[Article: "Some Important Opinions of Comrade M Kapitsa, Deputy Minister of Foreign Affairs of the USSR, on the Occasion of the 25th Anniversary of Diplomatic Relations Between Laos and the Soviet Union"]

[Excerpt] Diplomatic relations have drawn both countries closer. Diplomatic exchanges were initiated at a difficult time for Laos, when it was not unified internally. There was a violent struggle and at that time Laos was in limbo. Diplomatic relations with the USSR were established so that the wish of the Lao people of many centuries, namely to live in a country that is united, developed, and independent, could be realized. My country played an enthusiastic role in organizing and carrying out the 1962 Geneva Accords concerning Laos.

At that time, all Soviet diplomats had to perform their duties on the Plain of Jars and in Vientiane where the spies of the imperialists carried out reactionary coups d'etat. In the old Land of a Million Elephants, blood was shed in violent fights for the country's independence and future.

Relations between Laos and the USSR were built on a foundation of true equality and mutual respect for sovereignty and independence. During the brave struggle of the Lao people to liberate their nation and society, Laos was supported and assisted by the USSR, based on brotherly solidarity with the Soviet people.

Presently, the solidity of our relationship is based on the Marxist-Leninist principles of exchange and international socialism. The joint activities and cooperation of the USSR and the LPDR are growing continuously and tremendously and are ceaselessly being improved and enriched.

These remarks were in the complimentary telegram of the Soviet Communist Party Central Committee to the central Committee of the LPRP on the 30th anniversary of the formation of the Lao Workers Party: Brotherly relations between the Soviet Communist Party and the LPRP are the solid foundation of the absolute and special cooperation between our two countries and two nations. Regular meetings and discussions of the two supreme leaders from the two parties and two countries have become a tradition in setting the major direction in expanding future cooperation between the Soviet Union and Laos.

This successful meeting was held on 27 August 1985 between M S Gorbachev, secretary general of the USSR Communist Party, and Comrade Kaisorn Phomviharn, secretary general of the LPRP and chairman of the LPDR Council of Ministers, who paid a goodwill visit to the USSR. This meeting generated great satisfaction in the USSR and in Laos. It showed once again a unity of opinion by both sides concerning cooperation between the two parties and both countries in the struggle to create peace and order in Southeast Asia and the Asian continent in general.

The meeting of our two leaders was conducted in a fraternal and friendly atmosphere. It became an important step in strengthening relations between the Soviet Union and Laos. Both sides have expressed their goal to deepen relations between the Soviet Communist Party and the LPRP to improve and secure activities and total cooperation between the USSR and Laos.

Economic and trade relations between the USSR and Laos are growing at a rapid rate. These relations started to grow successfully before the victory of the revolution. After the proclamation of the LPDR, cooperation between the USSR and Laos in this area took a new form, both qualitative and in quantitative. In November 1985 and January 1986, there were agreements concerning Soviet aid to the LPDR. The USSR started to send needed merchandise to the young country at a reduced price. Seventy percent of the merchandise consists of machinery and spare parts. During the friendly and official visit of the delegation of the LPDR headed by Comrade Kaisorn Phomviharn in Moscow on 22 April 1976, along with the joint announcement, a trade and trade exchange treaty was signed between the Soviet Union and Laos. Those agreements laid out the basic principles for present economic and trade relations between the two countries.

The Soviet people, who have been through many disasters and have survived starvation, are well aware of the experience of the Lao people during the initial years of reform of the grassroots economy and society. With proletarian solidarity, the Soviet people have given necessary aid to their Lao brothers for restoring and expanding the national economy and developing the nation's workers. From 1976 to 1985, the following construction projects in the LPDR were successfully completed with Soviet aid: the Nam Neun River, Nam Nguam and Nam Kading bridges, hospitals, petroleum reservoirs, auto repair shops, agricultural tool repair shops, satellite communication system stations, and radio stations. Other construction activities that continued are: one hospital, the Lad Senh Commune, a polytechnical school, two large bridges, restoration of a tin mine, a survey of the nation's rich forests, gypsum mining operations, the formation and expansion of state construction and transportation companies, improvement of the national survey and design organization, and preparation for the construction of a petroleum pipeline from Vinh petroleum port (SRV) to Vientiane as requested by the LPDR government. Soviet technicians have been helping to lay out the technical foundation for developing the socialist foundation in Laos.

12597/12712
CSO: 4206/26

LAOS

EDITORIAL ON DRY-SEASON RICE CITES PRODUCTION IRRIGATION

Vientiane PASASON in Lao 14 Nov 85 pp 1, 4

[Excerpts] Promoting production has made rice fields become real agricultural battlefields for seriously solving the food supply problem, which is one of the important duties of the party, the armed forces, and the people.

Over the past years, net food production in the entire country has increased tremendously and rapidly. It has increased 2.17 times over 1978's level of production, from 245 kg of rice per person to 392 kg. This is a success in which we can take pride. Nevertheless, there are many conditions and much potential for raising production, but we have not exploited them yet, such as methods to increase the area and efficiency of cultivation and the growing season. If we are able to do all these, rice production will surely be higher every year than it has been.

Increasing production regularly, which is one of our objectives, can improve the food supply and the conditions for expanding all agricultural areas. We must concentrate on increasing the growing season, namely by encouraging the establishment of dry-season rice growing over the entire country. For many years, the state has invested in building many irrigation systems. These can irrigate up to 136,330 ha, which represent 20 percent of the total rice field area. This provides favorable conditions for growing rice during the dry season, especially in the plains area, and it is also easier to grow more rice in the slash-and-burn cultivation areas. During past years, growing rice in the dry season has proved clearly and in many ways that it is very appropriate for our country's conditions. For example, climatic conditions are favorable for high-yielding varieties of rice. There are few natural disasters and few insects during the dry season compared to the rainy season and yields are clearly higher. During dry-season growing, even though the average yield is not that high yet--only 2.7 tons per ha--it is considerably higher--1.4 tons per ha--than rice yields during the rainy season. Last year, total production was only 40,600 tons over an area of 14,974 ha. There were a number of outstanding cooperatives with yields of up to 5 tons per ha. In addition, expanding dry-season rice field areas is not wasteful, unlike clearing for entirely new rice fields, because rice can be grown immediately in swampy fields. It is even easier for irrigated areas.

Therefore, one of the methods for raising production regularly is to produce rice during the dry season. Measure No 7 of the Central Party specifies this and designates that we struggle to grow rice during the dry season on 12,000-15,000 ha, with the aim of rapidly increasing production and becoming able to respond to the demands for building the foundations of our nation's economy.

12597/12712

CSO: 4206/26

LAOS

STATE TRADE SECTOR POLICIES, RESULTS EXAMINED

Vientiane PASASON in Lao 14 Nov 85 pp 2, 4

[Excerpts] Trading activity has gradually come under state management and has moved closer to socialism. The primary aim of trade is to promote agriculture, forestry, industry, and handicrafts; to improve the people's standard of living by relating trade with production and imports with exports and by increasing trade with socialist countries, primarily Vietnam, Kampuchea, and the USSR; and gradually to split away from the control of foreign capitalist markets.

The volume, type, and value of trade inside the country from farmers at state and other production sites in general for promoting overall production has increased every year. Trade has started to be conducted by formal contracts at prices agreed upon by both sides. Incomplete statistics show that state purchases in 1985 increased 1.6 times over 1981 and 4.5 times over 1976. Food purchases in 1985 are double the number of 1981 and increased 4.6 times over 1976, including 504,000 tons of rice paddies, inclusive of purchase and agricultural taxes. Forest good purchases in 1985 increased 2.7 times over 1981 and 3.7 times over 1976, including 30,600 tons of coffee beans and 1,800 tons of cardamum, 190 tons of yarn, and other products. The number of manufactured and handicraft products turned out in 1985 was double that of 1981.

The volume, type, and value of retail and wholesale consumer goods used in production and for daily living in the country increased 2.4 times from 1981 to 1985 and 4.5 times since 1976. The amount of food in 1985 increased 2.2 times over 1981 and by 4.1 times over 1976. Manufactured products and handmade goods, machinery, materials, and capital goods in 1985 increased 2.2 times over 1981 and 4.4 times over 1976.

Exports to socialist countries in 1985 were up 2.4 times over 1981 and 4.8 times over 1978. Exports included 6.8 percent wood products; 76.62 percent agricultural products, forest goods, and other handicrafts; and 16.58 percent tin. Exports to Vietnam in 1984 alone increased 1.9 times over 1981 and 3.2 times over 1976, and exports to the USSR in 1984 increased 3.7 times over 1981.

Regarding international trade and loans from socialist countries during the past decade, those from socialist countries were 42.67 percent of the 1985 total, an increase of 4.9 times over 1981. Trade and loans from Vietnam in 1985 increased by 2.47 times over 1981, and by 3.5 times over 1976. Trade and loans with the Soviet Union in 1985 increased 3.9 times over 1981.

Imports of consumer goods, raw materials, and equipment and transportation goods covered 31 percent of total imports over the past decade.

The socialist trade system has improved and is more open at present. For example, the central government controls trade to the provincial districts. Regulations for trade have been set, such as for trade management, accounting, and credit; for all companies, enterprises, stores, and cooperatives; and for sales taxes. The state's control network for collectives and cooperatives from the central to the local governments has improved. Sixty-six central government, provincial, and district stores have been founded, which is an increase of 1.7 times over 1983.

There are at present state bars and hotels and 59 state employee stores to serve state employees' needs, an increase of 2.3 times over 1981, and 1,274 cooperative stores, an increase of 3.1 times over 1981. State and collective stores total 1,688, an increase of 28 times compared to 1981. On the average, 1 store serves 2,073 persons.

In summary, the factors for producing goods have not yet expanded. There are difficulties in communications and transportation. There are still a lot of active private businesses and private trade. People still prefer foreign-made goods. The enemy is still exerting its efforts to destroy the economy and there is a lack of staff in the trade sector. Over the past decade, the trade sector has been trying to perform its duties and has been succeeding. It has also been actively improving and progressively building up and strengthening trade from one without a system to trade under the direction of the socialist trading system that the party and the state have laid out. Trade sector personnel are performing their duties in order to contribute and push production to improve the standard of living of the people, to develop society, and to defend the nation and socialism step by step.

12597/12712
CSO: 4206/26

LAOS

NGHIA BINH-CHAMPASAK TWIN TIES, TRADE SEEN

Vientiane KONGTHAP PASASON LAO in Lao 29 Aug 85 p 2

[Article by K Somsamout: "The Great Success of Champasak-Nghia Binh Cooperation"]

[Excerpt] Nghia Binh is a central province on the seacoast which is in a good position to expand its economy; it has the capability to expand in agriculture, forestry, fishing, and fish raising.

Champasak is a fairly large province covering 1,400 square km. It has a common border with Thailand of almost 200 km and a 100-km border with Cambodia. The Mekong River flows past four towns: Phon Thong, Champasak, Soukhouma, and Moun. It contains the fertile Bolovens Plateau. Champasak and Nghia Binh are about 700 km apart. These two provinces have come together and helped each other; they have had a special relationship since 1979.

During the first 3 years, from 1979 to 1981, Nghia Binh sent six groups of experts to Champasak. In 1982 it sent 12 groups of experts in agriculture, plant pest prevention, animal husbandry, irrigation, construction, support [groups], transportation, trade, and processing to assist Champasak.

Champasak and Nghia Binh planned and installed a water-pumping station at Yabin. They observed the gathering of local medicinal plants in five districts in the area of the Bolovens Plateau. They tested the topsoil in certain areas for suitability of sugarcane cultivation and built a factory to process local medicinal plants.

The treaty signed between the two provinces had as its goal the construction of basic activities in Nghia Binh's allied province, and Nghia Binh built a factory to process manioc, which can produce 8 tons per kip; provided and set up a 100-watt record player and a 20-unit loudspeaker system; provided and set up the machinery to refine sugar and produce alcohol; provided the equipment for a 20-bed hospital, cadres building and medicine-processing factory for the province; and helped build a brick and tile factory which can produce 2 million tons of oil and many thousands of tons of other goods for its allied province. In addition it assisted with 800 tons of salt, 270,000 sugarcane cuttings, 20 tons of rice seed, 6 tons of insecticide, and 500 medical syringes.

The two provinces cooperated closely in construction, in the support of scientific and technical cadres, in public health, and in education. Nghia Binh opened a school at Phabai in Nghia Binh to train 50 cadres for agriculture, economic administration, and technical matters. The hospital at Kouiyoen helped train dozens of nurses and physicians and two doctors. The Medical Department of Nghia Binh also helped train many primary-level, middle-level, and high-level medical cadres. Nghia Binh built a friendship school valued at 6 million Vietnamese dong which can hold 100 students. Currently students from the two allied provinces are studying at this school.

Each year the two allied provinces sign a treaty for a mutual exchange of goods on the basis of equality and equal benefits. The goods which the two provinces have exchanged have increased steadily. In 1982 this trade was valued at 1.4 million Vietnamese dong. In 1984 it had increased to 40 million dong.

In the past 2 years Nghia Binh invited two groups of middle-level cadres from Champasak to come for rest and medical treatment.

The cultural and economic ties between the two provinces are steadily growing. The party committee and people's council of Nghia Binh Province have led the way and mobilized the various branches and levels of government throughout their province in cooperating with and aiding their allied province.

When Comrade Sounthon, a member of the party Central Committee of the Lao People's Revolutionary Party and party secretary of Champasak Province, went to Nghia Binh Province in May 1984 for a friendship visit, he expressed his pride in the great success brought by the friendship and cooperation of Champasak and Nghia Binh Province.

These are the accomplishments of the brave spirit and ingenuity of the people of Champasak. This also shows the spirit of solidarity in struggle and cooperation in friendship at the grassroots-level between the people of Champasak and Nghia Binh Province, which strengthens the special relationship between the two fraternal nations, Vietnam and Laos.

8149/12712
CSO: 4206/41

LAOS

BRIEFS

SIGNAL BATTALION MISSION, COMBAT--The "B" Signal Battalion was established on 23 December 1975 in Vientiane. Since then, one company has served in combat at Ban Son Village. One group conducted sweeps for plunderers in the swamps of Xieng Khouang Province as well as the area around Xieng Khouang Province. In addition they conducted sweeps for plunderers on the plains of Vientiane Province; they performed their own special assignment half the time and served the rest of the time as foot soldiers in the area of Ilainakha Canton, Namkiang Canton, around Phou Phanang Mountain, and in other areas. They captured a number of plunderers and brought peace to these areas. In addition they were involved in all the joint operations of the ministry and the General Staff Department as well as the Signal Department. On 22 August 1984 this battalion changed its name to the Transmission Battalion. After the name change they performed their duties continuously; they watched over the transmission system from north to south throughout the country, allowing the various levels of command to communicate with each other conveniently. [Text] [Vientiane KONGTHAP PASASON LAO [LAO PEOPLE'S ARMY] in Lao 19 Sep 85 p 2] 8149/12712

SAVANNAKHET MILITARY OPERATIONS--On the subject of national defense and preservation of the peace, 3,000 youths from the province volunteered for combat duty. They went on many patrols, captured 100 weapons, and wiped out 370 of the enemy. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Jun 85 p 1] 8149/12712

MINISTRY OF DEFENSE OPERATIONS--The Youth Union support teams at the school who rework scrap iron have completed their plan for 2 months and produced 150 bicycles and 12 rice mills per year, rebuilt 51 motorcycles per month, and produced 1 sugarcane mill and 3 food-chopping machines per month. The youths who are in these units are self-sufficient in food 2 months out of the year, and the youths in the offices are self-sufficient in food 3 months out of the year. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Jun 85 p 1] 8149/12712

LOUANG NAMTHA YOUTH UNION STRENGTH--The Youth Union support units for the province have improved their organization. They have a total of 3,349 members who are divided into 258 units. They have increased their membership by 279 and recommended 32 for party membership. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 May 85 p 1] 8149/12712

PHONG SALY RECRUITMENT, SPIES--In the period 1982-84, 3,377 Lao Youth Union members from the province participated in Lao Youth guerrilla units, 1,324 were policemen, and 1,324 were soldiers. They captured 150 spies. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Jul 85 p 1] 8149/12712

ATTOPEU RECRUITMENT--Recently Lao Youth Union members from the province improved the procedure for creating new organizations. They sent eight members to study both here and abroad. In addition they expanded their membership by 271. They mobilized 205 Lao Youth Union members to serve the nation. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 22-29 Jun 85 p 1] 8149/12712

VIENTIANE COMBAT--The Lao Youth Union of the province organized more defense units within the province. It mobilized young people for many patrols against the enemy, and 53 of the enemy were killed. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 22-29 Jun 85 p 1] 8149/12712

PHONG SALY SECURITY, LPRYU STRENGTH--The nation is being built, and the people want peace, enough to eat, and warm clothing; the party and state are always concerned and call on all the people to build their nation shoulder to shoulder, especially the renowned young people of Phong Saly. The young people are always resolved to repair any damage which would affect the common good. They have been able to limit the enemy to the area of the Den Din River next to the border with the Chinese great-power hegemonists. The young people in support positions assembled 1,200 kg of food, made 199 handkerchiefs, and sent these to the young people assigned as soldiers courageously defending the border. In the countryside they set up guerrilla units which were always on watch; they did not reduce their readiness to defend the nation. Even though our country is at peace a small number of the enemy have infiltrated to cause trouble and unrest, not military trouble but psychological unrest. This is why the forces maintaining the peace do not relax; they are always prepared and were able to suppress and capture 150 spies. In addition there was the work of improving the organization; this work is most important and the young people of the province must expand it. They organized a district-level grassroots conference which was 100 percent successful and included 10,955 members. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 15-21 Jun 85 p 2] 8149/12712

KHAMMOUAN YOUTH UNION STRENGTH--In order that the Lao Youth Union may increase in size and strength in this district in the first 6 months of 1985, the central committee of the Lao People's Revolutionary Youth Union of Hinboun District, Khammouan Province, undertook to improve its organization as follows: it started 6 political education groups with 4,364 participants, and it improved the Youth Union committees for 12 cantons, 124 villages, and 85 units at the grassroots level. It abolished 30 white villages. It accepted 129 from the masses who were progressive to become members of the LPRYU. Altogether there are 1,373 Youth Union members throughout the district and 584 of these are women. [Excerpt] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Aug 85 p 1] 8149/12712

LUANG PRABANG COMBAT--In the first 6 months of this year the young people defending the nation in Luang Prabang Province did their duty and accomplished the following: in 30 skirmishes they killed 112 of the enemy, wounded 57 of

the enemy, captured 36 of the enemy, and seized 1,420 rounds of ammunition, 45 weapons, 12 grenades, 10 tons of rice, and 4 important documents. In addition, 100 young people were mobilized to move into 3 villages of Paklai District, Sayabouri Province, where they joined in and accomplished the following: they skirmished 6 times and killed 2 reactionaries while 2 others surrendered. They mobilized and moved the people of five villages. They made 10 km of roadway and transported ammunition to the battlefield 6 times using 173 workers. In addition they worked very hard on 82 vegetable plots and raised more than 50 pigs and chickens. They did all this to achieve results to honor the 10th anniversary of the founding of the republic and the 12th bounmaholan [supreme achievement]. [Text] [Vientiane NOUM LAO [LAO YOUTH] in Lao 8-14 Aug 85 p 1] 8149/12712

CSO: 4206/41

NEW ZEALAND

LANGE PREDICTS JOB CRUNCH, ECONOMIC CONTRACTION

Auckland THE NEW ZEALAND HERALD in English 14 Jan 86 p 3

[Text]

Whakatane

The Prime Minister, Mr Lange, yesterday sketched a gloomy year for New Zealand, predicting a jobs crunch and a broad economic contraction.

Mr Lange said key economic indicators — job levels, the balance of payments, private investment and cover for retirement inflation — would worsen in 1986 before they got better.

Farmers would face more hard times as structural changes forced them to produce for the market, not for subsidies. This would hit provincial towns.

But he also forecast, as a result of Government policies, an upturn in 1987 with a fall in interest and mortgage rates.

"What we can expect in 1987 is that lower interest rates, a less volatile financial environment, clearer signals on investment opportunities and a generally more open economy will ease the adjustment to a course of lower inflation and higher growth," he said.

And, in his first public speech of 1986, Mr Lange also played devil's advocate by raising questions about the Government's role in industrial relations and asking whether it should be involved at all.

Delivering his New Year address to the Whakatane West Rotary Club, Mr Lange defended Labour's economic strategy and pledged that despite fierce lobbying from sector groups its policies would remain in place. Government strategy was working and would not be compromised.

Unavoidable

The Prime Minister's pessimistic and downbeat 44-minute speech reinforced the "hard landing" economic outlook first taken up late last year by the Minister of Finance, Mr Douglas.

Mr Lange identified the

health system and race relations as two other critical areas in 1986.

Discussing the forecast economic contraction, Mr Lange said: "Now the signs of the economic slowdown are clear, and they will worsen in 1986 before they improve. I emphasise that this slowdown is expected, necessary and temporary. If we are to achieve stronger and sustainable economic growth then a period of retrenchment and regrouping is unavoidable."

He added: "It is impossible to be adamant about the economy in 1986."

Mr Lange said private consumption and investment would fall with a likely shrinkage in home building. Inflation would gradually decline, economic growth would slow and imports fall with the prospect of an improved balance of payments by the end of the year.

Rural Squeeze

"The economy as a whole is likely to contract slightly in the year to March 1987," he said. "That contraction will be uneven. Some areas of the economy will actually continue to grow."

The 230-strong Whakatane audience listened passively as Mr Lange said provincial towns would see unemployment grow faster than other regions, because of the rural squeeze.

"The Government's enduring difficulty lies in the certainty that massive intervention to maintain farm incomes or reduce regional unemployment will sink us back into the swamp of control and subsidy, which would, in the end, absolutely defeat the aspirations of all of us," he said.

Employment issues raised questions for employers and workers and these would require responses such as Project Wind Down, in Northland, where the entire community was planning for the region's future after the Marsden Pt project ended.

/9274

CSO: 4200/638

NEW ZEALAND

SPREAD OF MARKET POLICY IN GOVERNMENT

'Radical' Bureaucracy Shakeup

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 20

[Article by Simon Collins; First in a four part series: "Supheaval Looming for Bureaucracy"]

The Government has embarked upon the most radical shakeup the New Zealand bureaucracy has ever experienced.

The complicated dismemberment of the forests, lands and environment agencies, and plans to sell off 25 per cent of the Development Finance Corporation, are only the first tentative steps.

The same principle of separating commercial from service activities, and requiring the former to earn a market rate of return, will be applied to the entire structure of Government and quasigovernment concerns.

Those deemed commercial and to be set adrift on the market, will range from such minnows as the Government cleaning service up to the whales of the Post Office and the electricity division.

Each will be set up as a separate commercial activity, most to have a board of directors appointed from the private sector.

The five principles to be followed were laid down by the Minister of

Finance, Mr Douglas, in a little-noted section of his mini budget just before Christmas.

- Responsibility for noncommercial functions will be separated from major trading state-owned enterprises.

- Managers of state-owned enterprises will be given a principal objective of running them as successful business enterprises.

- Managers will be given responsibility for decisions on the use of inputs, and on pricing and marketing of their output, within the performance objectives agreed to with ministers so that the managers can be held accountable to ministers and Parliament for the results.

- The advantages and disadvantages which state-owned enterprises have, including unnecessary barriers to competition, will be removed so that commercial criteria will provide a fair assessment of managerial performance.

- Individual state-owned enterprises will be reconstituted on a case-by-case basis in a form appropriate for their commercial purposes under the guidance of boards comprising, mainly, members appointed from the private sector.

