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1 AUGUST 1986

SOUTHEAST ASIA REPORT

CONTENTS

INDONESIA

Briefs

Radiation-Free Certificates for Imported Foodstuff	1
Japan To Import 1.95 Million Tons of LPG	1
Tin Production Increase	1
Minister on Flow of Goods	2
Minister on Transmigration Program	2
Asamera's Crude Production	3
Bank Credits Up	3

MALAYSIA

Cabinet Acts on Foreign Investment Redtape (Azam Aris; BUSINESS TIMES, 26 Jun 86)	4
Economic Outlook Analysed by Salleh (P. Gunasegaram; BUSINESS TIMES, 25 Jun 86)	6
Electronics Industry Described (Khor Eng Lee; NEW STRAITS TIMES, various dates)	7
Gas Reserves To Last Another Century (Saad Hashim; BUSINESS TIMES, 25 Jun 86)	12

PHILIPPINES

Mindanao NPA Commander Discusses Antipenetration Efforts (Romy Marinas; WE FORUM, 27 May-2 Jun 86)	13
Commissioners Differ on Completion Date of Concom Work (Quezon City Radyo ng Bayan, 30 Jun 86)	18
Education Minister Promises Drive Against Illiteracy (Quezon City Radyo ng Bayan, 30 Jun 86)	19

Briefs	
Kidnappers Thought Priest 'CIA'	20
Dimaporo Wants 'Sequestration' Halted	20
Lower EEC Tariff	20
Concom: Public Hearing on Media	21
Army-Civic Literacy Program	21

SINGAPORE

Seminar Examines Economic Problems	
(NEW STRAITS TIMES, 12 Jun 86)	22

THAILAND

New Locally Made Infantry Rifle Examined	
(Nick Nichols; ASIAN DEFENSE JOURNAL, Apr 86)	24
Military To Hold Seminar on Combined Operations With Malaysia	
(ASIAN DEFENSE JOURNAL, Apr 86)	27
Dispute Over Award of Military Contract	
(ASIAN DEFENSE JOURNAL, Apr 86)	29
Air Force White Paper on Procurement of F-16A	
(ASIAN DEFENSE JOURNAL, Apr 86)	30
4th Army To Set Up Forward Command in Yala	
(ASIAN DEFENSE JOURNAL, May 86)	31
Security Hamlets Designed To Thwart CPM	
(ASIAN DEFENSE JOURNAL, May 86)	32
Villagers Asked To Cooperate Against CPM	
(ASIAN DEFENSE JOURNAL, Apr 86)	34
Chawalit Shakes Up ISOC, Slates Army Inspections	
(MATICHON, 6 Jun 86)	35
Democrats Outline Economic Policy	
(THE NATION, 26 Jun 86)	37
Central Bank Official on Economic Policy	
(Suphaichai Phanitphak Interview; MATICHON, 26 May 86)	40
Banks' Profits Drop Sharply	
(THE NATION, 25 Jun 86)	44
Bank of Thailand: Economy Is Healthy	
(THE NATION, 21 Jun 86)	46

Sayam Bank Gets Aid From Central Bank (BANGKOK POST, 26 Jun 86)	48
PRC University Invites Thai Students, Teachers (MATICHON, 22 May 86)	49
Prem Determined To Cut Oil Prices (BANGKOK POST, 26 Jun 86)	51

PEOPLE'S REPUBLIC OF KAMPUCHEA

Briefs

Health Cooperation With India	52
Preah Vihear-Thuan Hai Cooperation Reported	52
Condolences on Death of SRV's Hoang Van Thai	52
Mat Ly Supports Soviet Peace Initiatives	53
Heng Samrin, Hun Sen Congratulate GDR Counterparts	53
Albanian Trade Unionists	53
Thai Incursions Reported	53

VIETNAM

MILITARY AFFAIRS AND PUBLIC SECURITY

Role of Sapper Force in Joint Operations Assessed (Nguyen Cu; TAP CHI QUAN DOI NHAN DAN, Mar 86)	55
Development of Engineer Corps Discussed (Tran Ba Dang; TAP CHI QUAN DOI NHAN DAN, Mar 86)	61
Illegal Theatrical Groups Continue To Operate in City (Xuan Thai; SAIGON GIAI PHONG, 18 Apr 86)	66
Dormitory Students Cause Public Disturbances (SAIGON GIAI PHONG, 19 Apr 86)	69

INTERNATIONAL RELATIONS, TRADE, AND AID

Measures To Increase Export Investment Proposed (NGOAI THUONG, Dec 85)	70
---	----

PARTY ACTIVITIES AND GOVERNMENT

Need To Improve Quality of Cadres, Reform System Discussed (Nguyen Huu Tai; SAIGON GIAI PHONG, 18 Apr 86)	74
Shortcomings of Criticism, Self-Criticism Drive Discussed (SAIGON GIAI PHONG, 19 Apr 86)	77
Writer: Use Criticism, Self-Criticism To Correct Mistakes (Nguyen Truc Quynh; SAIGON GIAI PHONG, 19 Apr 86)	80

Readers Contribute Opinions on Party Congresses (SAIGON GIAI PHONG, 1 May 86)	83
ECONOMIC PLANNING, TRADE, AND FINANCE	
Ways To Strengthen Socialist Market Discussed (Cao Duy Ha; NHAN DAN, 18 Apr 86)	88
Briefs 'Reverse Subsidies'	93
AGRICULTURE	
Shrinkage in Hanoi Tobacco Planting Examined (Vuong Dua; NHAN DAN, 18 Apr 86)	94
HEAVY INDUSTRY AND CONSTRUCTION	
Shortage of Rock for Road Construction Discussed (SAIGON GIAI PHONG, 18 Apr 86)	97
LABOR	
Need To Attach Greater Value to Intelligence, Creativity Discussed (Thu Binh; SAIGON GIAI PHONG, 19 Apr 86)	99
POPULATION, CUSTOMS, AND CULTURE	
People's Relocation in New Economic Zones Accelerated (Editorial; HA NAM NINH, 4 Mar 86)	100
Ha Nam Ninh People Relocated in Gia Lai-Kon Tum (HA NAM NINH, 28 Feb 86)	102
PUBLICATIONS	
Table of Contents of NGOAI THUONG, Dec 85 (NGOAI THUONG, Dec 85)	103

/7310

INDONESIA

BRIEFS

RADIATION-FREE CERTIFICATES FOR IMPORTED FOODSTUFF--Jakarta, June 5 (ANTARA)--The ministry of health will request to the ministry of trade and the directorate general of customs as well as to other government agencies which are dealing with imports to oblige importers of foodstuff and beverages as well as of fruit from countries suspected of suffering from pollution by radio-active fallout from the Chernobyl, Soviet Union, nuclear reactor, to provide their goods with radiation-free certificates. The ministry of health's spokesman Sumaryati Aroso, pointed to the press in Jakarta Thursday that the ministry of health's request was a preventive measure from Indonesia against possible pollution danger from the Chernobyl nuclear reactor radio-active fallout. The Chernobyl nuclear reactor which is situated in the Ukraine Soviet Republic, expected April 26, 1986, killing 25 and injuring thousands of local people. It is feared that many countries in Europe have been affected by radio-active fallout. [Text] [Jakarta ANTARA NEWS BULLETIN in English 5 Jun 86 p A6] /9317

JAPAN TO IMPORT 1.95 MILLION TONS OF LPG--Jakarta, June 5 (ANTARA)--Japan has agreed to import Liquefied Petroleum Gas (LPG) from Indonesia amounting to 1.95 million tons per year beginning July 1988 for a period of ten years, a source available from Tokyo said Thursday. Japan has also agreed to pay three dollars higher for every ton of LPG price imported by that country from the Middle East. This agreement was reached between Pertamina (state-owned oil enterprise) and seven Japan's LPG importers, after one and half year negotiation which was begun in 1985 and intensive talks which was started at the end of 1985. The seven Japan's LPG importers are Mitsubishi Trading, Mitsui Trading, Nippon Gas, Idemitsu Oil, Cosmo Oil, Kyodo Oil and Showa Oil. ANTARA correspondent in Tokyo reported that Japan agreed to buy three dollar higher for every ton of LPG imported from the Middle East, because transportation cost from Indonesia is cheaper by 15 dollar for every ton. Japan's import of LPG from Indonesia, based on the contract will stand to 300,000 tons from Arun oil field and between 1.5 to 1.7 million tons from Bontang per year. [Text] [Jakarta ANTARA NEWS BULLETIN in English 6 Jun 86 p A4] /9317

TIN PRODUCTION INCREASE--Jakarta, June 7 (ANTARA)--Indonesia is to increase its tin production from the current 22,000 tonnes to 27,000 tonnes by the end of this year, although in the flagging world tin market. President Director of the state owned tin company (PT Timah), Sudjatmiko when speaking to the newsmen at a fast-breaking here Friday night, said that the production

would be more increased if the price is reasonable. "The important thing is, with the current decline of tin price, production would be continually going on and there would be no lay off," he said. He referred to the lay off resulted from the shrunken tin market as at PT Kobatin, an Indonesian private tin company. He also mentioned the close down of 200 the mining companies in Malaysia employing 23,000 workers and about 215 in tin mining in Thailand which takes on 24,500 workers. PT Timah is employing 28,500 workers. Sudjatmiko was optimistic with tin business, saying if the demand and production reach a balance condition tin price would be better in 1988 reaching 8,000 to 9,000 US dollar per tonnes compared with the current price of 5,500 dollar per tonnes. He said that so far Indonesian tin is experiencing no hindrance in marketing as it has its own market. [Text] [Jakarta ANTARA NEWS BULLETIN in English 7 Jun 86 p A1] /9317

MINISTER ON FLOW OF GOODS--Jakarta, June 6 (ANTARA)--The implementation of Presidential Instruction (Inpres) No 4 of 1985 in the past one year has succeeded in making the flow of goods in Indonesian ports smoother and thus helped businessmen cut their costs, Trade Minister Rahmat Saleh said. The minister said this to reporters Friday moments after he took the oath of three senior officials of the Trade Ministry. The trade minister also underscored President Soeharto's recent statement that there was nothing wrong with the system applied under the presidential instruction. If there were any shortcomings in its implementation, the way to improve on these would certainly be found, the minister said. Control on the quality and the prices of the goods passing the ports by SGS, the international surveyor company, is strict enough and if there were anomalies in their practice the SGS had promised to take action against those responsible, the minister added. The SGS keeps watch on the goods since they are put in ports warehouses until they are loaded into ships. Any person having information on misconduct by SGS personnel in this matter should help the government by reporting it to the concerned authorities, Rahmat Saleh said. [Text] [Jakarta ANTARA NEWS BULLETIN in English 7 Jun 86 p A5] /9317

MINISTER ON TRANSMIGRATION PROGRAM--Jakarta, June 8 (ANTARA)--Transmigration program launched by the Indonesian government is completely different with colonialization done by the Dutch in the past, Transmigration Minister Martono stressed here last Saturday. "Transmigration is not just moving people from one place to another which only results negative effects as feared by certain quarters abroad," Martono declared. He explained that transmigration program in Indonesia was carried out based on the state ideology Pancasila, the 1945 Constitution and the Guidelines of State Policies. With all those solid basis, transmigration program is aimed at strengthening national unity, facilitating the equalization of development and its results and involving the whole people in maintaining security and order, he clarified. Martono categorically denied allegations launched by certain people abroad saying that transmigration would result in the extinction of one of Indonesia's tribes. On the contrary, he continued, transmigration is an important and effective means for the whole people to integrate themselves into an Indonesian nation, disregarding their tribes and religions. Citing an example, the minister pointed out to the expulsion of followers of Prince Diponegoro, a national hero, from Java to North

Sulawesi by the Dutch some one and half centuries ago. Instead of coming into extinction, the Javanese integrated themselves with the local people, the Tondanese, resulting in the birth of a new tribe "Jaton" (Jawa-Tondano), Martono said. [Text] [Jakarta ANTARA NEWS BULLETIN in English 3 Jun 86 p A1] /9317

ASAMERA'S CRUDE PRODUCTION--Palembang, June 2 (ANTARA)--Asamera South Sumatera, one of the state-owned oil company Pertamina's contractors in South Sumatera, is planning to produce 38,000 barrels of crude oil per day from seven wells under its management. Chief of the exploration department of the oil company, H.J. Huebner, disclosed here Monday that 29,000 barrels of the planned production would be refined at Plaju and Sungai Gerong refineries, while the rest would be exported via Singapore. Asamera South Sumatera contracted areas cover the Blok Ramba corridor, Bentayan, Tanjung Ubun, Pamarokan, Tempino, Keluang and Mangunjaya. [Text] [Jakarta ANTARA NEWS BULLETIN in English 3 Jun 86 p A2] /9317

BANK CREDITS UP--Jakarta, June 8 (ANTARA)--The volume of bank credits, both in rupiah and foreign exchange, has been steadily increasing in the past three years. Figures available at Bank Indonesia (Central Bank) here Saturday show that the volume of bank credits in 1983 mounted to Rp.15,299 billion, Rp.18,813 million in 1984 and Rp.22,157 billion last year. The volume went up further reaching Rp.23,006 billion only until the first week of April this year. The total was channeled through government banks, Rp.15,765 billion, national private banks Rp.4,442 billion, regional development banks Rp.665 billion and foreign banks Rp.1,106 billion and directly by Bank Indonesia Rp.1,028 billion. The credits until the first week of April were absorbed by the following sectors: agriculture Rp.1,777 billion, mining and industry Rp.267 billion, industry Rp.8,109 billion, trade Rp.7,257 billion, services Rp.3,938 billion and others Rp.1,658 billion. [Text] [Jakarta ANTARA NEWS BULLETIN in English 9 Jun 86 p A2] /9317

CSO: 4200/1219

MALAYSIA

CABINET ACTS ON FOREIGN INVESTMENT REDTAPE

Kuala Lumpur BUSINESS TIMES in English 26 Jun 86 p 1

[Article by Azam Aris]

[Text]

A CABINET committee, headed by Deputy Prime Minister Encik Ghafar Baba was set up by the Cabinet yesterday to cut red tape and speed up approval of foreign investment and joint venture projects.

It comprises six ministers, Finance Minister Daim Zainuddin, Primary Industries Minister Datuk Leong Khee Seong, Trade and Industry Minister Tengku Razaleigh Hamzah, Public Enterprises Minister Datin Paduka Rafidah Azli and Energy, Post and Telecommunications Minister Datuk Leo Moggie.

Encik Ghafar, with the approval of the Cabinet, can appoint other ministers and high ranking officers to the committee if the need arises.

Information Minister Datuk Rais Yatim disclosed this at a post Cabinet news conference in Kuala Lumpur yesterday.

He said with the setting up of the high powered committee, red tape will be drastically reduced and the period between application and approval will be shortened.

"Several big projects have been delayed because of the slow process of approval. It has also resulted in Malaysia losing out foreign investments to neighbouring

countries like Singapore," he said.

Datuk Rais, who is also the Cabinet spokesman, said red tape and other barriers are major factors that have caused foreign investors to shy away from investing in the country.

"Investors are telling us that the approval process in Malaysia takes too long especially if it involves land, which is a state matter," he said.

This has tarnished Malaysia's image as a "haven" and favourable country for foreign investors and hindered economic recovery.

Business Times understands that the approval process of foreign investment in Singapore takes only two weeks — a move that has prompted foreign investors to opt for Singapore as a base for their investments.

Datuk Rais said foreign investment, an important pre-requisite for generating economic activity and employment, will decline if the approval process is not speeded up so that the country will remain competitive with its neighbours and other developing countries like India, Sri Lanka and China.

At present approval of investment proposals is undertaken by various

government agencies including the Malaysian Industrial Development Authority (Mida).

Datuk Rais said approval of such investments is not finalised at Mida as foreign investors have to go through several other ministries and agencies.

Citing an example, he said the issue of work permits for expatriates in joint ventures is by the Immigration Department, which is under the Home Affairs Ministry while Mida is under the Trade and Industry Ministry.

The need to deal with a number of agencies and organisations causes unnecessary delays. Investors, both foreign and local have often complained that approval can sometimes take months.

"The setting up of the committee will help solve these problems because it is empowered to approve the applications. The committee is now the highest decision making body in approving foreign investment in the country," he said.

Datuk Rais said at present Japan, the United States and the UK are the three biggest foreign investors in the country.

He said the government will have to adopt a positive attitude and continue with its der-

regulation practice if it wants its traditional investors and other developed and developing countries to increase their investments in Malaysia.

He said with deregulation laws and by-laws which seem to work against increasing foreign investment will have to be reviewed.

"The various ministries involved in the approval process should liberalise their regulations to suit the current needs so that we will not be the losers in the end," he said.

/13104

CSO: 4200/1215

MALAYSIA

ECONOMIC OUTLOOK ANALYSED BY SALLEH

Kuala Lumpur BUSINESS TIMES in English 25 Jun 86 p 1

[Article by P. Gunasegaram]

[Text] THE outlook for the Malaysian economy in the next two years is not encouraging, with growth for this year and next year expected to be at two per cent, according to economist Dr Ismail Salleh of Universiti Kebangsaan Malaysia.

Speaking at a luncheon talk organised by the Association of Finance Companies in Kuala Lumpur yesterday, he added that his estimate of a two per cent increase in real gross domestic product (GDP) this year is based on an average oil price of US\$15 a barrel, palm oil price of M\$800 a tonne, rubber price of 185 sen a kg and tin price of M\$15 a kg.

Dr Ismail, an associate professor of economics at Universiti Kebangsaan and currently visiting fellow at the Institute of Strategic and International Studies, the government think-tank, expects real GDP to decline slightly to 1.8 per cent next year.

This estimate is based on a price of US\$13.30 for oil, M\$600 for palm oil, 185 sen for rubber and M\$15 for tin. In his calculations, Dr Ismail assumes oil production of 510,000 barrels a day for this year and 520,000 barrels for next year.

Dr Ismail however cautioned that his predic-

tion can be upset by political changes. "Political problems had in the past undermined confidence in the economy," he said.

He expects the main impetus to growth over the next two years to come from exports, especially oil, palm oil and rubber. While oil prices are expected to decline further this year, there will be a small increase in output next year.

For rubber and palm oil, increases in output may be accompanied by price increases as well. The price increases may result in more income and thus help to fuel growth in other areas.

Dr Ismail said that export earnings from oil this year will probably be only about two thirds of the M\$8.8 billion achieved last year. Next year, the ratio is expected to be reduced further to just half the 1985 level.

Earnings from palm oil are expected to decline to M\$2.4 billion this year from M\$3 billion last year and to rebound to M\$3 billion next year.

He projects Federal Government revenue this year to fall by 10-12 per cent but added that the real impact will be felt next year when government revenues will be further depressed because of lower tax collections due to decreased in-

come.

The current account of the Federal Government (current revenue minus current expenditure) this year will register a deficit for the first time since 1972 and will widen further next year, he added.

Private investment over the next two years is expected to increase only 2-2.5 per cent although the Fifth Malaysia Plan projects growth at 7 per cent a year for the next five years.

Dr Ismail said private investment has grown only 2 per cent over the last five years and added that there was no reason for the growth rate to increase suddenly to 7 per cent.

On the balance of payments, he expects the surplus on merchandise trade to narrow and the current account (combined position of the trade in goods and trade in services) deficit to widen further.

He added that increased borrowings may be necessary if imports of goods are not brought down significantly.

He said that while the government should continue with cutting back expenditure, monetary policy should be more accommodative so as to improve the present tight liquidity position.

1 August 1986

MALAYSIA

ELECTRONICS INDUSTRY DESCRIBED

Kuala Lumpur NEW STRAITS TIMES in English 7, 9 & 11 Jun 86

[Articles by Khor Eng Lee]

[7 Jun 86 p 8]

[Text]

THE electronics industry, which ranked 10th in the world in 1982, is expected to become the fourth biggest by 1990. According to informed observers, this high-growth "sunrise" industry is destined to become the second largest in the world (after the energy industry) by the year 2000.

The global electronics market is one of the fastest growing. By 1990, electronics production should reach more than US\$780 billion (\$2,030 billion).

Although the semiconductor industry constitutes only a small part of the electronics world, it is a highly significant sector; semiconductors serve as the major building blocks for all electronic products.

According to the Malaysian-American Electronics Industry (MAEI), an industry group of 13 US electronics companies manufacturing in Malaysia, worldwide sales of semiconductor devices are expected to grow from \$59 billion in 1985 to \$312 billion by 1994. This will be more than a five-fold increase within a decade.

In 1985 the gross value of electronics production in Malaysia (the world's third largest producer and largest exporter of semiconductor components) has been estimated at \$5 billion, contributing 38 per cent of this country's total manufacturing exports.

Skilled labour

MAEI has described the semiconductor industry as having one outstanding feature — that of rapid rate of innovation and technological change, both in the devices that are pro-

duced and in the production processes used to manufacture them.

In fact, this is known as a technologically dynamic sector which is constantly evolving (note the change, within half a decade, from 16K to 64K and 256K memory chips, called "the basic driver of technology," and very soon to one megabit D-RAMS).

Moreover, there is also a rapid rate of obsolescence. The lifespan of semiconductors and memories is measured in terms of a year or slightly more. Production equipment have short lives as well.

Therefore, despite the vast potential particularly in consumer and industrial electronics, the challenge for a developing country like Malaysia to enter this highly competitive field must be a daunting one indeed.

However, Malaysia's electronics industry has developed from virtually nothing in the early 1970s to what it is today — the creation of multinational semiconductor firms led by National Semiconductor in late 1971 and other major American electronics companies as well as by Japanese corporations like Matsushita and NEC.

Malaysia is said to have one of the largest installed capacities for semiconductor assembly in the world today. It is also a major testing location for semiconductor devices.

The electronic components sector has always dominated this industry in Malaysia. Contributing more than 80-90 per cent of total component output, semiconductors have held sway. The electronic equipment industry remains very small. Very few Malaysian entrepreneurs have

ventured into the (largely foreign-owned and export-oriented) electronics industry.

PA Consulting Services, which recently completed an in-depth study of the electronics industry in Malaysia for Arab Malaysian Merchant Bank, has described the Malaysian industry as a young and growing one. There is no scarcity of skilled labour.

PA has also found Malaysian engineers to be very capable: "Malaysian engineers have progressed much faster and are more advanced in semiconductor production than their American counterparts that they are sent back to the parent plants to assist and pass on their knowledge to American engineers..."

Various American companies like RCA (whose local staff have been responsible for "total engineering including design and development of equipment and packages, initiating state-of-the-art process changes..." in the words of Russel Smith, RCA managing director) and National Semiconductor (the pioneer in Malaysia) have paid tribute to their Malaysian employees.

D.J. Hill, managing director of NS Penang, has written: "The people have achieved levels of performance unequalled by any other location in the world..."

Motorola, which came to Malaysia shortly after National Semiconductor, has set up three production plants (two making semiconductor components and one manufacturing communication equipment). It has recently expanded its Petaling Jaya plant into the largest and most complex semiconductor manufacturing operation of Motorola worldwide.

The company has found Malaysians to be very dedicated, easily trainable and highly productive. Don Jerome, managing director of Motorola Malaysia, has attested: "Due to the high level of technical competency currently available in Malaysia coupled with the aggressive planning of the Government of Malaysia, I feel Motorola will continue to maintain a competitive position worldwide in the highest technological disciplines..."

Dr A. Ouchi, NEC's vice-chairman, said recently: "In terms of quality and efficiency of production, the Malaysian plant (in Banting) comes out as good as a sister plant at Yamagata Prefecture which makes similar devices..."

There are various positive factors for the development of Malaysia's electronics industry.

According to the Industrial Master Plan (IMP) which was completed last year, Malaysian strengths include low cost of labour (lower than in the US, Japan, Singapore and South Korea), accumulated experience and expertise in semiconductor assembly, the presence of many internationally reputable electronics firms in Malaysia (a few of which may be induced to integrate their operations with circuit design and wafer fabrication), and the command of written English (an advantage to have in the writing of computer software).

But there are also weaknesses. Structural problems like the lack of linkages within the Malaysian electronics industry (heavily dependent on imported materials), limited size of the domestic market (thus the need for export markets), the small size of Malaysian-owned companies (having only 9.2 per cent of the fixed assets in the industry in 1983), and the low level of innovative and entrepreneurial activities.

PA has also cited the lack of ancillary industries and supporting services as a major problem area. Even the wires, springs and screws have to be imported.

High productivity

According to PA, there should be well-developed ancillary industries and services for the electronics industry to expand. They include precision tooling, mould and die-making, high-quality metal fabrication, high-quality plastic moulding, wire harnessing, and high-quality printed circuit board manufacture.

The multinationals must be encouraged to remain for as long as possible because they can contribute to the development of the Malaysian electronics industry.

Mr Jerome has suggested that Malaysia's competitive operating cost environment must be maintained. We have to meet the competitive need for lower operational cost environment, high quality and high productivity operations.

