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# Southeast Asia Report

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28 August 1984

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## COUNTRY SAID TO MANAGE FOREIGN DEBTS WELL

Jakarta BUSINESS NEWS in English 27 Jul 84 p 3

[Text]

## Jakarta (Business News)

Indonesia's foreign debts amount to over US\$ 20 billion at present, but Indonesia has well managed its debts & carefully received debts from foreign sources. This was stated by Russel Cheetham, head of the World Bank representative in Indonesia after he met President Soeharto at Bina Graha here Thursday.

In general, Indonesia is one of developing countries which have controlled well their foreign debts, according to Cheetham. He also pointed out that the realisation of the World Bank aid program in Indonesia had run smoothly.

Cheetham disclosed that World Bank assistance to Indonesia stood at US\$ 1.1 billion last year and was expected to increase to US\$ 1.2 billion this year. The amount of World Bank assistance to Indonesia in the coming years is expected to be over US\$ 1 billion a year, he said.

The biggest part of World Bank assistance to Indonesia has so far been allocated in the agricultural sector, reaching around 30 percent of World Bank total assistance to this country every year. Priority has been given to the agricultural and rural development sector as most Indonesian people live in villages.

Apart from that, Bank Indonesia also allocates a large amount of assistance in the development of human resources and education. The realisation of training &

educational programs is considered vital to support industrial development in Indonesia in the future, he revealed.

World Bank aid to the energy sector in Indonesia is aimed at, among others, supporting the development of hydropower, coal and geothermal energy. The World Bank also extends aid for the development of transportation, irrigation and villages and the realisation of the family planning program to lower the birth rate, besides reducing unemployment and expanding job opportunities.

IMPROVEMENT OF : According to Cheetham, PROGRAMS development efforts in Indonesia in the past ten years have reflected the capability of the Indonesian Government in continuing the realisation of development programs. But improvement is still required to further smoothen the realisation of the programs, he continued.

The World Bank is also aware that the improvement of development programs can always be undertaken to make the realisation of the programs more effective, Cheetham said.

President Soeharto said when received the head of the World Bank representative that finally the progress of national development in Indonesia was in the hands of the Indonesian people.

CSO: 4200/949

POLICY ON FOREIGN INVESTMENTS UNCHANGED: PRESIDENT

Jakarta BUSINESS NEWS in English 27 Jul 84 pp 3, 4

[Text]

Jakarta (Business News)

President Soeharto stated when he inaugurated the Lalang oil field (Riau) from the Bina Graha presidential office here Wednesday that the Indonesian policy in the realisation of foreign investments in Indonesia remained unchanged.

The Head of Government stressed, however, that the Indonesian Government endeavoured to collect funds for investments from local fund sources. He also stated that the government was determined to increase the amount of the state budget every year, in accordance with economic growth and the progress of development.

He also stated the determination of the government to create favourable climate that could encourage the community, including the private side, to invest capital. The step will be taken without creating unbearable burdens, he said.

The government realizes the need to attract bigger foreign investments in the effort to accelerate national development, including economic growth, the Head of State revealed.

The President pointed out that oil and natural gas had played a crucial role in the realisation of development programs since the beginning of Pelita (five-year development plan), as oil and natural gas had served as the main sources of foreign exchange.

Such a condition is vulnerable for the continuation of national development, according to the President. It is for this reason that the Indonesian Government is determined to intensify non-oil/gas export drive, he added.

FIRST PRODUCTION : The President Director of the state-run oil company Pertamina, A.R. Ramly, reported on the occasion that the first production of the Lalang oil field was around 30,000 Bbl a day. The production will continue to increase as a result of the expansion of oil exploitation in the Riau off-shore areas.

The success to strike the new oil field in the Riau off-shore operational areas is thanks to the signing of a production sharing contract between Hubday Oil (Malacca Strait) Ltd., following 14-year hard work with a total cost of over US\$ 126 million.

CSO: 4200/949

## WORLD BANK AID TO COUNTRY DETAILED

Jakarta BUSINESS NEWS in English 25 Jul 84 pp 7, 8

[Text]

Jakarta (Business News)

The transmigration program implemented in Indonesia is the biggest resettlement program in the world and a lot of new ideas are tested & developed through that program, the representative of the World Bank in Indonesia told a press seminar here recently.

New ideas tested and developed in the realisation of the transmigration program in Indonesia include food crop experiments, land selection, the resettlement of people from the villages to urban areas connected with the development of small industries, and the development of spontaneous transmigration, he pointed out.

World Bank's activities in Indonesia started in 1968, soon after Indonesia was registered as a member of the bank. The representative office of the World Bank in Indonesia was set up in 1968.

The World Bank group had up to November 30, 1983, extended financial assistance amounting to US\$ 7,102.3 million to Indonesia for the financing of 129 projects. Some US\$ 931.9 million out of the World Bank assistance already supplied up to November 30, 1983, was from the International Development Association.

The amount of World Bank's assistance to Indonesia in various sectors and the number of projects till November 30, 1983, is as listed below :

Assistance	Loans (million US\$)	Number of projects	% of loans
Agriculture	2,404.3	48	33.9
Power/coal	2,104.0	16	29.6
Industry	771.9	15	10.9
Transport	797.5	13	11.2
Education	580.1	16	8.2
Urban deve- lopment/ water supply	278.0	8	3.9
Population/ nutrition	112.7	5	1.6
Technical assistance	25.0	6	0.3
Tourism (Bali)	16.0	1	0.2
Telecommu- nication	12.8	1	0.2
<b>T o t a l</b>	<b>7,102.3</b>	<b>129</b>	<b>100.0</b>

World Bank's projects in Pelita I were oriented to the rehabilitation of infrastructures and facilities for production to cope with the lack of skilled workers. World Bank's technical assistance extended in Pelita I was used in pre-investment study and in the realisation of projects.

In Pelita II, World Bank's assistance to Indonesia was shifted to the expansion of the production capacity in the agricultural sector, transportation and the power sector as well as the improvement of quality and the procurement of public services, in accordance with the orientation of government policies. Around 40 percent of World Bank's assistance to Indonesia in Pelita II was oriented to the agricultural sector, including the transmigration program, particularly in the expansion of job opportunities, the procurement of foods and the promotion of exports.

Apart from that, the government increased the amount of credits almost in all economic sectors, including the production and distribution of fertilizer, transportation, education, rural development, irrigation, urban development, nutritional improvement, electricity, telecommunication and population, besides technical assistance.

The extension of World Bank assistance to Indonesia in Pelita III was oriented to the equitable distribution of income and the elimination of poverty. The Indonesian Government, in cooperation with World Bank staff, handled projects in the fields of irrigation, plantation and agriculture, transmigration, river basin development, procurement and distribution of fertilizer, energy, road development, medical services, urban development, development of water resources and industrial development.

In accordance with government policies, the extension of World Bank assistance to Indonesia in the coming five-year period (Pelita IV) will be more oriented to educational, manpower and industrial sectors.

CSO: 4200/949

EDITORIAL DISCUSSES DROP IN CAPITAL INVESTMENT

Jakarta BUSINESS NEWS in English 25 Jul 84 p 2

[Editorial: "The Fuss About the Investment Climate"]

[Text]

"Kompas" daily has attracted public as well as government attention to a phenomenon that has actually prevailed since the beginning of 1983, viz. the dull situation at the BKPM (Investment Coordinating Board) and the reduced flow of applications for PMA (foreign investment) and PMDN (domestic investment) licences.

If this condition has lasted for such a long time, and we can remember the BKPM Chairman revealing this to mass media after reporting to the President, then will this latest exposure help correct the situation?

It is not so certain, but the possibility is there. News reporting and public speech in themselves are not yet able to change a condition. It depends on the root causes of the situation considered less favourable.

Non government circles generally blame the change in the climate of government policies for the lack of vigour in PMA and PMDN. Two areas of policy making are frequently referred to as an impediment to the flow of PMA and PMDN, namely the tax reform and the restrictions on expatriate personnel.

On the other hand, government circles tend to blame the unfavourable international climate for capital investments. The US dollar prime rate is so high that the rate of return expected from capital investments is usually below the level of interest. So capital owners for the moment prefer to make a profit on interest.

Causes of domestic and foreign origin are at work in Indonesia, and the consequence is that the number of applications for new investment licences has dropped considerably.

However, before the close of 1983 a lot of PMA and PMDN applications were still received by the BKPM. Why is it that starting 1984 the BKPM office has had almost nothing to deal with? The dollar prime rate has been high since last year. Hence the domestic cause should be given proper attention if the investment climate is supposed to be improved.

Repelita IV wants to see a sharp increase in private capital investments in order to achieve a total investment value of 29% of the GDP at the end of the period. Since government investments are no longer expected to rise as was the case in the past, private investments should be boosted to a large extent.

Can the tax system still be adjusted to the necessity for this investment promotion? The aim of the tax reform is not to kill the urge to make investments, it is rather the other way round. But the new tax has abolished special incentives previously granted to stimulate investments, such as tax holidays, investment allowances and capital whitening. In compensation for such facilities the new tax rate is reduced from the maximum of 45% to 35%. Besides, major depreciation can be accelerated, so that in the first years the amount of taxable profit can be lowered and cash flow increased.

The calculation of this new tax, however, is not very clear yet to most of the business circles concerned, and the impression is that the taxable amount will be greater because the cost deductible from income is now restricted.