Mr Douglas said that the shakeup was aimed at "improving efficiency within the public sector."

"This will increase our ability to reduce the Government deficit, lower taxes, and provide income support and social services for those least able to help themselves," he said.

But he rejected what he called "the red herring of privatisation."

State-owned enterprises (top bureaucrats are already calling them "SOEs") will not simply be sold off to the private sector as a general policy like that advocated by the National Party's recent economic policy statement.

The fact that the Government is prepared to let the private sector fund 25 per cent of the Development Finance Corporation indicates that this does not represent a blanket rejection of at least partial privatisation.

But the Government wants to keep at least some degree of ownership and control over those enterprises which are natural monopolies in a small country, such as the Post Office, electricity and the railways.

Mr Don Hunn, a state services commissioner who is overseeing that bureaucratic shakeup, says that electricity, for example, could not simply be left to seek the highest possible profits.

"The rate of return will be a major performance objective, obviously," he says.

"But if your job is to make electricity and you decide for commercial reasons that you can get the best return on your capital if you fill, say, only three-quarters of the demand, then you have not achieved your objective, have you?"

"Likewise if you are the Forestry Corporation and you are raping the countryside, who is going to be happy with that?"

"There is going to have to be a trade-off between the theoretical best return and the client-satisfaction of the community."

So there are clearly going to be limits to the degree of commercialisation. The Minister of Trade and Industry, Mr Caygill, says he expects that the performance objectives will actually take the form of an annual corporate plan, to be made public and debated in Parliament.

This will achieve the accountability of state-owned enterprises, the lack of which at present was criticised in a report just before Christmas by the Controller and Auditor-General, Mr Brian Tyler.

Yet the extent of the planned reform is enormous.

In purely legal terms, it will require amendments to the acts of Parliament governing virtually every state-owned agency, removing restrictions on their commercial activities, splitting off noncommercial functions into separ-

ate entities, and making provision for corporate plans and boards of directors.

Ironically, in administrative terms, although it is aimed at greater efficiency, one byproduct could also be greater complexity.

A programme setting priorities for the next two to five years is now being drawn up by the State Services Commission and the Treasury.

In the meantime, the flavour of what is involved can be seen in what has been given top priority — the whole area of environment, lands and forests.

This is largely because of a 1984 Labour Party policy promise to set up a new ministry of the environment.

However, what have emerged are no fewer than six separate agencies — two commercial and four providing conventional Government services and advice.

The two commercial agencies are:

- A forestry corporation, with a staff of around 2500, to take over the commercial operations of the Forest Service.

- A land development and managerial corpora-

tion with about 750 staff drawn from the Lands and Survey Department to run crown farm land.

They will be set up with their own boards and will be required to earn commercial rates of return.

At the same time, restrictions on their commercial activities will be lifted. Private foresters have already expressed alarm that this could allow the forestry corporation to export logs instead of providing them to local timber industries.

The noncommercial agencies are:

- A ministry for the environment, with perhaps 100 staff, to advise on environmental policy.

- A department of conservation to look after all reserves, native forests, national parks, surveying and the wildlife service, with its staff of 1800 also mostly drawn from lands and survey.

- A Parliamentary commissioner for the environment, with 15 staff, to audit development proposals.

- A possible department of forestry to take over the 500-odd staff of

the Forest Research Institute and to advise on policy issues. This could become a division of the Ministry of Agriculture and Fisheries.

The working party report which produced these proposals estimated that they would involve a total increase in staff of 66, almost all in the new ministry for the environment.

Another example, which was hived off from the State Services Commission as a separate agency on October 1, 1985, is the new Government Computing Service.

It charges Government departments the full cost of their computing needs, including a 10 per cent return on its capital. Departments, in turn, are now free to buy their own computers or use private services if they are cheaper.

An advisory board chaired by someone from the private sector, with two other private sector members, two members appointed by the State Services Commission and the general manager of the service, will be set up after the first general manager is appointed next month.

Energy Ministry Reorganization

Auckland THE NEW ZEALAND HERALD in English 17 Jan 86 p 5

[Second of four article by Simon Collins: "Energy Ministry To Split Four Ways"]

[Text]

If all goes according to plan, the Ministry of Energy will have carved itself up into four new entities by April 1.

After the lands, forests and environment shake-up, the ministry will become the next guinea pig for the Gov-

ernment policy of "commercialising" state-owned enterprises.

Unlike the new Forestry and Land Development and Management Corporations, however, the ministry will not immediately spawn autonomous corporations.

The new entities will be born as largely self-govern-

ing divisions, still reporting ultimately to the Secretary of Energy.

There will be three commercial divisions:

- Electricity, by far the largest, with assets valued at four times those of the biggest company in the private sector.

- State Coal Mines.

- Gas and geothermal energy, including what amounts to "wholesaling" Maui natural gas to Electricity, Petrocorp and other bulk users.

All non-commercial jobs done by the ministry's present electricity, mines, oil and gas and corporate services divisions will be pulled together into a fourth policy and regulating division.

Two Roles

Between 30 and 50 of the 5000 people now working in the electricity division will move across to the new division to "regulate" their old bosses.

The Deputy Secretary of Energy, Dr Basil Walker, explains that, at present, the electricity division is both regulator and producer.

It not only generates electricity, but issues the licences which control anyone else proposing to generate electricity.

Under the new proposal, the new regulatory division will issue the licences and make other regulations to ensure that the new, streamlined electricity division does not abuse its position as an effective natural monopoly.

It will also be responsible for safety matters, such as regulations governing electrical wiring, or heaters.

Freed of its non-commercial duties, the new electricity division will be expected to earn a commercial rate of return, which at present is set by the Treasury at 10 per cent.

Last year, electricity had a 6.5 per cent rate of return. A 9.1 per cent return is being budgeted in the present financial year.

Private

In line with the Government principle that all state-owned enterprises will be given boards generally appointed from the private sector, the cabinet will consider names for a new seven-member electricity board this month.

The board will be chaired by the Secretary of Energy and will include his deputy and a State Services commissioner.

But the other four members will all be appointed by the cabinet from the private sector.

Initially at least, they will make up an advisory board, rather than a supreme board of directors.

In contrast to the forest and lands corporations, the board will not be set up by legislation immediately.

Rather, it will function legally as an extension of the Secretary of Energy. That is why he will chair the board.

A similar board will be appointed shortly for State Coal. But Dr Walker believes the ministry will be lucky if it can meet the April 1 target date for setting up a fully commercial gas and geothermal division.

Key Problem

"It is the most difficult one," he says.

"There really is a complicated mixture between trading and non-trading. We will probably have to make the split, even if it is a bit dirty to start with, just so we can get our foot in the door, and try to clean it up later."

A key problem — which will land on the table of each new board when it is set up — will be the capital structure of each new division.

State Coal has the most dramatic problem. For many years, it has borrowed from the Government to cover successive financial losses, and the interest on that accumulated debt now eats up any profit that it makes.

It believes that it could

become profitable within two years if the Government wrote off that debt and provided 60 per cent of the value of its present assets in the form of share capital.

Valuation

But the electricity division would also like to write off past mistakes such as the mothballed Marsden B power station near Whangarei, so that its required rate of return can be calculated only on the value of the assets that it is actually using.

"It should start with a clean slate, so that future electricity consumers do not have to pay costs associated with previous non-commercial decisions," Dr Walker says.

Even if this is conceded, however, there are arguments over how electricity assets should be valued. A car has a market value because someone else has a use for it, but who would want a redundant power station?

A second problem for the new boards will be to determine the rate of return that each entity should be required to earn on whatever value of assets is agreed to.

The 27 per cent increase in North Island power prices last year, and the further 15.5 per cent increase on April 1 this year (22 and 4 per cent respectively in the South Island) have been justified by the Treasury's target return of 10 per cent in real terms.

But Dr Walker says the actual real rates of return achieved by private sector companies in recent years have ranged between 3 and 7 per cent.

In any case, he questions whether a target rate of return is appropriate for a monopoly such as electricity.

"In a competitive environment, the objective is to maximise profit," he says.

"But in a monopoly, where the goal is service to the public, the objective be-

comes cost control, and the rate of return becomes a measure of the cost of capital."

Profitable

In Britain, for example the recently "privatised" telecommunications arm of the Post Office, British Telecom, is subjected to effective cost control by a regulation requiring that its price rises must be 3 per cent below the rate of inflation.

Electricity is so profitable already in New Zealand that even with such a regulation, the new division would probably earn enough profits to pay taxes and a dividend to the Government.

In the absence of such a regulation, and if no dividends were paid, Dr Walker estimates that the division could finance its expansion entirely from its own profits within five years.

Finally, after considering their capital structure and appropriate objectives, the boards of the new divisions will have to consider whether to go one step further and turn them into completely independent corporations.

"One of the factors in favour of corporations has always been that it will create an environment in which managers are more likely to have the freedoms they need to behave commercially," said Dr Walker. In a corporation, managers were more likely to be exposed to commercial pressure.

Questioned

Britain, again, offers an example in the 1984 decision of the privatised Cable and Wireless company to take over a Hong Kong company. Government decisions often take months, if not years, but the company was able to decide in a matter of days.

But Dr Walker questions whether autonomy is the right model for a monopoly which, if it was turned into a corporation or private

company, would still need to be regulated in the public interest.

Historically, officials doing the regulating have tended to adopt the views of the bodies which they regulated.

Regulations, too often, have only created distortions, with further regulations required to iron them

out.

Therefore, at least initially, all three commercial divisions will continue to report — though with much more independence than they have at the moment — to the Secretary of Energy.

● Tomorrow: More upheavals for the transport industry.

Future of Transport, Communications

Auckland THE NEW ZEALAND HERALD in English 18 Jan 86 p 12

[Article by Simon Collins, third article in a four part series: "Airport Turbulence Over Government Thrust"]

[Text]

A fight over the country's airports is looming as the first serious check to the Government policy of "commercialising" state trading enterprises.

The Government wants to hand them over to companies.

But its policy in the whole area of transport and communications is coming under fire from both unions and local bodies.

The airports concerned are the 24 which are jointly owned by local bodies such as the Auckland Regional Authority and by the Government.

Last September, the Government issued a discussion paper proposing that airport management bodies should be restructured as companies, with boards of directors appointed from the private sector.

Like Air NZ

"The Government believes that airports are commercial enterprises which should be regarded in a similar manner to trading enterprises such as Air New Zealand," the paper said.

The airport companies would be expected to achieve a commercial rate

of return on assets. It was noted that the average return in the private sector was 11 per cent.

They would have to pay dividends and taxes. Provision for taxing airports is already contained in a bill being considered by Parliament's finance and expenditure committee.

On the other hand, they would be allowed to set their own landing charges, which are now subject to Government controls.

But the local bodies which actually run the airports are opposed to the idea of turning them over to appointed company boards.

The chairwoman of the Organisation of Airport Authorities, Mrs Helene Ritchie, says local bodies want to take over the airports themselves, leaving the Government only its present responsibilities for air traffic control and safety.

"We have agreed that, in principle, business or other relevant interests [should] be able to be represented on any airport authority if that is necessary," she says.

"But having said that, you have to bear in mind that in some local authorities, the airport authorities are already controlled by elected

people who are from the private sector. That is quite predominant."

The Government has responded with flexibility. A working party has been set up to try to reach agreement between the local bodies and the Government on "a more commercial thrust" for airports, but the Government is not insisting on companies as such.

The Minister of Transport, Mr Prebble, wants to settle the issue urgently, before financing is arranged for a proposed new domestic terminal at Wellington Airport.

Meanwhile, a similar debate is beginning over the country's 16 harbour boards.

Mr Prebble has said that the ports must be seen not as sources of parochial pride, but as commercial operations providing efficient and cost-effective trade.

"It is apparent that a conflict exists between the public nature and responsibilities of harbour boards on the one hand, and the boards' commercial responsibilities on the other," he said.

Rail Example

Several submissions on

the Ministry of Transport's "on-shore costs" study last year suggested that the present system of electing harbour boards should be replaced by a commercial system in which some or all members were appointed.

But a ports industry workshop held last September to settle the issue was aborted after it was boycotted by the Waterside Workers' Union and the Harbour Board Employees' Union walked out.

The Government has continued to talk with the parties involved, but has so far failed to reach an agreement.

The Railways Corporation may offer a pointer to where the Government would like the ports to go. The corporation was set up in 1982 with a totally private sector board, now chaired by the deputy general manager of the Development Finance Corporation, Mr Murray Smith.

Urban passengers services, which are expected to incur a loss, are subsidised to the tune of \$27.7 million a year through the Urban Transport Council. Long-distance services are subsidised with a direct \$55 million from the Government.

The corporation is expected to make a profit on the rest of its activities, mainly freight and property.

In fact, it suffered a loss of just under \$20 million last year, on top of the Government subsidies.

It is still negotiating with Government officials on appropriate profits to aim for. The issue is complicated by difficulties in working out a "market value" of assets which would be of no use to anyone else. Officials are likely to settle for a gradually improving dollar level of profits, rather than a percentage rate of return on assets.

Shipping Talks

Similar discussions are being held with Air New Zealand and the Shipping Corporation, now called the New Zealand Line, on appropriate capital structures, rates of returns and dividend policies.

Both already pay taxes and dividends when they make any profit, but their industries are volatile and the New Zealand Line suffered an \$8 million exchange loss in the July 1984 devaluation.

Of all the big state trading agencies, perhaps the least progress under the new policy has been made so far with the biggest employer of them all — the Post Office.

In straight dollar terms, the Post Office is the most profitable enterprise in the country, earning \$317 million last year before paying tax of \$108 million and a dividend of \$77 million to the Government.

PO Complex

But it is still a complex amalgam of profitable telecommunications, postal and savings bank sections, a loss-making agency for electoral rolls and other Government services, and advisory and regulatory branches.

For social rather than commercial reasons, it provides telephone and postal services to the most remote parts of the country at the same prices as in central Auckland.

It is a "natural monopoly" to the extent that no one else is likely to be able to afford to duplicate its costly network of telephone lines and exchanges.

Yet increasingly it is

coming under competitive pressure, both from private courier and air parcel companies in the postal area, and from computer companies in a business which is seen as "converging" with telecommunications.

Late in September, the Postmaster-General, Mr Hunt, appointed two teams of private management consultants to review the structure of both the Post Office and its savings bank.

One of the consultants, Mr Michael Morris, says the review did consider turning the Post Office into one or more corporations. But he sees "no particular need" to take that course.

Keep Revenue

It is likely that the Post Office will eventually be allowed to keep its own revenue after paying taxes and dividends, rather than being allocated a "vote" out of the annual Government budget.

But more fundamental issues, such as allowing the private sector to sell and install telephones and computer terminals, seem likely to be left for the future when the review

teams report to Mr Hunt next month.

One such issue, which has been left to the Royal Commission on Broadcasting, is whether regulatory and advisory work from both the Post Office and broadcasting should be shifted to a suggested department of communications.

The royal commission is due to report by June 30.

Any such radical change, whether a new department or Post Office corporations, will run into blanket opposition from the Post Office Union.

Union Objects

Its secretary, Mr Ron Burgess, sees any such change as dangerous because it would set the Post Office up in a form which could be easily sold off to the private sector if a Government committed to "privatisation" was elected.

"I do not think you can run an operation like the Post Office on purely commercial principles," he says.

"You have to run universal mail and telephone services on the basis of providing a service, not making a profit."

User-Fees Policy

Auckland THE NEW ZEALAND HERALD in English 20 Jan 86 p 5

[Article by Simon Collins, last of a four part series: "Time for More Users To Pay"]

[Text]

"Users" will have to pay for many previously free public services, under the new Government policy of "commercialising" state enterprises.

The big trading organisations such as the Forest Service, Electricity and the Post Office are just the first and most obvious agencies to be placed on a fully commercial basis.

They are already charging for their services anyway. The policy will merely aim to make sure they operate and set their charges in the most economic and efficient way.

But officials are already working on applying the same policy to departments which have never charged for most of their services at all.

Nothing Sacred

The weather office, De-

partment of Scientific and Industrial Research, Tourist and Publicity and Ministry of Agriculture and Fisheries are among those either already charging, or about to charge, people who use some of their services.

Union officials like Mr Peter Harris of the Public Service Association worry that health, education and social welfare could be next.

"Theoretically, there is no reason why anything is

sacred. That is why it is such a major issue for us," he says.

Apart from the big trading organisations, the first experiments have been in departments where the major customer is the Government itself.

For the past three years, the Government Printing Office has been financially self-supporting, under an advisory board comprising two people from private business and two retired public servants.

It earned a 5 per cent rate of return on its assets last year, and plans to increase that to 6.8 per cent this year, 8 per cent in 1986-87 and 9 per cent in 1987-88 by raising its charges to the Government or cutting costs.

The Tourist and Publicity Department's travel offices (formerly the Government Tourist Bureau) are separating out the cost of providing free information on New Zealand to tourists from the cost of selling them tours.

They are likely to make the tours financially independent, without the need for an allocation from the Government budget, later this year.

Art Work

The National Publicity Studies have adopted a timetable under which their clients in other departments will pay 100 per cent of the costs of their art work or photography by 1988-89, and eventually a 10 per cent return on top of that.

The National Film Unit has been given a similar three-year programme to match revenue to expenditure, starting on April 1 this year.

On the same date, the Government Office Accommodation Board will start charging all departments the full cost of their offices.

Departmental heads will be given the authority to shift to better, more expensive offices if they want to — but they will have to find savings from other parts of their budgets to pay for it.

One department chief has already asked to shift a Wellington head office from a building costing \$200,000 a year into one costing \$500,000 a year.

The State Services Commission says that under the new policy it cannot stop the shift. But the department will not get any more money to pay for it.

Similar principles are gradually being applied to other internal service agen-

cies such as the Government Cleaning Service and, in the future, the Ministry of Works and Development.

A second group where experiments are beginning is the Government's stable of financial institutions.

Some, such as the Bank of New Zealand, are already no different from private banks, with a board of directors and paying taxes and a dividend to the Government.

Others, such as State Insurance and the Public Trust Office, do not have boards of directors but have run for many decades on an otherwise normal commercial and profitable basis, and are unlikely to be changed.

But the Rural Bank, which was separated from the social service-oriented Housing Corporation only in 1984, is still negotiating the rate of return it will have to earn when it loses the right to borrow from the Government on April 1.

The Government Life Insurance Office has gone further and asked for legislation to move it out of the state services, allowing it to pay whatever it needs to attract specialist financial staff.

It sees a "blurring" of finance companies, with banks now getting into the insurance business. It wants the power to branch out, too, into other financial services.

Salary Scales

The Development Finance Corporation has also asked to be freed of the requirement for its salary scales to be approved by the State Services Commission, with the top salary being set by the Higher Salaries Commission.

But a member of the State Services Commission, Mr Don Hunn, is wary of these requests.

"The commission tends to think still that it is wise to retain certain control influences in establishing salaries," he says.

"You are dealing with great public assets, and you are trying to obtain certain standards of conduct and ethics in the state sector. Also, you do not want to give wrong signals to the private sector."

He points out that the hard decisions on the new policy, including which enterprises will be set up as independent corporations and which retained within departments, have still to be made.

But the fact that the Government is not prepared to come up with extra capital for the Development Finance Corporation, directing it to the share-market instead, points towards eventually going beyond even state corporations.

If it makes sense to go to the private capital market for the DFC, it is likely to make sense for others, too.

Mr Murray Smith, the deputy general manager of the corporation, and the new chairman of the Railways Corporation, believes that that is the logic of "Rogernomics."

Big Gap

"The Douglas analysis is that the real impediment in the economy was the level of the internal deficit," he says.

A big gap between the Government's spending and its income meant that it had to pay higher interest rates to borrow the money it needed to cover the gap.

It also meant it had no scope for spending more or cutting taxes in a recession to prod the economy back on to an upward path.

To close the gap, the Government had to cut its spending in as many areas as possible — "so institutions like the DFC who can row their own boat should get out and do so."

"We have geared our operation to achieve the dual results of acceptable performance against social objectives and earning a commercial profit," says

Mr Smith, a former Labour MP for Whangarei.

"Surely that has to be what the Government wants. It gets the best of both worlds."

But he has failed to reassure Mr Harris of the Public Service Association.

He points to a promise in Labour's 1984 election policy that "Labour will not sell existing profitable state operations and assets to private enterprise," and "nor should profitability be enhanced at the expense of individual New Zealanders requiring basic services."

The Government proposes that service objectives, such as providing power or telephones to all New Zealanders at the same price, will be written into "corporate plans" for state enterprises alongside required rates of return.

But Mr Harris worries that many services will be too subtle for such a procedure.

"If you are running a state forest system, for a little extra cost you can allow your system of huts and tracks to be used by trampers," he said.

Like Pendulum

"Why go to those extra lengths if you are running on commercial lines? Keep the trampers out — they are not economical."

Whether in fact it comes to that remains to be seen. Mr Hunn of the State Services Commission takes a longer-term perspective.

"When you are trying to restructure the economy it is absolutely essential that the public sector should be moving in tune with the private sector," he says.

"When you have done that, and if you see then that there has been too much emphasis on the economy, I can anticipate that, talking 20 or 30 years away, the pendulum could swing the other way."

NEW ZEALAND

UNION PRESIDENT ON LAYOFF PREDICTIONS

Auckland THE NEW ZEALAND HERALD in English 10 Jan 86 p 3

[Text]

The president of the Federation of Labour, Mr Jim Knox, yesterday reacted angrily to claims that high wage increases are to blame for growing job losses.

He said attempts to link the two were dishonest.

"Only nine days into the New Year and already we are seeing the beginning of another organised campaign by the employers to con the public into believing unemployment is all the workers' fault," Mr Knox said.

He was commenting on suggestions in industrial circles this week that thousands of workers employed throughout New Zealand would be laid off within two months.

Sources say that at least 40 firms have made plans to lay off workers.

And the Employers Federation said on Wednesday that high wage settlements of around 15.5 per cent were responsible for much of the predicament.

But Mr Knox said that the employers knew as well as the FOL that their claims were untrue.

"Working people have been making continual sacrifices for four years. Even with this wage rise,

wages — especially for the low paid — are well behind prices.

"Companies, on the other hand, have enjoyed a record profit boom."

Mr Knox said unemployment was at its worst in the middle of the wage freeze, a period when there were no pay increases.

"Well before the wage round began, commentators — and even the Government's official papers to the tripartite talks — were predicting higher unemployment in 1986 as a result of deliberate policies to depress economic growth."

Mr Knox, a member of the Railways Corporation board, also hit out at suggestions that new railway fare rises are being caused by wage increases.

"It is not correct to accuse railway workers of causing the increase," he said.

The Opposition finance spokesman, the Hon Bill Birch, said yesterday that the "open slather" economic policies of the Minister of Finance, Mr Douglas, were responsible for the prospect of thousands of lay-offs early in the year.

He said Mr Douglas' policies showed a lack of overall objectives and economic direction.

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CSO: 4200/638

NEW ZEALAND

COMPANIES PREDICT MASS LAYOFFS

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 1

[Text]

Scores of New Zealand companies say they expect to lay off workers this year.

An Employers' Federation survey of 600 firms showed that 132 — or 22 per cent — saw the need for redundancies because of settlements being reached in the wage round.

And 54 per cent of the 600 companies say they will not be replacing staff as they leave.

The survey results were released by the federation yesterday.

Four questions were put to the 600 companies last month.

One of the questions asked the participants: given the settlement in the current wage round, what do you foresee?

Profit Slide

Twenty two per cent said they could see redundancies occurring, 83 per cent predicted a decline in profits, 54 per cent said staff would not be replaced, 40 per cent said turnover would decline, while 36 per cent believed overtime

hours would be reduced.