The IMP has identified three so-called critical development needs:

- Diversification of Malaysia's electronics industry structure away from its current over-reliance on semiconductor assembly and test activities;

- Promotion of linkages to supplier industries as well as forward linkages to electronic equipment manufacture; and

- Encouragement of a greater flow of Malaysian capital into the electronics industry.

[Text]

TWO broad development strategies have been proposed for the development of the Malaysian electronics industry. The one which has been formulated by PA Consulting Services may be described as a cautious strategy for the future.

But what the Industrial Master Plan (IMP) has produced would certainly entail a firm and bold commitment on the part of the Government as well as the private sector; it would, moreover, take this country into the mainstream of high technology within a given time frame.

According to PA, the industry is ready to springboard into the next stage of development. "Its future development — nature and pace — hinges on decisions taken now. It is, therefore, particularly important that the correct strategy is formulated and adopted before the opportunities available dissipate with time..."

The PA study has emphasised that the foreign investors should be induced to stay put in Malaysia (they could repatriate or relocate their offshore operations anytime) for the local electronics industry to further develop.

So that they will retain their semiconductor plants in Malaysia, PA has pointed out that it is important that the ancillary industries and support services be developed.

High technology

As the local market is small, local industrialists will have to look for export markets. They must first upgrade the quality of their products and PA has advised them to go into joint ventures with the Japanese or Americans, from whom they should seek assistance in setting up local R&D facilities.

"If Malaysian industry is to be export oriented, it will have to invest in R&D locally in order to keep abreast with technology and to remain competitive..."

The PA strategy is actually for full integration, product specialisation and step-by-step development. Production should be fully integrated (vertically upstream and downstream) with product specialisation. "By this, we mean full manufacturing integration commencing from raw materials through parts and components to the final finished product..."

According to PA, there are three starting points in the semiconductor industry, local assembly of audio-visual products, and micro-computer assembly (recently established by the Melawar group). The first two sectors have been described as "ideal nuclei for Malaysia's infant electronics industry."

Industrialists are advised to con-

centrate on well-developed technologies at this stage. "Considering Malaysia's state of development, we feel that the electronics industry should not venture into the high technology end at the present moment..."

After the semiconductor industry has matured, PA has proposed as the next step the establishment of the printed circuit board (PCB), which is used for mounting the chips, and PCB assembly industry.

"Development of the PCB assembly industry will facilitate the downstream usage of semiconductor chips.

"Moreover, by contract assembling for a more advanced principal, the contract assembler learns and gradually progresses up the technology curve. Ultimately, when the learning process has been completed, the next stage of development will be reached in which indigenous designs are manufactured..."

The IMP has identified the main objectives, mapped out the strategies, and set the targets for the development of the electronics industry up to 1995.

The principal development objectives have been identified as accelerating the rate of growth of the consumer and electronics sub-sectors, fostering the development of critical supplier and support industries, encouraging investment in higher value-added activities (particularly design, research and development), increasing local investment, and upgrading semiconductor assembly and test activities.

The IMP has also come out with a mix of development strategies:

Product and process development. To develop the electronics industry, Malaysia has to upgrade both product technology (introducing products of progressively more sophisticated design and engineering) and production technology (using state-of-the-art techniques and integration of the existing base into upstream and downstream manufacturing).

"Presently, Malaysia's electronics industry is relatively advanced only in a narrow range of production technologies but extremely underdeveloped in terms of vertical integration..." Thus the need to promote greater local initiative in product design as well as to promote vertical integration and diversification.

Production techniques

Export orientation. "Malaysia needs to be able to export in order to realise economies of scale. Thus, the products which Malaysia chooses to produce must be selected with the reasonable prospect that the products will be

able to compete in international markets with little export subsidies from the Government..."

Other elements in the IMP development strategy include forging linkages within the electronics industry and with the rest of the manufacturing industry, technology acquisition, Government procurement to help create a domestic market for certain electronic products (such as data processing equipment), and development of a diversified product profile (to stabilise demand).

Moreover, more favourable conditions should be created over the next five years for the pursuit of a "niche-oriented" strategy from 1990 onwards. This entails the expansion of skilled labour in various fields related to electronics production, especially the supply of electronics technicians.

The main development targets up to 1995 are:

- Restructuring of the industry (enlarging the shares of industrial electronics in the total electronics output from 5.7 per cent in 1982 to 15 per cent in 1995, and of consumer electronics from 8.7 per cent to 24 per cent, while reducing the share of electronic components from 85.6 per cent to 61 per cent);

- Increasing local content by building stronger linkages to the local supplier and support industries over the 10-year period;

- Increasing the value-added share in the total output of the electronics industry (from 28

per cent in 1981 to 33-35 per cent by the end of 1995); and

- Increasing local investment in the electronics industry.

According to the Fifth Malaysia Plan (1986-90), the country is expected to move into high-technology electronics industries. There is also a growing domestic market for consumer electronics, selected industrial electronics, and non-semiconductor components.

Apart from encouraging the development of consumer electronics, selected industrial electronics, and non-semiconductor components, efforts will also be made to strengthen backward and forward linkages within the industry and strengthen material and component suppliers, so that their product cost and quality will be competitive with imports.

New production techniques will have to be introduced and existing production capabilities will have to be upgraded.

While the Government can provide administrative guidance, incentives and even inspiration, the development of the Malaysian electronics industry remains largely in the hands of local entrepreneurs, engineers, systems designers, and technicians.

The IMP provides what the experts have called an indicative plan to show the strategic direction for the envisaged development of a technologically autonomous electronics industry in Malaysia.

[11 June 86 p 8]

[Text]

ACCORDING to the Industrial Master Plan (IMP) which has been prepared for the Government by Malaysian Industrial Development Authority (Mida) in collaboration with the United Nations Industrial Development Organisation (Unido), Malaysia's electronics industry in 1995 should be far more autonomous than it is today.

"In other words, technologically Malaysian firms should possess the ability by then to undertake a significant amount of local product design, development and engineering, at least for equipment and components of low to moderate complexity..."

By then stronger intra-industry linkages should have been developed, with the local component industry developing alongside the consumer and industrial electronics industries, and enabling the latter to source more of their component needs locally.

Inter-industry linkages between electronics and other manufacturing industries should also be much stronger by 1995.

The most dramatic change is envisioned with the planned restructuring of the electronics industry: the planned reduction of the electronic components subsector together with the expansion of the other two subsectors (industrial and consumer electronics).

Central to the IMP development strategy is its product strategy with a time frame for the promotion of specific products in both the domestic and international markets — products of sufficiently high quality and reliability that will be supplied at competitive prices.

Highest priority

Three main objectives have been spelt out for the first five years of implementation (1986-90). They are:

- To strengthen material and component suppliers, making the costs and quality of their products competitive with imports;

- To strengthen backward and forward linkages within the electronics industry; and,

- To redress the imbalance in the intra-industry structure in favour of consumer elec-

tronics, selected industrial electronics, and non-semiconductor components.

In the following five-year period 1991-95, greater emphasis is to be given to the development of industrial electronics and the component suppliers for this sector.

According to the IMP, communications equipment should receive the highest priority — including lightwave transmission systems and components like fibre optic cables and laser diodes, local area network products including those using fibre optic transmission technology, and wireless communications equipment (including components of satellite communications and microwave relay systems such as micro satellite earth stations, microwave diodes, transistors and other microwave components.)

Within the consumer electronics sector, Malaysia is expected to manufacture more sophisticated products.

Higher value-added products like video cassette recorders and digital television sets have been mentioned for special encouragement.

The component sector will have to be developed substantially and constantly upgraded thereafter.

Among the so-called critical component technologies for promotion are design and wafer fabrication of power Mosfet transistors, power integrated circuits, design of telecommunications ICs and large scale integration peripheral ICs, and manufacture of sensors, etc.

Ultimately, the experts have said that Malaysia will also need to develop the capability to manufacture/process certain strategic raw materials for the electronics industry, such as high purity metals and metal alloys, industrial ceramics and electronics-grade chemicals.

Also to be promoted is the design and development of software and integrated systems comprising both hardware and software.

System integration has been described as one of the most crucial capabilities of a technologically autonomous electronics industry. The software industry will gain increasing prominence over the next decade.

The other major elements of the IMP strategy include promoting technological capability and developing local R & D capabilities ("critical to the long-term development of Malaysia's electronics industry"), institutional support with the proposed creation of Science and Technology Institute of Malaysia (Stim) and Malaysian Technology Development Corporation (Matedec), and training of technical manpower ("the quality of the trained human resources is a critical determinant of competitiveness in the electronics industry").

The IMP has also spelt out the need for local sourcing of quality components and raw materials (necessary for the development of an integrated electronics industry), and diffusion of microelectronics-based technologies in the manufacturing and other sectors of the national economy (described as one of the most impor-

tant policies for Malaysia's electronics industry).

Long-term strategy

According to the experts, such technological diffusion will not only expand the domestic market for electronic equipment and services, but also improve productivity across a broad range of economic activities. Malaysian industry will become more competitive internationally.

The experts have therefore proposed the establishment of a board to oversee policies relating to the development and application of the technologies which altogether form the information complex — including computers, communications, control, microelectronic components, and systems based on them.

They have also suggested that the Government should formulate a long-term strategy for expanding and upgrading the utilisation of computers in Malaysia.

The Government has also been urged to consider the possibility of undertaking a 10-year project to promote the application of microelectronics-based technologies to boost productivity and improve efficiency across the full range of industries and other economic sectors.

The experts have particularly recommended the use of Computer Aided Design (CAD), Computer Aided Manufacturing (CAM), and Computer Aided Engineering (CAE) throughout the whole spectrum of manufacturing activities.

They have described such an approach as one of the most effective for Malaysia to catch up with more advanced countries and to help leapfrog to a competitive industrial system.

"The Government, if it chooses to assign high priority to the development of an indigenous electronics industry over the next decade and beyond, must play a more aggressive role in the world technology markets.

It must actively seek out the technologies needed to strengthen the industry's technology base and mobilise the resources needed to acquire those technologies.

"Since many of those technologies are costly, it must be highly selective in its choices, focussing on those which are most crucial to the success of its product development strategy.

"At the same time it must take decisive measures to increase the attractiveness of Malaysia as an investment location for those global electronics firms whose technologies it seeks to acquire.

"In the last analysis, its development efforts should be informed by the understanding that the process of laying the foundations for an autonomous electronics industry may be time consuming but, once established, they should provide a firm basis for launching the electronics industry into an era of dynamic and sustained growth reaching well into the 21st Century."

MALAYSIA

GAS RESERVES TO LAST ANOTHER CENTURY

Kuala Lumpur BUSINESS TIMES in English 25 Jun 86 p 22

[Article by Saad Hashim]

[Text] MALAYSIA is the only country in the Asia and Australasia region with proven natural gas reserves of over 100 years. But its oil reserves have less than 20 years to go, according to the BP 1986 Statistical Review of World Energy published yesterday.

According to the review, after Malaysia, Bangladesh has gas reserves of 84.2 years, India 60.3 years, New Zealand 44.2 years, Pakistan 39.6 years, Australia 37.8 years, Indonesia 30.9 years, and Brunei 25.5 years.

Proven oil reserves as at end of 1985 were: Brunei 27.1 years, Indonesia 18.2, Malaysia 19.5, India 16.6, Australia 6.6 years, and New Zealand 18.5 years.

According to the review, only Saudi Arabia and Kuwait have oil reserves of over 100 years, followed by Abu Dhabi with 98.31 years, Iraq 84.2 years, and Iran 59.1 years.

BP's deputy chairman-designate, Mr Peter Cazalet, said the repercussions of cheaper oil are

likely to be far-reaching, especially if present price levels are sustained.

He said no one can say for certain what the price is going to be in the future.

The review said during 1985 Opec oil production fell to a new low of 17.2 million barrels a day (mbd), or just over 30 per cent of total world production compared with 18.5 mbd in 1984.

In contrast, oil production in non-Opec countries continued to expand, to total just over 40 mbd. Australia, Brazil and Norway all showed steady growth in output.

Oil demand in 1985 fell by one per cent in the non-Communist world but grew by 1.5 per cent in the centrally planned economies.

The review said that overall the world's appetite for energy continues to grow but during 1985 two-thirds of the new energy demand came from the centrally planned economies.

It said that nuclear energy continues to grow. Today, more than 10 times as much nuclear

electricity is being produced as was the case in 1971 but how far the Chernobyl disaster (in the Soviet Union) will slow nuclear's growth remains less clear.

The consumption of coal increased by nearly five per cent over 1984. Unlike oil and gas, the world's reserves of coal are rather more evenly distributed around the globe but the US and the USSR are endowed with very much larger reserves than any other areas.

Mr Cazalet said the oil market in 1985 suffered continuing problems of oversupply.

For much of the year, Saudi Arabia maintained its role as swing producer and crude oil prices began to drop back, the first tremors of the collapse that was to follow in the first quarter of this year when prices fell by about half.

Mr Cazalet said in its 25th year Opec's share of crude oil production fell to 30 per cent of the world total, a far cry from the heady days of 1979 when Opec accounted for 50 per cent of all oil produced.

PHILIPPINES

MINDANAO NPA COMMANDER DISCUSSES ANTIPENETRATION EFFORTS

Quezon City WE FORUM in English and Tagalog 27 May-2 Jun 86 pp 10, 15

[Article by Romy Marinas]

[Text] Too many a tactical offensive gone awry. At least five cadres captured then killed under mysterious circumstances. Frequent bombing of rebel mountain lairs whose exact locations only regulars were privy to. Too often a raid of contact posts in white areas. And all these taking place between 1982 and early 1984 in the heavily consolidated New People's Army (NPA) strongholds of Bukidnon and Misamis Oriental. Somehow, thought Ka Toting, something or someone must be responsible for the NPA's precariously low batting average that did not quite tally with projections made in 1980 when the "people's war" entered the "advanced substage of the strategic defensive." It took Ka Toting and the other high-ranking members of the NPA's North Central Mindanao Regional Operational Command until the second quarter of 1984 to realize that deep penetration agents, or DPAs, had wormed their way to the higher echelons of the Communist Party of the Philippines (CPP) and the NPA in the region.

Ka Toting, in an interview with WE FORUM somewhere in Central Luzon two weeks ago, revealed that they finally moved in on the "zombies," as what they call the DPAs, in January 1985, or after nearly six months of a thorough "social investigation" of each and every party member and mass activist in the guerrilla zones and the urban, or "white," areas.

The regional operational command arrested three suspects that January. All confessed to spying at the behest of the Philippine military and Kilusang Bagong Lipunan mayors and governors. They implicated about a thousand more zombies, including one former captain of the Philippine Constabulary (PC) 57th infantry battalion. Most of the zombies, however, were poor peasants, workers, and middle-class allies although some were religious leaders and a few were Mata Haris. The youngest DPA the command busted was a 14-year-old boy. The others were in their late thirties or early forties.

["They readily confess," Ka Toting said. "They tell us right away that they serve the people. We ask them then how they could serve the people when they have the houses of the masses burned, when they have bombs dropped on us? They then say that that's how they are supposed to say when they are discovered. That's what they were told to say."]

The first tell-tale signs that undesirable elements were sabotaging the underground mass movement, said Ka Toting, were noted in Bukidnon in 1982 when the famed guerrilla front in the province began bungling one tactical offensive after another. He said they also noticed that bombings by the Philippine armed forces were hitting their marks. Government search-and-destroy teams were raiding rebel camps at will. For the first time since 1980, the NPA found itself on the defensive, the euphoria over the seizure of two machineguns from the Philippine Marines in two separate skirmishes in early 1982 giving way to the rethinking of ideological strengths and weaknesses. Ka Toting admitted that they barked up the wrong tree, saying that they should have "streamlined" Party and army structures instead.

["We were indeed alarmed. What's going on?" All the time we have training, we have education, but there has been no effect whatsoever. It seems as if all this guidance has not proved effective.] We were summing up our experiences practically every month when we should be doing it every three or six months. [All these many lessons have not been effective.]

Things changed for the better, said Ka Toting, a robust, bearded and mustachioed Visayan, when the regional operational command undertook what he calls "organizational cleansing."

The cleansing of CPP and NPA ranks was prompted by the discovery, in 1982 in Bukidnon, of a student infiltrator from Lanao who had passed himself off as an "exposurist."

The exposurist, actually one of 13 who entered a guerrilla zone, however, gave himself away because, Ka Toting said, he ignored instructions not to use certain mountain trails considered dangerous. Ka Toting said they scoffed at the initial suggestion that the student was a zombie just because he smoked Philip Morris, sometimes Marlboro, cigarettes and boasted a fairly large amount of money.

When finally arrested and interrogated, the student confessed to being a zombie and was immediately liquidated by the two political officers who composed the arresting team. Ka Toting later found out that the officers were DPAs themselves. Fearful of the breaching of the spy network, they acted with too much haste, meting the death penalty on the student zombie only a day after the latter's capture.

["We asked them," Ka Toting recalled, "Why did you do such things without informing us first?" They answered that in any case, they have already mentioned the names of 40 zombies and that, anyway, those 40 zombies have just been inside the guerrilla zone. But then, they have already taken down the names of the Deps (DPA's) who were already inside.] Of course, we smelled something fishy, so we ordered the arrest of the two political officers." One of the officers admitted to being briefed by the Military Intelligence Group (MIG) and the Regional Security Unit (RSU).

The admission, however, did not break the spy ring, one reason being, Ka Toting revealed, the "shocking" discovery that several "responsible comrades" (who turned out to be zombies also) had already entrenched themselves at the CPP's "district" level. These "comrades," he said took pains in "telling us to exercise utmost caution and prudence" when the regional operational command edged closer on the ring leaders. Ka Toting told WE FORUM that they are now ferreting out "no more than 100" DPAs.

The term "zombies" was coined by the North-Central Mindanao Regional Operational Command for want of a code name that would not be easily deciphered by the peasant masses of Bukidnon, Misamis Oriental, and Agusan del Norte. Its choice, said Ka Toting, was also influenced by zombie movies being shown in 1982 in Cagayan de Oro City. And as they multiplied just like in the movies, he said, their "crimes" against the people followed suit.

Ka Toting classifies zombies into two: the military and the civilian. The former are mostly enlisted men lured with money and promotion in rank after six months. A bonus is given for every CPP or NPA cadre they kill. They get a monthly allowance of P1,200-P1,800 which goes to a bank book held by a legal holder, usually another military man or a relative, a cousin, a mayor, or a governor. Ka Toting said one zombie's bank book showed a deposit of P92,000. Some have three-year contracts [...]"just like the Saudis ..."] but these are usually the "lone rangers" or DPAs instructed to go after the more strategic military or staff positions in the CPP and the NPA and asked to report only once a year.

The civilian zombies, meanwhile, far outnumber the military DPAs and are mostly ex-members of the Anti-Communist League of the Philippines (ACLP). They undergo orientation seminars conducted by the military and receive the same monthly allowance the enlisted men get. Their funders are usually the local petty bureaucrats.

For both the military and civilian DPAs, gaining entry into a guerrilla zone or a people's organization was easy especially in 1980-1981 when a mass recruitment of activists and NPA fighters was undertaken. This, according to Ka Toting, was one grave error, enabling ACLP members to infiltrate at will by merely "surrendering" their membership cards.

"Education work was neglected to the extent that during the cleansing, we learned that those we recruited in 1980-1981 had not undergone the basic party courses. [We didn't have the time to go over the personal and political biodata because, first of all, they looked like everything was in order, and second of all, there were so many memos coming in, especially in 1983-1985. There was also too much expansion, mass organization all over the place."] One major factor that enabled the zombies to gain ground on the top party and NPA posts, Ka Toting rued, was the "premature recommendation" for the recruits to become party members.

"Those recommendations played right into the hands of the zombies," he said. ["They just fitted right into the Deps."]

The North-Central Mindanao Regional Operational Command holds the zombies directly responsible for the death of some 100 NPA fighters, men, women, and children in Bukidnon and Misamis Oriental. It calls recent military reports accusing the NPA of holding hostage some 1,000 residents of Claveria, Misamis Oriental as "preposterous." The real score, it says, is that the "hostages" are actually evacuees forcibly driven out of their homes by the new armed forces, with the help of the zombies, who had earlier burned down the huts of the mostly peasant "hostages." Arson, Ka Toting said, is just one crime the military and the zombies are consistently pulling off.

During their heyday, the zombies used a more persuasive tack. They urged the people in the NPA expansion areas to surrender or to join the Civilian Home Defense Forces (CHDF). Refusal made a resident a prime candidate for "salvaging" or his house a foregone tinderbox. They gambled and encouraged prostitution, fretting on the iron discipline imposed by the CPP and the NPA. They scared the masses by conjuring up Kampuchea images ["(Revolution simply causes society lots of problems, so let's just relax,"] Ka Toting quoted them as saying.)

["They are wild too.] They kill indiscriminately. [For instance, they hit a traffic policeman, although it would have been rather easy to disarm him. The same case happened to an informer who was not incorrigible at all, they hit him too."] Zombies posing as NPA acupuncturists or medics also had murder on their mind, pinning needles on the wrong acupuncture points or prescribing the wrong medicines.

Even after the North-Central Regional Command had smashed the DPA apparatus, the peasant masses still were beside themselves with fear and confusion, reproaching the NPA as "no being different from the AFP (Armed Forces of the Philippines)." But after the cleansing--and punishment--of the guilty parties, Ka Toting said they finally "understood." The command, however, has yet to explain to "probably a thousand more," including those being held hostage in Claveria.

The zombies whose records show no "blood debts," said Ka Toting, are given safe passage to leave a guerrilla zone or a mass organization or, if they chose to stay, are given trial work, e.g., health education, teaching reading, writing, and basic mathematics. Those proved to be "murderers or incorrigible informers" are meted out revolutionary justice, swiftly and immediately."

["It's rather difficult to spare those with blood debts,"] Ka Toting reasoned, adding that they did not have second thoughts on the zombies who engineered the murder of peasant rights advocate Greg Fabro. Fabro, he said, was gunned down at the behest of a Misamis Oriental mayor.

["The other KBL mayors had no comments when the Deps were exposed."] Ka Toting said. ["And now, you see, they cannot form (another group) because many of them (the Deps) have been replaced."] He named as zombie funders one mayor in Misamis Oriental, one in Agusan del Norte, and another in Bukidnon; an ex-member of parliament from Bukidnon; and a "warlord in the Misamis Oriental provincial capital" whose arsenal includes radio transceivers.

The Philippine armed forces, meanwhile, jumped the gun on the NPA by shelling areas where they had fielded zombies. Apparently, said Ka Toting, they wanted to flush out their "own kind" and to speed up the evacuation of peasants from "NPA terrorist-held areas."

["Once the masses are evacuated, they can hamlet or they can say that we take (them) as hostages,"] Ka Toting said. Once evacuated and hamletted, the zombies begin all over again.

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CSO: 4211/67

PHILIPPINES

COMMISSIONERS DIFFER ON COMPLETION DATE OF CONCOM WORK

HK300721 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 30 Jun 86

[Text] It is possible that the Constitutional Commission [Con-Com] may not be able to complete the drafting of a constitution by the assigned deadline of 2 September. This was the statement by former speaker Jose B. Laurel, veteran politician from Batangas. Laurel said that excessive discussions, petty arguments and debates could hamper the work of the Con-Com. [passage indistinct]

Meanwhile, commissioner Teodulo Natividad assured that the Con-Com could finish the drafting of the constitution on schedule because all members of the Con-Com are working hard to ensure that the work will be completed on 2 September.

At the same time, Natividad stressed the importance of holding public hearings on the constitution to solicit public opinions. Here is more from commissioner Natividad.

[Begin Natividad recording] ...and I feel that however wise the commissioners may be, one can always feel the pulse of the nation and get many suggestions from ordinary citizens through the public hearings. These should all be taken into account by the best lawyers, constitutionalist and parliamentarians. I think that this is the best way to ensure that the constitution could be acceptable to the people once it has been drafted and submitted to plebiscite. [end recording]

/9604

CSO: 4211/68

PHILIPPINES

EDUCATION MINISTER PROMISES DRIVE AGAINST ILLITERACY

HK300615 Quezon City Radyo ng Bayan in Tagalog 0400 GMT 30 Jun 86

[Text] Education Minister Lourdes Quisumbing promised that she would exert all efforts to resolve the country's illiteracy problem. She said that she would try to wipe out the problem by the end of the century with the help of the government and the people. She also said that she would ask President Aquino to allocate more money for educational projects, adding that she would ask that the education budget be raised from 5 to 7 billion pesos. Let us listen to Tony Valencia for added details.