The new tax system has now been passed into law, so that practically it can no longer be changed. If special incentives are supposed to be given to capital investments, particularly PMDN, the government can still possibly restipulate the enforcement of capital whitening by a government regulation or presidential decree. This means a great deal to PMDN. It should be realised that the decision on whether or not to invest is partly affected by a "psychological factor", i.e. investors' confidence in, or "pleasure" with, the situation. If PMDN applications are already absent for six months, the climate and psychological factor should be taken care of. PMDN have for a long time been more important than PMA. But it should also be understood that behind the PMDN there are elements of foreign capital or credits, foreign technology, foreign personnel, etc.

Stricter control over the licensing of expatriates also has its effect. The foreign personnel are under present circumstances indeed still much required. It is better to leave the employment of expatriates to the policy of company management, as this has been rendered expensive by the tax on their employment. Indonesianisation means a process that takes a long time. It can be forced, but productivity is sacrificed. It is this productivity that becomes the most important factor now. The Indonesianisation process in itself still does not much increase employment for Indonesians, because foreigners working in this country only total tens of thousands.

Emphasis should be given to the promotion of production, capital investments, and non-oil/gas exports. These exports will depend largely on capital investments and productivity.

CSO: 4200/949

## SUPPLY OF GAS TO INDUSTRIES

Jakarta BUSINESS NEWS in English 20 Jul 84 p 9

[Text] Jakarta (BUSINESS NEWS)

The supply of gas by the PGN state-run gas industrial company to industries in the country this year is expected to be bigger than that in 1983. In the first five months of this year, the supply of gas to industrial plants by PGN reached 20,401 ( $10^3 m^3$ ).

The sale of gas by PGN to industries in the country in the 1981-1983 period was bigger than the supply of gas to the public in the same period. PGN has so far used oil and natural gas basic materials in the production of gas.

The use of basic materials and the production as well as the sale of gas by PGN in details are as follows:

Year	Basic materials		Production			Sale		
	Oil ( $10^3$ liters)	Natural gas ( $10^3 m^3$ )	( $10^3 M^3$ )	( $10^9$ kcal)	General $10^3 M^3$	Industry ( $10^3 M^3$ )	Total	
							( $10^3 M^3$ )	( $10^9$ kcal)
1981	16,139	53,733	79,188	540,868	18,568	42,611	61,177	390,697
1982	16,546	44,582	70,510	488,843	18,606	33,054	51,660	326,846
1983	15,909	58,842	83,589	612,078	17,968	45,595	63,563	434,599
1984:								
January	1,374	5,595	7,603	59,751	1,481	4,278	5,759	42,077
February	1,319	5,575	7,475	57,646	1,479	4,566	6,045	44,753
March	1,328	4,932	6,985	52,223	1,510	3,618	5,128	35,568
April	1,295	4,718	6,683	48,788	1,485	3,522	5,007	33,298
May	1,348	5,821	7,891	58,273	1,433	4,417	5,850	40,511
TOTAL	6,664	26,641	36,637	276,681	7,388	20,401	27,789	196,207

CSO: 4200/949

## COAL EXPORTS FROM OMBILIN UP

Jakarta BUSINESS NEWS in English 25 Jul 84 p 10

[Text] Jakarta (BUSINESS NEWS)

Coal exports from the Ombilin coal mine have continued to increase every year since 1981. The shipment of coal from Ombilin to other countries stood at 136,103 tons in the first five months of the year, higher than that in the whole year of 1983.

Increases have also been recorded in the production and local consumption of coal from Ombilin. The production, local consumption and exports of coal from the Ombilin coal mine from 1981 to 1984 is as follows: (in tons)

Year	Production	Used by the Ombilin mine	S a l e s		
			Domestic	Exports	Total
1 9 8 1	241,687	17,796	135,236	91,946	228,482
1 9 8 2	302,572	20,378	142,839	103,885	246,724
1 9 8 3	325,662	20,640	153,435	143,255	296,690
1 9 8 4 :					
January	34,373	1,450	8,353	30,661	39,014
February	44,298	1,501	15,431	27,893	43,324
March	51,341	1,524	16,791	25,847	42,638
April	48,573	1,526	20,792	31,820	52,612
M a y	42,670	1,791	7,592	19,882	27,474
T o t a l	221,255	7,792	68,959	136,103	205,062

CSO: 4200/949

## BRIEFS

WONOREJO DAM TO BE COMPLETED--Jakarta (BUSINESS NEWS)--A dam complete with its irrigation system now being built in Wonorejo, Tulungagung (East Java) is expected to be entirely completed in 1987/88. The dam will give direct supply of water to around 7,800 ha of ricefields and indirect water supply to about 1,700 ha of ricefields. The project will also supply the Brantas river with  $8\text{m}^3/\text{second}$  of water in the period of three-month and generate electricity with a capacity of 2,580 MW, besides functioning as a flood control, fishery and tourism project. Built since 1983/84, the Wonorejo dam will create a lake inundating 420 ha of land. The project side has to resettle 1,500 families to other places. Land clearing for the construction of the dam started in 1982/83. The construction of the Wonorejo dam constitutes part of the Kali Ngrowo development project, which also includes: --the building of the Segawe dam in Kali Song; --the handling of the Tiudan head works in the downstream part of the dam; and --the installation of waterpumps at Telogo Buret for the irrigation of 745 ha of ricefields. The whole project will be completed at an estimated cost of US\$148,715,000, comprising US\$81,909,000 from the domestic fund sources and US\$66,806,000 from the Asian Development Bank. [Text] [Jakarta BUSINESS NEWS in English 25 Jul 84 p 9]

REPLACEMENT OF MERCHANT SHIPS--Jakarta (BUSINESS NEWS)--The government has decided to replace old merchant ships with the new ones in stages from the beginning of Pelita IV (fourth five-year development plan) to guarantee effectiveness and efficiency in sea transport services. This was stated by Minister of Communications Roesmin Nurjadin at a ceremony marking the inauguration of the new graduates of the Maritime Training & Educational Centre in Semarang recently. The Minister also said on the occasion that to smoothen the transport of export and import commodities, the containerization system has been applied in Indonesia. He revealed that the swelling in the number of merchant ships in Indonesia should be countervailed with the increase in the number and improvement in the quality of sailors. He pointed out that based on the result of a meeting on the law of the sea held in Jamaica in 1982, Indonesia's territorial waters covered inter-island waters, including the exclusive economic zone (200 miles from the coast). It is a challenge for the sea communication subsector to step up its role in the development of Indonesian territories and waters that cover around  $8.5\text{ million km}^2$ , he said. [Text] [Jakarta BUSINESS NEWS in English 25 Jul 84 p 9]

EEZ FISHING ARMADA DEVELOPMENT--Jakarta (BUSINESS NEWS)--The Directorate General for Fishery has emphasized the importance of making available more big-sized fishing vessels to strengthen the fishing armada operating in the exclusive economic zone (EEZ). The operation of fishing vessels in the EEZ need the support of modern equipment as well as crew members skilled and experienced in catching fish in oceanic fishing grounds, according to the Directorate General for Fishery. The target of the development of the fishing armada in the EEZ in 1984 is the procurement of 420 fishing vessels, consisting of 382 off-shore fishing vessels and 38 oceangoing fishing vessels. The number of fishing vessels operating in the EEZ is projected to grow to 2,384, consisting of 2,111 off-shore fishing vessels and 273 ocean-going fishing vessels, in 1988. With the increase in the number of fishing vessels operating in the EEZ, the production of tunafish is projected to reach 124,000 tons in 1984 and expected to increase further to 222,700 tons in 1988. [Text] [Jakarta BUSINESS NEWS in English 20 Jul 84 p 7]

WADAS LINTANG DAM--The construction of the Wadas Lintang dam in Central Java had up to the end of June this year 24.1% completed. Built on the Badegolan river located between the Wonosobo and Kebumen regencies, the dam will create a lake with a maximum capacity of 443 million m<sup>3</sup> of water. The dam will irrigate around 31,100 ha of ricefields and will increase the productivity of those ricefields from 3 ton/ha at present to 5 tons/ha during the harvest season. The Wadas Lintang project also includes the setting up of a hydropower plant which will generate electricity with a capacity of 92 million KWH/year. The dam, which will also prevent several areas in the Wonosobo and Kebumen regencies from flood, will create a lake covering around 4,000 ha. The Wadas Lintang project will become a beautiful tourist resort, besides functioning as a fishery project. [Text] [Jakarta BUSINESS NEWS in English 27 Jul 84 p 4]

CSO: 4200/950

## STUDENT'S FORESTRY TRAINING IN USSR DESCRIBED

Moscow PRAVDA in Russian 21 Jun 84 p 4

[Article by PRAVDA special correspondent A. Shelud'ko, Leningrad: "Steep Steps-- Report on Lao Students Training in the USSR"]

[EXCERPTS] "I am proud of the fact that I spent several years in Leningrad and studied at one of the world's oldest forestry schools. I know of no other city like Leningrad. I am convinced that there is no other city in the world as heroic and beautiful."

This is what Phoui Vongkhamchan, a graduate of the Leningrad Order of Lenin Forestry Academy imeni S.M. Kirov, said in a letter to the fourth group, in which he studied, from Vientiane. That was several years ago. He completed his training ahead of the others and rushed back to his homeland, where the patriots were completing the struggle for a new and free Laos....