Thirty per cent of those polled said their staff numbers had decreased in the past 12 months, 28 per cent said numbers had increased, while 42 per cent said they had stayed the same.

Interest Rates

A third question asked: which of the following proved to be a major constraint on your business over the last year? Sixty-nine per cent replied interest rates, 50 per cent domestic demand, and 47 per cent named skilled labour.

Thirty-six per cent of the firms polled said their profits had decreased in the past year, 31 per cent said they had increased, while 33 per cent said they had stayed the same.

The federation's director of communications, Mr Alan Emerson, said the 600 companies were selected at random from the total membership list of 1500.

He said all 600 had replied to the questionnaire which was sent to them on December 10.

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CSO: 4200/638

NEW ZEALAND

NO IMMEDIATE IMPACT EXPECTED FROM EUROPEAN IMPORT CUT

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 2

[Text]

A vote by the European Parliament in favour of cutting imports of New Zealand lamb will have no immediate practical effect and could have been a lot more forceful.

Two hardline amendments to the resolution, one proposed by French Communists and the other by the Agriculture Committee, were defeated.

The Euro-MPs have adopted a report which points out that New Zealand has increased its exports of sheepmeats to the European Community following the introduction of a new sheepmeat regime in the early 1980s.

The report, by Italian Communist Carla Barbarella, said New Zealand had raised its exports to Europe to meet its quotas, and that if all countries with quotas did that, the Community would be flooded.

But the Minister of Overseas Trade and Marketing, Mr Moore, said yesterday that New Zealand did not have to accept the call by the European Parliament — a body with no legislative powers — for a cut in sheepmeat exports.

"In fact, we can draw satisfaction that some of the views in the European Parliament, which are

more adverse to New Zealand, were not incorporated in the resolution," he said.

Reneging

A spokesman for the Ministry of Foreign Affairs said the French Communists' amendment had been aimed, in effect, at reneging on tariffs binding on sheepmeats.

And the Agriculture Committee amendment proposed moves to respect the principle of common preference to try to preserve the balance of the community's internal market.

The spokesman said the committee had wanted to make it possible to reduce the costs of supporting the community sheepmeat market "which is all the more excessive, given that sheepmeat production is substantially in deficit."

Influence

The report was approved by 80 votes to 31, with 30 abstentions. With the accession of Spain and Portugal from January 1, the Parliament now has 518 members.

But it is a body which has influence in Europe, rather than power. The spokesman said: "It is one weathervane of popular opinion."

Mr Moore described the impact of the resolution as "not as bad as some people first thought," saying it would have no immediate

practical effect.

"The resolution," he said, "points to predictable problems New Zealand has always faced with the European Community."

Miracle

Mr Moore said the struggle would continue on every front on the question for access for sheepmeat, and that he expected to be in Europe several times this year.

In spite of the efforts of former National and Labour ministers, access had dropped by 50 per cent over the past 10 years.

"To do what Sir John Marshall, Brian Talboys, Joe Walding and Warren Cooper could not do would be a miracle, but no effort, energy or new idea will be spared," he said.

The Opposition overseas trade spokesman, the Hon John Falloon, said the European Parliament was in for a rude shock if it believed it could get away with reducing existing quotas on our sheepmeat.

He said New Zealand was strongly opposed to Europeans imposing quotas on our trade and that the Labour Government had failed to convince European Community leaders of New Zealand's abhorrence of trade restrictions.

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CSO: 4200/638

NEW ZEALAND

GOVERNMENT DEFICIT PUSHES UP INTEREST RATES

Auckland THE NEW ZEALAND HERALD in English 16 Jan 86 p 3

[Text]

Interest rates were pushed higher on money markets yesterday after the announcement that the Government spent nearly \$3 billion more than it earned in the eight months up to November.

Interest rates on 90-day commercial bills rose to around 22½ per cent, a rise of more than 2 per cent in a week.

They could be forced even higher when the terms for the January Government stock tender next week are announced today.

The Government announced a borrowing programme last month which implied that it would need to borrow \$300 million in the January tender, to fully cover its projected deficit for the 1985-86 financial year of \$1.6 billion.

But the Treasury revealed yesterday that the deficit reached \$2991.2 million in the eight months to November alone.

Expenditure was up by 18.7 per cent to \$11.4 billion, but revenue was up by only 16.2 per cent to \$8.4 billion.

Consequent

Officials said the figures were still "on track" for a deficit of only \$1.6 billion by March, with about half of the total income tax revenue due in the last three months of the financial year.

But the money market now expects the deficit to

be closer to \$2 billion, with a consequent need for the Government to borrow more money — and push up interest rates.

An economic forecaster, Dr Gareth Morgan, said that if the Government's tight monetary policy was to remain credible with a rising deficit, the January tender could have to be as high as \$400 million, with perhaps an additional tender later.

This would force interest rates up even further, and make it even less likely that the fall in money market rates late in 1985 will be passed through into mortgage rates.

Budget

The figures show that Government spending is continuing to accelerate.

The budget provided for a 13.5 per cent rise in net spending for the financial year as a whole.

In fact, spending was up by 14.6 per cent in the five months to August, up 16.3 per cent in the seven months to October, and now up 18.7 per cent to November.

Administration spending was up by 28.6 per cent compared with an original

budget increase of 22.3 per cent.

Picking Up

Spending on education, social services, transport and communications were all above budget, while foreign affairs and defence were below budget.

The biggest single increase was for paying the interest on and repaying Government debt — up 43.3 per cent because of higher interest rates.

Meanwhile, revenue is picking up, though it is still providing less than the budgeted increase of 28.4 per cent.

It was up by 11.6 per cent to August, 14.2 per cent to October, and now 16.2 per cent to November.

Revenue from customs duty was down by 5.5 per cent, as the rising value of the kiwi dollar reduced the local value of imports. Revenue from duty had been budgeted to rise by 24.6 per cent.

The decision just before Christmas to make hundreds of items duty-free, at a cost of \$60 million in a full year, will cut income from this source even further in the rest of the financial year.

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CSO: 4200/638

NEW ZEALAND

AUCKLAND WOOL PRICES FALL

Auckland THE NEW ZEALAND HERALD in English 18 Jan 86 p 2

[Text]

Prices fell yesterday at the first Auckland wool sale held this year. It was held in Wellington.

Compared with the sales of Wanganui and Wellington wool earlier this week, better quality fleeces were slightly cheaper and poorer quality second shear and lambs' wool fell by between 2.5 and 5 per cent.

In general, prices at the sales held so far this month have been below those reached at the end of last year.

Industry sources attributed the decline to two main factors — the large amount of wool now coming forward and the strengthening of the New Zealand dollar.

They said the scarcity of the fibre earlier in the

season kept the prices up. This was particularly true of the poorer quality second-shear offerings, which had not come on to the market in any quantity until this month.

Meanwhile, the official report on the Christchurch wool sale yesterday said most fleece wools remained steady in price compared with prices at recent sales.

However, the stronger end of the halfbred-Corriedale wools, in the 28 to 32 micron range, were up to 5 per cent cheaper than at the last Christchurch sale of 1985, on December 20.

The Wool Board activity at the Christchurch sale yesterday was minimal. It bid on 1062 bales of the 19,816 bales and had 188 bales, or 1 per cent, sold or passed to it.

The market indicator at the Wellington and Christchurch sales was 457 clean and 340 greasy.

The following are clean-on-floor prices at Wellington in cents.
Medium crossbred hogget, 35

micron, 110-120mm: average/good, 464c to 466c. 37 micron 110-120mm: average/good, 462c to 464c; average, 462 to 463c.

Second shear fleece, 37 micron, 75/100-75/125mm: average/good, 453c to 462c; average, 439c to 450c; 37 micron 50/75-50/100mm: good, 451c to 461c; average/good, 426c to 431c; average, up to 418c.

Crossbred fleeces, 33 micron, 75/125mm: average/poor, 379.

First lambs, 28 micron, 35-25/75mm: average, 432c to 444c; aver-

age/poor, 419c to 426c. 29 micron, 25/75-50/75mm: average, 433c to 452c; average/poor, 419c to 429c.

30 micron, 50/75mm: average, up to 448c; average/poor, up to 432c.

Second lambs, 28 micron: average/poor, 318c to 388c.

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CSO: 4200/638

NEW ZEALAND

DEFAULT PROMPTS CRITICISM OF RESERVE BANK

Auckland THE NEW ZEALAND HERALD in English 18 Jan 86 p 3

[Text] The Reserve Bank came under fire from all sides yesterday for allowing a default on Government stock tenders which could cost the taxpayer an extra \$3 million a year.

Money-market dealers said that a small, one-man dealer like Rakiura Holdings should never have been allowed to make a successful bid for Government stock worth \$100 million without good security.

Rakiura told the Reserve Bank on Thursday that it could not pay for the stock by the due date, yesterday.

The president of the Finance Houses Association, Mr Chris Lynskey, said the Reserve Bank would have to consider reintroducing a requirement to put up some deposit, however minimal, for large bids.

"Even a \$1 million deposit on a \$100 million tender would be worthwhile, provided the Reserve Bank was obliged to pay a market rate of interest on it," he said.

"I think the Reserve Bank from here on out will be taking a lot more care to make sure bidders can come up with the money.

"But there is a dilemma.

"They can tighten up and say only approved dealers can tender. But that puts those parties in a privileged situation.

"I think procedures have to be tightened up, but not to the extent of killing the thing."

A dealer in a major Wellington finance house said that the Reserve Bank should have known that a small, one-man broker like Rakiura "just does not pull in the sort of institutional or offshore interest" to spend \$100 million.

Homework

"We are bigger than him [Rakiura], but we are on a smaller scale than \$100 million," he said.

Another dealer said that the Reserve Bank should "do a little more homework." This would have told it that Rakiura was only a part-time dealer.

A third dealer accused Reserve Bank officials of having "no practical experience whatsoever."

"They are just sitting in their ivory towers. They would not have talked to one corporate in the last year," he said.

"I personally do not think the Reserve Bank has the qualification to assess a credit risk on players in the marketplace. They are commercially naive," he said.

Dealers said the bank was lucky that Rakiura did not go ahead and give them a cheque for the \$100 million worth of stock, and then sell it for perhaps \$80 million before the cheque bounced, and salt the \$80 million away in a Swiss bank, which was quite possible since the abolition of exchange controls a year ago.

As it is, the governing director of Rakiura, Mr Brian Alexander, notified the bank that he could not pay for the stock, so it was never actually taken up.

The only loss to the bank comes from the fact that, since the tender in mid-December, interest rates on the stock have risen by about 3 percent, from 16.69 percent to between 19.5 and 20 percent.

Interest Bill

This means the Government and, ultimately, taxpayers will have to pay an interest bill of about \$3 million a year more than they would have had to pay on the stock if it had been bought in December.

Over the life of the stock, which matures in 1991, the higher interest bill is assessed in technical "present value" terms at \$10 million.

However, the chief manager of financial markets for the Reserve Bank, Mr Kerry Morrell, said last night that it would not be administratively feasible to check the security on every bid in a stock tender.

"The tenders are processed in a very short space of time," he said.

"The reason we have a system of registration and exemptions [for dealers] is really so we do not have to deal with these issues at every tender.

"It is like a driver's licence. They give you one and trust you will remain competent for the next few years."

Mr Morrell said that the bank could not inquire into the private business of a broker to find out the institution on whose behalf a bid was made.

He confirmed that there was nothing to stop a broker selling Government stock in the market before it had actually been paid for in the first place. Indeed, stock was often traded before a tender had even been held.

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CSO: 4200/638

NEW ZEALAND

MCLAY'S POLICY YEAR OPENS WITH RESHUFFLE

HK250840 Wellington THE EVENING POST in English 20 Jan 86 p 16

[Article by political reporter Tim Grafton]

[Text] Last year was for getting National back on the "philosophical rails;" 1986 will be a year for policy, Opposition leader Jim McLay has told the POST.

Looking to his party's priorities for 1986, Mr McLay revealed a caucus reshuffle will be first on his hit list.

Getting his party's policies across will involve going over the heads of the media. Somewhat disquieted by media coverage of National's intention last year to abolish GST Mr McLay said the party would embark on wide-spread pamphleterring explaining National's position on key issues.

Two pamphlets -- on where National stands and one interest rates -- have already been produced. A third is being readied for publication.

The economy will be the single most important issue for National to concentrate on this year. Though ANZUS would continue to gain much attention, it would not be an issue to decide an election, Mr McLay said.

"When you've got the Prime Minister preaching doom and gloom and the minister of finance and his associates effectively admitting that what was projected as a deficit for 12 months, d1.3 billion, may in fact be the deficit for just 6 months, there is enough to argue about for a long time," Mr McLay said.

On the economy, National will come out with its alternative to GST in the latter half of the year. Government spending will be another area to receive a great deal of attention.

Mr McLay said government spending was the key to real tax reform; less government spending and therefore less taxation. Mr Douglas was not reforming taxation, but would end up taking more tax than any other previous finance minister.

Privatisation was one aspect of National's approach to cutting spending, but it was not a magic formula. Experiences in government in the late 70s and early 80s now meant a more sophisticated approach was needed to control government spending, he said.

Drawing upon his own approach as justice minister, McLay said every single function of every department would be reviewed under National to answer three key questions.

Do we still need to do it?

Are there better or more efficient ways of doing it?

Is there someone out in the private sector who can do it better and cheaper?

Education was another area that would receive considerable attention. The current minister was still fighting the "wars of the 50s and 60s" while National would be stressing education as a future investment.

In foreign affairs and defence, the disarmament side of the equation would become increasingly important, he said.

On the industrial relations front, National's commitment to breaking the award system as a means of tackling inflation would be continued.

While Mr McLay did not discount the prospect of a snap election in 1986, he believed Labour would have difficulties if it did. Among these would be the problem of selling it to the public without appearing to be political opportunists, as National may have seemed in 1984.

An election before GST [expansion unknown] if introduced in October would make it an election on that issue.

"Mr Lange might be prepared to risk an election on that basis, but Mr Douglas wouldn't want it," he said.

An election late in the year, say November, in order to return to the traditional election cycle, would be done against a background of rising inflation and high interest rates, he said.

However, if one were called, National would be ready with a manifesto within 48 hours. During 1986 crucial marginal seats would be targeted by the party.

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CSO: 4200/642

NEW ZEALAND

UNION LEADER RETURNS FROM USSR, COMMENTS

Wellington THE EVENING POST in English 22 Jan 86 p 8

[Article by Penny Harding]

[Text]

Trade union leader Ken Douglas left New Zealand on November 22 headed for Moscow's Central Hospital.

Plagued all year with pain from his gall bladder and associated stomach complaints, Federation of Labour secretary Mr Douglas took sick leave from the job that caused the trouble to spend nearly eight weeks in a Soviet hospital and sanatorium.

His medical treatment had been offered by the Soviet trade union movement. He went there as its guest and like Soviet citizens and other foreign visitors, his treatment was free.

Back from the Soviet Union since Sunday night — minus his gall bladder — Mr Douglas said he had decided against medical treatment in New Zealand.

His condition was not seen as physically acute and he would have had to go on a waiting list for surgery and then be prepared to drop things at the last minute to enter hospital when a bed became available.

He said that the nature of his job made that difficult. Private hospital treatment was not an option. He could not afford that and he did not have medical insurance.

Mr Douglas was admitted to Moscow's Central Hospital on November

26 but it was several weeks before his operation on December 19.

"In that period I was having a total examination. I was having ultrasonic treatment of the stomach and a diet regime to ensure that any erosions of the stomach were healed before the operation," he said.

The operation was successful and he was discharged from the hospital on New Year's Eve to a Moscow sanatorium where he recuperated until January 16, three days before his return to New Zealand.

The whole episode was very nearly a repeat of Mr Douglas' last trip to the Soviet Union a year ago.

Then, also a guest of the Soviet trade union movement, Mr Douglas underwent tests and treatment and was offered a gall bladder operation.

"They advised me to have it done, but I couldn't really afford the time," he said.

He comes back with the same intentions — to eat regular meals at regular times, to avoid fatty and fried foods, to lose weight and to try to run 10kms a day.

"I have lost a bit of weight and I'll lose a bit more."

Mr Douglas said the Soviet medical system was based on the prevention of sickness and integrated traditional and modern treatments with diet and

exercise.

He said that it was treatment that fully involved the patient in what was happening, but no complaint was treated in isolation.

Mr Douglas said he saw evidence that the new Soviet regime was moving to involve ordinary citizens in planning the country's future development.

He said in preparation for the February congress of the Communist Party, the agenda had been circulated throughout the country for suggestions and amendments from ordinary people who were not party members.

"There is a real drive to improve the quality of their present production. The emphasis is changed from the quantity of production to the quality of production," he said.

Mr Douglas was in Moscow at the time of the release of Soviet leader Mikhail Gorbachev's timetable for banning nuclear weapons by the year 2000.

Last week Mr Gorbachev announced a 15-year timetable for banning nuclear weapons and extended a Soviet freeze on nuclear testing by three months.

Mr Douglas was asked to comment on the proposal on Moscow radio.

"I said the proposal identified a major area of concern for people in New Zealand and the peace movement."

NEW ZEALAND

SOUTH AFRICA CANCELS PARTICIPATION IN POLICE CENTENNIAL

HK280140 Hong Kong AFP in English 0123 GMT 28 Jan 86

[Text] Wellington, Jan 28 (AFP)--A group of South African police has been forced to cancel plans to take part in New Zealand's police centennial celebrations by fears of anti-apartheid protest action, a police official said today.

Sergeant Brian Walkinshaw, the New Zealand president of the International Police Association, said his organisation feared strong protest action if South African police had appeared on New Zealand streets in their national uniforms.

He said the international police section of the centennial celebrations included "a street parade in which 600 international police will parade in their national uniforms."

"The prospect of South African police in their national uniforms was we felt, unacceptable, and probably have created attention from the anti-apartheid movement."

Sergeant Walkinshaw said the association's concern arose from "what happened during the Springbok tour of New Zealand in the early 1980's" in which thousands were arrested during near-riot protests against the South African rugby team.

He said the South African police contingent had agreed to call off its participation in the celebrations once the situation had been explained to it.

Sergeant Walkinshaw said anti-apartheid protest action could have caused "considerable embarrassment" to the association, "the (New Zealand) police administration and the New Zealand Government."

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CSO: 4200/642

NEW ZEALAND

BRIEFS

REACTION TO U.S. POLITICIAN'S VISIT--Politicians and diplomats in foreign countries must keep a balance between what is acceptable and what is not. In 1967 for example, President de Gaulle intruded grossly into Canadian affairs when he cried to a Montreal crowd: "Vive le Quebec libre!" But lawlessness, subversion and meddling aside, visitors to a country should be free to express views and speak to interested parties as they wish. A visiting United States politician, Mr Stephen Solarz, finds himself criticized by an anti-nuclear group for visiting a polling organisation in Wellington. A spokesman says that the meeting is a most irregular thing for a visiting politician to do. Why? Mr Solarz is doing what any fact-finder should do by going directly to sources. He is meeting a variety of people. It may be hoped he will also meet anti-nuclear protestors, though to judge from their claim that he is seeking to manipulate opinion, the usefulness of approaching that quarter may not be great. In August, Mr Lange invited American officials to "have a go" at changing New Zealand opinion. Mr Lange has had a few goes himself in the United States. How infinitely more sensible than the carping nonsense aimed by protesters at Mr Solarz. [Editorial: "Nothing Wrong With Asking"] [Text] [Auckland THE NEW ZEALAND HERALD in English 17 Jan 86 p 6] /12640

CSO: 4200/642

PHILIPPINES

FRG REPORTER ON MINDANAO NPA, BIAZON REFORM HOPES

Munich SUEDEDEUTSCHE ZEITUNG in German 23 Dec 85 p 3

[Article by Verena Stern: "When the Awful Sparrows Come--The Bloody Fight for the Support of the Poor in the Philippines--Atrocities and Tributes Increasingly Cause the Communist Guerrillas Also To Lose Support in the South of the Archipelago]

[Text] Davao, December--As far as her former comrades are concerned, 18-year old Windy is a "demonyo." That means that the "sparrows" are looking for her in order to liquidate her. Windy is fully aware of it, having herself been a member of such a "sparrow commando" a few months ago. Its job is to dispatch to kingdom come anyone who is considered a "traitor." As Windy knows from personal experience, in many cases the slightest suspicion is enough. She herself, she claims, participated only once in "calling in blood debt," though she carried a pistol in all her missions and was versed in firing it. But when it came down to putting a bullet close up through the head of a 29-year-old woman whom Windy and her three comrades had intercepted on her way to her village, Windy says she suddenly felt "inhibited," and the boys had to do the job on their own. They killed the woman very slowly with their knives, stab by stab--first into her legs, then into her shoulders, then into her lower abdomen, and finally into her heart. Afterwards, Wendy claims to have learned, it turned out that the woman they had killed had not been a traitress at all but only a little "cracked"--not quite right in the head.

We asked Windy whether she did not have to listen to reproaches by her comrades, after the bloody deed since, according to the rules, each person must equally share in a murder so that no one can betray the rest. Windy shakes her head in a way which does not make it appear quite credible that she did not participate in the deed. But we do not like to press her any further, considering that she has to struggle with her conscience as it is. When she left herself be recruited, she swore to serve the "Anak Balhas," the people working by the sweat of their brow and not earning enough to feed their families.

Actually the commandos, on would even take something away from these poor people by unabashedly sitting down at their table and sharing their frugal meal, and, on top of that, levy "taxes for the revolution" on them--2 pesos (about 30 pfennigs [12 cents]) per capita per month and 1 ganta (2.2

kilograms) of rice. For the poor families with their 10 or more children, this added up to 10 percent of their monthly income. And if the villagers could not or would not pay, the guerrillas took someone from their midst and cut him down before the eyes of the rest. As a warning and deterrent.

Khmer Rouge as the Exemplar

This really was not what she had imagined the fight for the rights of the poor to be like, Windy says. In the end she was glad she was taken prisoner, during a search for communist terrorists, in the hut of a supporter where she was bedridden with fever and smallpox. The comrade watching over her had grabbed her pistol in the last minute and fled. Now Windy does not know what will happen. She would like to finish school, having dropped out "because of the revolution." That won't work "because of the sparrows," who are after her because she is a "traitress to the movement." Windy now has her hopes out for a program of "rehabilitation" for which the Philippine Government has put aside the equivalent of 7.5 million Deutsche marks [about \$3million]. With this money all those abjuring the Communist Party of the Philippines (CPP) and its fighting arm, the New People's Army (NPA), are to be rewarded and provided with jobs and a new identity.

Windy as well as her comrades Janice and Bongbong are among the defectors of a movement which today is considered the fastest growing communist organization anywhere. It was founded with 60 men and 35 guns on 1 May 1968. Today, according to data issued by its underground organ ANG BAYAN (The People), it numbers "12,500 full-time revolutionary guerrillas and 18,000 supporters" who "are fighting in 59 sectors of the front." The objectives of this movement, as Janice and Bongbong describe them to us, recall the kind of "stone age communism" the Khmer Rouge introduced in Kampuchea in 1975. Abolition of money and private ownership as well as utter frugality. Whatever is harvested and produced in the country is to be distributed equally among all inhabitants. The needs of the individual are determined by "the leaders." Nothing is to be exported or imported any more, the country being considered rich enough and deemed able to "satisfy the needs of all its inhabitants."