[Begin Valencia recording] In line with the drive to wipe out illiteracy in the country, Quisumbing said she believed all Filipinos should be entitled to an education, albeit to secondary level only. She added that this is being implemented by the government and this explained the increased enrollment this year. When asked the reason for this drive when the Philippines is already hailed as having one of the highest literacy rates in the region, Quisumbing pointed out that there is no basis for such a claim and that it is not uncommon practice of officials of the previous administration to exaggerate figures for political purposes. At present, the Ministry of Education and Culture and Sports is coordinating with the National Census Office and the National Economic Development Authority to get the correct number of illiterates as part of the anti-illiteracy drive. [end recording]

/9604

CSO: 4211/68

PHILIPPINES

BRIEFS

KIDNAPPERS THOUGHT PRIEST 'CIA'--French missionary Father Michel de Gigord, who was released last night, expressed belief that his kidnappers belonged to the Moro Islamic Liberation Front. [passage indistinct] According to Gigord, his kidnappers treated him well during his 21 days of captivity. He also said that the kidnappers thought they could get a huge ransom, believing that he was a CIA member. Earlier, the kidnappers had demanded 300,000 pesos as ransom. Former Lanao del Sur Governor Ali Dimaporo intervened to secure the release of the French missionary. [Text] [Quezon City Radyo ng Bayan in Tagalog 0400 GMT 26 Jun 86] /9604

DIMAPORO WANTS 'SEQUESTRATION' HALTED--Former Lanao del Sur Governor Ali Dimaporo appealed to the Aquino government to stop what he called exasperating witchhunting, illegal sequestration and violation of law in dismissing duly elected local officials. Dimaporo made his appeal in a TV program Interaction. According to the former governor, the government should give priority to issues in the economy and the peace and order situation as well as to issues being used as weapons by communists whose influence and forces are growing rapidly. Dimaporo stressed the vicious effect of sequestration, freeze and hold orders issued by the Presidential Commission on Good Government which was recently granted blanket authority by the president. [Text] [Quezon City Radyo ng Bayan in Tagalog 0000 GMT 30 Jun 86] /9604

LOWER EEC TARIFF--President Corazon Aquino urged the European Community to reduce tariffs imposed on imported Philippine coconut oil. In her meeting with Von Eckelen, Netherlands' state secretary for foreign affairs and concurrently EEC president, Mrs Aquino explained that tariffs imposed on Philippine coconut oil are higher than that on Malaysian palm oil. She expressed hope that the Philippines will be given equal treatment in its export of coconut oil to the European Community. The visiting EEC official promised to convey her request to the EEC. In discussing with Von Eckelen the EEC's success in integrating the countries of Western Europe, Mrs Aquino said that the member-states of ASEAN are also striving to promote close cooperation in all fields. [Text] [Manila Far East Broadcasting Company in Tagalog 1100 GMT 26 Jun 86] /9604

CONCOM PUBLIC HEARING ON MEDIA--The Constitutional Commission began its public hearing on four resolutions on the media and communications industry at the Batasang Pambansa building in Quezon City at 0200 this afternoon. Resolution No 49, presented by Commissioner [Vicente] Foz, states that employees of media corporations and institutions should be given the right to become part owners of said entities. Resolution No 164, authored by Commissioner Florangel Braid, provides that communications and media should uphold, enhance, and protect the national cultural identity. Resolution No 200, also by Braid, calls for the establishment of an agency to promote the development, supervision, and formulation of policies for communications. Resolution No 215, on the other hand, urges the Filipinization of the media and communications industry. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 27 Jun 86] /9604

ARMY-CIVIC LITERACY PROGRAM--Poverty and degradation won't be a target of the black propaganda of the NPA as their primary instrument to convince the community to join their group, according to the commander of the 1st Infantry Division at the graduation of 300 students in the Army Literacy Patrol System, which is being launched in the municipalities of Santa, Teresita, and La Salle, Cagayan. Colonel Orella concluded that it is important that the barangays undergo education to elevate the standard of living and also to shun the mind poisoning done today by the NPA. According to the brigade chief, the government would only succeed in its campaign against the rebels if all the citizens unite and cooperate so that the NPA can be destroyed. Meanwhile, the Army Literacy Patrol System is one of the big improvement projects of the 1st Infantry Brigade, which is planning to free the community from poverty and degradation. [Text] [Laoag City Nation Broadcasting Corporation Station DWRI in Ilocano 2300 GMT 27 Jun 86] /9604

CSO: 4211/68

SINGAPORE

SEMINAR EXAMINES ECONOMIC PROBLEMS

Kuala Lumpur NEW STRAITS TIMES in English 12 Jun 86 p 10

[Text] SINGAPORE, Wed. — Business may be improving but two facts show clearly that Singapore is not yet out of the woods, acting Trade and Industry Minister Brigadier-General Lee Hsien Loong told pre-university students yesterday at a seminar on the economy.

These are:

- Unemployment is rising. At the end of March, 6.1 per cent of the workforce was unemployed. The figure has now worsened to 6.3 per cent.

- Singapore is far behind the other newly-industrialising countries in the region. Taiwan and South Korea are expecting growth of more than eight per cent this year and Hong Kong more than five per cent. Singapore, in contrast, expects its economy to shrink by 1.5 per cent.

Singapore should spend this and the next year catching up with them, said Brig-Gen Lee, who expressed concern that rising expectations might distract companies from keeping to the government's measures to keep wages, and costs, down.

So, while there might be encouraging signs that the economy was turning around, companies should not be misled, he warned.

"The signs are bleaker than they seem. Therefore, we must hold fast to our course," he said in his opening address at the Pre-U Seminar at the Nanyang Technological Institute.

Singapore, he stressed, must continue to work toward lowering operating costs, allowing companies to make more profits and to severely restrain wages.

Afterwards, when speaking to reporters after the opening, he also pointed out that the pick-up in business experienced by some companies might be just part of a "quick turnaround." It did not mean Singapore's economic troubles were over.

The same note of caution was first sounded by First Deputy Prime Minister Goh Chok Tong on May 30 when he visited a vocational institute in Ang Mo Kio.

Prime Minister Lee Kuan Yew again emphasised the point when he spoke at the Tanjong Pagar constituency's annual celebrations on June 1.

Earlier, in his address, Brig-Gen Lee said the government's package of economic measures, which included a cut in employers' contributions to the Central Provident Fund and wage restraint, had yet to be felt.

The goal — to restructure the economy from being merely an offshore production centre for developed countries to being a total business centre offering a range of services — was still some distance away.

Brig-Gen Lee emphasised that if Singapore were to fail, it had better not be because it did not do what it had intended.

He said it was critical that companies understood the message because National Wages Council

(NWC) negotiations were now taking place.

So far, some 40 per cent of companies, including government agencies, had completed negotiations and the settlements were "in line" with the national policy.

These companies were mostly in the shipbuilding and repairing industry which, on the whole, was not doing well.

The other 60 per cent, comprising mostly private sector companies, were now negotiating with the unions on NWC settlements, and it was important that they understood.

"If there are further uncertainties, we will clarify their doubts so that there are no ambiguities at all," he said.

At the peak of the economy in the third quarter of 1984, 1.25 million people were working. This number, he said, had since shrunk to 1.18 million. — ST

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CSO: 4200/1217

THAILAND

NEW LOCALLY MADE INFANTRY RIFLE EXAMINED

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Apr 86 pp 36, 37

[Article by Nick Nichols]

[Text]

Following a prevailing trend in the "emerging nations", Thailand is beginning to produce indigenously designed weaponry. Bouyed by the success of Singapore Defence Industries SAR 80 and *Ultimax 100*, Rung Paisal Industry Company, Ltd. determined to locate and/or design a series of infantry arms which could be cost-effectively produced at the firm's Tambon Minburi facility.

With a keen eye on the export market as well as government orders, Rung Paisal began to assemble a product line which features their own versions of popular weapons from both sides of the Iron Curtain. Their *Yongyuth M19*, for example, is strikingly similar to the U.S. M79 40mm grenade launcher. Warsaw Pact arsenals obviously yielded the inspiration for Rung Paisal's *Yongyuth M 26* (RPD light machine gun), *Yongyuty M 2* and *M 7* (RPG 2 and RPG 7 respectively). But in all fairness, the Thai products are of high-quality manufacture, yet their prices are very competitive with the originals — in some cases *half* that of the imported models.

AN "ORIGINAL" ASSAULT RIFLE?

Of the products observed during a demonstration I attended at the Thai Ranger facility in the Pak Thong Chai District (near Nakhon Ratchasima), one in particular seemed *not* to be a "clone" of a U.S. or Soviet system. Casual inspection revealed an assault rifle which appeared to be an M16/AK-47 hybrid of sorts. Unlike the aforementioned weapons, this small arm — called the *RPS-001* — was purported to be a Rung Paisal original, the product of "20 years of interest in weaponry" on the part of the company's managing director, Krairach Manadamrongtham. The director himself is said to have conceived the design, though he admits to having no formal experience in this field.

Unfortunately, Manadamrongtham is mistaken. His *RPS-001* is, in fact, a very close copy of the Czech *Samopal vz. 58P* assault rifle. To Rung Paisal's credit, there are several differences between the two: the Czech rifle is 7.62 X 39 calibre and utili-

zes either solid wooden furniture (earlier models) or the wood-impregnated plastic common to more recent Warsaw Pact small arms; for the RPS-001, Rung Paisal selected the 5.56 NATO round and high-impact synthetics for the buttstock and handguards.

Rung Paisal made several wise decisions regarding their new assault rifle. In retaining the conventional drop-comb shape of the vz. 58P's stock, they have provided for an improved cheek-weld (and accuracy) over the in-line designs common to most ARs. The one characteristic Rung Paisal should have copied but didn't, is the folding stock of the vz. 58V. Rather, the Thai firm chose to offer a short-barreled carbine version of the rifle under the nomenclature of RPS-001S. The ribbed pattern of the handguards — reminiscent of the M16A2 — provides better purchase and improved stability and the M16-style pistol grip is adequate.

WELL PUT TOGETHER

The RPS-001 reflects a high degree of attention to detail in both fit and finish. The steel receiver of this robust rifle reveals precise mill work, and sheetmetal stampings are clean and well-defined. The weapon is well-balanced and finished entirely in a tough black matte; a durable synthetic box magazine (available in 20 or 30-round capacity) rounds out the picture. The sturdy front sight assembly is quite like that of the vz. 58, with the exception that the RPS-001 version features a lug which accepts the standard M16 bayonet (M7).

Though cosmetically similar to the AK-47, the vz.58 (and RPS-001) differs significantly in operation. Rather than utilizing the rotating bolt and swinging hammer of the Kalashnikov action, the vz. 58 incorporates an unorthodox tilting bolt and axial hammer setup — it is strangely similar to the locking system found on the German P-38 pistol!

Rung Paisal has thoughtfully provided for the left-handed operator through a removable charging handle which can be relocated to either side of the bolt carrier. But for this credit there is also a debit: the magazine release switch is located in a small space between the rear of the magazine and the trigger guard, the latter of which required an indentation to allow the free operation of the switch. Functioning is clumsy and difficult to perform without visual contact.

SAVING THE BEST FOR LAST

By far and away the most impressive feature of the RPS-001 was a seemingly incidental one — its combination muzzle brake/flash suppressor. This deceptively simple fixture is the one aspect of the design which is indeed totally original. The muzzle brake characteristics of this appendage make the RPS-001 an uncommonly comfortable rifle to fire, both in semi and full-automatic modes, as it significantly reduces muzzle climb and felt recoil.

Many small arms authorities contend that these two qualities (muzzle brake and flash suppression) cannot be engineered into the same device — it's either one or the other. *This one does both.* To prove the point, Rung Paisal representatives let me fire a Colt *Commando* (abbreviated version of the M16) fitted with the RPS-001 muzzle brake/flash suppressor. The results were impressive — there was virtually *no muzzle flash!* By contrast, the unmodified weapon, with its stock four-inch long “flash suppressor”, produced a ball of flame the size of a melon and required a firm grasp to limit muzzle climb.

To test controllability, we were encouraged to fire semi and full-auto strings from a standard M16 rifle fitted with the device. Again, I was impressed. The modified M16 could be fired on full-auto with one hand — the muzzle stayed put.

The RPS-001 represents a fine balance of sound engineering principles, excellent quality control and reasonable cost (approx. \$400 per unit) — all key attributes in securing the export market. The weapon is currently being supplied to the Thai Special Forces, and Manadamrongtham reported that Rung Paisal has high hopes for larger government orders when the firm enters full production in the near future. ■

RPS-001 TECHNICAL SPECIFICATIONS

Calibre:	5.56 X 45 NATO
Operation:	Gas (adjustable), selective fire
Overall length:	102.87cm
Barrel length:	49.53cm
Weight, loaded:	3.20kg
Feed:	Detachable box magazine
Sights:	Open, fully adjustable, 100-800 metre settings
Cyclic rate:	600-650 rpm
Effective range:	400 metres

/9274

CSO: 4200/1200

THAILAND

MILITARY TO HOLD SEMINAR ON COMBINED OPERATIONS WITH MALAYSIA

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Apr 86 p 97

[Text]

Military authorities in southern Thailand will be holding a seminar in Songkhla to discuss on the issue of "combined military operations" in which Malaysian soldiers will be allowed to cross the common border to join in suppression campaigns against Communist Party of Malaya (CPM) insurgents.

Maj. Gen. Kitti Ratanachaya, commander of the Combined Task Force (Thai), said recently that the seminar is to be held sometime this month. The general's unit is responsible for mounting counter-insurgency operations against the CPM on the Thai side of the border.

The outcome of the discussions will be put forward to the Fourth Army Region and the Government for consideration, said the 50-year old two-star general, who is also the commander of the 5th. Infantry Division with its headquarters at Nakhon Sithamarat.

Among those to be invited to the seminar will be academics, government officials with experience in security work as well as retired senior military personnel who had experience in counter-insurgency campaigns, Maj. Gen. Kitti said.

Malaysia has since 1981, frequently proposed to Thailand the idea of launching combined military operations in which Malaysian soldiers are allowed to cross the border to join Thai forces in suppressing CPM insurgents operating from Thai territories especially in Yala Province.

However, the idea has been rejected by the Thai government who feel that such joint operations will not be in the interest of the Thai public. To date Thai-Malaysian military cooperation against the CPM has been limited to unilateral or coordinated operations. Both types of operation make no provisions for Malaysian security forces to cross the border in hot pursuit of CPM insurgents.

According to Maj. Gen. Kitti, among the topics to be discussed at the seminar will be on the practicality of using helicopters to airlift Malaysian soldiers from their border bases directly to the area of operations in Thailand.

To avoid friction with the local population, Malaysian soldiers will not be stationed in Thai towns since such practice

had sparked protests by residents of Betong District in the past, the divisional commander said.

He further added that following the completion of each joint military operation, Malaysian forces will be airlifted back to their country.

/9274

CSO: 4200/1200

THAILAND

DISPUTE OVER AWARD OF MILITARY CONTRACT

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Apr 86 p 97

[Text]

The Fourwind Company, which was subcontracted to ship arms from the US to Thailand, is an illegal firm which has no operating licence. This was disclosed recently by Thai Deputy Communication Minister Boonthiem Kemaphirat.

The US-based company was chosen by the Thai Armed Forces and the Supreme Command to undertake the delivery of arms purchased from the US by the Thai Government under the Foreign Ministry Sales Programme. The Communications Ministry and the state-owned Thai Maritime Navigation Company, on the other hand, were in favour of another American company, Panapina.

A disagreement broke out last year between the Communications Ministry and the Supreme Command over the awarding of the contract to carry out the arms shipment. The Supreme Command finally won the tussle and Fourwind Co. was awarded the contract.

According to Boonthiem, he was notified by officials that the US government had launched an investigation into Fourwind Co. and had discovered that the firm had no licence to operate maritime services.

"The discovery shows that the Communications Ministry had made the right decision (in rejecting Fourwind) which was overruled by the military," the deputy minister said.

/9274
CSO: 4200/1200

THAILAND

AIR FORCE WHITE PAPER ON PROCUREMENT OF F-16A

Thailand Kuala Lumpur ASIAN DEFENSE JOURNAL in English Apr 86 p 98

[Text]

Thailand needs the squadron of F-16A fighter bombers it has ordered from the United States to cope with an increased Vietnamese air threat. This was disclosed by a Royal Thai Air Force (RTAF) spokesman recently in Bangkok. (See: ASEAN News "Growing Uneasiness Over RTAF F-16A Procurement Programme" ADJ 1/86)

The RTAF said in its 22-page "white paper" that the F-5E Freedom Fighters which are the backbone of Thailand's air defence are not enough to meet the Vietnamese and the Soviet challenge. The "white paper" chronicled the air force's efforts to convince Parliament and the Budget Bureau that besides being justified for security reasons, purchasing of the F-16A was financially prudent.

The RTAF claimed that the F-16 was economical on a long-term basis, despite high initial investment. The aircraft, which can out-maneuvre the MIG-23, has a life span of twenty years.

It also noted that it had reduced its order from twenty to twelve F-16s — eight one-seaters and four twin-seaters — to fund the purchase out of its own budget. The \$378 million contract is payable in installments over five years. (See also: ASEAN News "Jakarta To Buy F-16As To Counter Soviet Threat" ADJ 4/86).

/9274
CSO; 4200/1200

THAILAND

4TH ARMY TO SET UP FORWARD COMMAND IN YALA

Kuala Lumpur ASIAN DEFENSE JOURNAL in English May 86 pp 98-99

[Text]

The Thai Fourth Army Region plans to set up a forward command in Yala Province to coordinate security efforts against the Communist Party of Malaya (CPM). According to a military source, the idea of establishing the command was adopted at recent talks to find ways to counter insurgency activity in the southern provinces.

The source noted that at present there are two units responsible for counter-insurgency operations in the southern provinces. They are the Civilian-Police-Military Command 43 (*Por-Tor-Thor 43*), headed by COL. CHAMMONG PAIROJ, which has jurisdiction over security matters in Yala, Pattani, Narathiwat, Songkhla and Satun provinces, and the Combined Task Force (Thai), led by MAJ. GEN. KITTI RATTANACHAYA, who is also the commander of the Songkhala-based Fifth Infantry Division.

The absence of a central body to coordinate suppression efforts was cited for the ineffective drives against the CPM in the past. The last counter-insurgency operation, code-named *Taksin 8601*, which was jointly launched with Malaysian in February of this year, had failed to locate any big communist strongholds, but several Thai and Malaysian soldiers were seriously wounded by booby traps. The Malaysian 6th. Infantry Brigade and Task Force 083 participated in operation *Taksin 8601*, while Thailand was mainly represented by units from the 5th. Infantry Division.

According to Col. Chamnong, the forward command will be used as the army's headquarters for planning and launching military operations against communists in this province — estimated last year at some 1,000 armed guerillas in the area near the Thai-Malaysian border. A similar forward command was set up in Surat Thani Province in the early 1980's by former Fourth Army Region Commander Gen. Harn Leenanond.

Apart from this, the colonel said, the outpost will also be used for directing and controlling the army's development projects in captured CPM camps. "These projects are very important if the CPM is to be prevented from spreading its authority over the people (in this province)," he said.

/9274
CSO: 4200/1199

THAILAND

SECURITY HAMLETS DESIGNED TO THWART CPM

Kuala Lumpur ASIAN DEFENSE JOURNAL in English May 86 p 98

[Text]

According to a senior Thai military commander, Thailand may steal a page out of British military history in attempting to resolve one of the oldest guerilla conflicts in the world. Maj. Gen. Kittti Ratanachaya, Thai commander of a Malaysian-Thai Combined Task Force against Communist Party of Malaya (CPM) guerillas, said in a recent interview that the present search-and-destroy tactics would never root out an estimated 1,800 CPM insurgents hiding in dense mountain jungle in southern Thailand.

Gen. Kittti said Thais living along the border with Malaysia should be resettled in protected villages near the sites of seized CPM camps. In an attempt to tame the region, roads would be built through the jungle to the new villages and the army would not only protect the settlers but help them grow and sell crops.

He said the idea of applying this tactic to Thailand's trouble southern border came to him while reading accounts of how British colonial forces set up such villages in their struggle against the CPM. He refused to give an overall cost estimate for the project until the Thai Parliament approved it.

The Thai army used a similar strategy of troop-assured rural development to defeat the Communist Party of Thailand (CPT) in the north in the early 1980s. But this has not been tried in the south, where Thailand has since 1979 carried out joint operations with Malaysia against the CPM.

The CPM has been fighting since World War Two to carve out an independent state in Malaysia, grappling first with the British colonial administration and then the independent Malaysia. The Thais have entered the struggle because CPM insurgents hiding out on the Thai side of the border extort at least \$4 million yearly from villagers, army officers said.

The extortion, coupled with banditry, continue despite the CPM's reduced strength in recent years, according to the officers. Thai army sweeps against the CPM have been largely ineffective, said Gen. Kittti, who vehemently denied Press reports that Thai soldiers were not committed to fighting the insurgents.

The general said the February killing of three Thai soldiers, two by booby traps, in the most recent operation showed that the army was serious about restoring law and order in the region. The 18-day coordinated operation, code-named *Taksin 8601*,

with Malaysian army in February cost Thailand \$30,000, but only captured two CPM suspects. It was only the latest in a series of sweeps since 1979 which have captured some 100 CPM strongholds but few insurgents.

Gen. Kitti, who is also the commander of the 5th. Infantry Division, said that unless Thailand was willing to commit more than the 1,000 soldiers it has at strategic points along the 576-km border, it could not expect to eliminate the CPM with search-and-destroy operations. "The communist terrorists are not just sitting down, waiting for us (the army) to attack," said the division commander, who is known as a "hands-on" leader anxious for results.

He went on to say that the CPM tactic was to booby-trap the approaches to a camp, leaving a small contingent to watch the approach of government forces and slipping out into the surrounding jungle before the soldiers reached the camp.

A senior regional army officer said Thailand was upholding its end of the joint Thai-Malaysian agreement to fight the CPM. These guerillas, currently reduced to only a few hundred but still active as "bandits", were moving into Thai border towns like Betong to re-establish communist extortion rackets which the army had destroyed. (See also: ASEAN News "Fourth Army Region To Set Up Forward Command in Yala Province" in this issue of *ADJ*)

/9274

CSO: 4200/1199

THAILAND

VILLAGERS ASKED TO COOPERATE AGAINST CPM

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Apr 86 p 96

[Text]

Thai military officials have asked community leaders to co-operate with efforts against communist guerillas and support the village development programme, which is yet to be implemented. A military source said recently that about 160 village headmen and village community members were asked to stop assisting Communist Party of Malaya (CPM) guerillas in Betong District, south of Bangkok. He added that most of local leaders approved the request.

The village development programme, initiated by Fifth Division commander Maj. Gen. Kittu Rattanachaya, was approved recently by Lt. Gen. Wanchai Chitchamnong, commander of the Fourth Army Region. The aim of the programme was to deny the guerillas the supplies they normally receive or extort from villagers, and to protect the local community from communist harassment.

According to the source, previous suppression operations against CPM guerillas failed to curtail their influence because once the Government security forces left the seized camps, the insurgents returned and reestablished their influences over the villagers.

The programme calls for the setting up of a sort of hamlet in a rural settlement where villagers are scattered and where protection is non-existent. Under the programme villagers would be grouped together and resettled in the hamlet to ensure greater protection — similar to the "security hamlets" used by the former South Vietnamese government during the Vietnam War.

The scheme also envisages the establishment of settlements in the areas where the communists used to have influence. The source said several agencies such as the Forestry Department, Land Department and National Housing Authority, as well as private land developers, would be invited to implement the programme.

/9274
CSO: 4200/1200

THAILAND

CHAWALIT SHAKES UP ISOC, SLATES ARMY INSPECTIONS

Bangkok MATICHON in Thai 6 Jun 86 pp 1, 2

[Unattributed report: "Chawalit Implements Plan To Shake Up the Military, ISOC, Personnel"]

[Excerpts] After becoming the RTA CINC, Chawalit Yongchaiyut immediately implemented a plan to shake up the military and ISOC, reduce the number of officials, and get rid of those who hold positions but don't do anything to earn their money. He has ordered a check of all personnel and vehicles in order to prepare new personnel rosters. Attention will be focused on the army's state of readiness in order to make improvements based on the goal of making the army trimmer.

A report from a source close to Gen Chawalit Yongchaiyut said that Gen Chawalit has implemented a policy to improve the efficiency of the Internal Security Operations Command [ISOC] and to reduce its budget. In order to do this, the officials responsible have submitted a memorandum to Gen Chawalit recommending that the number of slots for ISOC experts be reduced from 48 to 25. The number of slots is being reduced because some of the slots are filled in name only. No one is actually doing any work. This just wastes money.

The news source said that reducing the number of slots for experts will help improve the efficiency of the ISOC. Everyone will work hard, and their morale will be higher. In the past, some people who were transferred to the ISOC from other ministries did not carry out their duties. Only those who had been working here all along carried out the tasks and gave seminars. Reducing the number of slots for experts will not affect those released. Because most of these experts have regular jobs. Most of those serving as ISOC experts are temporary employees.