Vongkhamchan had just been appointed head of a section in the forestry department when he was sent to the provinces of Houaphan and Khammouan. He surveyed the area over a period of 4 months and indicated on a map sections of forest where benzoin could be extracted. He knew that it was in great demand abroad, and the republic could use it to obtain foreign currency. He worked persistently from morning to night.

"I wanted to justify receiving the Soviet diploma as rapidly as possible, and the trust of leaders of the Patriotic Front of Laos, who even during the difficult war years were thinking about a peaceful and happy future for the homeland and who gave me the opportunity to acquire an education in the first socialist state even at such a time," Phoui recently told a PRAVDA correspondent.

It is not difficult to understand Vongkhamchan's feelings. His parents were illiterate and did washings for a living. As far as Phoui can remember, he and his brothers and sisters did the same. Everything done at home was devoted to obtaining food. Both the adults and the children had almost no rest. Their thinking was very limited: The difficult life restricted their perception of life around them to the confines of the little world of their home. And then he went to the USSR. Phoui had not even dreamed of such a thing.

He certainly had to start from scratch. The concern and the earnest consideration of his instructors and fellow students had a good effect, however. Vongkhamchan

studied literally with a passion. Here, at the cradle of Great October, he could see the prospects for the Lao revolution, and he took to heart the tasks involved in building a new life in his nation.

"Most of the time," I read in one of his letters to his Soviet friends, "I travel around the country. The roads have not yet been repaired, and the foes of the revolution are still taking shots from around the corner. This makes it all the more important to reach the most remote villages, however. I need to perform my service duties in the best possible manner myself and also to see that others do the same. I have certainly never been a polished speaker, and it is sometimes difficult to find the right words. I make an effort to find them, though, because an engineer must also be a political worker and a fighter for the party cause...."

We had a reason for discussing the hero of our report. Phoui Vongkhamchan is one of the graduates of which the department is proud. Upon graduating from the academy he continued to perfect both his expertise in his special fields and his knowledge of the Russian language. After working 6 years in his homeland he was sent once again to the Leningrad Forestry Academy--this time to prepare and defend his dissertation for the academic degree of candidate of economic sciences.

Yes, Vongkhamchan's Leningrad mentors can be proud. With their help he became one of the young republic's first trained forestry specialists. He and others like him are being followed up the steep, difficult steps of the ladder of knowledge by other young Lao men and women--by each of 1,370 students from the Lao People's Democratic Republic now studying at our nation's VUZ's.

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CSO: 1807/267

OUTLOOK FOR ROUTE 9 CONSTRUCTION, AGRICULTURE, COOPERATIVES

Bangkok MATUPHUM in Thai 23 Jun 84 p 5

[Article: "Laos Today.... Speed Up in Rice Cultivation Before Rainy Season... One by One Population Hurries to Flee Hard Labor"]

[Excerpts] The LPRP government is in the midst of implementing the First 5-Year Development Plan, which will end in 1985.

Officials are hurrying to instruct the people in rice farming, starting with selecting rice varieties appropriate for various soils, such as upland and dry season rice, or growing rice in abandoned rice fields that have not been cultivated for many years.

Besides that, local authorities are encouraging the people to conserve water by building earthen embankments, digging ponds in the middle of rice fields or closing off irrigation ditches to serve as reservoirs in case of drought. Along with that, they are hurrying to improve various machinery so that it will be ready for use again.

Lao officials announced at the Third General Congress of the LRP in 1982 that during the 6-year period before the implementation of the First 5-Year Development Plan, Laos was able to increase agricultural [rice] production from 700,000 tons to 1.3 million tons per year.

And for 1985, the final year of the development plan, officials have set a production target as high as 1.6 million tons.

This year, government officials from the middle level down to the canton agricultural cooperative level and various provincial levels throughout the country are concentrating their efforts on rice cultivation because only 1 year remains for reaching the set target.

One thing that will help increase production is the use of fertilizer. There is naturally produced animal manure fertilizer in each local area and chemical fertilizer given as aid by friendly countries.

As for the southern part of the country, one area that is developing this year is the communications sector, especially Route 9, which connects Vietnam's port of Danang with Savannakhet Province. This route stretches straight through Sepone, Phin, Phalan, Khong Hen and Seno Districts to Savannakhet City at its end.

This same route also can be used for easy connections to Kongsedone Province and Pakse District all the way down to Khong District, which is located in the very southern part next to Kampuchean territory, or back up to Saravane Province, which is located in the central part of the south.

This year, officials built a concrete bridge and opened four bridges on all the important economic and strategic routes.

The first bridge was built in Se Kumkam with assistance from Czechoslovakia. It is 8.5 meters wide, 90 meters long and can handle a weight of 120 tons. The dedication ceremony was on 30 May this year.

The second bridge was built across the Se Tha Mouak [River], also with assistance from Czechoslovakia. The third was built across the Se Champhon [River] in Donghen District with assistance from Bulgaria. The fourth one was built across the Se Xamxol [River] in Phalan District with assistance from the government of Hungary, and also has been completed and opened for use.

Route 9 is an important route in the southern part of Laos. It is used for transporting goods during peacetime and is also an important strategic route during wartime.

Therefore, communications in the southern part of Laos are more convenient and faster in 1984.

But as for accelerating paddy production, some significant obstacles to reaching the target this year are seen.

According to reports from a group who recently fled across to Thai territory, we understand that herbicides are in great shortage. Besides that, fertilizer is insufficient for distributing to various production cooperatives throughout Savannakhet. And a shortage of labor is also an important factor.

These Lao stated that during the dry season rice period in the past, they had to give a part of their time to work on collective rice farming cooperatives and another part of their time to work in their own fields. (Officials still allow people to work their rice fields freely, but at the same time, they urge them to see the importance and advantage of collective rice farming.) This makes them unable to keep up with the seasonal changes.

Some Lao specifically stated that this year officials are concentrating labor on collective rice farming. In some areas, people have to move 60 km away from the border in order to participate in cooperative production. In the areas where there are shortages of buffalo for plowing, human labor must unavoidably be used to accelerate production to achieve the target.

Nevertheless, the official Vientiane Radio regularly concentrates its propaganda on guiding and urging people to accelerate new season production. But the important problems are the lack of manpower and essential agricultural technology. And hardship is making a significant number of people flee the country during the early part of this rainy season.

A number of the fleeing refugees expressed their doubts about production reaching the hands of the Vietnamese. Some people also said that from what they have seen with their own eyes, the Vietnamese are running the logging operations that have almost devastated all the forests. Officials have had to push people to grow more trees in Khanthaburi District and the Km 10 area of Savannakhet Province during this past period.

It seems that these doubts themselves are a factor that is making people want to flee across the Mekong River.

And these are important obstacles to accelerating paddy production in Laos to reach this year's target, at the very least around the Savannakhet Province area.

12587  
CSO: 4207/173

## PM-ELECT LANGE TO STAND BY PARTY WARSHIP BAN

Sydney THE SYDNEY MORNING HERALD in English 18 Jul 84 p 1

[Article by Spiro Zavos, in Wellington]

[Text] New Zealand's Prime Minister-elect, Mr Lange, said yesterday he would stand by his party's policy to ban US nuclear ships from NZ ports - despite warnings from the United States that the ANZUS treaty was in jeopardy.

Mr Lange made his comments after announcing his intended cabinet. The Minister for Foreign Affairs, Mr Hayden, confirmed that Mr Lange had told him during their talks that he would stand firm on the policy.

Mr Lange's stance means that New Zealand now faces a severe foreign policy crisis because the 33rd ANZUS Council communique, released yesterday, contains the following, pointed sentence: "Access by allied aircraft and ships to the airfields and ports of ANZUS members was reaffirmed as essential to the continuing effectiveness of the alliance".

The NZ Labour Party wants to renegotiate the ANZUS agreement to deny nuclear-powered US warships access to NZ ports, a policy neither the US nor Australia accepts.

The US Secretary of State, Mr Shultz, told a press conference: "What is called for here is some patience and we'll work our way through these problems."

But he quickly rejected the new NZ Government's policy for a renegotiation of the treaty.

"I don't think there's anything really to renegotiate about it. What kind of an alliance is it if the military forces of the countries

involved are not able to be in contact with each other?"

Mr Shultz and Mr Lange later met before the American delegation departed for the US. Mr Lange said the two governments would have "a continuing association and dialogue - we value that".

NZ Labour Party sources said yesterday that Mr Lange had very little room to manoeuvre anyway - "the party won't stand for a change," one official said.

At the press conference which followed the ANZUS Council meeting, Mr Shultz was asked why ANZUS was not in jeopardy in the early 1970s when American, nuclear-powered ships were banned from Australian and NZ ports.

"The proposition was not so essential in those years," he said, adding: "Now, nuclear-powered vessels make up a large part of our fleet. Nor can an ally stay away completely from nuclear weapons. These are the main weapons that have kept the peace. What you have to remember is that ANZUS is a peacekeeping agreement."

Mr Hayden said that if B-52 bombers were banned from Australia, for instance, it would be impossible to hold exercises - "and if exercises can't be held, what's the point of the alliance?"

In San Francisco, Senator Walter Mondale, the probable Democratic Party candidate for the US Presidential election, on Tuesday

urged President Reagan not to threaten NZ to force it to open its ports to US nuclear ships.

"I am convinced the new government of NZ wants good relations with the US. I don't think any threats are needed. What is needed now is a respectful dialogue between the two governments," Senator Mondale said.