The communist revolution of the Philippines, conceived in 1968 by lecturer in literature Jose Maria Sison as a peasant revolt on the Maoist pattern, now threatens to be stifled by its own concept and the number of supporters. The concept provided for the establishment of guerrilla bases on all major islands of the archipelago and for tying up the Army at several fronts with a view to wearing it down bit by bit. This planned decentralization now entails the danger of dismemberment. The concept worked as long as the communist movement consisted predominantly of well educated and ideologically motivated students and intellectuals who had a firm grip on their local cadres. As a result of the economic decline of the Philippines since the early eighties, however, the movement was joined by people who in former times would have joined bands of gangsters--school drop-outs, unemployed, and children of landless peasants. Not prepared to rough it in the jungle or in the mountains in order to realize an ideological concept, they are seizing now what the revolutionaries promised them in the case of victory: equal rights for all. Local guerrilla leaders

occasionally behave like high-handed provincial potentates who decide over life and death.

The enormous rush to the CPP confronts the party with almost insoluble problems. Not only is the CPP the fastest growing revolutionary movement anywhere; it is also--at least so far--the only such movement not to receive any kind of support from abroad. "Our fighting organization has increased by leaps and bounds," states the party organ ANG BAYAN in its October issue, "but our financial and logistical needs cannot be adequately satisfied by the mass base." They have to, however, and as a result the revolutionary-tax screws is being tightened more and more. This in turn leads to resentment among the population, which itself is in economic straits and does not have enough to eat. So far the peasants have regarded the revolutionaries as protectors against the excesses of undisciplined and miserably paid soldiers and police who took their misery out on the rural population by stealing food and levying illegal road taxes.

"The tide is beginning to turn," says Colonel Rodolfo Biazon, commander of the 3d Marine Brigade on Mindanao, the southernmost Philippine island. As an example, Biazon cites the village of Tamugan, north of the capital of Mindanao, Davao. In that village, the Communists took in 15,000 pesos (about 2,300 Deutsche marks) month after month. Some months ago the villagers refused to continue to pay the revolution tax. Thereupon the guerrillas of the NPA called all the villagers together, grabbed the parson, a teacher, and the bookkeeper and shot the three before the eyes of the population. The executions were meant to intimidate and to nip any resistance in the bud, but they caused such indignation among the villagers that they turned to Col Biazon and asked him to provide some marines for their protection. As many as 42 villages followed the example of the people of Tamugan. "This shows," says Col Biazon, "that the people do not support the NPA voluntarily but are forced to do so by acts of intimidation.

The Communists claim that of the country's 42,000 villages almost 2,000 are firmly in their hands, but these CPP strongholds can be taken by military assault at any time. As a result they must be sure that when the enemy approaches no one is ready to cooperate with the enemy. Potential collaborators are liquidated in good time.

Nor is there any fuss made with critics. During an illegal transport strike in the provincial capital Davao in May, radio reporter Charlie Aberilla was shot and killed by a "sparrow commando" while he was broadcasting a commentary critical of the strike staged by Communists. Millions of listeners witnessed Charlie's death rattle on their radio sets. A little later guerrillas fired at a bus which had ignored the transport ban, killing four passengers including a mother holding an infant in her arms. "Such acts of violence now have caused an anti-NPA attitude among the people," claims General Jaime Echeverria, commandant of the 11th Military Region on Mindanao; we notice that because we not more frequently get hints from among the population of Communist activities, enabling us to take specific actions."

Nowhere have the Communists gained as much influence as on Mindanao, the southernmost and second-largest island of the Philippines. Regarded as the "Promised Land," it has attracted people from all parts of the Philippines. Lying south of the typhoon belt, the island is extraordinarily fertile. It has lumber forests, mineral such as copper nickel, silver, and gold, and is surrounded by water rich in fish. However, the agricultural wealth is predominantly exploited by U.S. concerns maintaining large pineapple, banana, coconut, and rubber plantations, the minerals are mined by mining companies with headquarters in Manila, and the lumber concessions are passed to friends of Philippine President Marcos. The inhabitants of Mindanao constitute cheap labor whose average annual income is a thousand dollars lower than in other regions. What with the drop in world market prices of agricultural products, unemployment increased on Mindanao, amounting to 15 percent today. Another 30 percent are considered underemployed.

The Communists have exploited the growing economic malcontent on Mindanao for their propaganda against foreign concerns, against the "U.S. Marcos dictatorship," and for social justice through redistribution. "The land is rich, but its inhabitants are getting poorer and poorer, being treated like animals," preach the Communist propaganda outfits. The provincial capital Davao, which has continued to expand as a result of the influx of people and today is time and half the size of London, has become a parade ground of the NPA for urban guerrilla warfare. In the harbor quarter of Agdao, the NPA was able to get a quick foothold. There newcomers had been settling illegally for decades. Claiming the territory for an expansion of the harbor, the municipal administration had long threatened to burn down the shanties of the illegal settlers. Boasting to be the guardian of the interests of the poor, the NPA soon had the 126,000 inhabitants of Agdao under control.

From Agdao the NPA dispatched its "sparrow commandos" into town in broad daylight for attacks against police, politicians, and businessmen. At night companies of paramilitary police combed the harbor quarter in the search for guerrillas. The once peaceful Davao became the "killer city" of the Philippines, with three or four dead per day. "The NPA kills from 0600 to 1800 hours, the military from 1800 to 0600," says Luis Santos, former mayor of Davao, who cannot escape some of the blame for the conditions. Having lost the mayoral election of 1980 by a close margin, Santos refused for 14 months to vacate his office, until finally President Marcos removed him. The Communists took advantage of the power vacuum to make themselves at home in the city. Now former Mayor Santos is trying to blame his successor, Lopez, for the guerrilla activity. "After dark, not a soul dares go into the street any more," he warns us right off.

This has not been the case for some months now. The discos of Davao are again open until after midnight, and people stroll also through the streets at night, or sit on the patios and balconies of their houses. The number of murders has gone down considerably since the middle of this year (last month "only" 28 people were murdered in Davao), and even strangers can dare go to Agdao again. The inhabitants of the harbor quarter finally got tired of the police raids--let alone the money they had to give to their "protectors." So they drove the guerillas from their quarters and formed self-aid groups.

"We long failed to realize that the leftists enjoy support among the population not because they preach communism but because they are agitating against the government and existing conditions," says Col Rodolfo Biazon. The marine commander therefore tries to fight the Communists not with bullets but with their own weapons--propaganda. Biazon had one of his army trucks converted into a movie transport with which he drives to the villages showing the people the movie "Killing Fields" about the revolution in Kampuchea. Most of the time he is also accompanied by an NPA defector who tells about his life as a Communist guerrilla.

"Our main problem," says Biazon, "is corruption and the lack of credibility of this government. Therefore I am not defending the government but am fighting for freedom and democracy." The 51-year-old colonel also does not absolve the legal opposition from blame, saying that it does not have any alternatives to offer and is not dissociating itself from the "red opposition." Instead it was relying on being borne by the wave of leftist support and hoping later to settle with the Reds. "A fatal miscalculation," Biazon says. He also issued a reminder that church organizations are willingly doing preliminary work in behalf of the revolution.

With His Head Rather Than With Bullets

The leftists promptly reacted to Biazon's propaganda. Throughout the country there are now establishments of "Bayan," the new umbrella organization of the so-called "sectoral, issue-oriented groups." Bayan members fiercely deny being communists, although they too advocate a "radical restructuring of the political, economic, and social system." Bayan organizes "people's strikes." Through agitation, barricades, and carpets of nails, all transport, and thus also production, is paralyzed. This is intended to provoke countermeasures by the forces of order--a classic concept of using the people as a wedge in the revolutionary struggle with the authorities. In Escalante, on the sugar island of Negros, the guardians of public order allowed themselves to be provoked. On the 3d day of the people's strike in September, paramilitary police fired into the crowd, killing 20 demonstrators.

Col Biazon does not allow himself to be provoked. He mingles unarmed among the strikers and debates with them for hours on end--for example, about the question as to whether their alleged "right to strike" entitles them to restrict the right of all other people to make use of the roads. Sometimes he succeeds, with the strikers clearing the road and retreating to the pavements.

The battle for the people's support would not be lost as yet if there were more people like Biazon in the Philippine Army who use their heads rather than bullets against the revolutionary left. Though enjoying the full support of his commanding general, Echeverria, the commander of the 3d Marine Brigade is distrusted by his fellow officers. Above all, Biazon is afraid of the outcome of the presidential election in February, which he considers to be the last

opportunity for changing the situation with democratic means. "If Marcos wins this election again," says Col Biazon, "God help us!"

8790/13068

CSO: 4620/19

PHILIPPINES

VER OFFERS MILITARY, CHDF ROLES TO SURRENDERED MUSLIMS

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 pp 1, 14

[Text]

A full battalion of the Moro National Liberation Front numbering 602 men under Commander Unmal Alamada surrendered to Gen. Fabian C. Ver, AFP chief of staff, in Alamada Cotabato last Monday, it was reported by Miguel R. Rocha of the Philippine News Agency.

Also received by General Ver at Camp General Santos in Alamada were 1,200 supporters of the MNLF. Camp General Santos, a military training camp, is under Brig. Gen. Edon Yap of the Army Reserve Command (ARESCOM).

According to the PNA report, the surrender came after more than one year of negotiations initiated by General Yap. General Ver took along with him Commander Alamada and his five staff officers for presentation to President Marcos.

With Commander Alamada were Bongoy Lama-gadoy, executive officer; and, Bagel Butig, Bosser Briacaluden, Baro Andol, and Omar Gumagil, general staff officers.

Total Yield

Commander Alamada's battalion included, besides his five staff officers, 18 field commanders and 250 armed regulars, the PNA report stated. The rest of the 602 members must be the unarmed support group.

They surrendered 230 assorted high-power fire-arms among which were 128 garand rifles, 47 carbines, 27 armalites, one caliber .30 light machine-gun, and more than 5,000 rounds of ammunition of different calibers.

According to PNA citing military report, Alamada's battalion was one of the seven MNLF battalions operating under Zone One of the Kutawato Revolutionary Committee. KRC covers the provinces of Maguindanao and other Cotabato provinces and Lanao del Sur.

Commander Alamada used to be under the Hashim Salamat faction of the MNLF, recently renamed MILF (Moro Islamic Liberation Front), before going over to the Reformist Group under Dimas Pundato.

General Ver assured Commander Alamada he would work for their rehabilitation, enlist some of them in the Armed Forces, and integrate others with the Civilian Home Defense Forces.

/9274
CSO: 4200/645

PHILIPPINES

AUTHORITIES RELUCTANT TO ARREST INP MURDER SUSPECTS

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 pp 1, 14

[Article: "Accused in Buluan Ambush Untouchable?"]

[Text]

Municipal Circuit Trial Judge Samuel V. Fernal has issued the warrant of arrest but as of yesterday it appeared that no police or military officer would serve the warrant on five persons accused double murder with multiple frustrated murder.

This was according to a reliable report brought to The Mindanao Cross editorial office yesterday. The informants begged anonymity for fear of their safety.

According to the copy of the warrant of arrest shown by the informants, the accused are Bati Kanakan, Manlakong Buaya, Pininda Gaguil, Malluna Mangadudadatu, Abedin Candao, and John Does. They are all residents of Buluan, Maguindanao.

The warrant was issued last December 13. No bail has been recommended for the temporary release of the accused.

The five are accused for the ambush-slaying of Eng Uy, 33, a civil engineer and a businessman, and his sister Mrs. Deydy Uy Salendab, 25, a nurse. She was two months on the family way. Both were residents of Buluan, Maguindanao.

The ambush happened at about 10:30 p.m. last December 7 — on the national highway, near the "Welcome" arch and about 300 meters from the PC Task Force Sandigan detachment.

The victims together with children were coming home from Tacurong in a convoy of three cars when ambushed. Mrs. Salendab was in the second car and Eng Uy was driving the third. The lead car escaped unscathed.

According to the informants, in spite the appeal of the victims' companions in the first car and the heavy firing, the PC soldiers — one identified as Sgt. Caturi — did not respond inasmuch as the place of the ambush was under the jurisdiction of the 38th Infantry Battalion.

The victims had gone to Tacurong earlier that day with the children to attend the show at Notre Dame of Tacurong. Some of the children were studying in Notre Dame.

Apparently, the informants said, both the 38th IB and the PC were reluctant to serve the warrants. The accused are members of the Integrated National Police. Bati Kanakan had a grand public wedding last Tuesday yet no one served the warrant on him.

Last Wednesday, Capt. Usop Casuyo, commanding officer of the 417 PC Company, tried to serve the warrants but the accused, he was told, were out in operation with elements of the 38th IB.

The ambush, according to reports, was connected with the cotton buying business of Eng Uy. The Uys and their relatives have evacuated to Tacurong.

Injured in the ambush were Michael Uy Salendab, 12; Thesy Uy, Shaun Carlo Uy, Mohamad Salendab, Deydy's husband; and Abdul Maula Salendab.

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PHILIPPINES

TORTURE CASES DOCUMENTED, MILITARY SUSPECTS NAMED

Melbourne THE AGE (Saturday Extra supplement) in English 11 Jan 86 p 5

[Article by Barry Lowe: "Torture Under the Marcos Regime"]

[Text]

MANNY GUZMAN feared the worst when a group of military men burst into his office in the Manila suburb of Cubao.

Four of them grabbed Guzman and his office mate Arturo Tabara. The others began an intensive search of the premises.

Guzman and Tabara were dragged outside the building and forced into a waiting car which immediately drove off at speed.

Guzman later recounted that he realised how serious the situation was when he saw he was being taken not to a military stockade but a nondescript office block he correctly guessed housed the headquarters of one of the Philippines' numerous military intelligence agencies.

For the next 24 hours Manny Guzman underwent almost continuous torture at the hands of the Metrocom Intelligence Service Group (MISG).

Although he was just one of thousands of alleged torture cases in the Philippines under President Ferdinand Marcos's 20-year rule, his case is better documented than most because he and the 19 other detained in the operation that included the raid on his office took the courageous step of initiating legal proceedings against their tormentors.

Their plea for legal retribution was doomed to fail. Even the Philippines judiciary has been subservient to the military since President Marcos institutionalised military rule by his 1972 declaration of martial law.

The 20 torture victims filed a \$500,000 damages claim against the army and when the courts shrugged off their complaint, they took their charges to the United Nations human rights committee.

It was an act of futility, according to other torture victims, but a brave, defiant gesture. Most Filipinos who have suffered physical torture at the hands of the military are grateful to escape with their lives and would not risk further detention by complaining of their ordeal.

The testimony of Manny Guzman and the 19 others reads like an account from the military torture chambers of Chile or Argentina.

The army-backed Philippines regime is conducting its own "dirty war" against suspected leftists, similar to the bloody campaign by Argentine generals during the '70s.

Manny Guzman was picked up because he worked for a community assistance organisation suspected of having links with underground political groups.

"First of all I was handcuffed and blindfolded," he said. "There were three to five men. I couldn't tell exactly how many. They began taking turns questioning me.

"Are you involved in the underground? Who are your friends? Do you know any of these people?" they asked me. For each question I would receive a kick and punch — or a cigarette would be stubbed out on my body. My head was banged against the wall, I was repeatedly strangled, and someone shoved a pair of pliers down my throat.

"It seemed to go on forever. But after about a day the breaks between torture sessions got longer. After three days the torture stopped, and I was transferred to a regular military detention centre about a month later." Guzman's trial began nine months after that. He was acquitted when his military captors failed to produce any evidence to back their initial subversion charges.

Manny Guzman avoided further torture because the officer handling his case decided he was not important enough. But most of his fellow detainees were not as fortunate.

Marco Palo was picked up the day before Guzman's arrest and taken to the same place for questioning.

During the first session he was "softened up" with kicks and blows and by having his head banged against the wall.

He was then stripped and held down

for the "Meralco Cure". The Meralco Company supplies Manila with electricity.

Two copper wire terminals connected to a generator were applied to various parts of his body, particularly his genitals, over a period of several hours.

"For each question I received a prod from the wire. Later they turned up the voltage... the pain was similar to accidentally touching live wire, but a hundred times worse because it was sustained over a much longer period," he said.

"The terminals left tiny burns all over my body. Later I was able to count 72 of them."

Edwin Lopez was also questioned at MISG headquarters. "The copper terminals were pressed on my right leg. I felt a shock of burning heat which spread all over my body."

"I cried out in terrible pain. The device was repeatedly applied on my thigh, arms..."

"The trembling of my body grew stronger to the point that I was shaking involuntarily even after the man withdrew the instrument. The whole session went on for about 30 minutes."

"It occurred to me that their only intention was to inflict pain. During the electric shock treatment I was not asked a single question. I only remember them laughing whenever I cried out in pain."

Other forms of "persuasion" used by the interrogators and recalled by the prisoners included being doused with cold water and forced to sit naked in front of an airconditioner for several hours, being held down while someone wearing heavy boots stepped on their testicles, having a gun barrel rammed down their throat, suspended by ropes tied to the wrists, partially strangled with a noose, burnt with lighted cigarettes, clubbed with rifle butts and prodded with truncheons.

In all cases, the torture sessions continued for several days and the victim was deprived of sleep for extended periods. Most of the prisoners said they received hardly any food during the first week of their detention and when they were not being interrogated they were confined to tiny concrete cells (one metre by two metres) or crowded together with several other prisoners into slightly larger cells.

Apart from their physical tortures, the detainees were also subjected to psychological torments such as having a loaded gun pressed against their temple or genitals.

Operation Crosswind was the code name for the operation that led to the detention of 20 torture victims. The operation brought together elements of seven separate intelligence units who formed Task Force Makabansa (nationalist), an

elite anti-insurgency force charged with "conducting pre-emptive strikes against communist-terrorist plans to sow discord in metro Manila".

Task Force Makabansa's personnel lists reads like a 'Who's Who' of the Philippine's most notorious torturers. The damages claim filed by the 20 detainees lists five colonels, a major, a captain, three lieutenants and a master sergeant as active participants in the torture sessions. One of the colonels, named Rolando Abadilla, is head of MISG and widely regarded as the most frequent user of torture among the Philippine military intelligence chiefs.

Critics of the intelligence agencies like the one headed by Colonel Abadilla say their freedom from accountability has fostered an obsessive mentality among their officers whose dedication often verges on fanaticism. Such a description fits the officer cited by the 20 torture victims as their chief tormentor; Rodolfo Aguinaldo, ranked major at the time of Operation Crosswind, but since promoted to lieutenant colonel.

All the prisoners who were questioned under his supervision were struck by the enthusiasm he displayed for his work. One of his trademarks, observed the prisoners, was to punctuate his questioning by suddenly seizing his victim by the throat, tightly squeezing the trachea between thumb and forefinger. Colonel Aguinaldo, 35, is regarded as one of the shining stars of the Philippine officer corps.

He came to prominence as an intelligence officer by capturing a string of leading underground personalities during the '70s, including the man thought to be the head of the Communist Party of the Philippines, Jose Maria Sison.

Former colleagues of the colonel claim his success is largely derived from his ability to extract information from suspects.

According to his former prisoners, the colonel utilises most of the more traditional methods of extracting information — electric shocks, the water cure, suffocation with a plastic bag over the head — but he has also developed a few specialities of his own.

A report by a human rights organisation, Task Force Detainees (TFD), provides a partial list of Colonel Aguinaldo's former "clients" and some of the methods that were used during their interrogations.

Some examples:

Henson Larel had a dead rat stuffed into his mouth, Winfred Hilao was forced to lie across a large block of ice while electrodes were applied to his genitals, Philip Limjoco had hot candle wax dripped into his ears, Satur Ocampo was fed with human excrement.

Colonel Aguinaldo now leads a counter-insurgency unit in the northern Luzon province of Cagayan, where his methods have been credited with taking the initiative away from the formerly powerful New People's Army forces in the area. He shrugs off the torture allegations against him, claiming that his success in Cagayan is largely the result of a "silk glove" approach in dealing with NPA guerrillas who surrender to him.

Although the intelligence unit headquarters in Manila are the terror of urban activists, it is in the provinces where many of the most brutal cases of torture have been reported.

TFD reports that certain techniques of physical torture are favored by particular units in different parts of the country.

Military officers in the southern Luzon city of Legaspi are known to make frequent use of the "cantilever treatment", a variation of the rack of Middle Ages notoriety. The victim is stretched over a curved frame while his neck is twisted and his stomach pounded. Ordeal by fire is the preference of military interrogators in southern Negros.

Rudy Del Carmen, a 31-year-old peasant from Hinobaan, was arrested on suspicion of being an NPA supporter. His military captors tried to make him admit the charges by dousing his feet with gasoline and igniting them. When that failed to produce the right response vinegar laced with chili pepper was splashed into his eyes and his penis was pinched with pliers.

The marine battalion based in the southern Luzon province of Batangas has emphasised the genitals during its interrogation of suspects. Peter Villasenor, who was arrested in June 1982, had his penis burned with lighted cigarettes and a piece of palm frond inserted into his urethra. Evidence of the torture methods employed in the central Luzon province of Pampanga comes from a former military doctor who resigned his commission after he was ordered by his superior to examine torture victims to determine how much more "treatment" they could endure.

The former officer said the intelligence officers attached to his unit guarded against their victims later reporting them by using techniques that did not leave any physical marks on the body. "A dripping block of ice suspended above the bare chest of the subject was a favorite trick. After several hours of this treatment, the victim would be begging for mercy," he said.

The former army doctor said women detainees often suffered the worst indignities. "The main object of the treatment was humiliation. The woman would be stripped naked and held down while

someone ran a ballpoint pen all over her body. "The more men they had in the room at the time watching and jeering, the better."

Human rights abuses against women detainees in the Philippines present another dimension to institutionalised torture. Detainee support groups estimate that about 80 per cent of women detainees are raped or suffer other forms of sexual assault. One of the best publicised cases concerned Hilda Narciso, who was arrested in the southern city of Davao by 30 heavily armed military men. She was taken to a suburban house where her ordeal began. At least four soldiers took it in turns to rape her and sexually assault her with pointed objects.

Another victim of sexual abuse during military detention was Erlene Dangoy, who was arrested in Davao by members of the notorious Citizens Home Defence Force, a paramilitary organisation.

The 16-year-old girl was accused of being an "amazon", the term used by the military for female members of the NPA. Here are some excerpts from her testimony:

"The night of my arrest I was led into a room by a man holding a gun at my head. Two other men were waiting there. They laughed as I entered. One of them grabbed me and undressed me. As they muffled my screams, two of the men began squeezing and touching my body. I could not do anything because they held my hands. Then they forced me to dance. Displeased, they took some hot pepper which they rubbed all over my body. They laughed as they saw me flinching in pain.

"Later, a uniformed man whose name-cloth bore the name Capuyan grabbed me. I tried to break loose from his grasp but he boxed my stomach and legs until I lost consciousness. When I regained my senses, I was shocked to discover my hands tied and my mouth gagged. My legs and body were in pain. I saw blood. My breasts were bared and my panties torn. At the moment I feared the worst had happened to me. At dawn the beast Capuyan came back to my cell and raped me again. I felt like a dead person — my body was too weak to fight, too tired, too painful. I wanted to shout, but not a sound came from my lips."

Erlene Dangoy was eventually released four months later without any charges ever being laid against her. The psychological effects of torture and the traumas suffered by torture victims are being closely studied by staff at a recently opened rehabilitation centre for former detainees.

The centre is simply named Balay, which means house, because its founders feared a more descriptive title might draw the attention of the last people the

former detainees wanted to see — their former jailers. Located in a leafy street of the national capital, Balay seeks to help former political prisoners put their sufferings behind them and to begin life anew. But according to Balay's director, lawyer Mrs Cookie Diokno, torture victims often leave prison suffering problems that can take years of specialised therapy to overcome. One former detainee now being treated by Balay staff was so haunted with nightmares about his mistreatment that he decided to commit suicide by standing in the path of an oncoming train. He changed his mind at the last moment and attempted to jump aside only to stumble and watch the train sever his right leg.