The report stated that the memorandum on improving ISOC efficiency has already been submitted to Gen Chawalit. It was submitted through channels. It is expected that Gen Chawalit will approve this in principle. The memorandum states that the changes are to take effect in October.

On the morning of 5 June at the army auditorium, Gen Chawalit chaired a meeting for all units directly subordinate to the army. The meeting was attended by the commanders of the various units.

Maj Gen Narutdon Detchapradit, the secretary of the army, revealed that at the meeting, Gen Chawalit informed the various military units of the policies so that they could disseminate the policies to all the units for implementation. Gen Chawalit stressed that the army would stay out of things that did not concern it. He told them not to believe those who cited his name. Instead, they should make frequent inspections. Gen Chawalit also ordered all the units to improve the efficiency of their personnel. This must be done by improving their morale, physical condition, and thinking. There must be greater unity.

The news report stated that after Gen Chawalit was appointed RTA CINC, he ordered officials to check the personnel rosters and lists of transport vehicles, including airplanes and helicopters, in order to examine land and air combat capabilities. This is to be done in preparation for making improvements and for making new personnel rosters. Those things that should be the responsibility of a certain unit should be sent to that unit. Those things that have broken down will be repaired. The purpose of this is to put the army in a state of readiness.

The report stated that the reason why this must be done as quickly as possible is that the vehicles and aircraft have fallen into a state of disrepair, and they are not at the proper units. Army aircraft, particularly helicopters, have frequently crashed, killing many lower ranking soldiers and several generals.

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CSO: 4207/257

THAILAND

DEMOCRATS OUTLINE ECONOMIC POLICY

Bangkok THE NATION in English 26 Jun 86 p 18

[Text]

LEADING Democrats yesterday announced details of an economic election platform that balances fiscal caution with the stimulation of selected areas such as agriculture and small-scale industry. Emphasis was also given to the introduction of social and health insurance, an increase in spending on science and technology, and the promotion of labour relations.

They stressed that the government's role will be kept to a minimum in order to pursue the party's policy of free trade; and the spokesman for labour affairs gave his assurance that the privatization of state enterprises would not affect employees' job security and welfare except when absolutely essential.

Krirkiat Phipatseritham, professor of economics at Thammasat University, a supporter of the party, described the policy as a move to the right. He was invited to attend the meeting yesterday in order to debate the policy, and although he has often advised the Democrats, this time he criticized the policy as containing possible contradictions and measures that

might be difficult to implement.

Compared with the elections of 1979 and 1983, the party has become less progressive, he said, and possibly this is because it has its eyes on being the leading member of the next government coalition.

Reporters and academics were invited to join the Democrat politicians at the meeting at the President Hotel. Described as a "dialogue and exchange of views" the meeting was to all intents and purposes a press conference.

The chairman, Dr Supachai Panitchpakdi, who resigned as director of the Bank of Thailand's director of the Financial Institution Supervision and Examination Department in order to stand in the election, explained that priority would be given to rescheduling the government's domestic and foreign debt. Lower interest rates would be obtained, and the maturity of the debts would be postponed, relieving the government of some of its present obligation to spend almost a quarter of all its expenditure on debt.

A Democrat government would also try to improve the effectiveness of revenue collection. Although he conceded that this might not be easy to achieve in a short period of time, he said that

additional revenue staff could be hired on a temporary basis if necessary. Improved economic conditions would help the government to collect more revenue, he said, and certain tax concessions, particularly those granted to state enterprises, would be scrapped.

All this would allow the government to increase expenditure in selected areas while keeping the budget deficit under control. Supachai said that the idea is to reduce the deficit and avoid the need to borrow more. But he added that the international economic climate could change suddenly, delaying the forecast improvement in the balance of trade, which would require the government to exercise even more caution.

Asked whether the plans to stimulate certain sectors of the economy through increased expenditure would require cuts in other forms of expenditure, Supachai said that the party had plans for that as well.

He preferred not to disclose the details at the moment, saying that there would have to be negotiations with the bodies that normally receive the budget. The cuts would take the form of postponements of payments with the promise that they would be made up later,

but he said the party is determined to make sure that there is no further erosion of the capital expenditure (or investment) category of the budget. The Democrats plan to spend at least 40,000 million baht per year in this category in order to create employment.

Care would also have to be taken with foreign exchange reserves and the countries external debt service ratio, Supachai said.

Professor Nikom Chandaravithoon, a former Labour Department director general standing in the same constituency as Supachai, said Thailand is going through the worst period of unemployment in its history. Despite having been an independent nation for 600 years, he said, Thailand still does not have any fundamental social legislation. The Democrat's policy is to introduce two separate laws setting up a social insurance scheme and providing social welfare for the deprived. Initially, the social insurance would be for health care, but later it would be expanded for the elderly and the unemployed.

Nikom said the scheme would start off on a modest scale appropriate to the state of the Thai economy.

A third piece of legislation, and one that the party has already drafted, would merge departments dealing with social welfare and labour affairs, forming a ministry-level bureau. Nikom said a matter of this importance needs ministerial authority to make policy effective. The two director generals at present responsible for these two areas have to compete with other departments for attention from their political bosses, he said.

The party's detailed labour policy was presented by former Chulalongkorn University Assistant Professor Supachai Manasphaibool, who resigned from a senior management position in the Siam City Bank to stand in the election. He said that

smooth labour relations require the cooperation and mutual understanding of workers, employers and the government.

The Democrat's policy is to support the formation of worker's bodies, but this would not be encouraged to the extent that labour unions are formed too quickly. The government would have to ratify a number of international agreements that are acceptable to Thailand, he said, and he criticized previous governments for neglecting these in the past ten years.

The party's ten-point labour platform also includes job creation and training and the reform of labour laws to make them more just.

The party's deputy leader, Chalermbhand Srivikorn said industrial policy is becoming increasingly important because industry is overtaking agriculture in Thailand. The platform advocates the promotion of investment and marketing and special incentives and protection for small scale industries.

Red tape should be ironed out, and export processing zones should be set up, he said. Chalermbhand, who is a former deputy industry minister, said that representatives of the private sector should be attached to Thailand's diplomatic missions abroad and should be given specific marketing targets. They would be able to assist commercial attaches because of their business skills, he said.

He was supported by Dr Suthin Nopaket, a former business academic who stressed the importance the Democrats attach to the private sector. Suthin said the Joint Public/Private Sector Consultative Committee should be reformed to be more effective. At present, it is simply a stage for industrial and trade associations to flaunt their prestige, he said.

The party would promote professional business management, he said, and he

blamed a number of company collapses on lack of professionalism.

Chaturon Chaisang, former president of the Chiang-mai University students union who has broken off his studies in the United States to stand in the election, described the party's policy on agriculture, taking rice as model that could represent other crops.

The Democrats would seek to increase agricultural incomes without resorting to price guarantee schemes, he said. In the past, price guarantees had failed because the agencies implementing the policies had been ineffective, and farmers had been unable to enjoy the full benefits because few rice mills had applied to join the schemes.

He advocated the formation of a national agriculture council representing farmers, agro-industry, traders and the government, which would work out the details of policy. Farmers would be encouraged for forming groups and to expand their activities to linked processes such as milling and marketing.

He was critical of previous setbacks when farmers tried to organize themselves, particularly campaigns to destroy the movement in 1975 and 1976. And as with the other spokesmen, he urged a

reduction in interest rates.

In this case, Chaturon was seeking a 2 percentage point cut in interest charged by the Bank for Agriculture and Agricultural Cooperatives. The bank's general manager, Chamlong Tohtong, has said that such a cut would mean a loss of several thousand million baht per year. Chaturon said the cut could be financed by low interest loans, a method that Chamlong has described as being increasingly more difficult.

Asked how soft loans could be obtained, the meeting's chairman, Dr Supachai, said "Apex" loans could be obtained from the World Bank provided projects were designed carefully. He named several other possible sources such as the FAO and European development sponsors, but he said that the bank's lending should be redirected towards longer term productive objectives such as the building of local storage facilities.

Asked about the party's policy on the Eastern Seaboard, Supachai said priority would be given to the deep sea port at Laem Chabang and other schemes that create jobs such as the export processing zone. He would not comment on the National Fertilizer Corp project other than to say that the present government is likely to go ahead with it.

/9274

CSO: 4200/1199

THAILAND

CENTRAL BANK OFFICIAL ON ECONOMIC POLICY

Bangkok MATICHON in Thai 26 May 86 p 4

[Interview with Suphaichai Phanitphak, the director for the regulation and inspection of financial institutions, Bank of Thailand; date and place not specified]

[Excerpts] Suphachai is considered to be the brains of the national bank and is thought to be a likely candidate for the position of governor of the national bank in the future. But today, he has resolutely decided to allow the people to decide his political future by joining the Democrat Party and running for election in Bang Kapi, Nong Chok, and Minburi. Why did he decide to do this? Let's listen to what he has to say.

[Question] Why have you decided to run for election?

[Answer] There are several reasons. My decision to run for election was not an easy one to make. Before you decide to run for election in Thailand, there are many things you have to consider. One important factor in my decision was that senior people in both economic and political circles pointed out the importance of this election and urged me to run. This is an important turning point in our political and economic systems. Politically, if the election proceeds in an orderly manner, it will be an important step forward. If we have strong parties, in the future we will have a more idealistic political system. That is, it will not be split along a large number of different political lines.

This is also an economic turning point. During the past 2-3 years, we have had to be very frugal. We still face many difficulties. We have to do a combination of things. We have to be careful about the original structure and find a way to free ourselves from the economic restrictions impinging on us from both in and outside the country. These are some of the things that senior people talked to me about.

As for what the economic line should be, I have to consult with senior people at the national bank to discuss what I should do. The national bank is very important, because it is one of the country's main economic institutions, of which there are very few. The national bank is an important economic institution, and we must maintain its independence. If the national bank lacks

the tools and if it loses its independence and is pressured by politics, or politicians, the people at the national bank will not be able to do a good job, and it will be impossible to implement the policies.

The growth of the nation is a normal matter. Most things, if left alone, will grow on their own. It isn't necessary to change or correct certain things. But once things have grown, you have to ensure that things are fair. I think that we have to make a major effort this time. This is a broad view on this turning point. If I become a member of a political party, I think that I can help them.

In my view, the national bank will face great difficulties in implementing the economic policies if we don't help put the policies on the right track. The economy and interests of the nation must be viewed from an all-round perspective. We have to look at the interests of all groups of people and coordinate the various interests. This is not just a matter of administering business activities. You can't administer the national economy just by trying to please the shareholders. That is a mistaken idea.

[Question] What should be the main economic policy?

[Answer] We must have stable growth. That is, we must expand and distribute this growth. We can begin by viewing a growth rate of 3 percent as unsatisfactory but a 5-percent growth rate as fine. We can argue about that. I don't think a 5-percent growth rate is enough if there is sometimes a negative 5-percent rate. When I said that we must have stable growth, I was not taking a macro view. I was looking at the policies from both a macro and micro perspective. Looking at things in terms of growth, I will ask how much the north has grown and how much the south has grown. If the growth rates are very different.... I want there to be equality. I want the growth rates for those at the bottom of the ladder to be higher than for those at the top. For example, if the rate for the central region is 2 percent, that's fine. But if the rate for the northeast is only 2 percent, that's not all right. At present, there is very little growth. Actually, the rate should be 5 percent or even higher. The growth rate for the south must be higher, too. We have to determine what our weaknesses are in each region. Actually, what I want to do is form a link between the macro and micro targets.

At last year's TDRI meeting at Phatthaya, I said that we have constantly assumed, incorrectly, that we have an open economy. I asked if that was what people wanted. If you have an economy that is wide open, you will lose the advantage. You will have to run here and there begging countries for things, just like we had to do when they implemented laws. We can't do that. This shows our lack of ability. You can't go begging, because that benefits them. If tens or hundreds of thousands of their people are out of work, they will not be elected. We have to solve our problems first. If they block our goods like that, we have to respond on some other front. More talk won't help. I think that the best way is to get them to invest here. We must get more foreigners to invest here. This is easy to say but difficult to do. But we have set up barriers to keep them out. We have set various conditions. We have large numbers of rules and regulations. We should take action to facilitate foreign investment here, because they bring in money, people and

responsibility. We gain on all fronts. But if we hesitate out of fear of being exploited, that shows that we are trying to conceal our weaknesses and that we are unsure.

[Question] The fiscal and monetary policies have come under heavy criticism by people in the private sector. If you have a chance to join the government, what would you change?

[Answer] I criticized our fiscal policies in an article that appeared in the latest issue of THANAKHAN KRUNGTHAP. To summarize that article, fiscal policy in the developed countries has two targets. One is to help stimulate a fair distribution of the income. The rich pay a lot in taxes, the poor pay little. The second is to prevent a vicious economic circle, an economic recession. Fiscal policy can help stimulate the economy by reducing taxes and keeping things from heating up too much. But none of the underdeveloped countries can use this theory, because distribution is not promoted. How can fiscal policy collect income taxes directly? Only indirect taxes such as trade and import taxes are collected. This doesn't help promote income distribution or prevent a vicious circle. We are going around and around in this vicious circle. The more we collect, the worse things become and the more people complain. This policy just serves to keep us afloat, that's all.

Thus, the real heart of fiscal policy concerns the size of the bureaucracy. The bureaucracies of the underdeveloped countries are too big. Whenever these countries have money, they hire more officials to do this and that, and they interfere with the work of those in the private sector. The bureaucracy should be kept at a suitable size. You don't have to issue a lot of regulations. Government officials don't have to interfere in this and that. It shouldn't be the size of the government that is the decisive factor. Fiscal policy should be just one part of the country. Things must go together. Sometimes, fiscal policy is very important. Because at times, the decline in income is rather sharp. We have to understand that some programs have to be cut. But politics interferes a lot. We can't cut out anything. Instead of saving billions of baht for other things, we spend 80-100 million baht doing project feasibility studies. And when the studies have been completed, we shouldn't go ahead with the project. But because we have already spent the money to do the study, we have to proceed with the project. This is not the way to make economic decisions. Several foreigners have said to me, you have invested 100-200 million, but you will lose 2 billion baht. Can you continue? It's better to forget about the 200 million. Don't let me say too much about this.

[Question] Then you think that in a coalition government, the economic policy of one party can't be implemented.

[Answer] The political differences in Thailand are not due to the fact that you are a leftist and I am a rightist. If that were the case, we couldn't agree. In Europe, those who hold different ideals can't get along. But here we use the same logic. The ideas are like shadows of each other, although some are sharper than other. This comes from those groups that provide support. I can't say anything about this now. But in principle, I don't think so. The only thing is how well they understand. They may not understand. The only thing they know is what will benefit them. This is usually the case. They are

concerned only about getting elected. They aren't concerned about principles as long as nothing affects their personal interests. That concerns coordinating interests, and I don't know anything about that. You must ask them. There are political conflicts. People can't get along. Directions are different are so people can't get along. Everything is very free.

11943

CSO: 4207/257

THAILAND

BANKS' PROFITS DROP SHARPLY

Bangkok THE NATION in English 25 Jun 86 p 17

[Text]

A LEADING banker predicted yesterday that most banks will hit "rock bottom" in their profit margins for the first six months ending in June, this year, hoping to recover in the coming months of 1986. Interest rates are expected to decline by one percentage point soon in the wake of rising excess liquidity.

Mr Banyong Lamsam, the president of Thai Farmers Bank, said yesterday that with the shrinking profits, banks will have to increase their reserves. "And that means the only alternative is to boost the capital base. However, under the current unfavourable economic situation, increasing capitals isn't very easy. So, we are looking again at asking the Bank of Thailand to reconsider the ratio between capital funds and risk assets which is being fixed at 8%.

"We have talked about classifying the so-called risk assets into various groups, with some highly risky and others not so risky. But there is no consensus so far on what's a proper classification process," he said.

Banyong said that banks with

emphasis on wholesale banking may be more seriously affected than those doing more retail banking in this connection.

Banyong estimated that profits for banks may drop by 20-40% when they close their books at the end of this month, compared with that first six months of last year.

"This is the rock bottom level. We hope to recover after the six months of this year," he said. Central bank sources said that

the banking community last year recorded a total profit of 2,900 million baht but the second six-month period of last year showed a drop of profit by 1,000 million baht compared to the same period in the previous year.

While the economy may pick up, Banyong said the government will also have to help stimulate the economy including spending more on construction and other projects. "If the government spends more, the public's purchasing power will also rise and that will help boost the economy. That in turn will help the banking business," Banyong said.

Major banks will hold talks soon to discuss how to bring down lending and deposit interest rates in the wake of rising liquidity in the money market estimated at being 20,000 million baht in excess.

RATE CUT

"But I think the most that we could do is to cut interest rates on both sides down by one percentage point," according to Banyong.

But he said banks are shouldering a heavy cost, with the spread being narrowed down. "And eventually, we may

be able to cut the rates only by 0.5% instead of 1%," he said.

Banyong said demand for loan has been low due to investors' uncertainty over the future of the political developments in the wake of the upcoming general elections. "People want to know how the new government will adopt its economic policies before making decisions on new investments," he said.

Banyong said that the problem of local excess liquidity has also been compounded by the large capital inflow.

"While the prime rate remains at about 14-15%, some super prime customers could get loans for as low as 6-7%, the same level as interbank rate," he said.

Ranyong said that banks are suffering from small spreads — or profit margins — with fixed deposit rate at 9% and savings account rate at 7.25%. Deposit rate for six-month accounts is 8.75% while three-month deposits fetch 8.5%.

Although banks may be burdened with high liquidity, "we cannot stop receiving deposits, which once they are gone, are difficult to gain back."

The leading banker said that banks are trying under the circumstances to get major

customers to repay their loans while the central bank has laid strong emphasis on "quality loans."

He said that banks may be forced to reduce interest rates in the near future. "But it would be impossible to cut the rates substantially all at once. That would be dangerous for our operations," he said.

About 30-40% of bank customers borrow on prime and superprime rates at the moment, he said.

"But we have to be careful also that the 20,000 million baht excess liquidity isn't all that much. Once there is a market to absorb it, the amount could disappear in no time too — when the demand rises to a certain level," he said.

Banyong also commented on the central bank's requirement that banks could not maintain foreign exchange at a level higher than 20% of their respective reserves. "This limit, too, should be relaxed since banks, under the current situation, should be allowed to make some business from foreign exchange. But again, the Bank of Thailand is afraid that if the curbs are removed, some banks may put their money offshore, thereby causing an outflow situation," he said.

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CSO: 4200/1199

THAILAND

BANK OF THAILAND: ECONOMY IS HEALTHY

Bangkok THE NATION in English 21 Jun 86 p 17

[Text]

THE Bank of Thailand has reaffirmed its policy under a long-term perspective and will not seek to push for measures for short-term results while describing the present state of the Thai economy as "healthy."

A reliable central bank source told *The Nation* yesterday that the capital inflow into the country during the first five months of this year totalled 50,000 million baht with an outflow of 38,800 million baht leaving a net inflow of 11,200 million baht compared to 6,627 million baht during the same period in 1985.

The total capital inflow during this period consisted of about 40 per cent in foreign loans. About 50-60 per cent of the loans were short-term one of three to six months while the rest were long-term loans of two to three years.

The remainder of the capital inflow mostly covered trade credit while direct foreign investment was estimated to be about 10-20 per cent of the total amount of capital inflow, the source said.

The government sector registered a net capital outflow of 1,147 million baht during the first five months of this year due to the ceiling on foreign loan of US\$1,000 million and refinancing programmes which have so far reached a total of US\$400

million.

Kamchorn Sathirakul, the governor of the Bank of Thailand, said in a separate interview that the present excess liquidity in the market, which is causing frustration among bankers, can be attributed to the stability of the local currency in the foreign exchange market which in turn has helped encourage capital inflows.

At the same time, the growth in deposits by savers has been high. The governor, nevertheless, said that the central bank will not intervene in the domestic interest rate movement and will leave the rates to move according to "market force."

He described the present state of the Thai economy as "healthy" as capital inflow consisted also of foreign investment funds which will benefit the Thai economy in the long run.

Kamchorn said the central bank will not push for short-term measures (to solve the present excess liquidity in the market) and the commercial banks should work among themselves to set interest rates appropriately. The governor said lower interest rates will be beneficial and he was looking at rates between 12-13 per cent. Banks will need time to adjust themselves towards these target rates, he added.

He said that the Bank of

Thailand is mapping out suitable financial measures to support the government's policy to promote construction of residential units. This will help create employment and assist lower income earners to acquire houses.

Meanwhile, the Finance Ministry Tuesday asked the Cabinet to approve a request to seek additional domestic loan from 33,000 million baht by another 13,000 million baht. The central bank will issue another batch of government bonds worth 11,000 million baht while the Finance Ministry will borrow through treasury bills of 2,000 million baht from the Government Savings Bank.

The government will issue bonds totalling 2,000 million baht next week to absorb liquidity from the market.

Kamchorn said that the authorities have no intention to introduce withholding tax on short-term foreign loans while the policy to maintain the stability of the baht will continue.

Olarn Chaipravat, an executive vice president of Siam Commercial Bank, said that the situation right now is conducive for banks to lower interest rates which should have taken place in March but was delayed and subsequently caused the massive capital inflow into the country.

The banker estimated that

the excess liquidity in the commercial banking system right now is more than 30,000 million baht and may reach a 50,000-million-baht mark if more credit is not extended.

He also disclosed that bankers are likely to hold talks to reduce interest rates by another 1-2 per cent after their half-year book is closed at the end of this month.

The immediate benefit of lower interest rates will be to give positive impact on consumer products demand before production costs which can be expected early next year. He said that prospects for the country's exports are bright because in his view the low prices of commodities have reached a floor level.

Olarn predicted that the inflation rate this year will be close to zero.

The country has benefited from the decline in world oil prices of about 20,000 million baht in total. The rate of growth of the economy next year would be in a 5-6 per cent range with surplus balance of payment.

He predicted that the 1987-1991 period will be "Golden Years" for Thai economy but the growth in the economy must emphasize exports, domestic saving to replace foreign loans and development of the capital and debenture markets to replace loans.

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CSO: 4200/1199

THAILAND

SAYAM BANK GETS AID FROM CENTRAL BANK

Bangkok BANGKOK POST in English 26 Jun 86 p 17

[Text]

THE Bank of Thailand has approved 3,900 million baht in financial assistance to the state-owned Sayam Bank as part of its five-year recovery package, Sayam Bank chairman Kasame Chatikavanij said yesterday.

He also said several improvements in the bank's operations would be made so as to efficiently use the amount to enable the bank to break even after 1987.

He said he was informed of the approval from the central bank's Court of Directors by Governor Kamchorn Sathirakul when he and two other board members met Mr Kamchorn to discuss the progress of the bank's request for assistance.

According to Mr Kasame, the financial assistance would be divided into 500 million baht from the bank's existing shareholders for raising the bank's registered capital to 1,530 million baht, 1,900 million baht in soft loans and 1,500 million baht in discounting of ongoing legal cases from the bank.

Sayam Bank's major shareholder is the Rehabilitation and Development Fund.

Meanwhile, informed sources said the bank's shareholders would meet on July 9 and were expected to discuss the capital increase during this meeting.

The amount approved was much lower than the 5,700 million baht sought by Sayam Bank as the central bank considered that the requested amount was too high.

The central bank earlier said it would provide only 3,400 million baht.

Sayam Bank plans to use this amount of financial assistance to shore up its operations as part of its five-year recovery package.

While stating that the amount would be received next month at the earliest, Mr Kasame said the bank would efficiently maximise the use of this assistance to ensure that Sayam Bank would no longer suffer losses and start making profits.

He said the bank also informed the central bank that it would try to break even after 1987.

Sayam Bank currently suffers a monthly loss of about 50 million baht, down from 70 million baht before the present management stepped in.

Mr Kasame expects Sayam Bank, with the central bank's assistance, to be able to reduce its monthly loss to about 10 million baht and start making profits after next year.

He also said another important point in the bank's recovery package was to improve its management on credit extensions.

He said the central bank's assistance would raise Sayam Bank's capital fund to about 800 million baht, enabling it to extend more credits.

Disclosing the bank's guidelines on credit extensions, Mr Kasame said the majority of 60% would be extended, in the form of either overdrafts or term loans, to state enterprises including the Electricity Generating Authority of Thailand and Petroleum Authority of Thailand, with which there would be less bad debt problems.

He added that the other 40% would be extended to small and medium-size private firms.

He also said deposits at Sayam Bank had soared to about 8,600-8,700 million baht at present, with state firms accounting for about 40%.

Apart from credit extension management improvement, Mr Kasame said the bank would boost its general management efficiency to reduce operating costs.

Regarding foreign loans, he said there were only about US\$20 million which had to be repaid as the bank had already settled about \$10-20 million in foreign loans.