**Milton Cockburn comments:** Australia's agreement to yesterday's ANZUS communique — reaffirming that access to ports is essential to the continuing effectiveness of the ANZUS alliance — reflects a long and painful learning experience for Mr Hayden.

It was after the ANZUS Council meeting in Canberra in 1982 that Mr Hayden was forced to acknowledge that a failure to accept visits by nuclear-armed warships to Australia would "effectively demolish" the ANZUS alliance.

As Mr Hayden told the ALP National Conference last week, his attempt in 1982 to support the Victorian Premier, Mr Cain, in seeking to have such visits banned, had not been the smartest thing he had ever done.

Six years earlier, the then Labor Party leader, Mr Whitlam, had acknowledged the implications for Australia's treaty obligations of attempting to ban visits by nuclear-armed ships.

Then, the Fraser Government allowed the resumption of visits by nuclear-powered warships which had been suspended by the McMahon Government in 1971, pending an investigation of environmental considerations completed in 1976.

The question of nuclear-armed ships was considered to be quite distinct from that of nuclear-powered ships for the simple reason that no country is willing to declare which of its vessels carry nuclear weapons.

In 1976, Mr Whitlam had promptly dismissed any suggestion that allies be asked to declare if their ships were nuclear-armed.

"If that information and requirement are imposed, it becomes a matter of public knowledge which of the ships are nuclear-armed and which may not be", he told Parliament.

In 1982, Mr Hayden finally came to the same conclusion but only after a humiliating public backdown which cast doubts within the Labor Party about his leadership.

The US cannot afford to let NZ go its own way on the issue of nuclear ships. This would not only have implications for Australia but could also lead to other countries, such as Japan, the Scandinavian countries and some European nations, hanging out the unwelcome flag as well.

CSO: 4200/953

NATIONAL PARTY DEFECTOR DEFENDS, EXPLAINS LABOR POLICY

Melbourne THE AGE in English 20 Jul 84 p 13

[Commentary by Marilyn Waring, MP whose defection from the National Party on a nuclear vote led to the New Zealand election and the defeat of Sir Robert Muldoon's Government: "NZ Stand Won't Change Anzus"]

[Text] **W**E are told that the election of a Labor Government in New Zealand, with a policy to prohibit the visits of nuclear-powered and nuclear-armed ships to its ports, threatens the ANZUS alliance.

This treaty was signed in 1951 "to strengthen the fabric of peace in the Pacific area", and to guard against the resurgence of Japanese militarism.

Article 3 of the treaty, the only effective operative article in the small document, says the parties will consult together whenever, in the opinion of any of them, the territorial integrity, political independence or security of any of the parties is threatened in the Pacific

At the signing, the New Zealand representative, Sir Carl Berendsen, said: "Finally the treaty is of no effect unless and until one of the treaty partners is attacked".

The US State Department confirmed in 1983 that this was still the case and that Australia shares this view was reinforced in the defence document, approved and adopted by the Hawke Government, which was leaked early in 1984.

The ANZUS agreement brings to the table one partner with missile weaponry sufficient to destroy the planet Earth many times over, one partner with expanding investment and interest in uranium mining and a number of bases which

represent a permanent accession to United States global nuclear defences — and then there is New Zealand.

So that, when 'The Age' editorial asks how New Zealand reserves the right to be different, it is because, patently, it is different. There are no permanent US naval or communications bases here, no North-West Cape, no Pine Gap, no Murrungar, no "arrangement" for the refueling of B-52s, no Omega stations and no integral membership of the nuclear club through the sale of uranium from the largest mines in the world.

Under successive Governments, New Zealand has pursued a nuclear-free policy. The decision to oppose nuclear power generation was made by the Muldoon Government in 1976.

New Zealand refuses to manufacture, possess or permit to be stored any form of nuclear weapon on its sovereign territory. Successive Governments have totally opposed the development, testing and use of nuclear weapons anywhere at any time.

The New Zealand intervention at the last United Nations disarmament conference said: "We wish to see the whole world free of nuclear weapons, and nowhere more than our part of the world, the South Pacific".

It is certainly obvious to all New Zealanders, even if it escapes the

comprehension of our ANZUS allies, that New Zealand cannot possibly be defended through the use of nuclear weapons, and that they do not want to see themselves defended by their use.

On Saturday 14th July, 64 per cent of New Zealanders voted in political parties offering platforms that opposed the visits of nuclear armed or nuclear powered ships. In the past five years, city, borough and county councils, representing more than 65 per cent of New Zealanders have declared themselves "nuclear weapons free".

An empty gesture some might say — but an expression of a desired intention — which is how the deputy director of the United States Disarmament and Arms Control Agency, and the chief of New Zealand's defence staff have described the non-proliferation treaty.

In a politically active society, this is the expression of defiance from New Zealanders who refuse to be powerless in the nuclear nightmare.

While in Opposition, the Labor Party was unsuccessful on three occasions in attempting to introduce legislation to prohibit the visits of nuclear powered and nuclear armed ships.

One such attempt led to the establishment of a select committee on disarmament and arms control. I was a permanent member of that committee for its duration of more than 12 months.

There was not one scrap of evidence presented by any person at any time — including Eugene Rostow, US officials, heads of the armed services, Foreign Affairs, private individuals, or members of the Government, that a refusal to allow the visits of nuclear armed or nuclear powered ships would jeopardise the ANZUS Treaty.

The question of port visits of a nuclear variety did not arise for the first nine years of the treaty. In 1960, one submarine, and in 1964 three ships, visited NZ ports.

For the remaining eight years of the Holyoake National administration there were no visits, and this policy continued during the 1972-5 Labor Government. The policy changed in 1976 and since then visits have comprised; 1976 two cruisers, 1978 one submarine, 1979 one submarine, 1980 one cruiser, 1982 one cruiser and 1983 one cruiser.

Where previous ANZUS communiqués have simply "noted" the importance of port access, while reiterating the right of independent policy within the alliance, we are now supposed to believe that the cornerstone of access on which an alliance can tumble are the rest and recreation visits of three submarines, three ships and three cruisers in eight out of 33 years.

My understanding is that the New Zealand Government receives a list of vessels which might call and dates on which they might call.

The New Zealand Government then indicates whether or not it will receive such a visit. Without legislation, New Zealand already has the opportunity to ensure that it is nuclear free at all times.

This will be the approach adopted by Prime Minister Lange, and accepted by the alliance. It doesn't legislatively entrench provisions which might be duplicated by other nations in strategically more sensitive areas. It leaves the field open in pressurising New Zealand, and leaves the decision on a case by case basis.

New Zealanders won't be bullied out of this policy, and are sufficiently well-informed on the issue to laugh at the capricious editorial hyperbole of the 'Age' when it suggests that New Zealand's position questions its membership of the Western alliance as a whole.

These are people who refuse as a nation to be led blindly into the nuclear wilderness. Like the Dutch, who for now are refusing the stationing of cruise missiles, New Zealanders, in the only way available to them, make their stand.

LEYTE NPA ENCOURAGE MARIJUANA CULTIVATION

HK031131 Quezon City Maharlika Broadcasting System in English 1100 GMT 3 Aug 84

[Text] Communist terrorists in Region 8 are resorting to marijuana cultivation not only as a source of funds but also as an instrument of subversion. This is being done by destroying the health and moral fibre of the youth. Details from correspondent Jun Francisco:

[Begin recording] This was disclosed by Brigadier General (Cesar Villarin), PC-INP [Philippine Constabulary-Integrated National Police] Region 8 Commander, in a speech keynoting the 3-day antidrug abuse campaign seminar sponsored by the armed forces Narcotics Command [Narcom] at Maasin in southern Leyte. The 3-day seminar was held in Maasin at the request of Batasan Speaker Nicanor Yniguez, who sought the help of PC-INP Chief Fidel Ramos to curb abuse in his home province of southern Leyte.

Colonel (Ramon Montano), Narcom chief, who was directed by General Ramos to conduct an intensified antidrug abuse campaign in southern Leyte, confirmed reports that the New People's Army is resorting to marijuana cultivation in region 8, composed of the two Leyte and three Samar provinces. (Montano) warned all concerned to be vigilant of this new threat posed by the subversive terrorists in the region. [End recording]

CSO: 4200/963

'LOST COMMAND' SAID LINKED TO AGUSAN TERROR

HK060205 Manila TIMES JOURNAL in English 4 Aug 84 pp 1, 2

[Report by Marlen Ronquillo: "30 Murders, Rape Fan Land Feud"]

[Text] At least 30 killings and dozens of rape and manhandling cases are being linked directly by a coalition of concerned citizens to a protracted land dispute in Agusan del Sur.

The dispute, which started in 1980, involves the NDC-Guthrie and small landowners. The NDC or National Development Corp is a state-owned firm of which Guthrie is a Malaysian-British company.

The dispute has also displaced thousands of Manobo tribesmen who had been driven out of their ancestral lands to give way to the palm oil plantation of the corporation.

The concerned citizens' group said the killings had been blamed by the military on terrorists of the New People's Army.

This is not true, said a spokesman of the group which claims to have documented the killings, rape and manhandling cadres. The spokesman said that while they had given several interviews on the dispute with reporters and writers, not a word has so far appeared in any publication.

As a result, the spokesman said, they are now planning to send a complete report on the abuses to humanrights organizations overseas.

The group said the NDC-Guthrie started buying land for the plantation in two towns in 1980, after receiving authority to develop the area.