"Other torture victims develop phobias that they find hard to shake off," said Mrs Diokno. "A woman ex-detainee I know had boiling water thrown over her by her military interrogators.

"Now she can't even dare to look at boiling water. She finds it impossible just to boil a kettle and has to have someone help her do the cooking." Mrs Diokno said torture victims' traumas often manifest themselves in marital difficulties. Tortured detainees run a high risk of marriage breakdown. Their fear becomes obsessive, especially the fear of rearrest and more torture. It affects them in such a way that often they just cannot cope with relationships.

Despite the documentation compiled by organisations like Balay and Task Force Detainees, the Marcos Government still denies that torture is systematically used by the military. Although government spokesmen will concede that there have occasionally been some abuses by "a few over-zealous" officers in the field, they firmly reject claims that torture has become an "acceptable" method of obtaining information about the activities of subversives.

Reports detailing human rights abuses by the Philippine armed forces have been furnished to Amnesty International and other international human rights organisations, but so far there has been little direct pressure placed on the Marcos Government to comply with the Geneva Convention and other provisions for the treatment of political prisoners.

"People are being tortured in the Philippines right now," said a Task Force Detainees researcher, who has documented torture cases since the declaration of martial law in 1972. "It's standard procedure now. It seems there's nothing we can do to stop it. We can only try to convince the world that it is happening."

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PHILIPPINES

MAKATI BUSINESSMAN ON POPULATION, ECONOMIC IMPACT

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 p 11

[Article by Perla Aragon Choudhury, PCF Media Service: "A Businessman's View-- Population Problems Weaken the Economy"]

[Text] Rapid population growth may worsen the country's unemployment problem, a leading businessman has warned.

In an interview, Raul T. Concepcion said:

"To employ a laborer, industry needs a large amount of capital investment. But with a large population we just would not have the funds to generate employment for labor, even if all the foreign investments possible were to come here." Concepcion is president and chairman of the board of the Concepcion Industries Group of Companies; he also heads the committee on industry of the Makati Business Club.

Concepcion said that population problems can weaken the entire economy, and increase the number of urban poor.

He observed:

"It would then take a lot of resources to meet social pressures and basic needs. When we are hit by 90 million people in the year 2000, whatever we do can really barely improve our standard of living because of so many more mouths to feed."

The business leader, who is acting secretary-general of the Presidential Productivity Council, warned of the unexpected effects of the thrust towards productivity, even as he acknowledged its importance.

There is nothing wrong with this emphasis, he said, provided the manpower displaced by computers can be absorbed.

He noted: "We can develop other industries such as semi-conductors, but we must realize that changes in automation are too rapid for training and retraining."

The council has not yet formulated a population policy, but Concepcion believes that the problem is known to all its members: "The Prime Minister (Cesar Virata) has been very emphatic about this and he is pointing out a very real problem. The magnitude is so great that everybody has to look to the year 2000."

Concepcion, a member of the panel of experts of the Commission on Population (Popcom), called for measures to enlist the private sector's full participation in, and support for, the National Population Program.

Concepcion explained: "This is not to undermine all the efforts that have been done in population. I think they have all been good. But from the business point of view . . . for the private sector to be enthusiastic and to be able to contribute, its members must know the overall program objective, the quantifiable goals, and the way by which they are to be achieved."

"After this the private

sector can come in to help with program constraints, viability, resources, funding, area-specific goal setting, staff professionalization, and so on. It is just like a project presentation, perhaps even a fund drive with which we businessmen can identify."

Concepcion gave these other suggestions for the population program:

- Thoroughly study and document population data. More funds could be used to recruit more professionals, and to computerize data which could help clarify the problems and constraints faced by the Program.

- Help the corps of population officers work closely with but independent of local executives to offset the latter's lack of time, dedication to, and enthusiasm and priority for the Program.

- Convene a conference of population officers to discuss the data base generated earlier to pinpoint areas of concern needing in-depth studies to help set, measure, review and readjust Program goals.

- Appoint a Cabinet-level minister concerned solely with the responsibility of implementing the population program.

- Brief civic and church leaders periodically, with population officers coming up with local or regional materials on overpopulation.

PHILIPPINES

ARTICLE REPORTS FLOUR SHORTAGE IN COTABATO

Cotabato City THE MINDANAO CROSS in English 21 Dec 85 pp 1, 14

[Text]

There was no flour distribution in the city and elsewhere in the region this month as millers stopped milling operations due to the need to clean their mills and to the lack of private local marketing arms after the delisting of prime commodities.

Small bakeries are running out of stock. Four flour traders in the city are reluctant to buy new stocks as price fluctuates.

According to a source,

Cotabato City gets 7,000 bags out of the 30,000 50-kilo bags allocated monthly to Region 12. The stocks come from either Cebu City or Davao City.

Mrs. Benita Ma, a board director of the Cotabato Bakers Association, said that the association president was able to negotiate for 1,600 bags for the city. However, these will be

delivered directly from Manila on cash basis.

"I think all the bakers are apprehensive," Mrs. Ma said. "We have no stocks. What shall we do this Christmas season?"

She said that for two years under the control of the National Food Authority, there was no flour shortage although shipments might have been delayed, these did not happen during Christmas season.

Mrs. Ma said that there has been no regional marketing arm since the turn-over of flour sale and distribution to the Philippine Federation of Bakeries Association, the sole wheat importer.

Meanwhile, other sources suspect that flour millers stopped operation to evade the payments of the 13th month pay to casuals and contract workers. Millers, they said, usually stop operation at the end of the year to clean their mills.

There is no information as to when normal flour distribution will resume. Most of wheat milled in the Philippines come from Germany.

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PHILIPPINES

ARTICLE CITES MILITARY DISRUPTION IN LAGGING FOOD PRODUCTION

Dipolog City THE MINDANAO OBSERVER in English 23 Dec 85 pp 2, 6

[Text] Newspapers recently announced that the government's National Economic and Development Authority (NEDA) was projecting a 4 percent drop in the country's gross national product (GNP) for 1985 (BT, 11-22-85). Another NEDA report notes that the country's annual per capita income, based on GNP, had dropped from US dollar 830 in 1985 to 650 dollar at present.

Noting the Philippines' lat compared to other Asian countries, Economic Planning Minister Vicente Valdepenas suggests that Filipinos should work 10 times more to increase production (BT, 11-23-85).

The government call for increased production makes it seem as if workers and peasants are just sitting back enjoying the crisis. In terms of food production, the constraints that block production are not just a matter of farming methods.

A study from the Montanosa Research Development Center (MRDC) in Sagada, Mt. Province shows this clearly with regard to white beam production in Bugnay, a barrio in Tinglayan, Kalinga-Apayao. Released in October 1985, the study by E. Daguitan and P. Naduli says that Bugnay's farmers planted 91 cans (each can--17 kilos) of white beam seeds in 1984, compared with 76 cans in the previous year.

Yet, total production for 1984 was only 714 cans, compared with 1397 in the previous year. Average household income derived from crop sales dropped from ₱1654 in 1983 to ₱803 in 1984.

The reason for this decline, MRDC researchers say, is militarization, which disrupted economic activities by limiting the people's access to their farms. Bugnay's villagers also explained that soldiers would uproot crops during their operations. Although 1983 was a drought year, it seems that the intensification of militarization in 1984 wrought greater havoc for the farmers. Bugnay, and other areas in the Cordilleras, are now reaping a different kind of harvest; hunger and disease.

The MRDC study deals only with one barrio. It is a simple study, two pages long but more of these papers should be produced, if at least to convince Mr. Valdepenas that it will take more than "working ten times harder" to solve our problems.

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PHILIPPINES

MUSLIM DISTRUST OF MANILA CITED IN SULU ILLITERACY

Dipolog City THE MINDANAO OBSERVER in English 23 Dec 85 p 5

[Text]

Historical Muslim suspicion of the national government in Manila is offered as one of the leading reasons why this province suffers the lowest literacy rate in the country today.

The rate is estimated to be half if not lower than the national average of 87 per cent with some provinces enjoying rates as high as 95 per cent.

Public and private educators in the province explain that the distrust dates back to the Spanish colonization period and underscores the fact that Muslims were one of the country's few ethnic groups not completely subjected by the Spaniards.

The American who replaced the Spaniards as colonial power also did not have much luck in subjugating the Muslims, according to the educators who admit the province today has more residents who cannot read and write than literate ones.

Shying away from public schools set up by the

national government was one of the actions taken by Muslims to express their resistance to the colonial powers then with such a practice becoming "tradition" among some present-day Muslims, the educators further explained.

However, both the provincial and national governments are tackling the illiteracy problem of Sulu energetically and patiently Gov. Tupay T. Loong reported.

The governor claims steady progress is being achieved as reflected by enrolment in the public schools, particularly at the elementary level, rising to 64,137 as of the 1982-83 school year compared to 10 per cent of that number in 1974-75.

February 1974 is a traumatic date in memory of today's Sulu residents. Fierce battles occurred in the province during that month between government troops and forces of the Muslim separatist movement.

PHILIPPINES

FEMALE EMPLOYMENT LISTS GAINS DURING 1978-1983 PERIOD

Dipolog City THE MINDANAO OBSERVER in English 23 Dec 85 p 6

[Text]

Women participation in employment in the Philippines had risen by 30 per cent over a five year period totalling 8 million in 1983 as against six million in 1978.

With a total work force of 20 million, this means that for every three Filipino males employed, two of their female counterparts are also in paid jobs.

A study of the National Commission on the Role of Filipino Women showed female rural labor force grew by 36.2 per cent in that time.

In urban areas, growth was recorded only at 20 per cent with 2.66 million in 1978 and 5.27 per cent in 1983, while total unemployment grew from six per cent to 9.3 per cent compared to the national figures of 8.7 per cent 10.9 per cent, respectively.

The employment picture at the countryside was steadier with a total rate of 96 per cent and 93 per cent for females(indicating that as of 1983, 360,000 rural women are seeking jobs as

against 290 urban female looking for employment.

Of these 650,000 unemployed women, 308 were single, 15,000 were widows, 9,000 were separated or divorced and 278 were married but wanted an additional income for the family.

The NCRFW study also found out that most Filipina workers are either unpaid family workers in the agricultural and government sectors while they dominated the wholesale and retail trades in addition to community, social and personal services.

It is interesting to note that female participation was evident in both female and male-dominated industries like electricity with 14.1 per cent and 8 per cent in finance and related services including agriculture.

Women workers were equally accepted in transportation, storage, communication mining and quarrying where rates varied from 2.6 per cent, 4.4 per cent and 0.9 per cent.

Although their salaries increased by 73 per cent from P1,006 in 1978 to P1,741 in 1983, the real earnings remain low due to the effects of inflation and high prices and the situation was even worse for rural women workers, whose real earnings for a quarter in 1984 was only P552.

At the end, however, of the Decade for Women, positive trends are gleaned for new policies and legislation affecting the entry of women in non-traditional areas, including expanded training and work opportunities and overseas employment.

Working women overseas now account for 18.3 per cent of the total, with 59 per cent of them as service workers and 36 per cent as professional and technical workers.

Maternity leave benefits for working women had been transferred from the employer to the Social Se-

curity System to assure additional security to married women's health and work tenure.

An accompanying NC-RFW analysis stated that if the trend of increased women participation in employment continues, then men and women would be sharing the responsibility of supporting the family.

The difference, however, in their earnings could only be achieved if the women would successfully penetrate, nontraditional technical jobs like transportation storage, communication, finance insurance, real estate, construction, mining and quarrying which are better-paying.

The commission emphasized that it is important that women be allowed ample parts in decision-making either in private and government corporations as employers and likewise in administrative, executive and managerial posts.

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THAILAND

COLUMNIST: U.S. FARM BILL TO HAVE SEVERE IMPACT

Bangkok DAILY NEWS in Thai 9 Jan 86 p 2

[Around the World column by Trairat: "American Farmers"]

[Excerpt] There will be a fierce battle over the Farm Bill, which the United States has promulgated in order to help enable American farmers to compete in selling their goods on world markets. The 5-point policy, which DAILY NEWS published the other day, clearly shows that things will get much worse for Thailand, particularly in exporting rice. Even before the United States promulgated the Farm Bill, our farmers were not able to sell all their rice even though a great effort was made. They could not get a good price for their rice. The situation has been this way for several years. The farmers have marched on Bangkok and protested to the government several times.

Seeing the help that the U.S. government is giving to its farmers makes me jealous. Even though the United States is an industrial country, whenever the farmers there have problems, the government rushes to provide comfort using short, medium and long-term policies. It has set support prices and loan rates and accepted pledges. It has helped watch world markets and made recommendations on controlling production. And now it has implemented a policy of direct financial support for families. What this means is that the U.S. government is spending billions in order to enable American agricultural products to win world markets. It allows buyers to pay for the goods over a long time period at a low rate of interest. Support is being given to all types of farmers. This has enabled American farmers, who account for only 3 percent of the population, to sell rice throughout the United States and compete for markets all around the world.

Thai agricultural products experts have all pointed out that the Farm Bill will definitely have an impact on our crops. In particular, the United States will seize markets from those countries that do not work together. This will result in our suffering losses totaling at least 5.8 billion baht. Because of the sale of American rice, our rice sales in the Middle East will drop by 270,000 tons. And in Africa, sales will drop 730,000 tons. This does not include other markets. Corn sales will definitely be affected, too.

Even when Thailand was able to export large quantities, the price of rice and corn was so low that farmers experienced great trouble. And now that they face

such great competition from the United States, there will be little hope for them. The price that farmers can get for their rice is much lower than it was several years ago. The farmers all complain that they are becoming paupers. If prices continue to fall or the farmers can't sell their rice, they will definitely be in great trouble. In the future, Thailand may not produce enough rice to satisfy domestic demand because all the farmers will have gone bankrupt and stopped growing rice. And at that point, we will have to start importing rice. What should the farmers do? Those of you in senior positions need to answer this question.

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THAILAND

EDITORIAL SEEKS MEASURES TO COUNTER U.S. FARM BILL

Bangkok THAI RAT in Thai 9 Jan 86 p 3

[Editorial: "We Must All Cooperate"]

[Text] We won't talk about whether there was outside interference or whether there was anything behind this. Rather we will look at the heart of the matter. The farmers who braved the elements to stage a demonstration in Bangkok really are experiencing problems. Pressure has been put on rice prices, and the farmers have not been able to sell their rice at the price stipulated by the government, which set the price at 3,000 baht per kwian (1 kwian equals 2,000 liters).

Besides price squeezing, there are several other reasons why rice prices are below the stipulated prices. An important reason is that world market demand has prevented prices from increasing. This poses a great danger. And the situation will probably grow even worse now that the United States has implemented the Farm Bill. The U.S. government is pouring in money to help U.S. farmers. Because of this, the price of American agricultural goods will decline on world markets. This will pose a great danger to our agricultural goods, particularly rice, which earns much foreign currency for the country.

The Thai Chamber of Commerce, which has studied this problem, has revealed that after the U.S. Farm Bill goes into effect in April this year, production costs of American rice farmers will decline to only 2.55 baht per kg while our production costs will be 3 baht per kg. This will have a great impact on Thailand's rice markets throughout the world, particularly in Africa and the Middle East, markets that are presently controlled by Thailand.

Based on the studies conducted by the Thai Chamber of Commerce, it is expected that Thai rice sales will drop by at least 1 million tons, with losses totaling 58 billion baht. Maximum losses have been estimated at 1.5 million tons. From rice losses alone, the gross national income will decline 3 percent. And revenues from the export of agricultural products will decline approximately 6 percent as a result of this. On the other hand, U.S. revenues will increase approximately 5 percent as a result of their winning this share of the rice market. While that is a very small percentage from their standpoint, to us that is a very large loss.

This poses a great danger. We must make preparations to solve this problem. Everyone, regardless of whether they are in the public or private sector, must cooperate. We must try to make the United States understand the negative impact that this will have on us just as we did in the case of the Jenkins Bill, which would have affected textiles. But that involves making requests from others. The best way is to try and solve this problem ourselves. We must produce enough to satisfy market demand, cultivate other types of crops to replace rice and improve the market mechanism, which includes revising the tax system and solving the quota and premium problems. Only if we face the facts and look at things in the right way will we be able to solve this problem.

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THAILAND

SAMAK LEADERSHIP, TCP PROBLEMS VIEWED

Bangkok MATICHON SUT SAPDA in Thai 15 Dec 85 pp 10-12

[Unattributed report: "Collapse of the Thai Citizen Party: Beware of the Cornered Animal"]

[Text] Four years ago, in an interview granted to a weekly political magazine, Mr Samak Sunthonwet, the leader of the Thai Citizen Party, confidently discussed the "three-step ladder" that would take him to the heights of power. At that time, he said that "my political party is a new party, but we are using old-fashioned cosmetics and so people think that we are attractive. My first step was to see whether I could survive and grow after leaving the Democrat Party." That question was answered by the 1979 general election.

The response by Mr Samak Sunthonwet was, "I fielded 37 candidates and 32 won. I have shown that if parliament survives for another 2 years, I will grow even stronger."

With 32 MPs, even though it had fewer MPs than the Social Action Party (81), Thai Nation Party (38) or Democrat Party (34), the Thai Citizen Party of Mr Samak could still be very proud of itself and had every right to "dream" about future political successes. This was because the Thai Citizen Party had just been formed in order to compete in the 22 April 1979 election. Only Mr Samak had much political experience, and he was the only well known person in the party.

Second, of the 32 House seats from Bangkok Metropolitan, with the exception of the 2 seats held by the Social Action Party (M.R.W. Khukrit Pramot and Mr Kasem Sirisamphan) and the 1 seat held by the Democrat Party (Mr Thanat Khoman), the other 29 seats were all held by members of the Thai Citizen Party.

An even more important point was that Mr Samak Sunthonwet was able to repeat his victory over M.R.W. Khukrit in the Dusit Zone, where he had beaten him in the 4 April 1976 election.

Thus, Mr Samak made plans for his "second step up the ladder" during the election in April 1983. "We plan to field candidates in the 30 provinces around Bangkok. We will contest about 150 seats. If we manage to win 70-80 seats, we will have passed the test."

Based on what he said in 1981, Mr Samak felt that a "coalition government is no good. I have been a minister in three administrations. In my view, a coalition government is no good. The more parties there are in the coalition, the more turmoil there is. Coalition governments concern the interests of each party. If they can agree on how to share the profits, things go smoothly. But usually they can't agree and so the coalition breaks apart." With such a view, Mr Samak's "second step" was to serve as the "leader of the king's opposition party."

The "third step" of the leader of the Thai Citizen Party was scheduled for 1987. His plan was for the Thai Citizen Party to win approximately 200 of the 350 House seats. Even though he did not say so openly, he was definitely planning on becoming Thailand's 17th prime minister.

The Gap Between the Dream and the Reality

As for the the "first step," there is no doubt that Mr Samak and his Thai Citizen Party achieved great success. In the April 1979 election, all the candidates fielded by Mr Samak won a large percentage of the vote. The prestige of Mr Samak almost rivaled that of Mr Khuang Aphaiwong and M.R.W. Seni Pramot.

He had formed a new party, but he did in fact use "old cosmetics." Those cosmetics were very similar to the "real elements" within the Democrat Party during the heyday of Mr Pridi Phanomyong and Rear Admiral Thawan Thamrongnawasawat under the shade of the 1946 constitution.

However, during the "second step," there were portents of obstacles ahead. During the April 1983 election, the Thai Citizen Party had planned to win 70-80 seats in order to serve as a base of support for the the party leader to serve as the "leader of the king's opposition party." But as it turned out, the Thai Citizen Party won only 35 seats, 50 percent below the targeted number. Even though the number of party members who won seats in the House increased (from 32 to 35), the number in Bangkok Metropolitan, where the Thai Citizen Party had almost completely destroyed the opposition during "stage 1," declined, with the Democrat and Social Action parties picking up additional seats. That is, the Thai Citizen Party won 24 seats, the Democrat Party won 8 seats and the Social Action Party won 4 seats.

Following that, the Thai Citizen Party lost Mr Sarawut Niyomsap from Nakhon Pathom to the Thai Nation Party. Mr Pliu Muangsiri, who died, was replaced by Admiral Sombun Chuaphibun, who later joined the Democrat Party. Thus, the number of members serving as MPs declined from 35 to 33. And that is not all. Mr Charut Charuprakon resigned from the party. And Mr Chakrawan Channuwong, an MP from Khon Kaen, Mr Prasit Donphongam, an MP from Chainat, and Mr Salap Nakhasathian, an MP from Prachinburi, began acting like "Thai Citizen rebels" and resigned. Thus, the number of members serving as MPs declined to only 29.

While the Thai Citizen Party won only 35 seats, this was still a significant number. The result was that Mr Samak changed his mind about serving as the "leader of the king's opposition party." Instead, the party joined the government coalition composed of the Social Action, Democrat and National Democracy parties. Thus, the position of "leader of the king's opposition party" fell to Maj Gen Praman Adireksan, the leader of the Thai Nation Party.

From the First Two Steps, a Very Long Path

Even though the Thai Citizen Party won 35 seats in the April 1983 election and even though the decision to join the coalition government helped the party implement several of its policies, the path of the Thai Citizen Party has not been very bright amidst the various political movements that have taken place since May 1983.

There has been a serious split within the party because of the tilt toward dictatorship instead of democracy. This resulted in Mr Sarawut Niyomsap being driven out of the party. And following that, Mr Charut Charuprakon resigned from the party even though this meant giving up his seat in the House of Representatives.

Mr Sarawut Niyomsap was expelled from the party for violating party discipline. The people of Nakhon Pathom expressed their opposition to this action by again electing Mr Sarawut to the House.

The party has clearly been losing its popularity among the people. This is evident from the results of the by-elections and gubernatorial election in Bangkok Metropolitan. In the Bangkok Metropolitan Zone 3 by-election to find a replacement for Mr Pliu Muangsiri, Admiral Sombun Chuaphibun, a member of the Democrat Party, defeated Gen Pamot Thawonchan, the Thai Citizen Party candidate. In the Bangkok Metropolitan Zone 2 by-election to find a replacement for Mr Damrong Latthaphiphat, Mr Phichit Rattakun of the Democrat Party defeated Mr Prathan Duangrat, the candidate of the Thai Citizen Party. The Bangkok Metropolitan gubernatorial election was won by Mr Chamlong Simuang, and the Democrat Party candidate came in second. The Thai Citizen Party candidate came in a distant third. Even in the elections for seats on the Bangkok Metropolitan Council and the zone councils, most of the votes went to the candidates of the Democrat Party, which handed the Thai Citizen Party a resounding defeat.

Because of these successive defeats, the Thai Citizen Party is having great trouble finding candidates to run in the by-election for MP from Bangkok Metropolitan Zone 1. Before the deadline for filing candidacy, Mr Samak Sunthonwet stated that "I have not yet selected a candidate. I am seldom at home these days because I am so busy talking with people. But I can assure you that you are all in for a happy surprise."

But when Mr Samak took Mr Phinyo Sathon and Dr Yuthon Photharamik to the Bangkok Metropolitan administrative headquarters, there were "boos" instead of "cheers." Pitting a person like Mr Phinyo Sathon against people like Gen Han Linanon and Lt Gen Withoon Yasawat is sad rather than exciting.

This reflects the great decline of the Thai Citizen Party. Even though Mr Samak has stated that he has never contacted retired military officers or officers on active duty, a military news source told MATICHON that people from the Thai Citizen Party have tried to contact several retired and active officers. Those he mentioned included Gen Mana Rattanakoset, Lt Gen Phat Urailloet, Maj Gen Uthan Sanitwong Na Ayuthaya and Air Marshal Prakop Buraphat.

"The person to whom Mr Samak was referring when he said that people would be very surprised was Maj Gen Uthan," said the military news source. "But Maj Gen Uthan declined to run, saying that senior people whom he respects objected to this."