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CSO: 4200/1199

THAILAND

PRC UNIVERSITY INVITES THAI STUDENTS, TEACHERS

Bangkok MATICHON in Thai 22 May 86 pp 1, 2

[Unattributed report: "Chinese University Accepts Thai Students"]

[Excerpt] The 21 May issue of SING CHONG IAN, a Chinese newspaper that is published and sold in Thailand, published an interview with Mr Ho Quan, the rector of Jinan University who is visiting Thailand. He stated that Jinan University is accepting Thai students who want to earn a bachelor's degree in China. Jinan University will grant special rights to Thai students. They will not be required to take the entrance examination, and costs will be kept to a minimum.

Mr Ho Quan said that Jinan University meets international standards. It offers, for example, programs in medicine, engineering, and literature. Altogether, there are 18 faculties and 24 departments. A total of 6,490 students attend the university. As for Thai students who attend this university, most will study economics.

The rector of Jinan University said that the university also has a program to accept overseas Chinese, including students from Hong Kong, Macao, and other countries in this region. Today, there are about 1,300 students from Hong Kong and Macao attending the university. By 1991, the university plans to increase foreign student enrollment 70 percent.

"There are now about 15 Thai students attending the university. They have done very well, especially those in the Faculty of Medicine," said Mr Ho Quan. He added that Thai students receive certain special privileges not granted to students from other countries. For example, they don't have to take an entrance examination, and expenses are very small. For example, dormitory fees run around 1,000 Hong Kong dollars, or approximately 3,500 baht a year. Food costs about 40-50 renminbi, or 500-600 baht a month. The university also gives scholarships to good students. As for those Thai students who do not have a background in the Chinese language, the university will offer a special 1-2 year course.

Mr Hoe Chwin said that the university has 1,160 instructors, including foreign instructors from the United States, West Germany, and Australia who teach on an exchange basis. He said that he is very interested in setting up such an exchange program with Chulalongkorn University.

MATICHON asked the Foreign Relations Division, Office of University Affairs, about this and was told that it had not yet been contacted by Jinan University. However, Thai students who want to study abroad, particularly in socialist countries, must obtain permission from the Ministry of Foreign Affairs.

MATICHON asked the Ministry of Foreign Affairs about this and was told that Thailand and China have an agreement on scientific and technical cooperation. Every year, Thai students go to China to study based on this agreement. This is handled by the Department of Foreign Cooperation, Office of the Prime Minister. However, the official said that no letter had been received from Jinan University.

Today, many Thai students are studying in China. Most are children of Chinese who are living in Thailand. Most of these students attend schools in southern China, because that is where their parents came from.

11943

CSO: 4207/257

THAILAND

PREM DETERMINED TO CUT OIL PRICES

Bangkok BANGKOK POST in English 26 Jun 86 p 17

[Text]

PRIME Minister Gen Prem Tinsulanonda has made it clear that the Government will go ahead with its plan to further bring down retail oil prices.

He said so during his opening speech for the two-day seminar on problems related to Thailand's oil and gas industry held by Ramkhamhaeng University at the Imperial Hotel yesterday.

He said that although world oil prices had plunged to US\$11 per barrel and the Government had reduced domestic oil prices twice this year to stimulate growth, the Government insisted on bringing the prices even lower.

"This Government insists on using all means to reduce retail oil prices again," Gen Prem stressed.

He said that it was the Government's responsibility to protect the interest of the people at all

cost. "The people will benefit fully from the oil imports made by the Government," Gen Prem assured.

But he called for cooperation from the public to conserve oil, saying Thailand did not have huge oil resources.

Gen Prem pointed out that oil was a variable but major factor for industry and would affect the livelihood of all people in the country.

SUBSTITUTES

He said that as most of the Thai people did not know much of or were interested in the oil trade, the idea of saving oil or finding substitutes for oil never entered their minds.

"But what all of us must realise is that we have no huge oil resources of our own that can meet domestic de-

mand, so we have to rely on oil imports," he emphasised.

Hence it was necessary to seek the cooperation of the public in saving oil and to invent new technologies to lower the high consumption of oil, he added.

Gen Prem also said the seminar was important as it enabled all parties concerned to come together and seriously discuss the country's oil and gas resources.

It was also necessary to convince the people that systematic and continuous energy saving would bring down Thailand's trade deficit, he said.

He said ideas and recommendations from the two-day seminar would be taken into consideration by the Government in making development plans for the country's oil and gas resources to speed up the country's progress, both economically and socially.

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CSO: 4200/1199

PEOPLE'S REPUBLIC OF KAMPUCHEA

BRIEFS

HEALTH COOPERATION WITH INDIA--Phnom Penh, 28 Jun (SPK)--A cooperation agreement in the field of public health between the PRK and India was recently signed in New Delhi. According to this agreement, signed by Cambodian Deputy Health Minister Nut Savoeun and his Indian counterpart Krishna Kumar, India will send to Cambodia some medicine and medical equipment, as well as a group of doctors, to improve medical assistance and assist Cambodia in the fight against infectious diseases. [Text] [Phnom Penh SPK in French 0417 GMT 28 Jun 86 BK]/12766

PREAH VIHEAR-THUAN HAI COOPERATION REPORTED--Phnom Penh, 23 Jun (SPK)--Since Cambodia's liberation in 1979, the South Vietnamese province of Thuan Hai and the Cambodian province of Preah Vihear have been tied together as twin provinces. Thuan Hai has taken upon itself the task of assisting Preah Vihear to eliminate famine, illiteracy, and disease, and to restore production and other economic branches. During the past 5 years, Thuan Hai has offered Preah Vihear books and school equipment. It has also assisted in setting up health networks down to commune level, restoring a provincial hospital, and so on. Thuan Hai has opened short professional courses for Cambodian statisticians and administrators. Many hundreds of Cambodian health cadres have returned to work in various services in their home country. The cooperation also focuses on setting up projects for exploiting forests, on expansion of the timber industry, the establishment of stock breeding, and so on. [Text] [Phnom Penh SPK in French 0500 GMT 23 Jun 86 BK]/12766

CONDOLENCES ON DEATH OF SRV'S HOANG VAN THAI--Phnom Penh, 7 Jul (SPK)--Cambodian Defense Minister Bou Thang sent his Vietnamese counterpart Van Tien Dung a message of condolences upon learning of the demise of Vietnamese Deputy Defense Minister General Hoang Van Thai. In his message, Bou Thang, also member of the KPRP Central Committee Political Bureau and vice chairman of the Council of Ministers, wrote among other things: "The entire KPRAF and myself have the greatest regret at the news of the demise on 2 July of Gen Hoang Van Thai, member of the CPV Central Committee and deputy minister of defense. Gen Hoang Van Thai was a famous hero of the Vietnamese party and state, a prominent combatant who sacrificed all his life to the cause of Vietnam's struggle against the Japanese fascists, the French colonialists, and the U.S. imperialists for national liberation and the construction of socialist Vietnam. He also made an active contribution to building the Cambodian Revolutionary Army which has succeeded in victoriously defending the country and, together with the whole

people, to turning it into a Socialist Army. The demise of Gen Hoang Van Thai constitutes a loss not only for the Vietnamese party, Army, and people, but also for the whole of the Cambodian party, Army, and people. On this sad occasion, we would like to share the great sorrow of the Vietnamese party, Army, and people as well as the bereft family." [Text] [Phnom Penh SPK in French 0429 GMT 7 Jul 86 BK]/12766

MAT LY SUPPORTS SOVIET PEACE INITIATIVES--Phnom Penh, 29 Jun (SPK)--The declaration of the Soviet Government, dated 2 April, concerning Asia and the Pacific region proves that the Soviet Union aspires profoundly to guarantee long-lasting peace on earth, said Mat Ly, member of the KPRP Central Committee Political Bureau, vice chairman of the National Assembly, and chairman of the Kampuchean Federation of Trade Unions, during a recent interview. The Soviet proposal to make Asia and the Pacific into a zone of cooperation and free from nuclear weapons is extremely important for security in Asia and the entire world. The Cambodian people warmly associate themselves with this initiative and other Soviet proposals relating to this region. The PRK has always developed and consolidated its relations of fraternal solidarity and cooperation with the Soviet Union, Vietnam, Laos, and other fraternal socialist countries. It is ready to promote relations of friendship with other countries in Southeast Asia as well as in the whole world on the basis of mutual respect for independence and internal affairs, stressed Mat Ly. [Text] [Phnom Penh SPK in French 0408 GMT 29 Jun 86 BK]/12766

HENG SAMRIN, HUN SEN CONGRATULATE GDR COUNTERPARTS--Phnom Penh, 4 Jul (SPK)--Heng Samrin, chairman of the PRK Council of State, sent warm congratulations to Erich Honecker on the occasion of his reelection as chairman of the GDR Council of State. In his message, Chairman Heng Samrin expressed his firm belief that under the just leadership of Chairman Erich Honecker the relations of friendship and all-round cooperation between Cambodia and the GDR will continue to further strengthen and deepen with each passing day in favor of peace and socialism. On the same occasion, Hun Sen, chairman of the PRK Council of Ministers, sent a message of warm congratulations to Willie Stoph on his reelection as chairman of the GDR Council of Ministers. [Text] [Phnom Penh SPK in French 0450 GMT 4 Jul 86 BK]/12766

ALBANIAN TRADE UNIONISTS--Phnom Penh, 2 Jul (SPK)--A delegation of Albania's trade unions central council headed by Secretary Shinast Zenelaj arrived in Phnom Penh Tuesday afternoon for an official friendship visit to Cambodia at the invitation of the Kampuchean Federation of Trade Unions. It was greeted at Pochentong Airport by Say Siphon, vice chairman of the Kampuchean Federation of Trade Unions, and others. [Text] [Phnom Penh SPK in French 0404 GMT 2 Jul 86 BK]/12766

THAI INCURSIONS REPORTED--Phnom Penh, 5 Jul (SPK)--During the month ending 25 June, 83 reconnaissance flights, accompanied by raids carried out by Thai L-19's and F-5's, were reported above the sectors of the three borders' junction, Preah Vihear temple, Anlung Veng, Ampil, Yeang Dangcum, Hill 970, Malai, and the end of Route 56 between 1 and 15 km inside Cambodia. At sea, 571 Thai vessels operated in areas between 5 and 24 nautical miles from Kaoh Kong and Kaoh Tang islands. On land, many groups of Cambodian reactionaries infiltrated

from Thai territory in order to carry out sabotage and plundering activities. They were intercepted by Cambodian border guards who, in cooperation with volunteers of the Vietnamese Army and local people, put out of action 643 enemy soldiers, including 152 forcibly taken prisoners and 377 others who surrendered, and seized 200 weapons and some war material. [Text] [Phnom Penh SPK in French 0407 GMT 5 Jul 86 BK]/12766

CSO: 4219/46

MILITARY AFFAIRS AND PUBLIC SECURITY

VIETNAM

ROLE OF SAPPER FORCE IN JOINT OPERATIONS ASSESSED

Hanoi TAP CHI QUAN DOI NHAN DAN in Vietnamese Mar 86 pp 33-38

[Article by Major General Nguyen Cu, alias Comrade Tu Cuong: "Sapper Force in Joint Military Campaigns"]

[Text] At its creation the sapper force, then a fledgling and low-skill organization, was used only in a few raids to exterminate traitors, spies, and evil puppet officials and to protect the forces and struggle movements of our troops and people in areas behind enemy lines. However, as the people's war developed, the sapper force was used more and more widely and on a larger scale in combat. From only launching clandestine raids to demolish enemy storehouses and rear bases and camouflaged ambushes against small and isolated enemy detachments, the sapper force moved up to destroying relatively large bases, battlefields, and companies and battalions protected by solid fortifications and engaged in mobile warfare. From only hitting targets, the sapper force has moved up to seizing them whenever necessary. From fighting mostly independently, the sapper force has moved up to having a hand in joint operations, at first at the tactical level then at the battle level.

That the sapper force has taken part in military campaigns and has become an equal partner in joint operations is proof that it has made a great and vigorous step forward in the art of sapper warfare.

I. Role of Sapper Force in Joint Military Operations

The role and performance of military units from the different arms that have engaged in joint operations depend on their ability to take over combat duties.

The recent war against the Americans shows that sappers can shoulder various operational tasks.

During the General Offensive and Uprising in the Mau Than Tet Festival (1968), sappers actively contributed to attacking and capturing important targets inside enemy cities, for instance, Hue and Saigon, where sapper and special forces troops (Biet Dong), played a key role in some battles.

During the General Offensive and Uprising in the spring of 1975, sappers in the Central Highlands campaign attacked and held the Mai Hac De storehouse and

the Buon Ma Thuot City airfield, using them as a stepping stone for our infantry and armor to stage surprise forays to wipe out the enemy and liberate Buon Ma Thuot, successfully ending a key battle that kicked off the Central Highlands campaign. In that campaign, sappers were also ordered to move in on the Hoa Binh airfield, where they left small units behind for 7 days in a row to prevent the enemy from assembling and dropping reinforcements with a view to counterattacking and retaking Buon Ma Thuot. Also in that campaign, sappers relentlessly attacked enemy command posts in Pleiku and the signal centers, including a station specializing in guiding enemy aircraft to interdict our strategic corridor, thus contributing to dislocating the enemy's command organs and forcing its troops to flee, only to be subsequently exterminated by our main forces in the third key battle of the Central Highlands campaign.

Likewise, in the historic Ho Chi Minh campaign, sappers were assigned the task of attacking and capturing, 1 to 3 days ahead of schedule, enemy bridges and bases sitting astride highways, through which our armies were heading for Saigon and Vung Tau, carving a dividing belt between peripheral defensive enemy forces and their inner-city counterparts, while occupying bridges to permit our divisions to make fast inroads into enemy territory. At the same time, sappers struck at and took some leading enemy organs and demolished the Binh Y bomb depot in Bien Hoa, causing extensive damage, plunging the enemy into confusion and chaos, and creating conditions for our forces to move forward to liberate Saigon-Gia Dinh. In that campaign, the sapper force demonstrated further its great potential in joint operations. Not only did it harass and annihilate enemy troops, but it also directly conducted campaign ruses, pushed deep into enemy territory, closely coordinated with incursionary forces, and successfully discharged the duties of an advance guard by attacking and capturing important enemy positions.

During the defensive campaign in the Plain of Jars (Lao theater of operations), sappers penetrated the enemy's rear, attacking and destroying airfields, storehouses, and command posts in Long Cheng and Tom Tien. Another sapper outfit deployed small detachments to hold some points located on high ground to the north of Xieng Khouang City and banded together with friendly forces to defend urban and neighboring areas.

Experience from liberation wars shows that sappers can be used to conduct assaults and to deliver firepower as well. In special circumstances, for instance, when the enemy resorts to weapons of great destruction, sapper strikes yield considerable firepower and exceptionally great attacking strength.

Thus, it can be concluded that in our current joint campaign strategy, the sapper force with its special assault techniques and effectiveness, is a competent combat partner in joint operations, contributing to enabling our side to get the upper hand; intensifying the might of surprise attacks and firepower; associating surprise attacks with breakthroughs to cut up enemy lines; using detours to surround hostile forces; and adding success to the campaign. The sapper force can fight in offensive, counteroffensive, and

defensive situations; it can also actually take part in the key battle of a campaign, of which it can even become a leading force under certain conditions.

II. Some Principal Problems Which Should Be Understood When Sappers Are Used in a Military Campaign.

Obviously, the predominant problem is to tailor the art of military operations to duty requirements and the types, capabilities, and attributes of participating elements. However, only a few specific problems in the use of sappers are highlighted below:

1. Use sappers in accordance with their functions, specialties, and characteristics.

In terms of functions, specialties, and combat characteristics, the sapper force is not similar to other groups. It has special strengths, but also limitations. It can fulfill some duties of the infantry, artillery, and air force, but can never become and replace the air force, artillery, or even infantry in a military campaign. The inordinate and unsuitable use of the sapper force, and the bad practice of falling back on it in case of difficulty or emergency, prevent it from making the most of its role and skills--not to speak of prospects for unnecessary losses. On the contrary, we must also guard against attempts to disparage the skills and gains of the sapper force and see it as a mere adjunct in a military campaign in rare circumstances--and in much rarer circumstances in joint operations.

The basic attributes of sappers are "secrecy, deep penetration, and the ability to undertake dangerous strikes." These are not only attributes, but are also a requirement and condition for the sapper force to operate, setting the tone for its *modus operandi*, giving it strength, and enabling it to win. In terms of organization, equipment, and *modus operandi*, the sapper force is entirely different from other forces and corps. Like artillery, the sapper force can damage and destroy enemy storehouses, but the way in which it damages and destroys is different from that of artillery. Even when it attacks and takes a target, its methods are not similar to that of infantry. It mainly uses elite units to make secret and surprise forays, staying close to and harassing enemy forces, creating and seizing opportunities to hit their most vulnerable points, and inflicting heavy damage while ensuring favorable joint activities for our forces. The sapper force's participation in a military campaign is not large, and targets assigned to it are located deep inside enemy territory. And most of these targets are strictly guarded. Hence, to be sure of success and of the fact that attacks are launched at the right moments and in the right places, proper and meticulous preparation is required, including precombat and combat postures, plans for seizing or destroying targets, and plans for bringing in reinforcements and replacements during combat. Plans for using sappers must be completed at an early stage. Action plans for each category of sappers must be consistent from beginning to end. And contingency plans must be meticulously devised and disseminated to all combatants.

2. Vigorously and properly build the precombat and combat postures for the sapper force.

The art of combat of the sapper force resides in maximizing its precombat and combat postures so that it can use the smallest force to destroy a tall enemy and achieve special military exploits.

One of the most important measures in a joint combat formation is to put the sapper force into an advantageous precombat and combat posture.

Sapper precombat and combat postures must be constantly stable, firm and apt to ensure safety and combat continuity. These postures must be rational and compatible with those guiding the whole campaign, thus enabling sappers to fight at an advantage while stimulating other campaign forces to achieve greater efficiency. First of all, and most important, proper precombat and combat postures are the ones that help all sapper forces in a campaign (sappers in main forces, local forces, and the people's militia and self-defense forces) foster their existing specialties, create great sapper power, and achieve effective joint campaign efforts. To devise proper precombat and combat postures does not mean merely to assign positions for sapper units and forces, but rather to divide responsibilities according to a clearly defined guideline. Where will main-force sappers operate, and in what direction? What will local sappers do? Where will the people's militia sappers stand? What will be the capabilities of mutual help of sapper forces and units? Duties, locations, and rational operational conditions must be made known to all sapper groups in the campaign, in general, and to sapper forces and units, in particular. To create proper precombat and combat postures for the sapper force is, in fact, to confer a rational, stable, and firm campaign posture on it and to contribute to creating an advantageous campaign posture for the people's war.

A sapper precombat posture must be based on specific requirements. First of all, it must ensure suitable mobility for attacking targets located in a given area or along a preassigned path. If many sapper forces are stationed in that area, or along that path, the same principle should apply in order to ensure rational assignments. Appropriate conditions must be created for on-the-spot complementary training, combat readiness, and combat arrangement. After so many bitter defeats, enemy troops are extremely vigilant, moving heaven and earth to cope with our sapper force. They often resort to such tricks as modifying their defense systems, frequently moving their positions, and putting forces and specialized equipment in working order to thwart and detect our sappers. Thus, our sapper force must have an adequate precombat posture so that it can conduct complementary training in response to enemy activities, newly discovered by us or newly changed by them. Sappers must be deployed close, or relatively close, to main infantry units to ensure assistance in all respects, including combat and training. A proper precombat posture is a prerequisite for a proper combat posture.

A proper combat posture is the one in which sappers successfully preserve secrecy and the element of surprise, catching the enemy off guard with attacks

on unexpected places and at unexpected moments, thus making it impossible for it to respond promptly with prepositioned forces and measures. To achieve that posture, the sapper force must be familiar with designated targets and must master, through training, proposed combat plans.

Sapper precombat and combat postures may vary with each military campaign and each kind of terrain. Nonetheless, a common principle is that precombat and combat postures must be set in keeping with sapper attributes and modus operandi--deep penetration and ability to launch dangerous strikes. Careless and irresponsible fighting is not permitted in case precombat and combat postures are not yet ready.

III. Raise Sapper Efficiency in Joint Military Operations

The strength of modern military campaigns in our people's war is an integrated and joint strength, in which activities of all participating army corps and units must rely on common strength to fulfill assigned duties and create proper conditions for friendly forces to engage in combat. It is imperative for friendly forces to understand the sapper force and, in reciprocity, for the latter to understand the former. Corps commanders must get acquainted with all participating forces, and staff work, especially joint campaign work, must be truly proper and meticulous. That work does not stop at allotting targets, zones, and time lengths; instead, it requires joint and direct combat action over each zone, sometimes each target, and each time period.

For the sapper force, its association with other friendly corps in a military campaign is a rather complex problem, which it must carefully study and properly solve with a view to raising the combat efficiency.

In the campaign, sappers act in concert not only with a few forces, such as infantry and artillery, but also with all participating forces and corps. Those groups, which sappers throw in with, boast extremely diverse forms of combat--on-the-spot forces, mobile forces, and extremely mobile forces. Moreover, joint forces can shift courses and zones at a very fast pace. Sappers may have to cooperate with other forces at sea, along the coasts, on islands, and sometimes underwater.... Even joint action between sapper forces themselves is laced with continuous transformation and development. That is why we must clearly perceive the complex nature and high requirements of joint combat and must study and find satisfactory solutions in all respects--organization, staff, combat forms and stratagems, and also sapper means, equipment, weapons, and hardware---to fit in with modern warfare.

Echelons, sectors, technical organs, and friendly units are counted on to help the sapper force solve some of the above problems. Nevertheless, others must be examined and solved by the sapper force itself.

A common requirement is that we must raise sapper skills and capabilities in joint combat. We must grasp our art of joint combat, using this as a basis for assessing new and comprehensive sapper needs. Sappers cannot afford

self-complacency, subjectivism, and the tendency to take comfort from existing capabilities and experiences; instead, they must go through unequivocal and extensive changes in order to cooperate successfully with the main corps and also with local forces.

To meet these requirements, the sapper force should categorically and correctly perceive its strengths, specialties, and limitations. It must delve into the following questions: Where do these strengths, specialties, and limitations come from? What are their objective and subjective causes? Which strengths can be continually ameliorated and expanded? Which shortcomings can be, or cannot be, overcome? For instance, why is using a small force to defeat a big one an attribute of the sapper force? Is this caused by a shortage of force? Or is this a characteristic originating from the laws of a form of combat--the sapper form?

We should also clearly see that there are more and more conditions and capabilities for modernizing sapper equipment and weapons. In a joint combat formation, the sapper force has favorable conditions for fostering strengths, remedying limitations, and overcoming weaknesses. Fully utilizing new possibilities and new favorable conditions to develop skills and the art of combat is an approach to building the sapper force and its combat power. With the use of modern means, including helicopters, to increase mobility and reach, the sapper force has made headway in its ability to penetrate and launch dangerous, clandestine, and surprise attacks. The technique of penetration has also developed. To foster the capabilities of modern equipment and favorable conditions created by modern technological means, the sapper force must look at things in a new way and must make a necessary effort to improve and develop its organization and its technical and tactical training program. Indeed, this does not mean we can pay less attention to fully utilizing rudimentary means. Combining rudimentary means with modern means still is a principle in the art of sapper combat.

9213/12795

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MILITARY AFFAIRS AND PUBLIC SECURITY

VIETNAM

DEVELOPMENT OF ENGINEER CORPS DISCUSSED

Hanoi TAP CHI QUAN DOI NHAN DAN in Vietnamese Mar 86 pp 23-32

[Article by Major General Tran Ba Dang: "Some Key Lessons Learned From 40 Years of Strong Development of the Vietnam Engineer Corps"]

[Excerpts] In March 1986, the Engineer Corps of the Vietnam People's Army was 40 years old.

In 40 years of simultaneous fighting and building, the Vietnam Engineer Corps has rapidly developed and matured. It is among the largest groups in the nation's armed forces. Its departments, specialized sectors, forces, material bases, and technical equipment have unceasingly been upgraded and considerably expanded. It has been undertaking--and has exceptionally discharged--key duties in combat and economic building and in other special endeavors.

1. Fully Grasp and Creatively Apply CPV Military Policies to the Process of the Building, Development, and Operations of the Engineer Corps.

It can be affirmed that the engineer force of the Vietnamese people's war is a force with great popular participation. The entire people can participate, and in fact they did. No matter where they live, there exists a force that can keep communication lines open, build combat fortifications, lay mines, and attack and destroy enemy communication lines. Nevertheless, the people's engineer force must be supported by a key component--engineer units of the armed forces--which include engineer units in the people's militia and self-defense forces, local forces, and main forces.