Sensing strong opposition by the Manobos and Christian settlers in the area, the corporation hired remnants of the "Lost Command" to start a reign of terror, the concerned citizens' group claimed.

The lost Command is a ragtag band of army deserters fighting the military and the dissidents.

"Several mysterious killings happen right after the strong opposition registered by the tribesmen and the settlers," said a doctor belonging to the citizens' group. "Women were raped and scores of people in the two towns manhandled."

In May 1982, seven bodies were plowed out from a shallow grave inside the plantation by a bulldozer paving a plantation road, the group claimed.

The group also claimed the about 2,000 Manobos and Christian settlers were forced to sell their lands from P [pesos] 2,000 to P 4,000 per hectare. Still hundreds have remained unpaid and their cases are now pending before the courts in Agusan.

Not all, however, have been cowed.

Datu Sangkuan, a brave Manobo, is leading four other tribal chiefs still resisting pressure from the corporation.

He said through an interpreter that he and his fellow datos will die fighting for their right to remain in their ancestral lands.

"If we leave our land, we die because there is nowhere to go," Sangkuan said. "It is better that we die here, fighting."

Sangkuan and his fellow datos are in a land area in Prosperidad town covered by the corporation's land development authority.

The corporation has so far developed close to 8,000 hectares for the plantation and a mill. But Lourdes Cabasas, a Manobo descendant, said they will do all they can to prevent further expansion of the plantation.

The dispute has left its cruel marks in the place.

Military detachments could be found everywhere. Vehicles and people are rarely seen outside at night and even the progressive towns nearby are ghost towns as soon as dusk settles.

People talk about the killings of their neighbors and friends in whispers. They hardly smile and food production is now at a standstill.

"We don't know what the future holds for us," said one resident. "Tomorrow, we may finally be driven out of our lands."

CSO: 4200/963

PHILIPPINES

PC RELEASES REPORTS ON RELIGIOUS SECTOR INFILTRATION

HK081356 Manila TIMES JOURNAL in English 8 Aug 84 pp 1, 2

[Text] The constabulary yesterday disclosed intelligence reports "confirming the extensive efforts of the Communist Party of the Philippines to infiltrate the religious sector."

The government-owned PHILIPPINES NEWS AGENCY, quoting extensively from the PC report, said "some churches and parishes," particularly those in the countryside have in fact become "subservient to communist activities."

These churches and parishes were being used for meetings and conferences of subversive elements, PNA quoted the report as saying.

The report also enumerated religious organizations "which have served to enhance the expansion of the CPP." They were identified as the National Secretariat for Social Action, Association of Major Religious Superiors of the Philippines, Kati-punan ng Kristoha-nong Katilingban, Christians for National Liberation, and Task Force Detainees of the Philippines, among other groups.

"In view of the respectable and humanitarian role of the members of the clergy in society, they exert a pervasive influence over the sentiments of the people.

"It is along this line that the (Communist) Party, thorough CPP-backed religious organizations, disseminate their propaganda, particularly on the issues of alleged military abuses, violation of human rights and other issues which they think can serve their revolutionary cause," the report said.

The report said the PC intelligence division or C-2 had "enough documented evidence in its possession to show that the tentacles of the communist movement is infiltrating or influencing the religious community."

The PC said the report was part of its nation-wide assessment on the prevailing peace and order situation.

"For one, many religious personalities have already joined the CPP-NPA, as have hundreds of others who have either become national democratic activists or sympathizers," the report said.

Among the prominent religious personalities identified in the report were Fr Conrado Balweg, who has a P 200,000 price on his head. Fr Edicio de la Torre, Fr Luis Jalandoni, who has been tagged by the military as the CPP-NPA principal national representative and Fr Zacarias Agatep, who was killed last year in a clash with government troops in the Mountain Province.

"The extent of CPP influence in the church sector may also be seen in the increasing number of religious and church-based organizations which carry the (Communist) Party's propaganda line, which are also at times utilized as pressure groups.

"While it is true that most of the church social action projects are legitimate, the CPP has consistently demonstrated its capability to manipulate such well-intentioned activities," the report said.

The report also said that while the church hierarchy firmly maintains conservatism within its structure, there were some members who espoused, to a certain degree, radical ideas on human liberation and civil liberties.

The report said the church plays a role in the CPP's united front work not only because of its acceptability but also because of its vast resources.

The report said that a "certain pattern" has been established regarding the activities of radicals in the religious sectors.

The intensification of anti-government activities by religious radicals in a given area is most often found to be a prelude to the intrusion and dominance of the communist movement there, the PNA quoted the report as saying.

The "examples" of Kalinga-Apayao, Mt Province, Bataan, Cavite, Laguna and Negros were cited in the report.

CSO: 4200/963

## PHILIPPINES

### BRIEFS

BATAAN NUCLEAR PLANT--In Bataan, military authorities have placed under tight security the nuclear power plant at Naga Point in Morong, Bataan. The move followed the arrival of the uranium-loaded fuel assemblies of the plant. The nuclear-free Philippine Coalition said the fuel assemblies were flown in from Charlotte, North Carolina. In two Flying Tigers airline flights, the shipments were reportedly composed of 121 fuel assemblies. Seventeen transcon container vans transported the fuel assemblies to Morong under heavy guard from the Manila international airport.. [Text] [HK060830 Manila Far East Broadcasting Company in English 2245 GMT 5 Aug 84]

FARMERS TO BE PROSECUTED--Three thousand farmers in Quezon will be charged with estafa [embezzlement] soon for reported failure to pay a total loan of 5 million pesos from the Philippine National Bank under the Masagana 99 rice production program. Provincial Fiscal Dante Diamante said he will file the complaints in compliance with a Supreme Court decision directing him to proceed with the prosecution of the estafa cases against the delinquent farmers. The Supreme Court reversed a decision by the Gumaca regional trial court in Queson ordering the dismissal of the cases against two corn farmers from Catanauan, Quezon. The decision was based on grounds that the cases were more civil than criminal. The cases against the two farmers will serve as a precedent in the prosecution of the estafa charges against the 3,000 farmers. The Supreme Court's order authorizes Diamante to refile the cases with the court. [Text] [HK060840 Manila Far East Broadcasting Company in English 2245 GMT 5 Aug 84]

CSO: 4200/963

TRUST FAILURES HURT LOCAL ECONOMY

Bangkok DAO SIAM in Thai 28 May 84 pp 1, 2

[Article: "It Has Been Revealed That the Economy in Three Regions Has Deteriorated Badly"]

[Excerpt] The economy in three regions has deteriorated seriously because illegal trusts or ailing financial companies have caused the merchants and farmers to go broke. There is no interest for the depositors and the principle is missing. This has caused killings and confusion. The region with the greatest problem is the northeast. The north and the south are very weak. ANUWAT recommends modifying the new act concerning checks because the penalties are not severe and no one worries about it. Since checks are an important medium in trade, the standards should be raised.

In the morning of 27 May reporters of DAO SIAM reported from many provinces in waves as follows: in the northeast Nakhon Ratchasima Province, Khonkaen Province, Udon Thani Province and Ubon Ratchathani Province, these three to four provinces are experiencing serious economic difficulties. Especially these four provinces in the northeast are deteriorating badly. In addition there are provinces in the north such as Chiang Mai Province where the situation is confused. In the south Patthalung Province and Songkhla Province are having difficulties similar to the northeast. The four provinces in the northeast are having more problems than the rest.

The cause of the economic deterioration is the shares with the illegal trust companies. In the northeast there were companies borrowing and lending money and doing business like trusts, but the people did not call them trusts. These companies start up by persuading businessmen and ordinary people to deposit money or borrow money. For example a businessman might deposit 100,000 baht, then the company would give the businessman a check for 120,000 baht, which includes the interest. The check comes due in 1 year, then the bearer has the right to withdraw the principle and the interest. But it appears that when the businessman comes to withdraw his money he cannot get it or the company has closed. This means that the interest did not accrue and the principle is gone and the businessmen and people are broke. In the four provinces of the northeast it is estimated that the businessmen and people have lost at least a billion baht. It might be more than that.

This situation has caused some revenge killings or at least the seizure of the assets in the homes of owners of the ailing companies which could not meet their obligations. This has caused widespread confusion and more cases for the courts. The resentment caused by the ailing companies is felt to have caused a great many problems for the police. Every day there are problems resulting from people going broke. It has caused some people to lose their sense of morality because of distress over their financial losses.

8149

CSO: 4207/167

THAILAND

POLICE NCO'S REPORT CORRUPTION, POOR MORALE

Bangkok DAO SIAM in Thai 21 May 84 p 5

[Article: "Police Who Want To Be Officers Spend Hundreds of Thousands To Buy the Examination Questions"]

[Text] For the information of the Director of the Police Department:

We, Police Warrant Officer Riam Srisarakon and Police Sergeant Kophong Munsri, were encouraged by many warrant officers and sergeants who were not justly treated by the Education Headquarters in the latest officer's examination.

As far as we warrant officers and sergeants have been able to find out about the latest tests at the Police School:

The questions were leaked out when they were printed and mimeographed.

And they were bought for a great deal.

Thus we, the warrant officers and sergeants who studied hard, did not have an equal chance.

If the director still wants to encourage the warrant officers and sergeants who are having difficulties and are not well off like the commanders working in air conditioned rooms.

And are not having difficulty getting by as we warrant officers and sergeants are.

Sometimes the officers force us to do more.

If they do not get their way, the officers pick you out, make trouble and accuse you.