In short, the reason why the Thai Citizen Party has been forced to put Mr Phinyo Sathon at the head of the ticket in the Bangkok Metropolitan Zone 1 by-election is that it could not find anyone else to run. It is not because the party wants to field a civilian against the retired military officers.

When Dr "Saothong" Dared To Fight Against Han and Withoon

Gen Han Linanon, the Democrat candidate, has the advantage of being a Democratic Soldier who played a major role in implementing the "politics leads the military" policy to defeat the communists and in implementing Order 66/1980 based on the Tai Rom Yen plan during the period when he served as 4th Army Region commander.

As for Lt Gen Withoon Yasawat, besides the prestige of having been the superior officer of officers who now play an important role in the military, he also gained much prestige among policemen for taking steps to improve the welfare of lower-ranking policemen. At the same time, he was hurt by the "shells" during the time of the "Shell Administration" [administration of Mr Thanin Krawichian] following the 6 October 1976 coup d'etat.

Even though Mr Yingphan Manasikan, an MP from Phitsanulok and the secretary to the minister of communications, has had a premonition that the Thai Citizen Party will win the by-election in Bangkok Metropolitan Zone 1, his premonition is influenced by his hope of being "Tayu" amidst the campaign struggle between the Democrat and Social Action parties. The question is, is there any possibility of the Thai Citizen Party taking this opportunity like "Tayu" while "Ta-in" and "Tana" are engaged in a struggle? I think that the answer is both "yes" and "no."

The Thai Citizen Party hopes that some of the 61,697 votes that Mr Chana Rungsaeng won in Zone 1 during the Bangkok Metropolitan gubernatorial election will be siphoned off by the SAP candidate. If that happens, the 30,470 votes won by the Thai Citizen Party during the gubernatorial election might have great meaning.

At the same time, the Thai Citizen Party has overlooked the role of Lt Gen Withoon Yasawat in the Dusit and Phayathai zones, which are zones with large military populations. The military tends to support Lt Gen Withoon rather than Gen Han. The Thai Citizen Party may also have overlooked the fact that the police vote will go to Lt Gen Withoon rather than to the Thai Citizen Party candidate as in the past.

From this, it is very clear that this struggle is not between the Democrat and Thai Citizen parties or between the Social Action and Thai Citizen parties but between the Democrat and Social Action parties. The Democrat Party has the upper hand but cannot afford to underestimate the Social Action Party. But the Thai Citizen Party is not a serious contender.

The Fate of the Thai Citizen Party; the Domino Theory in Bangkok Metropolitan

The by-election in Bangkok Metropolitan Zone 1 will play an important role in deciding the fate of the Thai Citizen Party. If it is able to defeat two retired generals such as Gen Han Linanon and Lt Gen Withoon Yasawat, this will show that the party still has great prestige in military and political circles. But if it is defeated, it will be very difficult for the party to stage a comeback in the April 1987 election. In Bangkok Metropolitan, the Thai Citizen Party could find itself in the same situation as the Thai Nation Party. That is, it will be difficult to find a retired soldier or civilian willing to risk suffering defeat. There shouldn't be any talk of "step 3" when the party is having great difficulty reaching "step 2."

Mr Samak Sunthonwet said that "I have formed a new party but I am using old cosmetics." And those old cosmetics look very similar to those once used by the ultraconservative Democrats. When they found that they couldn't defeat the government of Rear Admiral Thawan Thamrongnawasawat, which was supported by Mr Pridi Phanomyong, they went and joined forces with the faction of Field Marshal Phibunsongkhram and instigated a political movement in order to pave the way for the coup of 8 November 1947. This is one example of past "political desperation" in Thailand.

Some elements within the Thai Citizen Party once prospered as a result of the "bloody" coup of 6 October 1976 by becoming ministers in the "Shell administration," which was considered to be a civilian dictatorship--the most dictatorial government in Thai political history. But this does not mean that important people in the party abandoned all hope of carrying on a democratic struggle using parliament as the tool. Even though the party has not yet reached "step 2," the chances of it crumbling entirely are still very remote, unless the "mouths" of people in the party drown the party in a "sea of saliva."

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THAILAND

THONGBAI THONGPAO SURVEYS HUMAN RIGHTS, PRESS, FORMER CPT

Bangkok WIWAT in Thai 16-22 Dec 85 pp 30-34

[Article by Thongbai Thongpao: "The Human Rights Situation in Thailand in 1985"]

[Excerpts] Political Prisoners

Because Thailand is not yet fully democratic and because rights and freedoms here are restricted, there are still political prisoners and people who have been detailed illegally. These people can be categorized as follows:

A. Lese majesty cases:

1. Cases already decided: Police Maj Anan Senakhan; Mr Thawan, or Sawan Naiphongthep; Mr Saman Khongsuphon; and Mr Rat Uttaphan.

2. Cases still under deliberation: Mr Chak Phatphattanachai (Chiang Mai) and Mr Prasit Buasuwan (Thanburi Court).

B. Communist and internal rebellion cases:

1. Cases already decided: Mr Damrongsak Karupanan and Mrs Wimon Phianthamdi were each sentenced to more than 10 years in prison.

2. Cases still under deliberation: 1. Mr Damri Ruangsutham and Mr Prakop Thongthung (arrested in April 1981); 2. Mr Surachai Saedan, Mr Mali Sakhon and Mr Prawit Paencharoen (arrested in June 1981); 3. Mr Phirun Chatrawanitkun, Mr Rangsan Saesi, Mr Sawat Anantapanyakun, Mr Manot Methangkun, Mr Prasong Arunsantirot and Mr Sanguan Thipsing (a total of 22 people were arrested in July 1984; 8 were ordered to attend a training seminar and 8 others were not charged).

3. Cases under investigation: Includes the case involving Mr Thongchai Suwannawihok, Mr Sanga Siphokha and Mr Subin Bankiti and the case involving Mr Wirot Chongchit, Mr Praphat Muaidi, Mr Sidet Krainara (alias Sathit Krainara) and Mr Iam Damnu-in.

There have also been reports about the arrest of other suspects in the north and south.

C. The 9 September 1985 rebellion: 40 people were arrested, including retired military generals, 7 labor leaders and a university instructor.

D. People imprisoned by order of the prime minister without benefit of trial: Based on statistics provided by the Bang Khwang Central Prison in Nonthaburi Province, these people have been imprisoned based on articles 21, 27 and 200 of the prime ministerial order. There are now 44 such prisoners at the Bang Khwang Prison. Others were transferred upcountry following the revolt by prisoners, who demanded they be granted a pardon.

E. There are a number of political prisoners who have been charged with criminal offenses. These include members of PULO and the BRN in the south and members of the communist party who either surrendered or were captured. These people have been charged with criminal offenses.

F. Prisoners waiting deportation: These are foreigners who have been living in Thailand for many years and who have violated laws. By law, they must be deported. But no country will accept them. They have had to be imprisoned while awaiting deportation. They have been imprisoned at the Bang Khen temporary prison and at the Immigration Division. There are about 34 prisoners at the Bang Khen Prison.

The Press

The new press law, which provides for the establishment of a press council, has been submitted to the House of Representatives. Based on this law, if the license of an editor is revoked, a reserve editor can be used to carry on publishing activities. This will enable the newspaper to continue publishing. In the past, when an editor's license was revoked, the newspaper had to stop publishing. Besides this, there will be a press ethics oversight committee.

During the arrest of communist suspects in July 1984, Mr Chatcharin Chaiyawat, the publisher of the weekly political magazine ATHIT-KHLET LAP and Dr Pricha Piamphongsan, an advisor to this magazine, were arrested and held for several months before being released. At the same time, ATHIT-KHLET LAP was closed down for publishing an interview with Mr Phirun Chatrawanitkun and criticizing Order 66/1980, the policy for defeating the communists.

During the past year, two reporters were killed while performing their duties. Mr Manit Nakhawankit was shot and killed and his wife and 6-year-old son were seriously injured. This happened while he was on his way to deliver a story to his office in Bangkok. The second man was Mr Amnuai Khiriwong. He was killed in Nakhon Sithammarat while covering the provincial council election. Mr Thitthai Charoentham, a reporter working in Iraq, was executed after being convicted of espionage.

During the 9 September 1985 rebellion, a reporter, Mr Neil Davis, and his American cameraman, Mr Willian Latch, were hit and killed by shells fired by the rebels.

Besides this, five other reporters have been threatened and injured while performing their duties. A THAI RAT reporter in Udorn Thani was shot at in his office. Reporters for the DAILY NEWS, THAI RAT and BANGKOK POST were threatened and had their cameras and film seized while gathering news on the Mae Chamoy case. Besides this, three reporters were killed in accidents.

One problem concerning press freedom that is worth noting is that the police called in editors and had them sign statements acknowledging that they had been warned about publishing extracts from the government gazette on the annual military reshuffle. The police claim that it is a crime to reveal government secrets. But the editor of THAI RAT, Mr Phaithun Sunthon, refused to sign, saying that the material printed in the government gazette is public information and not secret government material. The officials said that they had been informed by the military. It seems that the military has constantly put pressure on press freedoms. Because based on Article 34 of the Press Law, the police have the authority to prohibit newspapers from printing stories on the military or commenting on international political issues.

In November, the weekly political magazine CHAT ATHIPATAI was pressured into closing because it had openly commented on political and military issues. However, this magazine is now publishing again under a new name. One reason why this magazine had to cease operations was because of an interview it conducted with a former Red Gaur leader, which was published in its October/November 1985 issue. The editor of this magazine, Miss Wilai Khieukasem, was arrested on charges of inciting domestic rebellion. There have been reports that the two reporters who interviewed this Red Gaur leader, Mr Wirasak Thongprasoet, who was himself arrested on charges of inciting rebellion, will be arrested, too. It is worth noting that the editor and the reporters were just doing their job, which is to gather and report the news.

Labor

The farmer, laborer, child laborer and prostitution problems are all intertwined. The great majority of the people are farmers. When farmers encounter problems, youths, children and women come to Bangkok to find work. This leads to unemployment, the creation of slums, the use of child laborers and prostitution.

The State Railway of Thailand has had chronic labor problems. The arbitration committee ordered this state enterprise to pay a sum of money to its employees. But the State Railway refused to pay the money. The workers staged a strike, and the State Railway fired four employees, including Mr Ahmat Khamthetthong, the president of the labor union, and members of the union's executive committee.

Textile workers were affected when employers, citing the economic situation and the U.S. ban on the import of Thai textiles, dismissed workers. This resulted in the labor federation and labor union filing a protest with U.S. officials for exploiting Thailand.

Unemployment increased last year. The Department of Labor revealed that 50,000 people were dismissed from their jobs during the first 6 months of the year. However, Chamber of Commerce figures showed that more than 100,000 people were dismissed. One reason for these dismissals is the economic situation. Another reason is that financiers are using new technology to replace workers. The technology is more efficient and does not cause trouble like workers.

There have been reports that unemployment will increase to 2 million. Approximately 200,000 university graduates cannot find jobs. They have formed an unemployed graduates association. During the 9 September rebellion, the Revolutionary Council called on the unemployed graduates to report for work.

The incomes of workers have not kept pace with the rising cost of living. Even though a minimum wage has been set, it is insufficient to meet the cost of living. And even though the minimum wage is so low, more than 60 percent of the workers are not being paid even the minimum wage.

During the 9 September rebellion, the police arrested seven labor leaders on charges of being involved in the rebellion. Among those arrested were Mr Ahmat Khamthetthong, the president of the Labor Council, Mr Sawat Lukdot and Mr Somphong Sarakawi, advisors to the Labor Council, Mr Somchai Sisunthonwahan, Mr Nun Suthinphuak and Mr Isara Khaosa-at, members of the labor union executive committee, and Mr Prathin Thamrongchoi, a labor union official who was active on behalf of the laborers and who was dismissed by the State Railway of Thailand.

Worker security is still unsatisfactory. Workers must work in dangerous conditions. Many have been injured and disabled. Some have been killed. But even though wages are low and security is below standard, poor people continue to flow into the labor market in order to survive. Their feeling seems to be that "even though wages are low and we are exploited, that's better than not having a job." Employees have demanded social guarantees, but the government has not responded. This is a major problem because farmers and poor people in general do not have any social guarantees. It would not be fair to give social guarantees to industrial workers but not to farmers.

Child laborers are still being used in the labor market. Child laborers usually come from poor farm families. These children have to struggle to earn money in order to help their families. These children do not attend school. They are exploited by their employers, who like to hire children because they can pay them lower wages and control them more easily.

Prostitution

The number of prostitutes has not declined at all even though some have gone abroad to work, such as in Hong Kong, Singapore, Japan and Europe. It will not be possible to solve this problem until the country's economic problems have

been solved, the poverty of the farmers has been eliminated and the unemployment problem has been solved. It is feared that this problem will grow even worse unless the government can solve the economic and unemployment problems.

The Fate of the Participants in the Development of Thailand and the Prisoners

During the period of harsh suppression, many people and students had to flee and join the armed forces of the Communist Party of Thailand (CPT) in the jungles. After the government changed its political line and became more democratic, it called on those who had joined the CPT to come out of the jungle and participate in developing the country. In order to heal the wounds and divisions of the past, it refers to these people as "participants in the development of Thailand." It has provided them with land to live on and work and given them money to sustain themselves and build a new life.

But life has not been easy for these people. In some localities in Nan Province, some participants in the development of Thailand were taken into the forest, and they have never returned. In some places in the south and northeast, these people have been charged with committing various crimes such as robbery and murder.

As for prison inmates, in 1984 there were 76 prisoners on death row. Some of these prisoners petitioned the king and had their death sentences commuted to life in prison. Prison conditions are still unsatisfactory. The prisons are overcrowded, and there is not enough food. Because of this, there are often fights between prisoners. Officials have not given sufficient attention to providing adequate medical treatment. A clear example is the case of Mrs Wimon Phianthamdi, who went blind because she was not given medical attention. Mr Damri Ruangsutham, another political prisoner, has been requesting treatment for an eye condition for several years. But so far, he has not been treated.

It was these terrible conditions that led prisoners at the Bang Khwang Prison to demand pardons in July 1985. Officials resolutely suppressed this prison revolt. Ten of the prisoners leading the protest were shot and killed. And the next month in Chonburi Province, five prisoners led by a former non-commissioned officer tried to escape from the prison by seizing officials as hostages. All five prisoners were shot and killed. Two of the officials taken hostage were killed and several others were wounded during the suppression operation. The revolt and the attempt to escape occurred mainly because of the terrible conditions inside the prisons. Action must be taken to solve this problem.

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THAILAND

4TH INFANTRY DIVISION MISSION, WEAPONRY DESCRIBED

Bangkok SENASAN in Thai Dec 85 pp 18-23

[Unattributed report: "History of the 4th Infantry Division on the 44th Anniversary of the Formation of the 4th Infantry Division on 2 December 1985"]

[Excerpts] On 16 September 1982, the 4th Division changed its name to the 4th Infantry Division. Since 2 April 1983, the 4th Infantry Division has established a 4th Infantry Division/Branch 1, Region 3 Internal Security Operations Command headquarters, controlled the activities of civil-police-military units 31, 34 and 35, carried on communist terrorist suppression operations and maintained security within its area of responsibility in the north. (Civil-police-military units 31, 34 and 35 have now changed their names to guard teams 31, 34 and 35 respectively.)

Commanders of the 4th Division, Phitsanulok Province

1. Maj Gen Praphan Kunlaphichit, 1 January 1957 to 30 December 1957
2. Maj Gen At Sasiprapha, 30 December 1957 to 1 October 1961
3. Maj Gen Samran Phatyakun, 1 October 1961 to 1 October 1962
4. Maj Gen Prasoet Senanikrom, 1 October 1962 to 1 October 1964
5. Maj Gen Phanom Chotiphimai, 1 October 1964 to 1 October 1965
6. Maj Gen Yurop Konphet, 1 October 1965 to 1 October 1970
7. Maj Gen Phanom Chotiphimai, 1 October 1970 to 1 April 1971
8. Maj Gen Karun Bunbandan, 1 April 1971 to 1 October 1973
9. Maj Gen Sima Panikabut, 1 October 1973 to 1 October 1977
10. Maj Gen Phrom Phiunuan, 1 October 1977 to 1 October 1981
11. Maj Gen Ruamsak Chaikomin, 1 October 1981 to 1 October 1982
12. Maj Gen Siri Thiwaphan, 1 October 1982 to present

Note: The name of the unit was changed to "4th Infantry Division" during the command of Maj Gen Ruamsak Chaikomin, who, therefore, became the commander of the "4th Infantry Division" on 16 September 1982.

Profile of the 4th Infantry Division Today

The 4th Infantry Division was established on 2 December 1941. The division is now 44 years old and has undergone considerable development. The development of the units has occasionally come to a halt. During the period 1968 to 1982,

most of the personnel of the 4th Infantry Division were engaged in suppressing the communist terrorists in various areas. But now, because of the success in suppressing the communist terrorists, most units of the 4th Infantry Division have returned to base. They have had time to rebuild and to develop their weapons, materials and personnel. They are now prepared to fight and confront any enemy from outside the country.

Under the command of Maj Gen Siri Thiwaphan and the unit commanders at all levels, the 4th Infantry Division has used all its physical and mental powers to develop the units. The target has been to perfect the units and prepare them for combat. Even though there have been shortages of various things, this has not stopped the division from carrying out its tasks. Success has been achieved in developing the units of the 4th Infantry Division and the secondary units under its command. This work must be stepped up in order to develop the units as much as possible. To date, the 4th Infantry Division and its secondary units have carried out the following important tasks:

1. The military camp development project:

The 4th Infantry Division initiated a camp development project because it saw that improving the quality of the personnel was of paramount importance. To score results in developing the men, it was necessary to develop the men and the environment, that is, society, simultaneously.

The project to develop the Naresuan Maharat Camp got underway in 1981. Lt Gen Phrom Phiunuan, the then 3d Army Region Commander, appointed Maj Gen Siri Thiwaphan, the commander of the 4th Infantry Division, to serve as director of the camp development project. Because of the importance of development during a period of great shortages, it was essential to improve the environment within the camp. It was necessary to strengthen discipline and beautify the camp in order to improve the morale and health of the personnel and their dependents in the camp. In carrying on this development project, material and spiritual development were carried on simultaneously.

As a result of this camp development project, discipline at the Naresuan Maharat Camp improved and the filthy and run-down areas in the camp were cleaned up. The barracks and offices were improved and decorated, and lawns and trees were planted. As a result, the camp became a very nice place to live. Morale-building signs were posted in various places in order to encourage each person to be vigilant and to remind them to conduct themselves properly. People who visited the camp praised the results of the camp development project. The army has used the camp development project of the 4th Infantry Division as a model for other military camps throughout the country.

Besides this, the development project of the Naresuan Maharat Camp has encouraged other military camps in the 3d Army Region to implement development projects in order to improve discipline and beautify the camp. Such camps include the Chiraprawat Camp in Nakhon Sawan Province; the Wachiraprakan Camp in Tak Province; the Kawila Camp in Chiang Mai Province; the camp of the 2d Battalion, 7th Infantry Regiment, in Chiang Dao district; the Mengrai Naharat Camp in Chiang Rai Province; the camp of the 17th Infantry Regiment in Phayao Province; and the camp of the 4th Battalion, 17th Infantry Regiment, in

Chiang Kham District (names of camps of the units directly subordinate to the 4th Infantry Division; they have all sent reports to their superior units and are now waiting for authorization from their superior units).

Besides developing the camps, the 4th Infantry Division has served as a leader in developing government and historical sites and improving the environment within Phitsanulok Municipality. Now, the city is very orderly and clean as befitting its position as an historically important city and as the headquarters of the 3d Army Region and of other important government units in the area.

2. Comprehensive battalion development project:

The 4th Infantry Division initiated a comprehensive battalion development project and issued policies to subordinate units down to the battalion level. The main objective was to promote greater political, economic, social-psychological and military security and to get the people and various units to use this as a model in development so that the country makes greater progress. The important results of this project are:

2.1. The political front: The units of the 4th Infantry Division, which are based in various areas in the north, have increased the country's security in a democratic system. They have developed people and society in the localities. They have provided training in both defensive and offensive strategy, instilled political ideals and resolutely supported activities based on the Reserves for National Security project.

2.2. The economic front: The units have carried on activities in order to foster economic security. The personnel in the units have been given training in various occupational fields such as farming; the cultivation of fruit trees, flowering plants and mushrooms; the raising of cattle, buffalo, sheep, goats, fish, ducks, chickens, shrimp, frogs and bees; and the production of handicrafts such as pottery, bricks, woodcarvings and baskets. They have also been trained to work as carpenters, cement workers and mechanics. This training and their experience in carrying on things using the technical principles and using modern technology has enabled the soldiers to help develop and build the localities. A by-product of this project has been that there have been increased revenues for developing the units and increasing their efficiency.

Besides this, the 4th Infantry Division has provided vocational training for the families, particularly for the families of junior officers and enlisted men. They have been taught how to make use of their free time and supplement their incomes by growing crops, planting gardens, doing sewing and needlework, doing cooking and doing washing and ironing. The units have provided tools and instructors and found markets for the products.

2.3. The social-psychological front: The units have carried on activities in order to promote social-psychological security. They have held seminars on moral relations, encouraged religious activities, urged the soldiers and their families to give up vices, promoted the creation of an orderly, cultured and moral society, promoted solidarity and harmony among the men and their

families and improved conditions within the camps and in the barracks and offices in order to improve morale, health and sanitation. These things have improved the morale of the troops, fostered greater discipline, strengthened solidarity and harmony and resulted in everyone cooperating to carry out the tasks efficiently.

2.4. The military front: The units have carried on activities in order to build military security. They have taken urgent steps to improve the training and operations of the units and ensure that the units are prepared. The important activities include:

2.4.1. Training has been provided to make the men tougher and more determined. The men have participated in physical exercises, and their physical condition has been tested frequently based on age standards. They go on 2-4 day marches every month.

2.4.2. Combat exercises have been stepped up in order to bring the men up to standard and enable them to use their training to defend the country. Inter-branch exercises have been held in order to achieve real results.

2.4.3. Competition in training new recruits has been promoted. There have been field training competitions between infantry and artillery companies in order to raise the standard of the training.

2.4.4. Weapons training standards have been raised. Every year, under the direction of the 4th Infantry Division, competitions are held in the use of unit weapons and rapid firing.

2.4.5. In order to ensure combat readiness concerning weapons, materials and tactics, combat readiness inspections are held once a month at the battalion level, every 3 months at the regimental level and every 6 months at the divisional level. This has improved the combat readiness of every unit. The units are also required to show what they have achieved in studying and developing the use of weapons and materials based on modern technology.

2.4.6. In order to encourage the units to maintain the weapons and materials in a high state of readiness, competitions are held in maintaining the weapons, materials and vehicles of the units. As a result, the weapons and materials in general are in good condition, and the number of vehicles out of commission has decreased greatly.

3. The project to encourage soldiers to earn degrees:

In order to raise the educational standards of soldiers in the units to the B.A. level or higher and to have the soldiers apply their knowledge and mastery of modern technology in order to generate greater efficiency in their units, the 4th Infantry Division has implemented a program and is giving soldiers a chance to earn a bachelor's degree or even higher degrees. Soldiers take classes during their off-duty hours and occasionally during duty hours. For example, in 1985, the Phibunsongkhram Teachers' College was asked to set up a special program leading to a B.A. in educational administration. A total of 86 men from units directly subordinate to the 4th Infantry Division

in Phitsanulok Province and nearby units entered the program, which is a 3-year program.