Engineer units in the people's militia and self-defense forces and those in the local forces have branched out into villages, districts, and provinces, boasting technical units and teams. There are specialized detachments fighting with antlers, mines, and traps; units building various projects; and units and teams digging underground passages and open-air trenches and detecting, destroying, defusing, and removing enemy bombs and mines. They support both local people's wars and main forces in local combat.

Engineer units in the people's militia and self-defense forces and those in the local forces form a ubiquitous force, closely involved in different forms of combat in delta and mountain villages as well as in isolated engagements to

defend localities, building and digging offensive and defensive trenches while standing ready to serve on the battlefield and staying close to main forces in combat. Local engineer units with their numerous on-the-spot forces nationwide have contributed to creating conditions for the Vietnam engineer force promptly to complete various kinds of engineering work in all circumstances.

The great effectiveness and strength of basic engineer units in the people's militia and self-defense forces and local forces, originating in the war of liberation, were continuously and vigorously fostered during the people's war to defend the fatherland against the Chinese aggressor. Currently, on the defensive frontline along the northern border, basic engineer units and those in the local forces are closely coordinating and conducting joint operations with their counterparts in the main forces, contributing to building a network of fortifications to fight enemy intrusions and enable our troops and people to engage simultaneously in combat and production, stand their ground in the frontier battlefield, and defeat all forms of the enemy war of encroachment, sabotage, and escalation.

The main engineer force is composed of engineer units of the Ministry of Defense, military regions, and main armies and services. It is a very important force of the Engineer Corps, and its role is linked to that of the main forces in the Vietnamese people's war. Even when our army was still essentially an infantry force in terms of structure and equipment, the role of engineer units in the main forces was already important. As the army expanded its structure and equipment and added more components to its organization, virtually all military services were closely associated with the engineer units, including those under the jurisdiction of various armed forces and the Defense Ministry.

As combat modernizes, engineer units in the main forces become more important. Modern means including aircraft, missiles, artillery, tanks, antiaircraft artillery, and other accessory materiel have unceasingly multiplied. The combat activities of the main forces are utterly mobile, multiiform, flexible, and extremely complex. It is already highly difficult to provide mobility in combat alone, especially in light of our country's treacherous topography, a still underdeveloped road network, and a crowded waterway system (a large river every 15 to 20 km, a small river or ditch every 5 to 10 km). This is not to mention obstructive enemy sabotage with the aid of various forces and modern technical means.

Hence, to perform their duties engineer units cannot rely on unsophisticated technical means and manpower alone. Instead, they must depend upon up-to-date technical equipment and effective advanced methods, combining scientific and technical knowhow with research and an increasingly creative effort to make the most of the laws of warfare and "engineering science." This task is entrusted to the main force of the Engineer Corps. The role of that main force has continuously developed in keeping with the growth of our army, first of all, our main corps (binh doan).

2. Grasp Army Combat Duties in Each Revolutionary Stage and Make the Engineer Corps More and More Regular and Modern.

Since its creation, the Engineer Corps has consistently strived to measure up to combat requirements by building and developing its forces. Units, organizations, departments, means, and motor vehicles have gradually increased, both quantitatively and qualitatively, to match the tremendous growth of war and new situations and obligations.

The Engineer Corps pursues very high building and development goals. Through learning while working and drawing experiences from tangible activities, the Engineer Corps has successfully solved its problems while enabling its organization to grow and mature in line with our country's situation, tasks, and real conditions. We have blended requirements and experiences into formulary goals, according to which the Engineer Corps' organization, equipment, and training must achieve "five fits," "four simultaneous," and "three musts." "Five fits" means to fit in with Vietnam's combat and utilization methods: its weather, climate, and topography; its material and technical bases, manpower, and material resources; the knowledge and attributes of the Vietnamese people; and the characteristics of enemy activities in Vietnam. "Four simultaneous" means that we must work, research, conduct preliminary and final reviews, and use simultaneously. "Three musts" means that we must preserve secrecy and the element of surprise; must fully avail ourselves of raw materials, supplies, and means that are in stock and locally available; and must associate modern means and techniques with rudimentary means and unsophisticated handicraft techniques.

That successful formulation, in essence, stems from an effort to understand CPV military policies thoroughly--their realism and commitment to growth--and to apply them to the Engineer Corps' involvement in building and combat. It is also aimed at translating the party's views on guidance into requirements and norms to help the corps fulfill its duties in accordance with tangible conditions in our country.

Facts have demonstrated that failure to perceive clearly and address correctly the above-mentioned problems would prevent us from accurately defining targets, directions, programs, and plans in building and developing the Engineer Corps into a modern regular force. Likewise, it would be out of the question to improve the corps' organization, staff, equipment, and training if its duties are not precisely delimited and if our own experiences and those of fraternal countries are put to use in a dogmatic and unprogressive fashion.

3. Unceasingly Move Forward To Master Modern Science and Technology.

As a technical arm of our nation's armed forces, the Engineer Corps must grasp and master modern science and technology and inject scientific and technological progress into all its activities to ensure success.

The need for the corps to press ahead unremittingly in grasping and mastering modern military science and technology also originates from an increase in

combat duties and the strong development of our army. To match that strong development, the corps has consistently achieved higher-quality work and set higher goals. In the first years of the war of resistance against the French, we were only able to conduct sabotage activities, set up barricades, and erect ordinary shelters; however, during the 1950's, as our main force developed into relatively big army corps engaged in offensive operations, the Engineer Corps quickly rose to the occasion, mastering science and technology to ensure long-distance mobility and provide the army corps with river-crossing facilities. During the Dien Bien Phu campaign, new demands arose--devising a solid system of underground passages and trenches and destroying and removing various kinds of mines and the thick networks of barricades of the enemy. To meet these new demands, the engineer force has acquired greater scientific and technical skills, making it possible for our army to launch joint intra-service combat campaigns and frontal operations.

In terms of characteristics and emphases, the Vietnam Engineer Corps' ascent to modern science and technology to build adequate engineering projects is different from other countries. Its engineering work must serve combat activities of the people's war and people's armed forces. It must also build big, complex, and high-quality projects in spite of very limited material and technical bases. Rudimentary means, local supplies, and manual labor still are fundamental factors in ensuring adequate engineering work. Modern technical means, such as motor vehicles at building sites and facilities for detecting and destroying modern bombs and mines, and self-operating bridges and ferryboats, etc. are still insufficient and heterogenous. Similarly, our contingent of scientific and technical cadres and vocational personnel is scarce although gradual progress has been made.

All of this makes it imperative to solve scientific, technical, and professional problems confronting the nation's military arms with suitable views and approaches. Recent victories clearly indicate that, by fully understanding the people's war and people's armed forces and the party's realistic views and commitment to growth, the engineering force has, in due time, correctly set scientific and technical goals and directions for its engineering work--to serve effectively the armed struggle of the entire people, with the people's armed forces as the core. The engineer force must effectively serve combat activities of main and local armed forces. It must provide the entire people--of which it is a key component--with science and technology to build adequate fieldworks.

Science and technology for these fieldworks precisely represent a combination of rudimentary means with modern technical means. That process is based on a combination of modern scientific and technological knowhow, applied scientific and technological progress, and the creative strength of the great masses and armed forces--first of all, and most directly related, engineer cadres and combatants--using rudimentary means and on-the-spot supplies, along with existing state-of-the-art technical means, to open roads, erect bridges, build fortifications, detect and destroy bombs and mines, etc.

The maturity and strong development of the Engineer Corps is marked, first of all, by a high degree to which it has mastered scientific, technical, and professional skills to meet its requirements and fulfill its duties--building engineering projects to support the armed forces in combat.

A valuable lesson that may be learned from 40 years of the fighting and maturing of the Engineer Corps is to define directions and goals correctly, to set ways to master science and technology for adequate building, and to develop and refine science and technology gradually to provide the Vietnamese people's war with proper engineering projects.

However, the greatest and most common lesson for the Engineer Corps in the past 40 years is precisely that of fully understanding the CPV's realistic views and commitment to growth in building, preparation for combat, and actual combat. To turn the corps into an evergrowing, strong, and stable force, it is imperative to grasp thoroughly the political and military lines of our party and its approach to conducting the people's war and building the people's armed forces and to understand the army's combat duties for each period and the corps' tasks of preparing for and engaging in combat.

The effort to build and consolidate national defense and fight all forms of the enemy war of aggression has fueled new scientific and technical demands for adequate engineering. Guided by its own comprehensive achievements during the war of liberation, the Engineer Corps has successfully been meeting new requirements on building national defense and fighting to defend the fatherland. It is imperative to identify unequivocally the new enemy and new combat targets and to understand geographic characteristics against a new backdrop of war in order to develop forces, create the arts, and move forward to master the latest scientific and technological achievements, thus enabling the Engineer Corps to fulfill its obligation of vigorously defending the socialist fatherland, hand in hand with the entire army and the people.

9213/12795
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MILITARY AFFAIRS AND PUBLIC SECURITY

VIETNAM

ILLEGAL THEATRICAL GROUPS CONTINUE TO OPERATE IN CITY

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 18 Apr 86 p 4

[Article by Xuan Thai: "Illegal Plays Are Still Prevalent; Strong Medicine Must Be Given To Cure the Disease"]

[Text] In the city today, there is still a "service" occupation that is very lucrative, and, therefore, a number of people are eager to invest in this: forming a "theatrical company." These are small, illegal theatrical troupes that have been formed and organized by manipulators. Naturally, they have branches. Their function is to be self-styled. They usually hide by saying that they belong to a state unit. The public has been criticizing and condemning these "private cultural elements" for a long time, but they continue to survive. They have even managed to expand.

"Spirit of Revenge"

On the evening of 11 April 1986, people went to see a "ghost" at the conference hall in Subward 20, Tan Binh Ward. When they got there, those who wanted to see this had to purchase a ticket, which cost 6 dong. The sign erected in front of the door to the hall aroused the curiosity of many people: "Tonight, at 1930 hours, the play 'Spirit of Revenge' with Linh Tan." A number of onlookers whispered that a "'spirit of revenge' is undoubtedly more terrifying than an ordinary spirit." Above them, another advertisement announced: "Performers: Minh Tam, Anh Thu, Linh Thanh, Linh Vu, Thanh Lieu My, Linh Linh Vuong, and others. Artistic director: Thanh Dieu. Writers: He Nep, Ly Thong, and Hai Thanh."

Also on 11 April 1986 at the Tan Binh Cultural and Information Office, the ward cultural review unit implemented a plan to arrest this drama troupe. The review unit went to Subward 20 and asked the group to produce its papers and show its permit to stage a performance. Truong Huu Sang, who is also known as Thien Ly, the deputy leader of the troupe in charge of external affairs, said loudly:

"This is not an underground drama group. We have a managing unit. We have not committed any violation."

While Thien Ly was speaking, the backstage hands, technicians and performers of this troupe hurried about clearing away the stage props and equipment. After that, Thien Ly managed to steal the files of the Tan Binh Ward cultural review unit in order to destroy the evidence. Thus, the matter became even more complicated. But in the end, the leader of this troupe had to admit his wrongdoing.

Who Are They, Where Do They Live, and What Do They Do?

This drama troupe, which consists of more than 40 people, was formed by Linh Tan. He stated that this is a reformed drama club subordinate to the Precinct 6 Cultural Center. Linh Tan said that he had to sell a 350cc vehicle in order to establish this theatrical group. Tan was a performer in a theatrical group in another province. He calls himself a "star" of the theater. He abandoned his position and gathered together a number of friends to form this theatrical troupe. Before "enlisting" with the Precinct 6 Cultural Center, Linh Tan headed the drama troupe of an agency that was not subordinate to the cultural sector. That was in Go Vap. That drama troupe performed at the 30 April Theater and gave rather poor performances in Go Vap and Hoc Mon last Tet. Tan was clearly a "poor" performer. Thien Ly, too, is a rather proficient "theatrical" organizer who is adept at public relations. Almost all of the performers in the troupe are from other provinces. They do not have household registrations in the city.

Why did the Precinct 6 Cultural Center sponsor such a disorderly organization and issue it a certificate designating it a club? And why did the Subward 20, Tan Binh Ward, People's Committee allow them to perform for money?

Municipal Cultural and Information Service Notice No 262/VHTT of 24 March 1986 on "promptly putting a stop to violations of stage management regulations" clearly states that "all wards, districts, subwards, villages, agencies, and departments that want to organize arts and letters performances to make money must first obtain a permit from the Municipal Cultural and Information Service. Today, a number of artists and singers who are on the staff of an art unit or who are not directly subordinate to any unit continue to contact the localities at their convenience in order to organize plays and shows that create instability." Thus, if they want to form theatrical groups, obtain sponsors, and put on performances for legitimate artistic reasons, why don't they obtain permission?

A Proposed Solution

When will such illegal theatrical groups be done away with? The answer depends on the resolve of the authorities and the agencies responsible at the various echelons. Administrative measures must be taken, and things must be coordinated with the localities. This "disease" requires "strong medicine." Warnings and education have proven ineffective in solving this problem. We know that there are still many illegal theatrical troupes in the city that present plays of an indecent or pornographic nature. Precinct 11 recently arrested a group of people from outside the precinct who were preparing to establish a theatrical troupe to make money. Precinct 8 is formulating a proposal to establish a theatrical club. Nhon Duc Village in Nha Be District

has told the Cultural and Information Service that it would like to establish a professional theatrical troupe. What is surprising is that the "need" to establish a theatrical group has reached even the village level. Could it be that in recent years, the city's professional arts and letters units have failed to satisfy the needs of the people in the labor quarters and outside the city? Reality shows that this is one reason. However, the main reason is that a number of profiteers are interested in making a profit. The immediate solution to this problem is to have the municipal arts and letters units strengthen the support given to densely populated areas, coastal areas and rural areas outside the city. The units can "divide" into several small assault arts and letters groups (classical and modern) in order to facilitate giving performances in hard-to-reach places where performance conditions are difficult. At the same time, the illegal theatrical groups must be dealt with very harshly. Besides this, the ward and district cultural centers must create conditions that will enable the mass arts and letters units and groups to expand their activities and reach the subwards and villages, the "empty" zones that the illegal theatrical groups usually go to stage their performances.

11943

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MILITARY AFFAIRS AND PUBLIC SECURITY

VIETNAM

DORMITORY STUDENTS CAUSE PUBLIC DISTURBANCES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 19 Apr 86 p 4

[Article by M.L.: "Overcome the Lack of Public Order and Security at Dormitory No 135, Tran Hung Dao"]

[Text] Last week, the Precinct 1 public security forces met with representatives from the party committee echelons and people's councils in subprecincts 20 and 17, Precinct 1, the Anh Ninh Economic, Cultural and Information Unit, and the management board of Student Dormitory No 135 on Tran Hung Dao Street, which is subordinate to the Ministry of Higher and Vocational Education, in order to discuss measures to maintain order at the dormitory.

During the past period, a number of things have happened at this dormitory that have had a serious influence on public order and security. On 28 April and 17 May 1985, a number of students threw burning material from the upper floor onto the storehouse of the Labor Protection Equipment Corporation and the Subprecinct 1 Grain Enterprise Store. Most recently, on 29 March 1986, the students threw bottles at people walking along the street and started fights, which resulted in a loss of order in the precinct.

Those attending the meeting unanimously proposed that the violations be dealt with appropriately. They stressed that the party committee echelons and people's councils in Subprecincts 20 and 17 must promote a fatherland security protection movement, promptly discover and put a stop to those who are disrupting public order, and motivate the students in the dormitory to play an active role in maintaining public order and security at the dormitory. The dormitory management board must implement strict disciplinary measures in order to teach the students and stop those who intentionally disrupt social order. The colleges that have students living at dormitories must monitor and control their students and coordinate teaching academic courses with instilling moral qualities in the students. The organizations attending the meeting proposed that the Municipal People's Council, the Precinct 1 People's Council, the Ministry of Higher and Vocational Education, and the Student Support Center actively support the Precinct 1 public security forces in their effort to maintain social order at Dormitory No 135, Tran Hung Dao.

11943

CSO: 4209/595

INTERNATIONAL RELATIONS, TRADE, AND AID

VIETNAM

MEASURES TO INCREASE EXPORT INVESTMENT PROPOSED

Hanoi NGOAI THUONG in Vietnamese Dec 85 pp 3, 4, 31

[Article: "Augmenting Export Investment"]

[Text] A glance backward over the 10 years since National Reunification Day will reveal new, gradual changes in the field of exports. The role, position, and effect of exports have been developed continuously and vigorously, thus contributing to gradually organizing and distributing social labor, to building the new economic structure, and to stabilizing the people's lives.

However, in view of the possibilities and demands, so far exports have been limited in many areas. They have been carried out on a small scale and have involved only a few types of goods. Exportation has increased at a slow and uneven tempo. There has been a slow increase or even none at all in the volume of traditionally exported goods, some of which have even suffered a reduction. The composition of goods has remained unchanged; their quality has been unsteady and that of some of them has even deteriorated seriously.

This situation has existed for many years, including the period preceding National Reunification Day. The state has implemented many policies to encourage the production of export goods, and the yearly export value has increased but this volume is still negligible. The root cause of this situation is the fact that our national economy is still based mostly on small-scale production and that the quantity of the goods produced is not yet sufficient for consumption. Therefore, even if various policies and measures are implemented to stimulate production and intensify state purchases of goods, it will still be impossible to increase exportation without paying attention to investing capital for this purpose.

Investing to develop the production of export goods is one of the most decisive and important policies which has been repeatedly mentioned in party and government documents. Decrees No 40/CP and 200/CP and Decisions No 113/HDBT and 177/HDBT of the Council of Ministers on policies and measures designed to encourage and develop the production of export goods all consider investment to be an important measure to increase sources of export goods. When reviewing the export situation, all recapitulative reports by the state, the Ministry of Foreign Trade, and foreign trade units at the central level have stressed that substantial or scanty investment is the principal reason for the quick or slow increase in export value.

In practice, however, not much has been invested in exportation. The capital invested in exportation still represents a tiny percentage. Responsibilities for investment have not yet been clearly defined. The effectiveness of investment is still low.

In agriculture, the land set aside to grow export crops is negligible and has increased slowly. The area reserved for yearly and perennial plants capable of yielding a large volume of agricultural products--such as rubber, tea, coffee, peanuts, soybeans, jute, tobacco, and rush--occupies only about 10 percent of the 1984 cultivated area.

In industry, intensive and extensive investment in exportation has been very limited. Out of more than 10 projects whose complete equipment has been imported in nearly 10 years, only a few installations have been built to promote exports--such as the refrigerating factory, the agricultural and forest product processing plants, and some cooperation projects used in agriculture, forestry, and mining. Some other projects have been used to produce goods for domestic consumption and simultaneously to promote exports. In general, the installations specializing in producing export goods are not yet strong enough to create a vast source of export goods. Nor has importance been attached to making in-depth investments to increase rapidly the output of export goods and improve their quality and value. Concurrently with this state of affairs, the capital invested each year in exportation represents a very low ratio. For example, in 1983 the capital invested in developing the production of rubber and coffee--two long-term industrial crops which play an important role among agricultural products destined for export--represented only 3 percent of the total capital invested in agriculture.

To effect greater change in exportation, to increase export value quickly to meet the requirements and tasks set forth in the 1986 plan, and to pave the way for development in the coming years, export investment must be considered one of the urgent and important long-term measures aimed at stepping up exportation. Based on research and study of the world market situation, on coordinated planning between our state and the CEMA member nations, and on our domestic production conditions as well as the socioeconomic effect of each category of goods, we must determine which goods can and must necessarily be developed in the forthcoming years in order to choose a specific direction for investment. Efforts must first concentrate on small crops and spheres which can rapidly yield effective export products to enable our state to carry out pledges signed with foreign countries.

To have an export product capable of competing with others and meeting the world market demand is the result of combined activities of many sectors and spheres of national economy and is also evidence of the export potential of a country. This potential is made up of these factors: objects of labor such as land, natural resources, and raw materials of various kinds; working means such as machines, equipment, tools, and infrastructural material bases including warehouses and merchandise preservation and transportation means; and a labor force which include professional standards for both producers and exporters. Only by aiming export investment at these three factors and

by making proportionate and homogeneous investments can we increase productivity and develop sources of export goods. On the contrary, if we pay attention to one aspect and neglect the others, ultimately we will be unable to create export products to meet quantitative and qualitative demands. Especially at a time when a serious imbalance exists in many areas of our economy and when our production level is still low, it is all the more important to ensure homogeneity and harmony of export investment.

In the recent past, export investment has not only lacked homogeneity but also proven quantitatively inadequate. Above all, too little capital has been reserved for the export sector.

In view of the economic conditions of our country, which cannot yet produce enough for consumption and accumulate enough capital, we must admit that there are countless obstacles and difficulties in reserving capital for export investment. Though many sectors and localities realize that it is important to make investments if export is to be intensified, it is practically impossible to do so because our sources of capital are limited and because capital has had to be divided among different economic domains, all of which have urgent requirements.

To help solve this problem, Decision No 177/HDBT of 15 June 1985 of the Council of Ministers on policies and measures designed to step up exportation and strengthen control over imports and exports states: "The state will make (intensive and extensive) investments in the production of export goods and of raw materials used to make export goods. The plan to produce export goods and the 5-year plan to purchase export goods must involve both goods in kind and monetary value. The State Planning Commission will endeavor to provide adequate conditions--such as capital, material supplies, raw materials, electricity, etc.--for the export goods production plan and also for the purchase plan (if these goods are produced by the collective and individual sectors). At least 50 percent of the foreign currency or materials earned through exportation will be used for reproduction and the purchase of export goods. At the same time, all sectors at all levels and all units must try to exploit their own sources and potentials in addition to the materials supplied by the state."

"The State Bank has the duty to set aside capital for domestic use in granting priority loans to develop the production of export goods; it will also vouch for various localities and economic organizations to borrow foreign capital to invest in developing the production of export goods."

In recent years, some sectors and especially localities have set aside an appropriate portion of foreign currency or materials earned through exportation and have invested it in production and purchase. As a result, there has been a substantial increase in the volume of such commodities as coffee, cashew, aleurites montana, and so on.

According to the spirit of Decision No 177/HDBT of the Council of Ministers, in drawing up the 1986 plan, an appropriate percentage of materials has been

earmarked for producing and purchasing export goods. This is a new indication of new possibilities and conditions of organizing the production and purchase of export goods. It also illustrates the state determination to overcome difficulties and to bring about further change in exportation with a view to meeting the requirements of our revolutionary mission in the new stage.

There is now an urgent need to try by all means to implement this plan. We must make sure that the foreign currency and materials earned through exports will be set aside to reproduce and purchase export goods in order to promote exportation. The amount of foreign currency and materials reserved by the state for the production and purchase of export goods must absolutely not be used for other purposes. Toward this end, it is necessary to improve the method of distributing and managing materials within the foreign trade sector and to control and inspect intensively the distribution and use of foreign currency and materials to promote the production and purchase of export goods.

The ratio of capital investment reserved by the state for exportation must be strictly applied.

In addition to the responsibilities lying with the competent sectors at various levels, import-export units from the central to the local echelon also have the duty to invest in developing the production of those categories of export goods which have been assigned to them. In addition to deciding which kinds of goods and crops need investment, business units must play an active role in making investment to promote exportation as well as in finding capital to make advance investments in production. While making investments to carry out the planned immediate tasks, right now it is necessary to think about investments designed to develop exports in the coming years.

By determining the right direction, by carrying out tasks uniformly, by applying various methods, by clearly assigning tasks and responsibilities, by creating sources of essential capital, and by reserving an appropriate percentage of foreign currency and materials earned through exports for the purpose of reproducing and purchasing export goods--if all these are done satisfactorily--we will certainly be able to bring about further change in exportation.

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PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

NEED TO IMPROVE QUALITY OF CADRES, REFORM SYSTEM DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 18 Apr 86 p 1

[Article by Nguyen Huu Tai, Ho Chi Minh City Youth Union: "Carrying on Cadre Work and Changing the Mechanism Are Today's Leading Measures"]

[Text] In recent days, the cadres and party members have studied and tried to understand Resolution 31 of the Political Bureau and stressed the six important measures aimed at correcting the mistakes and overcoming the serious shortcomings in implementing the "currency, wage, and price" policy. While there has been much enthusiasm, there has also been much concern and indecision. Because the six measures do not say anything about carrying on cadre work or making innovations in the mechanism.

A question that must be considered carefully is whether we can correct the mistakes and rebuild things if cadre elements are maintained like before and there is a backward and bureaucratic mechanism that is slow to act and that is aloof from the masses. If, for example, a building develops cracks and collapses even before construction has been completed, should we keep the architect who designed the building incorrectly? Carrying on cadre work and making innovations in the mechanism are the leading tasks today and decisive levers for implementing the other measures.

Our society will not accept leading cadres who, while living among the people, live "above" the people instead of like the people. They cannot understand the difficulties facing the masses.