The Police Department is generally like this.

To pass the police officer's test in one try, you really have to hustle. As far as we could find out, a group had a way to pass each time without fail. Those in this group paid from 60,000 to 100,000 baht per person. Those who

went this route were these six: Warrant Officer Bunchok Priyawathi, Warrant Officer Charuk, Sergeant Prayot, Sergeant Nirot, Sergeant Somchai, Sergeant Niranot.

The director should question the education commander to see if the grades could be changed.

Or if the director wants to know the truth, the warrant officers and sergeants from Prachuap Khirikhan Province who came for testing know to whom this group paid the money. If the director is dubious about Warrant Officer Riam and Sergeant Kophong, please give us orders to report the truth.

If the director has any compassion for us, please reconsider the police officer's test and give the warrant officers and sergeants who did not have this special route an opportunity to be an officer.

We request that the director recommend that the list of those who passed the exam in excess of the 70 percent quota be listed in the following year and not be required to test again. This way it will not cut into the special budget if we pass and take millions out of the budget.

Another thing is that for the warrant officers and sergeants here the salary is the maximum for the rank, and there is plenty of time before we reach 60 years--about 18-19 years before we reach 60.

If you are not an officer, you have to work all the time.

Because the money is not sufficient.

One becomes too discouraged to work.

It would be far better if the officers should oppress us less diligently. I wish the director could understand the little police of our group, the warrant officers and the sergeants who would like to be officers but do not have a chance.

Very respectfully, Warrant Officer Riam Srisarakon  
S. Ph. T. Krapyai, Ban Prong District, Ratburi Province

Sergeant Kophong Munsri, vehicle repair, K. K. 3 PH.Th. TR. and those warrant officers and sergeants without a special route.

This was the letter of the warrant officers and sergeants who did not pass the officer's exam and were asking for justice and truth.

Were the questions purchased for hundreds of thousands or not?

The director of police summoned the two policemen for questioning because one was a commander and the other a deputy commander.

Tell them yourself.

"Taphaya"

8149  
CSO: 4207/167

THAILAND

MOI SETS ID CARD SYSTEM BY SECURITY CATEGORY

Bangkok DAO SIAM in Thai 5 Jun 84 pp 1, 16

[Article: "Numbers To Be Used To Categorize Types of Individuals"]

[Text] The Interior Ministry is acting to block ways of counterfeiting identity cards. Numbers 1-7 are to be used to categorize types of individuals to help in investigations and with the security of the country. Numbers 6-7 mean that the individual is a Vietnamese immigrant or a Yellow Banana Leaf Demon [a primitive tribe]. For ordinary Thai the numbers 1-5 are used respectively from birth until death.

At the Administrative Department of the Ministry of Interior on the afternoon of 4 June there was a meeting about the plan for individual identification numbers. Mr Charoenchit Na Songkhla, the deputy minister of Interior for security, presided at the meeting which was attended by other individuals of other involved branches such as the military, the police and civilian. After the meeting Mr Chodak Wirathamphunsawatdi, the deputy director of the administrative department, informed reports that at the meeting today officials explained that individual identification numbers had been established to categorize individuals as follows: number 1 meant the individual was born in Thailand, number 2 meant the individual's birth was not reported within 15 days, number 3 meant the individual was compelled to establish an individual identification number, number 4 meant the individual reported he moved but then could not be located, and number 5 was for individuals who could not be located.

Numbers 6 and 7 were for Vietnamese immigrants, Yunan Chinese, refugees or Yellow Banana Leaf Demons. We are using these numbers for the security of the country. In the future we will be able to tell who these people are. If there is forgery or deception we will be able to detect it with a computer.

Mr Chodak also said that as for numbers 1-5 the Administrative Department is using them 90 percent throughout the country. It is thought that categorizing individuals by number will make it more convenient and help the government.

8149

CSO: 4207/167

THAILAND

BURMESE MUSLIM ILLEGAL IMMIGRANTS PROSECUTED, RETURN

Bangkok DAO SIAM in Thai 27 Jun 84 pp 1, 2

[Article: "500 Burmese Secretly Enter Thailand Each Month and Are Caught, Prosecuted, Fined and Jailed"]

[Text] Members of the Burmese Muslim minority have been illegally entering many provinces throughout the country to live, especially in Bangkok. T. M. catch 500-600 each month. They are tried, sentenced and set free on the border in Kanchanaburi. These Burmese do not admit to being Muslim and so spread out throughout the country.

At 11:20 yesterday Mr Chitchok Thana, an official of the Immigration Division, and his group took six Burmese Muslims to court in Thonburi Province for illegally entering the country. While awaiting the decision, Mr Chitchok said that police in many localities in Bangkok and T. M. arrested about 500-600 Burmese Muslims per month for illegally entering the country. They are prosecuted in district courts in the north, the south, and in Thonburi.

The District Court in Thonburi sentences them to about 2 months in jail. The Southern District Court fines them about 5,000 baht, and the Northern District Court fines them 2,000 baht. If they cannot pay the fine they are jailed instead at the rate of 1 day for every 20 baht. When the sentence has been paid, prison officials request the SN. to pick them up and deliver them to T.M. for deportation. The method of deportation is to gather a group together and send them to police along the border who will send them out. They are sent out along the same route they come in by. They are sent out via Kanchanaburi.

Burma is not willing to accept Burmese Muslims who are deported because, they say, they are Muslim. For this reason when they are taken to the border, they hide in the forest and then secretly return to Thailand because they see that the Buddhist Thai are nice people and make up 90 percent of the population, and so they can bully them as do the Muslim school administrators in Minburi. T.M. officials have warned the people that these illegal immigrants will be a danger to the country in the future. If these people are seen selling Roti, jewelry or liniment along the road, please report it to the local police or to the T.M. telephone number 286-9134.

8149

CSO: 4207/167

THAILAND

GENERAL PHICHIT NOTES CAREER SATISFACTION, PLANS

Bangkok DAO SIAM in Thai 1 Jul 84 pp 1, 3

[Article: "This Man Is Not Big Tiger--His Name Is 'Peter'"]

[Text] This [Peter] was his name when he was studying at West Point. He disclosed his pride at seizing Kho Mountain from the communist terrorists.

"Phichit" disclosed his pride in his life in the military and in capturing a large force of communist terrorists at "Kho Mountain--Yanongmaena Mountain." He spoke of taking the ranger course in the United States as a young man. The hardest part was when he almost did not make it to be "Phichit" today; when he was parachuting once, the chute did not open and he landed on a tree top, narrowly escaping death.

"Big Tiger" is a special report on page 3 of this Sunday's edition instead of an in-depth personal account such as this. It will appear in the SIAM AMOSON because with Maj Gen Phichit Kunlawonit even a small event or a look at his present life is a news item which will indicate developments in the news and can even indicate future political developments in Thailand. The "Big Tiger" is generally considered to be a "prime mover" in politics, and as has been shown many times, the "Big Tiger" has clearly indicated how he feels about the military and politics. For example, he once said that the military had been one of the three cornerposts that had supported the country for 745 years (this year will make it 746 years), and there were other memorable statements such as: if it is not rewritten (the Constitution), in a little while there will be confusion and then the military will have to hold exercises again; and "do not meddle with me--when I get bothered then so will you be."

In the big military reassignments this October, military circles say that in civilian circles they are certain that Major General Phichit has to be the commander of the First Army Region, taking the place of Lt Gen Phat Urailoet. But in 3 months or 90 days things can change, because our political situation changes every day--it does not stop in one place. But if the situation does continue, and there are no miscalculations, "he will be on the verge of moving to the position mentioned in the middle of the year, but there are certain factors which indicate we should not relax," a military source said.

The "Big Tiger" is not one to talk loosely of his personal affairs and especially concerning his duties or military matters. He does not criticize lightly--only when he can no longer restrain himself, and then he might say something short but which has a lot of meaning, for example, his remarks already mentioned. Maj Gen Phichit Kunlawonit always speaks softly, but since he is in a position to control important forces today and is in a "queue" to be important tomorrow, it does not matter that he does not speak "loudly."

Maj Gen Phichit Kunlawonit believes that he will rise to be commander of the Army. There is one small condition: when he comes to the "turning point" this year, if he turns sharply and on to the right road, he will not have any problems. Concerning the road to being the "Big Tiger" and having the right to sit in the Army Commander's chair, these are things Maj Gen Phichit Kunlawonit is willing to discuss, because it is all very impressive.

After Ch. P. R. Officer's School class 2 he was chosen to study further at the United States Officer's School at West Point together with Maj Gen Wichit Sukmak, the present commander of the Ch. P. R. Officer's School. Therefore, he knows European [English] well. His fellow students at West Point gave him the nickname "Peter", not "Sua Yai" or "Big Tiger" as we have been given to understand.

"When I returned, my first Army assignment was at the Infantry Center, at that time located at Lopburi. I was an instructor in the Department for Special Warfare and Air Transportation. This was paratrooper--ranger training which was new to the Thai military at that time. I was an instructor for 6-7 years, then I went back to the United States again to study at Fort Benning, the Battalion Commander Course. Then I studied at the Staff Officer School in Thailand, and when I finished that course, I was at the old Infantry Center.