4. Weapons and military materials development project using modern technology:

The 4th Infantry Division implemented this project in order to develop the weapons and materials and to ensure that they have high efficiency when used under the conditions that exist here. Many units have made weapons development studies of benefit to the military. For example:

4.1. The 3d Battalion of the 4th Infantry Regiment has developed personnel and materials transport planning based on the unit's table of organization and distribution. It has modified containers for packing military equipment, which has made transport easier and faster.

4.2. The 4th Engineers Battalion has modified ammunition casings to replace adapters in firing exercises using M-16 rifles. This has reduced costs by not having to purchase adapters from abroad at a cost of 300 baht apiece.

4.3. The 5th Battalion of the 4th Infantry Regiment has developed a radio antenna that can be used in place of the RC-292 antenna. Each antenna costs about 400 baht to build. This has enabled the unit to overcome shortages of materials not received from superior units. Besides this, the unit has developed a transformer for converting from AC to DC. This has enabled the unit to use household electricity to operate its radios, such as AN/PRC-25, AN/PRC-77, and AN/PRC-34, 46, 47 and 610 radios. This saves batteries. Superior units have supported this fully.

4.4. The 9th Cavalry Battalion has increased the operational efficiency of the M-41 and M-48 A5 tanks using modern technology. For example, it has produced a stabilizer for the 105mm gun in order to increase firing accuracy while moving and created a tank firing program for night firing in cases in which the infrared scopes are out of order and can't be used. The unit has also solved the problem of changing electrical systems in order to prevent short-circuiting, which can cause fires.

5. The program to promote Thai unity in the military units:

In order to support the government's policy, the 4th Infantry Division has ordered its subordinate units to carry on activities based on this program and encouraged them to achieve real results. This has promoted the spread of Thai unity among the units and people in the area, fostered discipline and solidarity among the personnel and created a spirit of unity in developing the unit and country.

6. The program to teach history to the soldiers using video tape recordings:

The 4th Infantry Division implemented this program in order to instill a love for nation, religion and monarchy in the soldiers. It has ordered its subordinate units to carry on activities to hit the targets. Because of these activities, the soldiers are more courageous, and they are proud of their ancestors, many of whom sacrificed their lives defending the nation's

sovereignty. They are proud of being Thai, and this has generated a spirit of unity in developing the country.

7. Operations policies for 1985:

In order to perfect the 4th Infantry Division and its subordinate units and increase their combat readiness, the 4th Infantry Division stipulated the following policies for carrying on operations in 1985:

"Vehicles will not break down."

"A complete set of field equipment on the shoulders."

"Ready for combat at all times."

"Develop in all ways."

8. Summary

The development of the 4th Infantry Division and its subordinate units is continuing without stop. The goal is to develop all aspects of the units as much as possible. Even though the units have not yet been perfected, the 4th Infantry Division is confident that the units are prepared to carry out their task of defending the country in their areas of responsibility and to accomplish any other task assigned by higher echelons. This includes supporting national development and helping the country make progress.

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CSO: 4207/125

THAILAND

ARMY REGULATION ON DESERTERS PUBLISHED

Bangkok SENASAN in Thai Dec 85 pp 36-39

[Ministry of Defense regulation on deserters]

[Text] Extremely Urgent

Memorandum

Section: Directorate of Personnel (Administrative Division; Tel: 2227200)
No: Ministry of Defense 0401/23160

30 September 1985

Subject: The 1985 Ministry of Defense Regulation on Punishing Deserters

To: The RTA CINC

Reference: Directorate of Personnel secret memorandum No 0401/3261 on
Defense Council Meeting No 4/1985 issued 27 August 1985.

Attachments: 1. Ministry of Defense Office of Policy and Planning Memorandum
No 0207/W 1547 on drafting the(year) Ministry of Defense
Regulation on Punishing Deserters

2. Copy of the 1985 Ministry of Defense Regulation on Punishing
Deserters

1. The Directorate of Personnel reported that the Defense Council held its fourth meeting of the year at 1000 hours on 5 September 1985 in the Phanurangsi Room. On the agenda was a matter that is the responsibility of the Directorate of Personnel, that is, the drafting of a Ministry of Defense regulation on punishing deserters as detailed in the reference. Following that, the Office of Policy and Planning informed the army based on Attachment 1. In short, those at the Defense Council meeting discussed the matter, issued a resolution approving the draft regulation and turned the matter over to the Office of the Under Secretary. On 23 September 1985, a copy of the regulation--Attachment 2-- was submitted to the army.

2. The Directorate of Personnel examined Attachment 2 and considered the matter together with the Regulations Division, Secretarial Department, Ministry of Defense. It was found that the minister of defense signed the 1985 Ministry of Defense Regulation on Punishing Deserters on 18 September 1985, which is the date that this regulation went into effect. Thus, in order to prevent unfavorable results during implementation, it is felt that the Adjutant General Department should send copies to all subordinate army units and that this should be considered to be an urgent operational principle.

3. Recommendation: The Adjutant General Department should send copies of the 1985 Ministry of Defense Regulation on Punishing Deserters to all subordinate units. This should be considered to be an operational principle.

This is being submitted to you for consideration. If you agree, please approve the recommendation made in Paragraph 3.

Signed: Maj Gen Prasoet Sanrut
Director of Personnel

To: The RTA CINC (through the assistant RTA CINC (1))
Feel that Directorate of Personnel recommendation should be approved

Signed: Maj Gen Sirichai Laksaniyanawin
Assistant Army Chief of Staff for Personnel
1 October 1985

Recommendation approved by order of the RTA CINC

Signed: Lt Gen Akkhaphon Somrup
Assistant RTA CINC (1)
2 October 1985

1985 Ministry of Defense Regulation on Punishing Deserters

Because of the need to revise the rules for punishing people who go AWOL or desert, the following regulation is hereby issued:

Article 1: This regulation is named the "1985 Ministry of Defense Regulation on Punishing Deserters."

Article 2: This regulation is effective immediately.

Article 3: Revoke:

3.1. Military regulation 5/9103 of 21 October 1932 on punishing deserters.

3.2. Military order 219/13918 of 5 February 1936 on revising military regulations.

3.3. Military order 46/2474 of 24 February 1945 on revising military regulations.

3.4. The 1959 Ministry of Defense Regulation on Punishing Deserters (second edition).

If any other regulation or order is covered in this regulation or conflicts with this regulation, this regulation takes precedence.

Article 4: In this regulation:

4.1. "Soldier" refers to a soldier on active duty based on the Law on Military Service.

4.2. "Punishment" refers to a punishment based on the Law on Military Discipline.

4.3. "Non-normal times" refers to periods in which there is fighting or war or in which marshal law is in effect.

4.4. "Normal times" refers to periods in which there is no fighting or war and marshal law is not in effect.

4.5. "AWOL" means failure to appear for duty as follows:

4.5.1. Absent less than 24 hours in the face of the enemy, or

4.5.2. Absent less than 3 days in non-normal times, or

4.5.3. Absent without leave or failure to return from leave in normal times, less than 15 days.

4.6. "Desertion" means failure to appear for duty as follows:

- 4.6.1. Absent for 24 hours or more in the face of the enemy, or
- 4.6.2. Absent for 3 days or more in non-normal times, or
- 4.6.3. Absent without leave or failure to return from leave in normal times, 15 days or more, or
- 4.6.4. Absent with the intention of disobeying an order calling for the transfer of an army, navy or air force unit or a mobilization order.

Article 5: In punishing a person based on this regulation, the commanding officer is to mete out punishment each time a person goes AWOL or deserts. The punishments must be based on the criteria stipulated in this regulation. However, the punishments must not exceed the maximum penalties stipulated in the Law on Military Discipline.

Article 6: Counting the number of times a person has gone AWOL and deserted and computing the days of punishment:

- 6.1. In cases of desertion, count only the times that a person deserted.
- 6.2. In AWOL cases, count both the times that a person was AWOL and the times that he deserted.
- 6.3. If a person is AWOL less than 24 hours in normal times, that is not to be counted as an absence and no punishment is required based on this regulation.
- 6.4. In counting days of punishment, if there is a fraction of a day, it can be disregarded.

Article 7: If a soldier is AWOL or deserts in normal times, his commanding officer must take the following action:

- 7.1. If AWOL but returns of own accord:

First offense: Imprison for up to 3 days.

Second offense: Imprison for half the number of days absent.

Third and each subsequent offense: Imprison for the number of days absent.

- 7.2. If deserts but then returns of own accord:

First offense: Imprison for one-fourth the number of days absent.

Second offense: Imprison for half the days absent.

Third and each subsequent offense: Imprison for the number of days absent.

7.3. If AWOL or deserts and is captured:

If it is necessary to send people to arrest him or he is arrested by officials, double the punishments stipulated in 7.1 or 7.2.

Article 8: If a soldier is AWOL in non-normal times, the commanding officer must take action as follows:

8.1. First offense: Imprison for the number of days absent.

8.2. Second offense: Imprison for double the number of days absent.

8.3. Third and each subsequent offense: It is up to the commanding officer to decide on a suitable punishment. However, the sentence must not be less than that stipulated in 8.2.

Article 9: If a soldier deserts in non-normal times, the commanding officer must take action as follows:

9.1. First offense, less than 30 days: If the soldier returns of his own accord, imprison for the number of days absent. If he is arrested, imprison for double the number of days absent.

9.2. First offense, more than 30 days, or second offense: The commander must file charges against the deserter. However, if there are special mitigating circumstances, the commander can order the deserter punished as appropriate. But the sentence must not be less than that stipulated in 9.1.

9.3. Third and each subsequent offense or desertion with intention of disobeying an order to transfer an army, navy or air force unit: The commander must file charges in court.

Article 10: The commander must file charges against soldiers who desert in each of the following cases:

10.1. Whenever the sentence exceeds 6 months, or

10.2. Whenever a deserter is charged with some other criminal offense in addition to desertion.

Article 11: If the statute of limitations has expired in the case of a deserter, that soldier can be discharged into the reserves, type 2, or discharged from service entirely depending on the case and based on the Law on Military Service. No punishment is necessary.

Paragraph 1 above applies in cases in which the statute of limitations has expired in a desertion case and the commanding officer has not meted out punishment or the violator has been sentenced but has not completed his sentence.

Article 12: Registered men and reservists who are called to active duty and who subsequently go AWOL or desert are to be punished based on articles 5, 6, 7, 8 and 9 mutatis mutandis.

Soldiers who are called up for inspection, military training or tests of readiness and who go AWOL or desert are to be punished as stipulated in Paragraph 1 above but not to exceed 3 months.

However, if a person fails to appear for duty during a mobilization or when called up for inspection, military training or a test of readiness, he has violated the Law on Military Service and must be tried in court. In such cases, the commander cannot mete out punishment based on this regulation.

Issued on 18 September 1985

Signed: Gen Prem Tinsulanon
Minister of Defense

Note: This regulation has been promulgated in order to update Military Regulation No 5/9103 on Punishing Deserters issued on 21 October 1932, which was subsequently revised by three military orders and regulations, and to ensure that things are in line with the 1983 Prime Ministerial Regulation on the Work of the Adjutant General.

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THAILAND

EXPATRIATE WORKER REMITTANCES DROP FOR 1985

Bangkok NAEO NA in Thai 30 Dec 85 p 10

[Unattributed report: "Expatriate Worker Remittances Drop 23 Percent; Reason Is That Middle Easterners Pay Lower Wages to Newly-Hired Workers"]

[Text] In 1985 only 70,000 workers went to work abroad, a decline of more than 7 percent. During the first 6 months of 1985, remittances by workers working in the Middle East declined from 8.17 billion baht to 6.27 billion baht, a drop of 23 percent. One reason is that many Thai workers who have been working there for a long time have been dismissed.

Mr Padon Omonchiwin, the head of the Labor Market Development Section, Administrative Office for Expatriate Thai Workers, told NAEO NA that during the first 11 months of 1985, 63,330 workers were sent to work abroad through the auspices of the Department of Labor. This was a 9.7 percent drop as compared with the same period in 1984, when 70,170 workers were sent. It is expected that a total of approximately 70,000 workers will be sent in 1985, which is only 5,021 fewer people than were sent in 1984.

As for sending workers abroad without going through the Department of Labor, which is referred to as "going underwater," it is impossible to determine the exact number sent. But it is thought that the number may be as high as 40 percent of the number of workers sent abroad.

During the first 6 months of 1985, expatriate Thai workers remitted a total of 11,657.30 million baht through the banking system, a 10.7 percent increase as compared with the same period in 1984, when workers remitted a total of 10,530.30 million baht.

There are two points worth noting about the above data. First, since 1982, the number of workers sent abroad has tended to decline. In 1982 a total of 108,519 workers were sent abroad. But during 1983 and 1984, the number declined to 68,484 and 75,021 respectively. And in 1985 it is expected that only about 70,000 workers will be sent. Second, even though the amount of money remitted through the banking system increased 10.7 percent during the first 6 months of 1985 as compared with the first 6 months of 1984, remittances from workers in the Middle East declined greatly. During the first 6 months of 1984, workers in the Middle East remitted 8,173.50 million baht. But during the first 6 months of 1985, remittances from the Middle East totaled only 6,266.20 million baht, a drop of 23.34 percent.

This is very interesting because the Middle East employs almost all of Thailand's expatriate workers. The great drop in remittances may be due to the following: 1. The number of new workers going to work in the Middle East has not declined. But employers in the Middle East have dismissed many of the workers who have been working there for a long time. 2. Wages and benefits paid in the Middle East have declined greatly.

It is difficult to analyze trends in Thai labor markets abroad. This is because many factors are involved, and they are all beyond our control. But it can be noted that the demand for laborers in the Middle East has begun to decline, and the types of laborers needed have changed.

Other labor markets outside the Middle East have not expanded very much. Only the Malaysian and Brunei markets have expanded. Some markets have a policy of not hiring any more expatriate workers. For example, Singapore will no longer hire any expatriate workers after 1991 because of domestic economic problems. However, this will have little effect on Thailand because this is a very small labor market.

"Altogether, there seems to be little chance of expanding the markets. But the markets probably won't shrink rapidly as some people predict," said Mr Pakon.

Thai Workers to Whom the Department of Labor Gave Approval To Work Abroad

Year	Number	Year	Number
1979	10,567	1982	108,519
1980	21,484	1983	68,484
1981	26,740	1984	75,021
		1985 (11 Months)	63,330

Note: During the first 11 months of 1984, 70,170 workers were sent abroad. It is expected that the total number sent in all of 1985 will reach 70,000.

Amount of Money Remitted by Expatriate Thai Workers (Through the Banking System Only) (Millions of Baht)

Year	Amount	Year	Amount	Year	Amount	Year	Amount
1979	3,818.3	1981	10,428.2	1983	19,457.3	1985	11,657.3
1980	7,703.0	1982	14,221.7	1984	21,117.7		

Note: During the first 6 months of 1984, 10,530.30 million baht was remitted. A total of 8,173.50 million baht was remitted from the Middle East. During the first 6 months of 1985, a total of 6,266.20 million baht was remitted from the Middle East.

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THAILAND

EDITORIAL BACKS FARMERS' PROTEST

Bangkok NAEO NA in Thai 7 Jan 86 p 4

[Editorial: "The Farmers' Demonstration"]

[Text] Farmers and pineapple growers held a demonstration in front of the Government House beginning on the evening of 5 January. They demanded that the government take action to improve rice and pineapple prices.

Prior to this demonstration, there were reports about the problems being experienced by the farmers. They have not been able to sell their rice at the prices stipulated by the government. Farmer representatives stated that if the government did not solve this problem, farmers would stage a protest demonstration in Bangkok. As for the pineapple growers, even though there had been reports about the decline in pineapple prices, no one had foreseen that the pineapple growers would participate in the demonstration in front of the Government House.

One farmer from Uthai Thani Province who participated in the demonstration said that he has been a farmer almost all his life, and rice prices have never been as low as they are today. Rice prices have fallen greatly during the past few years. In particular, in 1984 rice sold for only 1,700-1,800 baht per kwian [1 kwian equals 2,000 liters]. Because of this, many farmers are deep in debt.

Thailand's political history shows that the rice price problem of the farmers is a matter that people have been arguing about ever since the change of administration in 1932. This problem has led to the downfall of several governments. Looking at the facts about rice prices, it can be seen that while there have been many changes and while rice mill owners, rice traders and bankers have become very wealthy, farmers' rice prices have remained virtually unchanged. During the past 10 years, while the value of the baht has declined, instead of rising, farmers' rice prices have fallen.

Farmers make up the bulk of the population in Thailand. They have been praised as being the backbone of the country. It will be difficult to solve the economic problems if the farmers' purchasing power is low. But how can the farmers' purchasing power increase if the price at which they sell their rice cannot cover costs?

The government must take urgent measures to solve this problem. It must try to separate the real problems of the farmers from other problems, including the political problems, that may be intermixed with this. The farmers really are experiencing problems. It just depends on whether these problems are discussed. As for the political problems, the government already knows how complex the present political situation is. Unless urgent action is taken to solve the farmers' problems, the political problems could grow worse. And no one, not even the farmers, wants that to happen.

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CSO: 4207/141

THAILAND

COMMERCE MINISTRY PUBLISHES REGULATIONS ON RICE EXPORTS

Bangkok DAILY NEWS in Thai 10 Jan 86 pp 3, 2

[1986 Ministry of Commerce Regulation on the Export of Rice and Rice Products, issued 2 January 1986 by Mr Koson Krairuk, minister of commerce]

[Text] To help ensure that the export of rice and rice products proceeds in accord with domestic production and marketing conditions and hits the targets set in the government's policy on exports, based on the power granted by Article 4 of the 1947 Royal Decree on Controlling the Export of Certain Types of Goods (13th Edition), Article 10 of the 1974 Farmers Welfare Fund Act and Article 17 of Revolutionary Council Announcement 216 on Improving the Ministries, Bureaus and Departments issued on 29 September 1972, the minister of commerce hereby stipulates the following regulations on the export of rice and rice products:

Article 1: This regulation is entitled "The 1986 Ministry of Commerce Regulation on the Export of Rice and Rice Products."

Article 2: This regulation goes into effect that day after it is announced.

Article 3: The 1985 and 1984 Ministry of Commerce regulations on the export of rice and rice products, the 1985 Ministry of Commerce Regulation on Developing Government-to-Government Rice Contracts To Stimulate 1985 Rice Stocks and Ministry of Commerce Order 507/1983 on Regulations on Purchasing Rice for Shipment to Foreign Governments issued on 29 December 1983 are hereby repealed.

Article 4: Other regulations and orders now in effect are to remain in effect unless they conflict with this regulation.

Article 5: This regulation does not apply to the export of rice and rice products shipped for noncommercial purposes.

Article 6: In this regulation:

"Rice" refers to paddy, millied but unpolished rice, steamed rice, milled rice, dry-roasted rice, and other forms of rice as stipulated by the Department of Foreign Trade.

"Rice products" refers to rice vermicelli, rice noodles, rice flour paste, rice flour, flour wrappers and other products made from rice as stipulated by the Department of Foreign Trade.

"Minister" refers to the minister of commerce or to a person designated by the minister of commerce.

Article 7: Qualifications of exporters:

7.1. Those who have the right to request permission to export rice must have the following qualifications:

(A) Must be registered to engage in the rice trade and to export rice based on the 1946 Rice Trade Act.

(B) Must be a member of the Rice Exporters' Association and must obey the association's regulations that have been approved by the minister.

7.2. Those who have the right to request permission to export rice products must be a juristic company or limited company that is in business to export rice products. It must have documents from the Department of Commercial Registration showing that it is a registered company.

7.3. The person must not have done anything that harms rice exports or that adversely affects the country's economy or security.

7.4. The person must have obeyed the conditions set for rice traders and must not have had his rice exporting license revoked based on the 1946 Rice Trading Act. He must not have had his right to request permission to export rice revoked by the minister for engaging in illegal activities, violating the regulations or failing to abide by the regulations and rules of the Department of Foreign Trade or for some other reason as stipulated by the minister.

7.5. The following are excluded: any person who holds more than 50 percent of the shares, the manager, members of the board or people who hold power on their behalf, or former managers, members of the board or people who held power on their behalf who have done something that harms rice exports or that adversely affects the country's economy or security or who have had their registration as rice exporters revoked.

When appropriate, the minister may waive the qualifications in articles 7.1. (B), 7.3., 7.4. or 7.5.

Article 8: Collecting rice stocks:

In order to maintain domestic rice prices, the minister may require those who have the right to request permission to export rice to maintain rice stocks. The rice stocks must be collected according to the regulations and methods stipulated by the minister.

Article 9: Stipulating amounts of rice to be exported:

Setting amounts of rice to be exported must be done as stipulated by the minister.

Article 10: Exporting private-sector rice:

Private-sector rice must be exported based on the regulations and methods stipulated by the minister.

Article 11: Exporting public-sector rice:

Public-sector rice must be exported based on the regulations and methods stipulated by the minister.

Article 12: Exporting rice to target markets:

In order to maintain price levels and stability in the rice trade both here and abroad, the minister will designate target markets as follows:

12.1. The minister will designate one or more exporters and make them responsible for exporting rice to a country or group of countries, which are referred to as the target markets.

12.2. After the minister has stipulated target markets, no one may export rice to the target markets unless they act in accord with the regulations and methods stipulated for exporting rice to target markets.

12.3. When appropriate, the minister may appoint a committee to handle rice exports to target markets.

12.4. The regulations and methods for exporting rice to target markets must be approved by the minister.

Article 13: Selling through a foreign agent:

Those with the right to export rice may sell only through those foreign agents who have been approved by the minister.

Article 14: Requesting a rice export permit:

Requests for rice export permits must be made in accord with the regulations and methods stipulated by the Department of Foreign Trade.

Article 15: Exporting rice:

Those with the right to export rice abroad must ensure the following:

15.1. The rice that is exported must meet the standards stipulated by the Ministry of Commerce or match the sample previously approved by the Department of Foreign Trade. It must also match that stipulated in the export permit.

15.2. Before rice can be exported, it must pass a quality-control inspection by the Chamber of Commerce of Thailand.

15.3. In cases in which rice is shipped abroad in bags, the packing methods and packing materials used must conform to the regulations and methods stipulated by the Department of Foreign Trade.

15.4. The rice must be shipped at the times stipulated by the Department of Foreign Trade.

Article 16: Signing rice export insurance agreements:

When appropriate, the Department of Foreign Trade will require those with the right to export rice to sign a rice export insurance agreement and a commercial bank insurance agreement based on the amount of rice to be exported. This must be done based on the regulations and conditions stipulated by the Department of Foreign Trade.

Article 17: Exporting rice products:

Requesting permits and exporting rice products must be done based on the regulations and methods stipulated by the Department of Foreign Trade.

Article 18: Export fees:

Those with the right to export rice or rice products must pay an export fee on the rice or rice products at the rate in effect at the time they requested an export permit. The fee must be paid based on the method stipulated by the Department of Foreign Trade.

Article 19: The Department of Foreign Trade is responsible for announcing the regulations, methods and conditions stipulated or approved by the minister based on this regulation.

Article 20: The director-general of the Department of Foreign Trade is responsible for ensuring that things are done based on this regulation.

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THAILAND

ATHIT-CHAWALIT RELATIONSHIP DESCRIBED

Bangkok LAK THAI in Thai 12 Jan 86 pp 19-21

[Unattributed report: "Big Sun and Big Chiu, a New Couple"]

[Text] Gen Athit Kamlangek, the supreme commander and RTA CINC, inspected military units and celebrated the New Year in the 3d, 4th, 1st and 2d army regions in that order. He left on his trip before the start of the new year. He is still in the northeast touring the Cambodian border and visiting the Suranari Unit, which is commanded by Maj Gen Bunthaen Nianchaloei. This is something that he does each year at New Year's time in order to boost the morale of the troops.