We have appealed to criticism and self-criticism. I think that the party and the authorities at the various echelons must create conditions and provide the necessary organization so that the masses can manifest their collective ownership rights. We can't appeal to people--show mastery and try to save your house even though it is about to collapse--when they are confronted by many obstacles, and people who have shown great enthusiasm have been hurt.

I also think that self-criticism must begin with the leaders. If the leaders do not engage in self-criticism and review themselves, what can the masses use as a basis for making criticisms and contributing constructive ideas? But it seems that the ideas lack a scientific basis and are too general.

Our city has always taken the initiative in solving the problems and gradually stabilizing the lives of the masses. However, the party's leadership has not gathered forces or mobilized the integrated strength of the city in order to solve the burning problems facing the masses. Take the housing problems, for example. Why haven't we stopped building public projects that are not needed in the immediate stage? Why haven't we stopped establishing and expanding organizations? Do we really need to build a Precinct 10 theater, a Saigon supermarket, and a new public park when the full potential of the existing projects has not been exploited? Should we continue to allow other places that have established agencies and officers in the city to use our surplus area? The offices of the state, party, and mass organizations are large and spacious and are guarded by soldiers. The people don't dare go near them. The housing and housing distribution problem must be solved by taking an independent stance. Priority must be given to building materials in order to repair buildings for the people. Buildings must be sold to the people so that they can repair them themselves, and new buildings must be constructed for distribution or sale to households living in slums and to workers and civil servants who do not have houses. The housing sector must coordinate things with the agencies and enterprises and participate in building housing for the units' cadres, workers, and civil servants. The housing sector must not be the only one responsible for providing housing for the workers and civil servants while many agencies and enterprises enjoy welfare services and spend money extravagantly.

In the sphere of education, the lives of the students are very difficult, and instructors at all levels, from day nursery and kindergarten teachers to college instructors, live in poverty on salaries that allow them no way out. Why do we allow this state of affairs to continue? What do leaders think about the lavish meals of a number of cadres in the production and business sectors and the poor-quality meals, whose nutritional value is declining, that are served in the day nurseries and kindergartens?

"For profits for 10 years, plant trees. For profits for 100 years, raise people."

Everyone knows this saying. But how can students live on scholarships of 100 dong a month?

My final idea concerns telling the truth. The masses speak the truth. The newspapers and magazines must print the truth, too. When someone is "fired," they write "quit the job" (and this is without mentioning that people quit this job in order to take a higher position). For "accomplice" they write "those jointly responsible." Whenever someone is prosecuted or someone commits a violation, they must print the person's name and position and tell what he did wrong. It isn't enough to print "Nguyen Van Y..., agency X...."

If the masses dare to speak the truth and the press dares to print the truth, the party and state must dare to face the facts and handle things based on those facts. They can't review things by saying that "we, too have shortcomings. We, too, bear responsibility."

"The party trusts the people, and the people trust the party." For the people, the party must prove its greatness in combat and socialist construction.

11943

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PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

SHORTCOMINGS OF CRITICISM, SELF-CRITICISM DRIVE DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 19 Apr 86 p 1

[Article by a team of political reporters: "What Are the Self-Criticism and Criticism Preparations Like at a Number of Party Bases? Many Manifestations of Negligence and of Doing Things for Form's Sake, Generalizing, and Not Daring to Face the Truth"]

[Text] To date, almost all the subward party organizations and chapters have finished preparing review documents and making preparations to obtain constructive ideas from the people. A small number of party organizations and bases have made relatively specific reviews. The newspapers and magazines have published reports about this, and public opinion has been favorable. But there are still many places that have not made specific reviews. In Tan Binh Ward, the chapter committees in Subwards 1, 7, and 20 have engaged in self-criticism in front of the people. But the number of people invited to attend has been limited, few ideas have been contributed to the party chapters and party members, and no ideas have been given to the party chapters on formulating action programs for the coming term. In selecting good-quality and talented party members for election to the party committee echelons, no attention has been given to the ideas of the masses. The self-review of the chapter committee in Subward 7, Tan Binh Ward, has listed many strengths and weaknesses but has not gone deeply into what has caused the shortcomings or who is responsible. Thus, the guidelines given by the party chapter for overcoming the shortcomings have not been specific. After reading the review document, we feel that there are a number of problems that can be clarified easily. But instead, all that has been said is that a "number of negative phenomena that have arisen recently have not been handled promptly or resolutely". Or, a "number of leading comrades in the subward have made mistakes in using state funds." Why haven't the masses been told the names of these comrades? Is this something that they are trying to avoid during this self-criticism campaign? The review document of the Subward 24, Tan Binh Ward, party chapter is filled with generalizations, too. For example, "the party echelons lack sufficient understanding" and "the party echelons are not concerned about leadership." We suggest that the Standing Committee of the Tan Binh Ward CPV Committee reexamine the self-criticism contents of the party bases. They should not rush to complete this if this means failing to achieve the results stipulated by the Standing Committee of the Municipal CPV Committee.

The subprecinct 8 and 14 secretaries in Precinct 1 told us that the review documents have been completed, but that they are "bankrupt." We read the "bankrupt" review documents of subprecincts 8 and 14 and saw that they are the same as those of other units. They mention the strengths and weaknesses but do not blame anyone. We welcome the decision by the party echelons in these subprecincts to rewrite the review documents. The reports of many other subprecincts are similar to these. The review document of Subprecinct 7, Precinct 1, does not mention any accomplishments. All five typewritten pages deal with shortcomings. And yet these are just generalizations. For example, the "thinking of the cadres manifests contentment and lacks drive and creativity," "criticism and self-criticism is not frank," and "a number of comrades do not have the capabilities to carry on activities." The review document of Subprecinct 7 does not mention specific measures to overcome the shortcomings. The same is true of the self-criticism document of the Subprecinct 20, Precinct 1, party organization. It mentions many weaknesses, but they are all generalizations. And no measures for overcoming the weaknesses are mentioned.

We feel that simply mentioning many shortcomings of a general nature means that people have not faced the truth squarely. The report by the Subprecinct 8, Precinct 4, party chapter is the same. There are presently many obstacles to speaking plainly and honestly at the party bases. Many comrades at the subprecinct have said that the problem is that they are "not used to" self-criticism and that there are no self-criticism and criticism "models." We think that they are actually afraid of responsibility and do not want to confront each other. They want to "keep the peace" during criticism and fear having their accomplishments belittled. The self-review of the Subprecinct 20, Precinct 1, party organization stated that "people run after achievements and do not promptly and resolutely discipline party members who make mistakes. They are afraid that if party members are disciplined, the subprecinct will lose emulation points." In this self-criticism and criticism drive, if party echelons everywhere think this way, self-criticism and criticism will definitely fail to satisfy the requirements. We asked the secretary of Subprecinct 19, Precinct 3 why the self-review document was so sketchy and general. He replied: "It's very difficult." We feel that this "great difficulty" can be overcome. Because the next day, the secretary of Subprecinct 19 mentioned a number of specific shortcomings and responsibilities of comrades in the party committee echelons and a number of party members, including some of his own shortcomings.

With a spirit of being able to overcome the "great difficulties" mentioned above, comrades in the Subprecinct 24, Precinct 5, party committee echelons and Vo Van Long, the secretary of the Subprecinct 12, Precinct 4, party organization told us that criticism must be specific and frank. If it isn't, it is meaningless.

Based on a number of self-criticism documents and talks with secretaries in a number of subprecincts, it can be said that the comrades in the primary level party committee echelons can find self-criticism and criticism "models" for themselves. As Mai Chi Tho has said, there must be a spirit of being honest in making self-criticism and daring to face the truth squarely even if the truth

is painful. The party bases have enough time to examine things and ensure that the self-criticism and criticism themes are specific and that they focus on the key problems. There is also enough time for higher echelons to review closely the self-criticism and criticism spirit and themes of the party bases and promptly correct incorrect manifestations, such as being negligent, doing things for form's sake, generalizing, and not putting forth specific measures to overcome the shortcomings. The time plans must not be allowed to affect the quality requirements of this important ideological activity.

11943

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PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

WRITER: USE CRITICISM, SELF-CRITICISM TO CORRECT MISTAKES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 19 Apr 86 pp 1, 4

[Article by Nguyen Truc Quynh, retired cadre, Subprecinct 7, Precinct 1: Self-Criticism and Criticism From the Base"]

[Text] Self-criticism and criticism is not a new problem for our party, a new-style party of the proletariat. But this has become an urgent requirement for our country's revolution today. We have slighted this problem for a long time now. Little attention has been given to this since the south was completely liberated.

Each social phenomenon has its own objective and subjective causes, proceeds from an unorganized to a centralized state, and is popularized according to specific laws. Unless things are done calmly, it is easy to go from one extreme to another, which could lead to even greater disorder in society, which needs to be stabilized. In my view, this self-criticism and criticism campaign must be implemented gradually. There must be a center. It must move from the base to the top and from the basic to the essential. There has been a serious loss of balance in the economy and society. A number of cadres in the sectors and echelons have become degraded, and people have begun to lose confidence in the party and state. We feel that this self-criticism and criticism campaign must be aimed directly at these problems.

I would like to mention a number of ideas:

After the south was completely liberated, each family and person in the country was filled with enthusiasm. Peace allowed us to become involved in the socialist revolution with a new spirit.

But in the south, we applied the north's lessons in socialist transformation too closely and mechanically even though the economic and social conditions in the two regions were very different. We all know the results. In a large number of prosperous rural areas in Nam Bo, the peasants have destroyed the rice fields to plant gardens and left the fields to become merchants. In the cities, there has been a slow-down in the small industry and handicrafts sector. A large number of middle and small businessmen have destroyed their property because they have been labeled capitalists. This has affected solidarity between the proletariat and the urban small capitalists, who worked

closely for many years in the national democratic revolution. Conversely, through transformation, although there is no longer a capitalist class in the south, there are still individual capitalists, and the number is increasing. Following the currency changes and the implementation of a number of policies on price increases and styles, their materials and commodities stored in secret dispersed and mobile storehouses have flooded the so-called "unorganized" markets in both the south and the north. Sugar-coated bullets from hidden blockhouses, which have occasionally been fired bluntly and openly, have "hit" a large number of our cadres and party members. Not only have they felled people on the battlefield of class struggle, but they have also penetrated the "palaces" surrounded by strong walls.

Transforming our country from a divided country with separate strategic tasks into a unified country with the same strategic tasks is a long-term and very complex process of revolutionary change. But a large number of the positions and policies of the party and state have not changed. Some of these are out of date, and they are holding back and damaging production. Many people who suffered from the effects of the war are now suffering additional difficulties. The confidence of the masses in the party and government has declined constantly.

Because of the development requirements of the revolution, many new organizations have come into being. Many opportunistic elements have been drawn into the state organizations. Not only are they degenerate, but they have had a bad influence on people who scored many achievements during the two wars of resistance.

In cadre work, promotions are based on element-ism and localism. Based on "accomplishments," some have held a "number of seats" for a rather long time, but they are no longer effective. Added to this is the fact that the administrative apparatus is cumbersome and nonproductive with overlapping and complex mechanisms. A number of key cadres in leading sectors like others to listen to them, but they don't like to listen to others.

In ideological work, after the war, with the propaganda and educational organs, we sometimes tried to make each other think that all the food, housing, educational, and transportation problems had been solved. Some people said that with the Mekong Delta, we no longer had to worry about rice shortages and that no other country in the world was as rich as us. Unfortunately, the people who said such things were the people with responsibilities.

After decades of war, everyone wants a better life. In daily life, if something unusual happens, people remain indifferent and don't want to help others when they slip in the mud of ordinary life, which is less than ideal. The agencies responsible haven't implemented any measures to prevent this.

The above are a number of reasons that help to explain many negative aspects in society of which everyone is aware. The question is, why have these negative aspects been allowed to drag on for so long? Has the effect of the bureaucratic administrative organizations been to prevent our party from hearing, seeing, and understanding the country's present situation? Because of

this, the present self-criticism and criticism campaign must start from the base, the central government, ministries, and committees, the central sectors, and the high-level specialists who are frequently in contact with members of the Political Bureau. Following that come the party committee echelons and various echelon authorities. Reviews must be made to discover the mistakes, and measures must be implemented to correct them. People must receive encouragement, but those who intentionally make mistakes, who are too conservative, or who are slow in performing their duties must be disciplined. Just because this congress will complete a round from the bottom up, we cannot abandon the party's principle of criticism from the top down and from the inside out, which has been in use for a long time.

Cadres, party members, and the masses hope that there will be a powerful revolutionary change in the country beginning with the preparations for the congress. This includes the criticism and self-criticism problem. We are waiting and are ready to contribute to this.

11943

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PARTY ACTIVITIES AND GOVERNMENT

VIETNAM

READERS CONTRIBUTE OPINIONS ON PARTY CONGRESSES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 1 May 86 pp 1, 4

[Contributing Opinions on Party Congress column: "Recommendations of Party Chapter 3, Subprecinct 11, Precinct 3; Overcome 'Opposing Forces,' Do a Truly Good Job of Organizing the Self-Criticism and Criticism Campaign; Oppose the Holding of Sumptuous Parties, Celebrations, and Gift Giving During Congresses and Conferences"]

[Text] We number in all 43 male and female party members of Party Chapter 3, Subward 11, Precinct 3. Having studied Directive 79 of the Secretariat, we have sent to the editorial board, so that it can publish in the "Contributing Opinions on the Party Congress" column, the following opinions, which we unanimously approved in a meeting held on 19 April 1986.

1. That directive states that "The upper echelon may be directly criticized." We recommend that criticisms may be made as high as the Central Committee, as stipulated by the Party statutes. Is the level of party members not as high as during the previous congresses? And at a time when there is much talk about the people serving as the masters and openly contributing opinions to the Party, why should one party member not criticize another party member at any level?

2. It is necessary to strengthen the strict requirements with regard to all party members in leadership positions. We recommend that in the present criticism and self-criticism campaign the leadership echelons carry out self-criticism first, beginning with the Political Bureau, the Secretariat, etc., to set an example.

Although we good example of criticism and self-criticism provided by the Soviet Union and Cuba, but tyhey are distant examples. The party members need close-at-hand examples, "within sight and hearing." With regard to ability and quality, it is difficult for the lower echelon to completely fulfill the requirement of being "truthful, brave, responsible, of good will, etc." if they lack the direct inspiratin of living examples and good models.

The newspaper SAIGON GIAI PHONG, in the article "What Has Been Noted in Preparations for Self-Criticism and Criticism in a Number of Basic Party Units?" which was published inits 19 April 1986 issue. The article stated,

"There are many manifestations of superficiality, formalism, generality, and failure to look directly at the truth," which proved the necessity of having good examples of self-criticism at the upper echelon.

That is very much in accord with the Party Statutes: "The upper echelon must carry out self-criticism before the lower echelon" (Statutes of the Vietnam Communist Party, page 14, third line from the bottom).

3. We also agree with the party documents which state that "The key condition for doing a good job of holding party congresses is to do a good job carrying out self-criticism and criticism." That purifies the moral atmosphere of communists, and on the basis of good self-criticism and criticism accuracy and strictness in selecting people to the leadership echelons and removing people from the leadership ranks, or even expelling them from the ranks of the Party, will be ensured. Our Party is certain to become much stronger.

From the three recommendations above we see that cadres must set aside sufficient time to thoroughly and incisively carry out the present self-criticism and criticism campaign. If necessary, it is possible to postpone the holding of congresses at all levels: good preparation accounts for half the success of the congresses.

It is necessary to resolutely purge and bring to justice degenerate cadres, beginning now, in the course of self-criticism and criticism, without waiting for the congresses. The degenerate, conservative, and backward elements cannot be allowed to continue to cause losses for the Party and the people and to limit the success of the congresses.

Le Ngoc Can
On behalf of the Chapter

It may be said that we have been more or less "motivated." The report--although it was only an excerpt--of comrade B.N. Ensin had a "miraculous" attraction. The writer Tran Dinh Van said that he went from Quang Ninh, a northern border province, to the maritime city of Hai Phong and Hanoi. Everywhere he noted increasing enthusiasm and discussions full of interest and ardor. In Ho Chi Minh City the situation and sentiment were similar.

Clearly, that was the manifestation of a thirst, a demand, a common need of society from north to south: the requirement of being able to hear the truth and see the nobility of the Party of the working class manifested in the present criticism and self-criticism campaign. To achieve what we desire will not be without difficulties: we must defeat many opposing forces.

Feudalist, paternalistic thinking must be mentioned first of all. It has been deeply rooted in Vietnamese society and social psychology for centuries. Added to that, for several decades we lived under the bureaucratic centralism-state subsidy mechanism with regard to economics and society, and degeneracy are now penetrating and spoiling a considerable number of party members. Popular opinion has long silently lamented that even in the proletarian dictatorship there are people who take so many bribes and are so corrupt that

they "can spend for several lifetimes without spending it all," but they still placidly live outside the law.

The second obstacle is that "No one has the right to question what the people in authority say, and their exists the situation of the leaders never being wrong and of 'two-faced virtue'" (B.N. Ensin). They have given themselves a monopoly on truth, so how can they accep self-criticism, let alone accept self-criticism from the bottom up.

The masses fear most that power, a power which usually "stands outside the sphere of criticism. The requirement of eliminating all "forbidden territory," from top to bottom and both within and without, has become extremely urgent in order to escape from the psychology of "limited optimism, we still must wait and see" and the psychology of suspicion and worry because there are ways of covering up by many people with real authority" to prevent everyone from speaking the truth.

Accompanying, and tied very closely to, the above-mentioned powers, are the opportunists, who specialize in seeking personal profit, and whom Karl Marx called the ugliest, the most despicable. In nature they ae more monarchist than the king and invent all kinds of rationalizations: we are encountering many difficulties, living standards and prices are still very unstable, to expose the truth at this time would be to help the enemy and lift up one's shirt so that people can see one's back, the enemy will take advantage to slander our leadership, etc. They do not realize that the great difficulty we are experiencing is that confidence is being eroded. The best way to restore prestige and regain confidence is truthful, courageous, and frank self-criticism and criticism, followed by resolute corrective steps.

Resistance and obstacles in self-criticism and criticism cannot be regarded lightly. In order to create a wholesome atmoshphere, effectiveness, and a party nature for the present political activity campaign, in addition to arming people with theoretical knowledge of the goals, significance, attitude, etc., there must also be study of realistic organizational measures. There must be a new working method and new requirements.

The leadership echelons from top to bottom must carry out criticism and self-criticism frist in order to set an example.

If the person carrying out self-criticism is a representative of the people (to the National Assembly or to the People's Council), the self-criticism document must be approved by the people who elected that representative.

The upper echelon should contribute specific opinions to the leadership cadres of the banking, tax, commercial, customs, real estate, and export-import organs must enter deeply into matters about which people have complained and spread rumors about, and which are most harmful.

The Party organizations must inspect the current political activity campaign thoroughly and effectively, without being formalistic, general, or superficial, and with effective measures.

Our Party should learn from the use of the measure of open information about the reports of leadership cadres, and the party, governmental, and economic organs regarding the good or bad implementation of the decisions of the Party and government.

Perhaps some people think that they are different from other people. But now do they differ? First of all, we are still proud of our Party because it is steeled, combative, skilled, and loyal; and product of our people for their revolutionary enlightenment, and strong political consciousness, and loyalty toward the Party. Why should we be excessively hesitant and worried when we make the people responsible for overseeing matters relevant to their vital interests, about people who are "both their leaders and their loyal servants"?

If the present self-criticism and criticism campaign is carried out well it is certain that the people will have more confidence in the Party, and the Party more confident in the people, than ever. That is our political path of escape and advance in view of the present situation.

Tran Van Duy
Precinct 3

Our country is still experiencing many difficulties. The children still have to attend school in three shifts. Many families have to worry where the next meal's coming from. Thus the matter of economizing on time and social wealth is even more essential. That matter must be posed throughout the Party and the population, especially in the organs and enterprises.

In recent years the phenomenon of organizing parties, celebrations, and banquets on the occasion of the Party Congress, or congresses of the Youth Union, the Trade Union, the workers and civil servants, has occurred in most organs and enterprises. When the congresses are held large amounts of money are spent on "celebrations" and on setting of fireworks to celebrate accomplishments. There are also special "trays" set aside for the leadership committee and invited guests, and gifts for the guests. If one organ does so the other organs will also do so, lest they be "ridiculed"? If such things are done for the Party Congress they are also done for the Youth Union and Trade Union congresses. Thus the practice has become habitual. Every time there is a congress or a recapitulation there is an excuse for a celebration. Some people even say that "If we do not do so the congress will be less sumptuous." All of those expenses are obtained from funds or are included in the production costs or circulation expenses, while in the movement activities there is a "lack of funds" to serve production labor and the welfare of cadres, workers, and civil servants.

Furthermore, in some instances units also organize parties, receptions, and gift giving on the occasion of plan approval and review meetings, inspections by the upper echelon, etc. If they frequently attend receptions and accept gifts, how can the upper-echelon cadres have sufficient courage to uncover negative phenomena? Furthermore, those expenditures are all made from public funds.

Those phenomena cause must waste of time and much of society's wealth, creates a bad practice in cadres' work style, and creates a basis for untruthful reports and observations that lack "frankness and truth."

We would like to recommend that the Municipal People's Committee issue a specific directive forbidding the units, organs, enterprises, sections, and sectors from organizing celebrations, parties, and banquets on the occasion of party congresses, mass organization congresses, quarter and annual recapitulations, etc., and forbidding the organization of receptions and gift-giving during meetings with upper-echelon organs similar to the recent People's Committee direction forbidding the consumption of alcohol.

In order to carry out that line well, I recommend that the people's inspection sections of the units and mass organizations bring thier collective mastership role into play to stop such phenomena.

5616

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ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

WAYS TO STRENGTHEN SOCIALIST MARKET DISCUSSED

Hanoi NHAN DAN in Vietnamese 18 Apr 86 p 2

[Article by Cao Duy Ha: "Economic Forum--About Current Work on Market Organization, Management"]

[Text] The market is an objective economic form closely connected with commodity production and exchange.

During the first stage of the transition to socialism in our country marked by intense activities of various economic processes, the market is presently the greatest economic problem in the field of circulation, where complex economic phenomena come together, reflecting the most acute attributes of the struggle between capitalism and socialism and between small-scale production and large-scale socialist production. It is imperative for the proletarian dictatorship to control and dominate firmly the market right from the outset so that it can put to use, according to plan, the relationships between merchandise and currency, economic levers, and laws on values to support transformation, to foster a redistribution of social labor, and to stimulate technological improvement, thus contributing to raising social labor productivity to accumulate capital for industrialization, to ameliorating living standards, and to accelerating the transformation of small-scale production into large-scale socialist production in our country.

The current market situation urgently calls for new managerial measures and structure in keeping with the resolution of the Eighth Plenum of the CPV Central Committee aimed at eliminating the system of state subsidies and bureaucratic centralism and at switching to economic accounting and socialist business to enable the state to control the market, merchandise, and money and to bring commodity circulation right into the socialist orbit.

Experiences from all struggles--be they economic or military--indicate that, in all fields, a material force must be defeated by another material force. The instinctive capitalist economic force of small-scale production and all negative aspects of the present free market must necessarily be repelled by the ever-growing economic force of the organized socialist market.

Since our country is now in the first stage of the transition to socialism, conflicting components still inhabit its economy, giving rise to three

different forms of commodity production--small-scale commodity production by peasants and handicraftsmen not yet integrated into cooperatives; individual capitalist commodity production by middle-size and small bourgeois not yet subject to socialist transformation; and socialist commodity production by the state-run, collective, and family economies. Their activities are divided into two kinds of markets--the socialist market and free market. These two forms are not apart from, but rather intertwined with, each other to create a transitional social structure.

In the face of that truism, we must have a correct perception about the market to understand its transitional character clearly, firmly control economic forces at work, lucidly determine which force must guide and dominate the market, and understand the ongoing struggle between economic forces, the nature of that struggle, and the fundamental and essential contradictions that must be solved. On that basis of adequate and accurate understanding, we must devise the most fitting managerial system in order to use the market as a common economic "link" to bind different economic elements into a unified system under the leadership of proletarian dictatorship with a view to steering the activities of all commodity-money relationships toward a common orbit, that of socialism.

In light of the Soviet Union's experiences, Lenin pointed out that in each revolutionary period, to enable society to advance we must know how to identify a major link, holding on to it with full force to maintain the entire chain in place and then gradually moving to adjoining links. In the first years of the transitional period in the Soviet Union, according to Lenin, that important link was "trade," commodity exchanges, and the need to dominate the market and regulate it, under the guidance of the proletarian dictatorship.