"When I was a paratrooper--ranger instructor, the two courses were taught together, not separately as they are now. This meant that whoever completed the paratrooper training got his wings and also got the ranger emblem, a tiger's head with a sword in its mouth. I probably got the name "Big Tiger" from my tiger-like ferocity, daring, and fear-inspiring manner. During the same period when "Big Tiger" originated at the paratrooper school, two other instructors took on the "tiger" image also. The "Black Panther" was Maj Gen Somphon Toemthongchai, chief of staff of the Special Warfare Headquarters, and another was called the 'White Tiger'".

At that time the paratroopers were a unit at the Infantry Center. A paratrooper Unit at Pa Wai. This unit gradually grew from a battalion to a special unit (paratrooper) equivalent to a regiment. It then became the Special Warfare Center, a unit equivalent to a division. Now it is the Special Warfare Headquarters, which is equivalent to an Army Region. Units subordinate to the Special Warfare Headquarters are the First Special Warfare Division, the Second Special Warfare Division, and the Special Warfare Center.

When he was at the Special Warfare Center, the Special Warfare Battalion was established at Fort Saritsena, Wangthong District, Phitsanulok Province. It was a combined unit of military and police paratroopers based on the strategy of Field Marshall Sarit Thanarat for "special operations." In particular the "Big Tiger" from Lopburi joined the Special Battalion, and this was the beginning of the duty which would let that radiant life show its skill in the north.

The duties of the Special Warfare Battalion at Fort Saritsena were really special. As is well known they involved fighting in Laos. At that time Thailand sent volunteer regiments to fight in Vietnam. The first one was the "Cobra." Maj Gen Phichit Kunlawonit was with them. After being in the Vietnam War for a year, he returned for special duty in Laos until 1974. Then he removed the red beret of the paratrooper to become an infantryman as before. He was assigned to the Third Army Region and gradually advanced until he was commander of the Fourth Infantry Regiment in an area including three provinces where Headquarters 23 of the Communist Party seriously threatened. This was the area where Loei Province, Phetchabun Province and Phitsanulok Province come together. It was most serious at "Kho Mountain" which was the location of Headquarters 23 South directed by "Comrade Dang" or Mr Damri Ruangsutham, a Central Committee member of the Communist Party. "In my military career I am most proud of the fact that I captured Yanongmaena Mountain and Kho Mountain," Maj Gen Phichit Kunlawinot said in speaking of his pride in his military accomplishments.

In the military life of "Big Tiger" after he had finished West Point and was a young officer at the Infantry Center, he went for paratrooper--ranger (airborne--ranger) training in the United States. He was then 27 and strong. When he took the course, it was the winter of 1958 about November. It was so cold that they had to break the ice of a stream to allow the students to practice the death slide (Thai soldiers call it the death slide. It is a method of crossing a stream by hanging from a pulley, speeding along to the other side, letting go of the pulley, and dropping in the water before reaching the other bank). The final test of the ranger course was the 72-hour patrol with just enough food to keep alive. The patrol was through the snow. For the first 24 hours he and two buddies got one chicken to eat. "It was divide or grab that one chicken, whichever you like. For the next 24 hours you got one raw potato per person." Major General Phichit said that this was to test your endurance. What was the limit of your endurance? Would you pass the course or not? When we were the hungriest, the coldest, and the most tired, then our true character came out.

As for parachuting Maj Gen Phichit Kunlawonit said that "the first jump was not nerve-racking at all, but on the fourth jump you began to get sweaty hands. Paratroopers say it is the sweat of bravery, but actually it comes from fear. They explained this incorrectly because you are not afraid your first jump--you do not know what it is like to hit the ground. It hurts. After two or three times it begins to intimidate you. Each time you jump there is a different problem. There is always a problem with this or that. What was most nerve-racking when parachuting was when my chute was unable to pull out the main chute, but I did not hit the ground because I hit the tip of a dried out tree. It took my weight before breaking and saving me. I lay on the ground--[bones] broken."

There is a report that Maj Gen Phichit Kunlawonit, if he does not become commander of the First Army Region for some reason, might have to put on the red beret and be a paratrooper again; this year Lt Gen Enok Bunyathi, the commander of the Special Warfare Headquarters, has reached retirement age, leaving the position of "Commander of the Fifth Army Region" vacant. This would mean a promotion to lieutenant general, the equivalent of a commander of an army region. And the Special Warfare Headquarters is a larger unit than other army regions. And it is responsible for the nation's security throughout the country. Major General Phichit would be as adept in this position as Maj Gen Sunthon Khongsomphong, the deputy commander of the Special Warfare Headquarters, who is Ch. P. R. class 1, a class ahead of "Big Tiger." As concerns his close ties with the paratroopers, Major General Phichit explained briefly that he did not have special ties with any unit. He had ties with all military units in Thailand. He would follow his commanders orders and go anywhere his commander chose. He could not choose for himself.

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## ECONOMIC PANNNING, TRADE AND FINANCE

### QUANG NAM-DA NANG ECONOMIC MANAGEMENT REVIEWED

Hanoi NHAN DAN in Vietnamese 4-8 Jun 84

[Article by Dang Minh Phuong: "The Economic Management Experiences of Quang Nam-Da Nang"]

[4 Jun 84 p 2]

[Text] By the end of 1983 Quang Nam-Da Nang Province had attained total social output 284 percent greater, and average per capital income 250 percent greater, than in 1976 (calculated in fixed 1970 prices). A number of other principal economic-social norms increased by two or three times, or even more. In view of the great changes in the province, especially in rural areas that were heavily damaged in the past, some people have observed that Quang Nam-Da Nang has developed by 250 percent during the past 9 years.

#### I. Advancing on the Basis of Labor, Land and Trades

Quang Nam-Da Nang has 1,197,000 hectares of natural land, three-fourths of which is forest land and more than 203,000 hectares of which are agricultural land. It has a coastline 150 km long, a number of installations producing industrial consumer goods, and tens of thousands of workers skilled in small industry and handicrafts. Thus Quang Nam-Da Nang is regarded as a province which has strengths with regard to industrial production, agriculture, forestry, and fishing. But they are only potentialities that must be correctly evaluated in order to have good exploitation measures, and are not material wealth that can be consumed. Indeed, in 1975, just after it was liberated, Quang Nam-Da Nang was faced with many very great difficulties caused by the aftereffects of the war of aggression waged by the U.S. bandits. More than 201,800 people were killed, including nearly 60,000 martyrs, and 130,147 people were wounded. The dead and wounded accounted for one-fourth of the province's total population at that time. Of a total of 1,218 hamlets 927 were completely wiped out, including all houses, gardens, and wells. Two-thirds of the rural people were herded into the cities and strategic hamlets. In the municipality of Da Nang alone there were 700,000 people, nearly half of the province's population, most of whom were not engaged in production. More than 130,000 puppet soldiers and civil servants disbanded on the spot (that includes only those who reported). They and the hundreds of thousands of people in their families had no jobs.

## Agriculture: the Foremost Front

Quang Nam-Da Nang is a province which hadn't produced sufficient grain for a very long time, but always had to import rice, more than 30,000 tons in some years, and was seriously affected by the war of annihilation. An extremely urgent problem that was posed for the party committees and governmental administrations in the province was to ensure that the people had sufficient grain and prevent the occurrence of hunger. That grain could only be obtained from its land and labor. The provincial party committee endeavored to attain self-sufficiency, for only thereby could it create a basis on which to comprehensively develop the local economy.

The first urgent problem was to take the peasants who had been herded into the city during the war back to the fields. The people were encouraged to assist one another, while the government granted everyone who returned 20 kg of rice and some roofing material, and temporarily granted them an average of two Trung Bo sao (1,000 square meters) to create conditions for the people to rapidly stabilize their living conditions and participate in production. Within a period of only a few months more than half a million people in the city returned to the countryside. The municipality of Da Nang and the cities of Hoi An and Tam Ky had far fewer people.

In order to liberate the abandoned land, on which there were still many unexploded bombs, shells, and mines the province set up new economic zones to develop areas in the mountainous region to the west and in the sandy-soil coastal districts in order to grow subsidiary food crops. In addition, people were sent to develop new economic zones in the Central Highlands and a planned parenthood campaign was launched to promptly limit the effect of the law of post-war population increase. In a period of 8 years there were sent out of the province more than 17,000 households with a total of 130,347 people and 43,406 workers. More than 31,365 people, including 11,616 workers, were sent to build new economic zones in the province.

A measure for increasing the cultivated area was the rezoning of graveyards. That policy at first was rather vigorously opposed by some people, including a number of cadres, but was widely supported by the peasants, especially the young generation. With a short period of time millions of tombs were removed from fertile land, which resulted in the gain of thousands of hectares of cultivated land and the creation of many flat fields, which greatly facilitated cultivation, irrigation, and the elimination of insects. The cultivated area, which amounted to 57,000 hectares in 1975, increased to 91,330 hectares by the end of 1976 and now amounts to 127,416 hectares, a 223 percent increase.

While reclaiming fallow land and clearing wasteland, the province immediately promoted interplanting, intensive cultivation, and increasing the number of growing seasons, which increased the cultivated area from 99,000 hectares in 1975 to 220,000 hectares in 1983, a 220 percent increase. The most important measure in increasing the number of growing seasons was the growing of a summer rice crop between the winter-spring crop and the summer-fall crop. In 1976 the crop was grown on a trial basis on 5,000 hectares, experience was gradually gained, and the area was expanded to approximately 20,000 hectares a year. The spring-summer crop has now become a high-yield rice crop which created a

turning point with regard to guidance of the planting schedule and contributed importantly to increasing the total annual grain output by about 70,000 tons, about 20 percent of the total annual rice output in the province.