It is worth noting that Gen Chawalit Yongchaiyut, the army chief of staff, has accompanied him on this trip. The pictures that have been released seem to indicate that Big Sun and Big Chiu are very close to each other. That is the feeling of most villagers. But in the view of militarymen, it is normal for the army chief of staff to accompany the RTA CINC on his trips. This is because the command and staff lines must coordinate things at all times. Thus, in accompanying Gen Athit, Gen Chawalit is simply doing his duty as army chief of staff.

Viewed from another angle, when Gen Chawalit Yongchaiyut was appointed army chief of staff last October, as a senior army officer who had just been appointed to this position, he should have visited the various units and regions in order to meet his subordinates and talk with them about any problems that they might be experiencing. But Gen Chawalit Yongchaiyut did not do that.

Just after his appointment, Gen Athit Kamlangek visited several regions in order to meet with his subordinates in the provinces and inform them of the policies. After the events of 9 September, Gen Chawalit Yongchaiyut made one trip with Gen Athit. This is considered to be his second trip. Thus, this is being watched carefully and is viewed as something "special."

Actually, Gen Chawalit Yongchaiyut has links with all factions because he has a very attractive personality and all sides recognize his capabilities. Some may view him as leaning too far toward his "old boss," that is, Gen Prem Tinsulanon, the prime minister and minister of defense. He once served as an

aide to Gen Prem. Furthermore, Gen Chawalit has served as a link between the political parties and Gen Prem. He has been the link between Gen Prem and M.R.W. Khukrit Pramot. At the same time, during the events of 1 April 1981, April Hawaii, Gen Chawalit, who was then the director of operations with the rank of major general, played a major role in suppressing the rebellion. Another person who played a major role in this was Gen Athit, who was then the deputy commander of the 2d Army Region with the rank of major general. Following that, Gen Chawalit followed Gen Athit closely up the ladder. Lt Gen Phichit Kunlawanit, the 1st Army Region commander, is another person who has followed closely. A Chawalit "line" came into being automatically when fellow classmates from Chulachomklao Royal Military Academy [CRMA] Class 1 were appointed to important positions in the army. Such people include "Gen D Day," Lt Gen Wanchai Ruangtrakun, the deputy army chief of staff; "Big Chot," Lt Gen Sunthon Khongsomphong, the commander of the Special Warfare Command; and Lt Gen Charuai Wongsayan, the assistant army chief of staff for civil affairs. He also has links to members of CRMA Class 5, who control almost all of the important positions at the divisional level. Thus, CRMA Class 1 is now rising rapidly just like Army Preparatory School Class 5, the class of Gen Athit Kamlangek, did in the past. However, APS Clsss 5 is now breaking up because most members have retired.

Gen Chawalit Yongchaiyut is so close to Gen Prem Tinsulanon that it can be said that he is the one who is propping up Gen Prem both politically and militarily. But Gen Chawalit also has close ties to Gen Athit Kamlangek. This is because CRMA Class 5, which has ties to CRMA Class 1, also has ties to Gen Athit Kamlangek and Lt Gen Phichit Kunlawanit. If CRMA Class 5's ties to these two factions are compared to rope knots, the question is, which knot is growing tighter and which one is slipping?

Because of such ties, Gen Chawalit Yongchaiyut is in a singular position. That is, all factions have ties to Big Chiu, the computer of the army.

"There is no competition among members of our class. If a member of the class has a chance to advance, we have to give him our full support. Take Chiu, for example. Everyone supports him as a friend and as a respected boss. Because he is now senior to us," said an important member of CRMA Class 1.

The fact that Gen Athit Kamlangek and Gen Chawalit Yongchaiyut, the new army chief of staff, now refer to each other as "chi" (a new term being used by soldiers to refer to each other; it may come from the word "chuchi"--to "utter endearments") and the pictures being shown in the newspapers and on television can be viewed from several angles. People feel that things were not this way in the past. Sometimes people view them as belonging to different factions. Sometimes it is thought that it was Gen Prem Tinsulanon who "recommended" this path to Big Chiu, his former aide. But actually, it's because this is his duty and because he has ties to all factions, which all sides have to accept.

Gen Chawalit Yongchaiyut is the army chief of staff. He could have visited the units in the provinces by himself. But he didn't. He has tried to remain in the background and has visited the units together with his "boss." This could be an important psychological move. If Gen Chawalit Yongchaiyut had "begun running" just after being promoted to army chief of staff, that would have

created an image of "stepping on this class." When his "boss" makes a trip, he asks to accompany him. This creates a softer and friendlier image. Thus, he is scoring points for himself.

At many units that Gen Chawalit used to visit frequently on a "personal" basis, the commanders have been "requested" not to think this or that now that he is the army chief of staff. If they want him to visit the unit, they should extend an invitation or ask him to come on an official visit at a particular time. He will no longer come just because he feels like it or because he misses them. This shows that Gen Chawalit Yongchaiyut is being very careful about "movements" that could generate "feelings."

Even though Gen Chawalit Yongchaiyut has visited the units as a member of an entourage, the close relations that he forged in the past are still intact. He has also made these trips to show himself in his new capacity as army chief of staff without creating an "image within an image" or an image that could "frighten" one of the factions. Thus, everyone seems to be very happy and relations seem to be very cordial.

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THAILAND

ATHIT REORGANIZATION OF BANGKOK PEACEKEEPING COMMAND

Bangkok LAK THAI in Thai 12 Jan 86 pp 23-24

[Unattributed report: "Reorganization of the Bangkok Peacekeeping Command, a Plan To 'Trim' the Power of the 1st Army Region"]

[Text] The order by Gen Athit Kamlangek, the supreme commander and RTA CINC, to transfer the Norasing Unit, which is the main unit of the Bangkok Peacekeeping Command (BPC), from the 1st Army Region (Suan Mitsakawan) to Supreme Command Headquarters (Sanam Sua Pa) following the events of 9 September last year indicate a major reorganization of the BPC. Orders were issued to move the operations, intelligence, logistics and personnel units to Supreme Command Headquarters at Sanam Sua Pa. Only the civil affairs unit was left in place at the 1st Army Region at Suan Mitsakawan.

Shortly after that, a new order was issued establishing new positions and changing the personnel in the top positions of the BPC. The newly created positions include "assistant commander of the BPC," one slot, and "deputy chief of staff of the BPC," two slots. This order went into effect on 1 October 1985. Air Vice Marshal Kaset Rotchananin, the deputy air force chief of staff, was appointed "assistant commander of the BPC." Maj Gen Rawi Punyarutsemi, an army special operations officer, and Maj Gen Kamon Udomsin, the secretary of Supreme Command Headquarters, were appointed deputy chiefs of staff of the BPC.

As for the personnel changes in the top positions, Lt Gen Somkhuan Suwan, the assistant head of staff officers attached to the supreme commander, was appointed chief of staff of the BPC in place of Maj Gen Chamlaeng Uchukomon, the chief of staff of the 1st Army Region. Besides this, Col Pricha Rotchanasen was appointed chief of the Intelligence Division, Col Suthin Buntamasonthi was appointed chief of the Operations Division, Col Narong Sanlak was appointed chief of the Personnel Division, Col Somsak Sanyakamthon was appointed chief of the Civil Affairs Division and Maj Gen Maitri Charoensin was appointed public relations officer.

"Before this reorganization, most of the important positions, including the position of chief of staff of the BPC and the divisional chief positions, which are important staff positions, were held by people from the 1st Army Region. As for why these changes were made, the reason given is that it was

desired to give these positions to people who have the time to carry out these duties. The people in the 1st Army Region are already swamped with work. Another important reason is that the BPC, which is a special action unit, should have greater independence of action," said a senior officer to LAK THAI.

As for the new structure of the BPC, particularly the position of BPC chief of staff, which is a key position in this unit, the BPC is now clearly separate from the 1st Army Region. Even though people from the 1st Army Region continue to hold certain positions in the BPC, those positions are not very important.

The BPC was established based on the National Peacekeeping Plan. The prime minister appointed the supreme commander to serve as the director, or commander, of the Bangkok Peacekeeping Command. He has the authority to issue orders to army, navy, air force, police and civilian units in order to maintain order in Bangkok Metropolitan, Samut Prakan, Nonthaburi, Pathumthani and Samut Sakhon as necessary. The unit was established in 1981 following the events of 1 April 1981. It was established within the 1st Army Region (Suan Mitsakawan).

The BPC is composed of special action forces as follows: an army component commanded by Lt Gen Phichit Kunlawanit, the 1st Army Region commander; a navy component commanded by Rear Admiral Amnuai Iamsuro, the commander of the Bangkok Naval Station; an air force component commanded by Air Vice Marshal Prayat Ditsayasin, the commander of the RTAF Security Force; a police component commanded by Police Lt Gen Pranet Rutrucha, the deputy director-general of the Police Department; and a civilian component headed by Mr Phisan Mulasatsathon, the under secretary of interior.

Besides these, there is also the Norasing Unity, a mixed unit that is on standby alert. It provides support to other units whenever something serious occurs, and it supports the police in its normal area of responsibility if requested to do so. It also provides protection for important locations.

Structure of the Bangkok Peacekeeping Command

Commander of the BPC
(Gen Athit Kamlangek)

Deputy Commander of the BPC
(Gen Chawalit Yongchaiyut)

Assistant Commander
(Lt Gen Wanchai Ruangtrakun)

*Assistant Commander
(Air Vice Marshal Kaset Rotchananin)

*Deputy Chief of Staff (Maj Gen Rawi Bunyarutseni	Chief of Staff (Lt Gen Somkhuan Suwan)	*Deputy Chief of Staff Maj Gen Kamon Udomsin
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Army Unit Commander (Lt Gen Phichit Kunlawanit)	Navy Unit Commander (Rear Adm Amnuai Iamsuro)	AF Unit Commander (AVM Prayat Ditsayasin)
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Police Unit Commander (Police Lt Gen Pranet Rutrucha)	Civilian Unit Commander (Mr Phisan Mulasatsathon)
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Note: The symbol * designates newly established position.

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THAILAND

AMNUAI YOTSUK ON SAP UNITY FOR CABINET CHANGES

Bangkok MATICHON SUT SAPDA in Thai 12 Jan 86 pp 10, 11

[Interview with Mr Amnuai Yotsuk, an SAP MP from Chiang Mai Province and the deputy minister of finance; date and place not specified]

[Excerpts] [Question] Why did the Social Action Party, which is the largest party in the government, call for a cabinet reshuffle?

[Answer] The SAP did not initiate this. But we agree that there should be a reshuffle. The party has constantly been criticized for this and that. The minister of agriculture has worked to enable the farmers to produce much rice and now people are criticizing the SAP for having them produce so much rice that they can't sell it. That's ridiculous. Recently, the minister of commerce, who is a member of the SAP, sold an unprecedented amount of rice abroad. And yet he was criticized. What do people want?

[Question] Did Achan Khukrit resign his position as party leader in order to give members a chance to push for a cabinet reshuffle because of his opposition to Ministry of Finance policies?

[Answer] No, that's not correct. His resignation was a very ordinary matter. He is now very old and does not have much energy. The recent by-election showed that few people listened to him. That was a very ordinary decision. It was a good decision. He knew when enough was enough. That is a good example for democratic people. Because the position of leader of Thailand's largest party is an important position. But he felt that he had done all he could and that it was time to retire. He did not try to cling to something that is transitory in nature. His health would not permit him to continue. He did not want to suffer needlessly. He knew when enough was enough.

[Question] Was the movement to have a cabinet reshuffle started by a certain group of MPs within the party?

[Answer] The party has been calling for this for a long time. The party has discussed this and has a view on this. When Achan Khukrit resigned, the MPs discussed matters and came to this conclusion. We had to continue working.

But out of politeness, we had to talk with the prime minister first because he is the head of the government. And the SAP is a part of the government. We had to discuss this with him and get his views.

[Question] Was the party executive committee meeting on 7 January held in order to assign new positions?

[Answer] According to the agenda, the meeting on 7 January was held in order to discuss the structure of the party. I don't know if anything else was discussed or not. I don't know if new ministers were chosen. I am not that high up. I don't know whether the party submitted a recommendation to the prime minister calling on him to reshuffle the cabinet. The prime minister must make the decision on changing people. I don't know which people the party proposed. At the 7 January meeting, they probably discussed what should be done. I don't know whether there will be a reshuffle or not.

[Question] Hasn't the SAP failed to score results in administering the ministries concerned with the "mouths and stomachs" of the people?

[Answer] Do you know why? Because the SAP has not received support from the other ministers. Take rice, for example. Why haven't the mills purchased paddy at the prices stipulated by the government? It's because the banks have not extended credit to the mills. The commercial banks are afraid of the Ministry of Finance. They are afraid of not being repaid. How can sole blame be fixed on the Ministry of Commerce? I can't force the banks to do anything. As for there being a conflict with the Ministry of Agriculture, that is not true. The ministers of commerce and agriculture have always cooperated with each other. They have conducted inspections. They both know what the problems are. There is no conflict between them.

The SAP has been criticized unfairly. In particular, there are several important factors that have prevented the rice policy from succeeding. This is not all the fault of the SAP ministers. The various mechanisms did not all originate with us. Things did not work well because of the lack of cooperation. People did not listen to us. They refused to play. Others must be found to play instead. Several ministries are involved. But the press has blamed just one ministry. Mr Koson has had to take all the blame.

[Question] The government has only 17 months left before the end of its term. If the cabinet is reshuffled, how much will it be able to accomplish?

[Answer] I think that it will be able to function all right. Things will be all right if the right people are given the right jobs. For example, suppose that a well-known singer goes on stage but no one wants to listen. And so a terrible singer is brought in, but people flock to see how she will do. Which one do you think will earn more money?

[Question] If the SAP should happen to be given the finance portfolio, how confident are you of the SAP's ability to handle the country's financial and monetary problems, particularly in the present economic recession? Is anyone prepared for this?

[Answer] There has to be someone. It just depends on whether they are given a chance. Some people without capabilities are given a chance while others with capabilities are never given a chance. The question is whether the finance portfolio should go to a monetarist who will keep a tight rein on spending or to an economist who will step up spending to stimulate the economy, which will soon see a return on investments. The SAP can definitely handle the economic problems if given a chance. But no decision has been made yet and so people shouldn't start making criticisms.

[Question] If the cabinet reshuffle does not improve things, are you afraid that the political situation could grow even worse and result in parliament being dissolved?

[Answer] There would have to be a reason for dissolving parliament. For that to happen, there would have to be a conflict between the government and the parliament. But parliament is not in session at this time and so there is no conflict. If things get worse and the members of the SAP support convening parliament, that's an entirely different matter. If parliament is convened, that could happen. But at present, there is no indication that SAP MPs will exert pressure to convene parliament. The time for that has not yet come.

[Question] If an election is held ahead of schedule, will the SAP stumble?

[Answer] Let's not make such predictions. I am in no position to say whether the party is prepared for an election. Let's wait and see whether a crisis does develop before we talk about this. Parliament has not yet convened. The show hasn't begun yet. There has to be a conflict between parliament and the government. The government is not in trouble. That won't happen. The government is not that bad. I have not criticized anyone. Everyone has been doing a good job. It's just that this "movie" has not been bringing in any money and so there has to be a change.

[Question] If the assignment of portfolios does not turn out satisfactorily, will this cause greater turmoil within the SAP?

[Answer] If you are going to be a boxer, you can't be afraid. You can't fear disappointment. To a moth that flies near a flame in winter, the flame is not hot. Many people have said that without Achan Khukrit, the SAP will fall apart. But look for yourself. An acting party leader was selected without any problem. Achan Khukrit is gone now, but the party's policies and ideals are still intact. The SAP was formed by people who shared similar ideals. People still share those ideals. They still have the same lines and targets. Everyone understands that the suffering of the farmers is the nation's suffering. Our policies and targets remain unchanged. The SAP's goals should not be changed.

[Question] Will the new acting party leader be accepted, and will he be able to control the party members?

[Answer] If people did not accept him, would the party have issued a unanimous resolution? But as for whether or not he will become the permanent party leader, that depends on his skills. He has said that he does not know much about this job. Serving as party leader is not a minor job; it is a major task. But he has great prestige. As for having or not having money, I don't think that matters.

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THAILAND

ANALYST VIEWS CAMBODIA POLICY, ADVOCATES INDEPENDENT STANCE

Bangkok SIAM RAT SAPDA WICHAN in Thai 12 Jan 86 p 30

[Article by Chen Charik: "The Farce of the Visit to the Cambodian Border"]

[Excerpts] There may be many people who are not very interested in the events taking place along the Thai-Cambodian border. This may be because they are so concerned about their own economic problems. Thus, they may not be very interested in what is going on between the Ministry of Foreign Affairs and the military.

On 6 December 1985, Mr Sawanit Khongsiri, the director-general of the Information Department, Ministry of Foreign Affairs, told reporters that Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs, and Squadron Leader Prasong Sunsiri, the secretary-general of the National Security Council, had recently visited the border in order to inform the troops stationed there of the military policy. But Gen Athit Kamlangek, the RTA CINC and supreme commander, strongly objected to this on technical grounds.

The statement issued by the director-general of the Information Department seems to indicate that there is a conflict between the military and the minister of foreign affairs and secretary-general of the National Security Council. That there is a conflict can be assumed from the fact that people responsible for foreign affairs and national policy flew to the border to inform people at the front of the policy without first going through senior military officers. This is an important point. If they had visited our brave soldiers as politicians, there would not be any problem. But this trip created an awkward situation. This has created problems and led to a misunderstanding.

It is normal for people at the level of minister of foreign affairs and secretary-general of the NSC to visit troops stationed along the border. And when they do so, it is only natural that they will be asked about the problems and about the government's foreign policy. Because the soldiers stationed along the border may not have a clear understanding of the government's foreign policy. Even ASEAN's attitude is unclear. People don't know whether the policy is to have the Thai military go on the offensive or remain on the defensive, which has not had any positive results at all. The Thai soldiers stationed along the border have been adversely affected in almost all cases. But at the same time, some of the ASEAN countries, such as

Singapore, are making profits in Vietnam and Cambodia. What is even clearer is that Japan, which opposes Vietnam's occupation of Cambodia, has begun investing in and sending large numbers of technical experts to Cambodia. This is why the military does not understand the attitude of the administration. How carefully have they studied and analyzed the events now taking place?

Like soldiers at all levels and like those stationed along the border, I feel that the Prem government's foreign policy is rather vague. The Thai foreign minister has presented many proposals at ASEAN conferences. And while these proposals have been approved by the majority at the conferences, they have never been put into action. Rather, the ASEAN countries have tended to ignore them. A clear example is that the Thai foreign minister offered to serve as the middleman in opening proximity talks. Even though Malaysia was the first one to propose this idea, this was rejected by Vietnam and Cambodia. When Thailand again proposed this, no one responded. This caused Thailand to lose face. At the same time, when the Indonesian foreign minister proposed holding a cocktail party for the four Cambodian factions, many sides voiced their support for this idea. In particular, Mr Paul Wolfowitz, the U.S. assistant secretary of state, has voiced full support for this.

Looking at the heart of this, Vietnam and Cambodia have probably studied the attitudes and roles of the ASEAN countries and seen that little benefit has been derived from trying to coordinate things. There is still protectionism even on the economic front. And on the military front, all sides are working to protect their own country. There is no sign of moving military forces abroad. Only Thailand is suffering from the Cambodian refugee problem, with over 100,000 refugees here. The clashes between Thai and Vietnamese-Cambodian forces, with people wounded and killed, continue with no end in sight. Thailand still doesn't know whether there will be any positive results. It just continues to suffer losses. But the other ASEAN countries have suffered very little.

I feel that the government of Gen Prem Tinsulanon should formulate a clearer foreign policy. It should have an independent foreign policy. It should not be tied to any other country. The government should carry on peaceful diplomatic activity with Vietnam and Cambodia and not engage in confrontation. We must put an end to the conflict. Thailand and Cambodia-Laos-Vietnam share a border. We should not create the factors that could lead to war in this region.

War can destroy economies and the lives of people. Only peace can build the world and build countries so that they grow and prosper. People should not be misled by the war merchants, who claim that it is the other side that has violated the U.N. Charter and international law. But the lessons show that it is the big war merchants who have violated the U.N. Charter and the Security Council resolutions.

To date, the United Nations has been unable to end the war between Iraq and Iran. When Israel sent troops into Lebanon, no one said a word.

The Thai government should stop being the one to make sacrifices in the Cambodian problem. It should allow the Indochinese countries to solve the problem themselves. We can stop worrying about being invaded. Israel's

invasion of Lebanon almost bankrupt Israel. The same thing happened to the United States. It once sent troops to wage war abroad but in the end had to bring them home in defeat.

China launched an attack on Vietnam in 1979. But the world knows who taught the lesson to whom. At present, the great powers are trying to open a diplomatic dialogue with each other. In the next 3-5 years, the situation in Cambodia may improve greatly.

Where can Thailand hide its face? We all live close to each other. Do we have to feel embarrassed?

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THAILAND

BRIEFS

THAI-U.S. WEAPONS STORAGE--Thailand and the United States are holding negotiations on establishing a weapons depot. This stems from the signing of a memorandum of understanding on logistics, which was signed last October by Gen Prem Tinsulanon in his capacity as minister of defense and Mr Caspar Weinburger, the U.S. secretary of defense. Following that, it was proposed that a weapons depot be established in Thailand and that "if Thailand experiences financial problems, it can use these weapons whenever necessary and pay for them later." Detailed negotiations will be held between Thai and U.S. officials in the next 2-3 days. [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

ARMY IN SOUTHERN SUPPRESSION WORK--Lt Gen Wanchai Chitchamnong, the 4th Army Region commander, told reporters that the 4th Army Region has sent a report to the Internal Security Operations Command (ISOC) requesting that the military be granted the authority to carry on suppression activities, including suppressing ore and contraband smugglers and gangsters, in order to solve the problems in the south. But the army region has not received a reply. Besides this, the 4th Army Region commander said that security in the south is still very good. The things that have taken place are just symbols of the south. Such things take place in other regions, too. "I believe that there are still dark powers in the south. These people are still trying to stir up trouble for their own benefit." [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

ROYALTY ARMY PROMOTIONS--On 3 December, Maj Gen Narudon Detpradiyut, the secretary of the army, told reporters that the army issued Order 1766/1985 promoting Princess Sirinthon, who serves as an education instructor at the Chulachomklao Royal Military Academy with the rank of lieutenant colonel, commander and wing commander, to education instructor with the rank of colonel, captain and group captain. Her pay grade has been raised to Grade 4, Level 1 at a rate of 8,475 baht per month. The promotion was effective on 2 December. A request to promote Princess Chulaphon to lieutenant colonel, commander and wing commander has been received. [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

ATHIT, SITTHI, PRASONG CONFLICT--After inspecting the border in Prachinburi, Chanthaburi and Trat provinces, Air Chief Marshal Sitthi Sawetsila, the minister of foreign affairs, and Squadron Leader Prasong Sunsiri, the secretary-general of the National Security Council, discussed this year's

policy during an interview. They said that if any shells land in Thailand as a result of the fighting in Cambodia, we will not retaliate unless they fired on us intentionally. In that case, we will respond immediately. In response to this, Gen Athit Kamlangek, the supreme commander and RTA CINC, said that actually, the Ministry of Foreign Affairs does not have the right to issue such a policy or directive. Ministry of Foreign Affairs officials went to the border just to learn about the situation. As for what the military decides, that is the business of the military commanders. It is not the business of anyone else. If people want to make policy recommendations, they must submit them to the National Security Council through the government. [Text] [Bangkok WIWAT in Thai 16-22 Dec 85 p 10] 11943

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