Current realities in our country clearly show that, since the transitional economy consists of many elements, its market relationships are diverse and complex. Economic components do not exist side by side unconnected; on the contrary, they are intertwined, exerting influence on, struggling against, and rejecting each other. Fully reflecting that intricate overlapping, the market must evidently become a place of "coexistence," based upon conditions and principles, between different economic elements within a transitional economic system. The market also witnesses a sharp struggle between small-scale production and large-scale socialist production and between spontaneous capitalist tendencies and the self-conscious ascent to socialism of small-scale production. Hence, in the present stage, economic managers must learn to utilize market relationships skillfully and effectively to transform non-socialist economic elements and consolidate socialist economic elements.

A characteristic of our market in the present stage is that it carries the transitional nature of a diverse economy as well as attributes of a commodity economy that has begun to develop. As a result, the market is regulated by two sets of economic laws--those of socialism and those of small-scale production moving up to large-scale production. Thus, we must firmly grasp both sets of economic laws, seeing to it that they are reflected in the policy of market organization and management.

Lenin enunciated laws for the change from small-scale production to large-scale capitalist production--first, from production for self-sufficiency purposes to simple commodity production; second, from simple commodity production to inevitable ascent to large-scale capitalist commodity production. Both changes are spontaneous, setting the tone for corresponding market configurations.

Our situation, however, is different. We create large-scale socialist production through a self-conscious revolutionary process, which has changed small-scale production to large-scale socialist production. That process is a coupling of socialist transformation of the national economy with the planned development of a commodity economy right from the beginning, simultaneously with putting in place a unified and organized market nationwide. Nevertheless, to succeed we must engage in economic construction and a fierce struggle in both production and circulation fields throughout the transitional period. During that stage, the struggle is most ferocious because the economy then still is bound to accommodate different elements, the fledgling organized market has yet to get the upper hand, and the free market still has large economic staging bases at its disposal.

A peculiarity of our free market is that it thrives not only on "legal" activities but also on "illegal" ones, including speculation, smuggling, counterfeiting, and collusion to pluck goods from state storehouses. These illicit circulation activities have created a "black market" in conflict with state policies and socialism. At present, the scope of activities of the black and free markets is still moderately large and their negative effects on economic and social life are quite substantial. To curtail and eliminate these negative aspects and purify the social market, we must leave no stone unturned in consolidating and expanding the organized market and in strengthening market management with state laws and measures. Lax and discretionary management can never carry the day.

These negative aspects which we must strive to correct are fallouts from market management deficiencies in recent years. That the socialist market has developed at a very slow pace since 1976 is unacceptable. Consequently, bourgeois merchants and small traders--their allies--are now going out of their way to resist state inventorying and control nationwide. That situation must promptly come to an end. Economically, it is now pressing to guide all activities of economic elements toward the socialist orbit along with strictly organizing and managing the market.

Are we capable of resolutely organizing and managing the social market and bringing it into the socialist orbit? Our party has clearly indicated that, in light of our socioeconomic conditions in the present stage, the proletarian dictatorship is fully able to accomplish that task.

In organizing and managing the social market, it is urgent:

First, to focus on rationality, adding more brawn to socialist commerce. Our market still is a transitional one; thus, for management purposes it is

extremely important to rearrange and redistribute participating forces to channel strength to socialist commerce. To do that, first of all we must mindfully see to it that the market structure rationally accommodates state trade, marketing cooperatives, trade in rural markets, and joint commerce between the state and private merchants. That structure must unequivocally illustrate the commitment to vigorously developing socialist trade and to appropriately restricting--and gradually reducing--other commercial organizations, using some small merchants as commercial agents while step by step shifting the rest back to production. At present, market rearrangement and reorganization must be aimed at expanding commodity circulation in an organized and orderly manner, especially stressing the exchange relationships between industry and agriculture to stimulate strong production growth, raise living standards, gradually curb the free market, and ban all illegal business activities from the social market.

Second, reinforcing further party and state leadership at various levels and harmoniously coordinating organs with related sectors are important measures enabling market organization and management work to gain its ends.

Now more than ever, requirements of daily life and of societal development call for strengthening the leadership of party committee and administration officials and achieving harmonious intrasector coordination on tangible matters--fortifying socialist commerce; transforming private trade; managing prices; inspecting and controlling market activities; detecting, tracking down, and eliminating speculators and smugglers; and reorganizing small merchants into groups working under state guidance.... Success can be achieved only with the direct leadership and guidance of party committee and administration officials and harmonious coordination of sectors--domestic trade, foreign trade, finance, price commissions, banks, communications, transportation, public security, courts of law, etc. Facts have shown that the unfitness, or malfunction, of a single sector, level, or organization, even a link in the circulation process, is enough to throw the entire social market into confusion.

Third, to delimit responsibilities immediately and rationally for those still permitted to remain within the social market system in order to avoid encroachment, overlapping, and competition for purchases and sales, and to ensure a rapid flow of merchandise from the production places right into consumer hands, reducing commercial intermediaries in the process. Commodities under a state monopoly are to be handled exclusively by state-run trade, and in places beyond its network, by proxy marketing cooperatives. Private trader is strictly prohibited from dealing in these goods, except for those in which state trade and marketing cooperatives are not interested. Long-distance business is entrusted to state stores while cooperatives are mainly in charge of the rural market. The extent of involvement of private merchants in those goods they are authorized to deal in must be clearly regulated. Administrative measures--prompt prosecution, confiscation of proof of illicit goods, and administrative punishment of wrongdoers--must be used to prosecute speculators, smugglers, counterfeiters, and illegal traders severely.

Fourth, to perfect the ranks of managerial and vocational cadres doing distribution and circulation work, stressing both competence and virtues.

One of the central tasks of the entire party and people at present is to organize and manage the market and steer it toward the socialist orbit. A decisive factor for success lies in unceasingly expanding and consolidating the economic clout of socialism in production and circulation. And success in market organization and management will effectively contribute to eliminating the system of state subsidies and bureaucratic centralism, switching the economy to economic accounting and socialist business and directing production and living standards toward stability and development.

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ECONOMIC PLANNING, TRADE, AND FINANCE

VIETNAM

BRIEFS

'REVERSE SUBSIDIES'--Ever since the Ice Production Enterprise in Cu Chi District began using economic accounting and socialist business practices based on the spirit of the resolution of the 8th Plenum, business has been better than ever. In 1985 the enterprise made a profit of 450,000 dong. This year, having expanding relations with other places, especially by supplying ice to the marine products sector, the enterprise is striving to fulfill the norm of increasing budget contributions fivefold as compared with last year. However, there is one thing about which the workers at the enterprise are very upset. For more than a year now, the enterprise has had to supply a quantity of ice to a district agency free of charge on the order of the enterprise management organization. Some people call this a "reverse subsidy." Being forced to supply state products free of charge over an extended period of time like this has resulted in the enterprise losing a large sum of money. And what is even worse is that this has reduced workers' confidence in higher echelons. The situation in which a number of higher-echelon agencies use their powers to force lower-echelon agencies to "offer" products to them as in the case of the Cu Chi Ice Enterprise is quite common in our city. Public opinion demands that this be stopped at once. [By Mai Van] [Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 18 Apr 86 p 2] 11943

CSO: 4209/594

AGRICULTURE

VIETNAM

SHRINKAGE IN HANOI TOBACCO PLANTING EXAMINED

Hanoi NHAN DAN in Vietnamese 18 Apr 86 p 2

[Article by Vuong Dua: "Can Hanoi Double Its Present Tobacco Acreage?"]

[Text] From Tobacco Planting in Son Tay City...

In recent years, along with intensive rice farming, pig breeding, and a rapid increase in crop and animal husbandry yields, Son Tay City (Hanoi suburbs) has expanded agricultural acreage and achieved an integrated business to turn out a large quantity of agricultural products in support of the people's living standards and exports--a way to acquire supplies for reinvestment in production. For the city, this continues to be a strategic economic goal in the coming years, especially the effort to expand tobacco planting on hilly land. In the past 5 years, the tobacco crop has taken a step ahead, bringing about a truly substantial and variegated profit. Prior to 1980, throughout Son Tay City only three cooperatives grew tobacco with negligible acreage and output. Just 5 years later, the number of interested cooperatives has gone up to 13, entailing an increase in tobacco acreage from 60-70 hectares (1981) to nearly 400 hectares (1985) and an output of nearly 200 tons--a three-fold increase over 1981. Tobacco not only enriches the crop family but has also contributed to exploiting the multifarm potential of tens of thousands of hectares of hilly land--on which cooperatives in the past could grow only a single low-yield rice crop plus a subsidiary food crop--and to doubling, even tripling, economic efficiency, adding millions of dong of revenue to the municipal treasury per year. Son Tay CPV officials affirmed that, had obstacles not exerted a bad impact on grower psychology, it would not be a distant possibility for the city to capitalize on past development tendencies to expand tobacco planting to 500 hectares in the next several years, enabling it to sell from 250 to 300 tons of raw tobacco a year to the Thang Long Cigarette Factory....

Regrettably, tobacco cultivation in Son Tay has gone up rapidly only to go down at an even faster pace. Hanoi has assigned a 400-hectare norm for this year's winter-spring season, but the city was barely able to fill nearly 300 hectares. Rice, peanuts, and subsidiary food crops have replaced tobacco on the uncultivated acreage. Municipal authorities are afraid that, if the declining trend holds up, this year's tobacco crop would produce only 160 tons at best--a nearly 50 percent decrease from last year. And next year, how many cooperatives will be left "carrying a torch" for tobacco cultivation?

...To a Thought About Tobacco Planting in the Hanoi Suburbs

By this time last year, travelers leaving Son Tay City for Ba Vi District or Soc Son were treated to the sight of green spring tobacco fields. This year, instead, those fields grow rice and peanuts. Leading district party officials fear that the tobacco granary in the Hanoi suburbs is in danger of collapse. Nearly all tobacco areas in these districts can fulfill only about 50 to 60 percent of the plan assigned by Hanoi. At a meeting to review the Hanoi winter-spring crop, Nguyen Cong Tan, vice chairman of the municipal people's committee, noted: "Tobacco planting has severely decreased." He then cited statistics to show that by the end of the productive season, all 12 districts and cities in the Hanoi suburbs were only able to grow tobacco on more than 2,000 hectares--just 60 percent of plan and over 1,000 fewer hectares than last year.

In our opinion, there are two reasons for the shrinkage of tobacco planting in Hanoi:

First, district and installation guidance over production is not yet consistent and resolute. Other crops than tobacco can be grown on tobacco fields and during the tobacco-planting season. Since tobacco manufacturing must go through many complex stages, strict guidance is needed. Nevertheless, excessive interest in major crops has led growers, at various times and places, to neglect applying intensive cultivation measures to tobacco. In putting the new contract system to work, some places lacked synchronization and failed to link grower responsibility and profit with the productivity, quality, and efficiency of the end product, giving rise to deceptive and slovenly work and an inordinate focus on quantity at the expense of quality. In 1985, Son Tay sold to the Thang Long Cigarette Factory nearly 200 tons of semiprocessed tobacco, which included no Class-1 products, very small quantities of Class-2, but only Class-4 and Class-5. A similar situation affected Ba Vi and Soc Son, two big tobacco growers which sold thousands of tons of tobacco a year. For that reason, the average price of a kilogram of semiprocessed tobacco was usually very low (although the state has adjusted purchasing prices). To be true, districts and installations could well correct that situation if bilateral contracts between the state and peasants had been carried out in a strict and straightforward manner. In fact, imbalanced and unstable planning is causing numerous difficulties to installations and growers.

Second, prior to 1984, the state assigned to Hanoi an annual delivery quota of 1,100 tons of stable-quality raw tobacco while authorizing growers to buy 20 packs of cigarettes at regulated prices for each kilogram of tobacco delivered in excess of the quota. The policy of making tobacco deliveries contingent upon the quantity and quality of invested supplies has helped installations devise their own production and business plans and clearly define their own economic goals. For a while, that policy encouraged cooperatives to develop tobacco cultivation rapidly for sale to the state. In fact, for many consecutive years Hanoi has exceeded state norms by 15 to 20 percent. But since 1985, that pattern has collapsed. Although the state has pledged to

supply provisions in keeping with tobacco deliveries, the influx not only has failed to keep pace with crop shipments but has also shrunk. In 1985, Hanoi delivered to the state 1,700 tons of raw tobacco in excess of the quota; in return, it received only from 35 to more than 50 percent of the supplies, including coal, chemical fertilizer, and grain.... Nor did it receive bonuses for over-quota sales as well as other kinds of goods which the state has promised to sell to tobacco producers as incentives. Lacking adequate advance supplies to keep production rolling, cooperatives were compelled to divert provisions earmarked for other crops to tobacco. As a result, no localities dared expand tobacco planting. This is not to mention irrational purchasing prices of agricultural products, irrational because prices of supplies have increased 8- to 10-fold. Worse still, deliveries of supplies were erratic, and to get supplies one had to go through "annoying barriers," causing "negative expenditures," transportation delays, and quantitative and qualitative deficiencies. Illustrating these difficulties is the fact that, during last winter's tobacco crop, Ba Vi District was forced to throw away nearly 1,000 tons of fresh tobacco leaves, just because coal for drying was not on hand.

Due to low investment, sluggish production, and the obligation to meet government-imposed norms, installations and producers were not interested in intensive cultivation, leading to reduced output and quality. Since prices have not yet been rationally adjusted, it goes without saying that tobacco often is less profitable than other crops.

Tran Tan, deputy secretary of the Hanoi CPV municipal committee, once asserted: "With its rich and multifarm land potential, Hanoi can, within the realm of reality, expand tobacco planting to 5,000-7,000 hectares with an output of 5,000 tons. And with such acreage and output, Hanoi will be able to make a bigger contribution to the central government and provide its own treasury with an additional 10-20 million dong for reinvestment in agriculture without having to request more central assistance."

Hanoi wants its tobacco acreage, productivity, and volume of production not to decrease, but rather to increase two-fold. Success, however, depends not only on the city but also, and mostly, on state investment and pricing policy and the involvement of concerned sectors in creating conditions for assistance.

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HEAVY INDUSTRY AND CONSTRUCTION

VIETNAM

SHORTAGE OF ROCK FOR ROAD CONSTRUCTION DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 18 Apr 86 p 4

[Reporter's Notes column: "Why Is There a Shortage of Rock for Road Construction?"]

[Text] In Ho Chi Minh City, approximately 50,000 cubic meters of rock of various types are needed each year in order to patch, repair and upgrade the small roads and streets in the wards and districts. This does not include the major roads made of asphalt. And it does not include the roads in the expansion plans that have yet been implemented because of the lack of rock. In recent years, the shortage of rock has had a serious effect on maintaining communications. Have things really become that bad?

Today, the municipal communications and transportation sector has only one rock production shop with an output of 15,000 cubic meters per year (which is about 1,200 cubic meters a month). This is not enough to satisfy the essential needs of production (this is just enough to repair a road about 1,000 meters long). Because of the shortage of rock for building roads, communications enterprises No 1, No 2 and others have had to purchase rock from other provinces. Because of the rock shortage, the ward and district communications units have had to patch and repair the roads using red earth. Because of this, while the reports state that road repairs have been completed and that the plans have been fulfilled, after 1 or 2 months of rain, these "earthen" roads are filled with potholes.

The reason why rock is produced in such small quantities is that during the past 10 years, the communications and transportation sector has not invested much money in this. The rock quarrying and crushing equipment frequently breaks down, and the crushed rock does not meet the standards. To date, nothing has been done to improve this situation.

Today, facing the urgent road repair and construction requirements, the communications and transportation sector is trying to solve this problem by carrying on joint operations with neighboring provinces. The Dong Nai communications and transportation sector has asked the municipal communications and transportation sector to participate in quarrying rock at an opencut rock quarry having a very large output. The two sides will invest in purchasing equipment (buckets, shovels, Be1AZ trucks, rock crushing

machines, and so on) and share the rock that is quarried. This looks good. But several months have passed now, and the other province is still waiting. There is still no sign that the municipal communications and transportation sector has begun to make preparations. From inquiring about this, it seems that the municipal communications and transportation sector is in a quandary just because it doesn't know where to purchase rock grinders. This slowness and lack of activity in investing in building a material base and this way of thinking have had a great effect on work in general.

By raising this problem, we hope that the communications and transportation sector will give greater attention to organizing rear service forces. In particular, we hope that rock production can satisfy the requirements in order to maintain communications.

11943

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LABOR

VIETNAM

NEED TO ATTACH GREATER VALUE TO INTELLIGENCE, CREATIVITY DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 19 Apr 86 p 3

[Reporter's Notes column by Thu Binh: "The Price of 'Gray Matter'"]

[Text] "Gray matter" is not a common, inexpensive commodity with a fixed price. It is a special product that is accumulated through study and training and actual activities in life.

In recent years, the "gray matter" in our city has been challenged and has reaped many wonderful results. However, it must be admitted that it has not been fully exploited. One of the things that has limited our "gray matter" is that many factories, enterprises, and production cooperatives, including full-time pricing agencies have not given the proper amount of attention to this special product. We can use the suggestion to "change the tube lamp ballast design," as an example. After 6 months of hard work, The shop's electrical specialists succeeded in manufacturing a high-quality type of "tang-pho" that saved a large quantity of raw materials, including electromagnetic wire, silicium sheet metal, varnish, paint, insulation paper, and labor man-days. Thanks to this, in only 6 months, the shop earned 68,000 dong (old currency). The electrical technicians felt very dejected when they received a bonus of only 200 dong for their suggestion. Because that amounted to only 0.3 percent of the value of that suggestion.

Everyone knows that new products are the result of using technical advances. "Gray matter" leaves a deep mark on products. When setting prices, "we" weigh, measure, and count the material factors very carefully: how many grams of polyvinyl chloride, how many kg of steel and rubber, and so on. But what about "gray matter?"

Many researchers who use the technical advances are waiting for a new law that will enable people to "weigh, measure, and count" gray matter scientifically and that will enable those engaged in scientific and technical work to bring about the reproduction and expanded reproduction of gray matter.

11943

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POPULATION, CUSTOMS, AND CULTURE

VIETNAM

PEOPLE'S RELOCATION IN NEW ECONOMIC ZONES ACCELERATED

Nam Dinh HA NAM NINH in Vietnamese 4 Mar 86 pp 1, 4

[Editorial: "Create a Mass Movement To Go To Build New Economic Zones"]

[Text] Labor redistribution is a strategically important task aimed at rationally using all national resources. Our province has a fairly abundant labor force, nearly 80 percent of which is employed in the agricultural production sector. The natural distribution of labor and land is unequal among various areas in the province. On the other hand, the rate of yearly population increase is too high.

Over the past years, our province has exerted great efforts to redistribute the labor force and to send people to build the new economic zones. This task has yielded important results. In conducting this campaign of strategic significance in the past 25 years, we have organized the transfer of nearly 450,000 people to build the economic zones. Especially during the 10 years since National Reunification Day, in pursuance of the policy of labor redistribution on the national scale, our entire province has sent more than 163,000 people to develop the economy in the northern border provinces, the Central Highlands provinces, and the Mekong delta. The relocated people have left behind nearly 900 hectares of housing land and 11,000 hectares of farmland, thereby contributing to increasing the per-capita land share in the province and to partially raising the per-capita income in the form of grain.

However, these achievements have not yet met the revolution's requirements. In addition to districts where the relocation movement has been conducted rather satisfactorily, there are still some which have failed to create an animated atmosphere and a constant impetus among cadres and the masses. Despite their small land area and their large population with an average share of only about 360 square meters per capita of farmland, some villages have in the past 10 years failed to induce people to go build the new economic zones. Other villages have not yet realized that this is a revolution of great significance from the politico-economic and national defense points of view. A number of localities have inadequately organized the people's departure or failed to create favorable conditions for the newcomers.

Nationwide redistribution of labor is an urgent need. For the next 5 years, from 1986 to 1990, along with the norm set for labor transfers to the new economic zones at the northern border and within our provincial territory, the central authorities have requested our province to move 400,000 people and 180,000 laborers for economic development to the Central Highlands. To fulfill this high norm successfully, we must launch a mass movement to respond enthusiastically to the need to build new economic zones. Right now, we must organize the relocation of 47,500 people by the end of 1986 in order to create favorable conditions for the coming years. Toward this end, it is necessary to organize, stabilize, and streamline the apparatus in charge of transferring laborers and people and to provide a body of cadres qualified to perform this mission. Party committees and the administration at all levels and all sectors and mass organizations must effect a more vigorous ideological shake-up, take specific organizational and guiding measures, and properly carry out propaganda, education, and motivation among cadres, party members, and the masses of people so as to create a seething and continuous movement to build the new economic zones. All districts and installations must assign cadres and party members with organizational and leadership capabilities and moral virtues to join the outgoing people for good or for a fixed period in order to help and guide the latter to settle their lives quickly and perform production immediately. To reduce difficulties likely to be encountered on their arrival at the new lands, the laborers to be relocated must be well qualified and accompanied by a reasonable number of dependents. Following the "joint action by both the state and the people" motto, we must actively raise a fund for the new economic zones in order to acquire an additional source of capital to support the outgoing people and promote capital construction in the new economic zones situated within our own province. Before the large-scale transfer of people to Gia Lai-Kon Tum, Dac Lac, and Lam Dong, adequate and urgent preparations must be made to zone off and expand the lands in these regions to make sure that, on their arrival, the relocated people will quickly settle their lives and start production. It is necessary to strengthen our relationships with sister provinces by developing the spirit of inter-provincial, interdistrict, and intervillage brotherhood with the objective of enhancing the sense of responsibility of both the regions, which send off and welcome people so that the latter will have a good impression and peace of mind when going to build new lands.

Every district, village, and citizen throughout the province must attentively promote this important task to ensure that our great mission will be performed well in the next 5 years and right now in 1986 for the benefit of their native lands and the whole country and also in their own interests.

9332/9435
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POPULATION, CUSTOMS, AND CULTURE

VIETNAM

HA NAM NINH PEOPLE RELOCATED IN GIA LAI-KON TUM

Nam Dinh HA NAM NINH in Vietnamese 28 Feb 86 p 1

[Text] For 5 days from 19 to 23 February 1986, Y Yen and Kim Bang Districts sent off nearly 250 households with 1,100 members including 550 laborers to build new economic zones in Gia Lai-Kon Tum. This was the greatest people's relocation ever effected by Y Yen and Kim Bang Districts.

In Y Yen, the outgoing people came from 19 out of a total of 31 villages in this district. Large numbers of outgoing people came from many villages, such as Yen My and Yen Khan, each of which moved out 20-odd households with more than 100 members including 50 to 60 laborers. Yen Trung Village sent off 19 households, Yen Tri Village 14 households, and Yen Loc Village 14 households. During this relocation stage, 12 party members in Y Yen District joined the people in the transfer to new lands with the determination to carry out successfully the labor and population redistribution policy on a national scale. For Kim Bang District, this was the greatest and most concentrated people's relocation ever. During this first relocation stage, as many as 60 households with 277 members including 130-odd laborers and 7 party members left Dong Hoa--a village with low-lying fifth-month ricefields which have been skillfully and intensively cultivated and have yielded a high output. In Chau Son Village, which borders on Phy Ly City, as many as 40 households with 181 members including 82 laborers and 4 party members also volunteered to go to build new economic zones during the first stage.

In addition to treatment according to the common policy, people from Y Yen and Kim Bang Districts who went to build new economic zones during this stage were also the object of incentive policies and received special material and economic benefits, depending on local possibilities, which resulted in encouraging and motivating all of them to set out enthusiastically with peace of mind.

9332/9435
CSO: 4209/547

TABLE OF CONTENTS OF 'NGOAI THUONG

Hanoi NGOAI THUONG in Vietnamese Dec 85 back cover

[Text] Table of Contents

-- Augmenting Export Investment, p 3

Research, Exchange of Views and Experiences

Hai Khoat: A Backward Glance at Exports in the Last 35 Years, p 5

V.P.: Improving Scientific Research in the Foreign Trade Sector in Order To Promote the Improvement and Perfection of the Mechanism Currently Used To Manage Foreign Trade Economy, p 12

Vu Le Giao: On Various Forms of Association in Training and Improving Foreign Trade Cadres in Localities, p 14

World Economy and Merchandise Market

-- Forty Years of Economic and Foreign Trade Development in the European CEMA Countries, p 17

-- News About the World Economy and Merchandise Market in November 1985, p 20

Foreign Trade Activities

Phuong Linh: Exportation by the Tan Lac and Ky Son Mountain Districts in Ha Son Binh Province, p 23

Professional and Technical Matters in Foreign Trade

L.H.: The Ruble As Exchange Unit, p 27

-- Change in Noncommercial Exchange Rate Between the Vietnamese Dong and the Currencies of Some Socialist Countries, p 28

Stories in This Issue

Duong Quyen: Ever Since the Year-end Negotiation, p 29

-- Recapitulative Index of Articles Published by the Magazine NGOAI THUONG in 1984, p 32