In addition to expanding the cultivated area, the province strengthened its guidance of intensive cultivation, the increasing of crop yields, the full application of intensive cultivation measures, the strong development of material-technical bases, and the rapid introduction of technical advances to production, to develop to a high degree the effectiveness of labor and land. Quang Nam-Da Nang is an area in which the soil is easily saturated by rain and easily dried out by sun, and is continually affected by drought, so water conservancy is of foremost importance. Immediately after the liberation the province recommended that the Ministry of Water Conservancy help it create a broad, seething movement to build water conservancy projects which combined small, medium, and large projects built jointly by the people and the state. The province has built a total of 32 electric-powered pumping stations (eight of which were built with capital contributed by the cooperatives and peasants) with more than 200 pumps with capacities of 1,000 cubic meters per hour and thousands of oil-powered and coal-powered pumps along the rivers, 16 reservoirs, and heightened or built 10 anti-salinity dams. The people contributed 33 million work days to build water conservancy projects. Especially, the province made good use of time and beginning in 1977, along with the Ministry of Water Conservancy, began to construct the large Phu Ninh water conservancy project, with a designed capacity of 23,000 hectares, which now irrigates nearly 15,000 hectares. It has, furthermore, changed the face of many large rural areas. The irrigated area has increased to 52,000 hectares, more than 50 percent of the total area and 83 percent of the rice-growing area, more than five times the amount in 1975.

Furthermore, the province has paid attention to fully applying the other intensive cultivation measures, such as gradually researching the introduction of new rice varieties to replace the old varieties and form a new rice variety structure which is appropriate to each field, and a policy of ensuring the development of animal husbandry in order to balance animal husbandry with cultivation and ensure organic fertilizer for intensive cultivation in order to increase crop yields. The application of technical advances with a high degree of intensive cultivation has become a production standard of many high-yield rice areas, and the three-crop cultivation system has become a production practice of the peasants.

In addition to developing the system of cultivating three rice crops, Quang Nam-Da Nang launched a broad movement to create high-yield rice areas, achieve the slogan of a high degree of intensive cultivation and absolute intensive cultivation, and endeavor to attain more than 10 tons of paddy per hectare for three crops. Investment was made in high-yield rice areas to build complete irrigation systems and facilitate the use of motor vehicles to transport the various kinds of materials, and a model intensive cultivation system with advanced technical processes to ensure maximum, stable yields. Such areas now have been expanded to 20,000 hectares. In the course of many seasons of improving the soil by using manure, lime, and phosphate, soil fertility increased and rice yields steadily rose. The high-yield fields around the Dai

Loc district seat include six cooperatives with an area of more than 1,000 hectares. In 1982 and 1983 one of the cooperatives, Dai Phuoc, attained average yields of between 18 and 20 tons per hectare over three seasons.

In 1983, 102 of the 252 agricultural cooperatives in the province attained yields of 8 to 21 tons per hectare, and four districts attained average yields of about 10 tons per hectare. On the average, the province attained an average yield of 7.5 tons per hectare on two-crop and three-crop fields.

Because of the increased rice yields, in places and at times subsidiary food crops were neglected and their area and yields were allowed to decline. In general, however, the promotion of subsidiary food crops became a major policy in resolving the food problem and creating a source of exports. Therefore, the subsidiary food crop area increased from 36,625 in 1976 to 61,218 hectares in 1981. The subsidiary food crop output in paddy equivalent as a percentage of the total grain output increased from 21.3 percent in 1976 to 33 percent in 1980.

Despite unfavorable weather over a period of many years, especially in 1979 and 1983, during the first part of which there was severe drought and in the latter part of which there were major floods, grain output continued to increase. Especially, in 1979 the province surpassed the state plan norm by 13,567 tons and attained a month early the goal of 450,000 tons, which the resolution of the 11th Congress of the Provincial Party Organization had set for 1980. In 1983 the total grain output amounted to 510,670 tons, an increase of 348 percent over 1975 and an average annual increase of 16.9 percent. The average per capita grain output increased from 105 kg in 1975 to 293 kg in 1980 and 313 kg in 1983. Because it was a province with a chronic food shortage, in 1976 and 1977 the central level had to provide it more than 40,000 tons of grain, but now it meets the local needs and has begun to contribute to the central level.

After attaining an average per capita output of nearly 300 kg in 1980 the provincial party committee adopted the policy of strongly developing industrial crops, fruit trees, and medicinal crops to create sources of raw materials for industry and increase exports. Although no large, concentrated industrial crop areas have been formed, the area devoted to industrial crops, the various kinds of perennial crops, fruit trees, medicinal crops, etc., began to increase. In 1980 it amounted to 19,042 hectares and in 1981 to more than 22,000 hectares. The province is preparing to develop more strongly such valuable export crops as cinnamon, pepper, betel, coconut, pineapples, and cashew nuts.

The matter of development was also posed from the beginning and was regarded as a principal agricultural sector with appropriate incentive policies, such as the policy of allowing the cooperatives to exchange paddy for manure at the rate of half a quintal of paddy for each ton of manure. That policy was based on the calculation that each additional ton of manure would increase the rice yield by a quintal of paddy. Thus both the cooperatives and the cooperative members benefitted. Therefore the peasants were very enthusiastic in animal husbandry and in producing organic fertilizer. Both meat and paddy increased. People who are weak and could not work in the fields could remain at home,

raise livestock, and still have rice to eat, and the amount of subsidy grain distributed in the cooperatives decreased.

Between 1975 and 1983 the number of water buffaloes increased from 16,800 to 33,000 cattle increased from 75,000 to 119,000, and hogs increased from 181,000 to 557,000. Now there are 2.5 hogs per cultivated hectare. The weight of marketed hogs gradually increased. Poultry developed steadily.

Forests and the sea are important sources of wealth in the province. The forests were heavily damaged during the war. In peacetime the haphazard cutting down of trees and forest fires seriously damaged that source of wealth and the ecological system. The province emphasized afforestation and the improvement and protection of forests, accompanied by the exploitation of lumber and firewood. In a period of 8 years it planted 21,700 hectares of concentrated forests and 132 million individual trees. One village, Binh Duong (Thang Binh District), planted 10 million individual trees. Now the groundcover has essentially been restored in the sandy coastal areas, which has created a protective forest belt which serves to restore the environment and improve the people's living conditions. During the past 2 years 86,000 hectares of forest land and denuded hillside land have been assigned to 120 cooperatives so that they can manage, plant, and maintain the land according to plan. In a period of 8 years the province harvested more than 307,000 cubic meters of wood, 2,100 tons of cinnamon, hundreds of thousands of tons of rattan, reeds, pharmaceuticals, etc., met its needs for lumber and firewood, and contributed to providing products for export.

Under the circumstances of there being many difficulties with regard to scarcities of materials, fishing facilities, boats, and POL, the province endeavored to overcome its problems, reorient the sectors and trades, and concentrate on exploiting maritime products for export in order to import additional POL and facilities, and went all-out to ensure that production did not decline. During the past 3 years the province has created sources of maritime products exports and earned foreign exchange with which to import additional fuel and gradually improve fishing facilities and equipment. Some fishing sectors began to develop.

[5 Jun 84 p 2]

[Text] The Industrial-Agricultural Structure

Quang Nam-Da Nang Province includes the municipality of Da Nang, the second largest city in the south. But prior to the liberation it was a consumer and mercantile city the industrial production of which was very small and crippled. In the entire province there were only 19 large and small industrial enterprises with old, worn-out equipment and 370 privately owned small industry and handicrafts installations with more than 2,000 industrial workers and 4,300 handicraft workers. Of the industrial enterprises three -- the Hoa Tho textile mill, the electricity generating plant, and the Da Nang rubber factory -- were managed by the central level, the local level managed eight public enterprises, and eight were private enterprises (later transformed into joint public-private enterprises).

Under the light of the line of socialist industrialization, which the Party delineated as the central mission of the period of transition, the 11th Congress of the Provincial Party Organization decided to "gradually transform the province's economy into a relatively complete industrial-agricultural economy in order to gradually satisfy the needs of the people's lives and accumulate capital with which to carry out socialist industrialization." The resolution of the fourth session of the Sixth Plenum of the Party Central Committee clearly indicated that the focus of local industrial development is on the food processing industry and the consumer goods industry. On the basis of the situation and characteristics of the province, which is far from the two national industrial centers -- Hanoi and Ho Chi Minh City -- the 11th, 12th, and 13th congresses of the provincial party organization stressed the development of such heavy industry sectors as electrical machinery, etc. The resolution of the 11th provincial party organization pointed out that "It is necessary to develop the existing capability, build a number of new bases to produce machinery, fertilizer, construction materials, textiles, leather goods, and along with central industry, ensure electricity for production, while developing processing industry, small industry, and handicrafts."

Implementing those guidelines, the province set aside half of its total capital investment in industry to build heavy industry installations, so now it has a number of heavy industry enterprises and a structure with relatively rational balance between the production of production means and consumer goods. Especially, there took form a machinery network from the provincial level down to the districts and agricultural cooperatives; the ratio of state industry increased greatly; 200 km of 15kv-35kv electrical transmission lines were laid; and capital investment combined with central-level construction increased the supply of electricity by nearly 8,000 kilowatts.

After a trial application in a number of agricultural cooperatives, the standing committee of the provincial party committee adopted the policy of combining agriculture and industry at the cooperative level and in the sphere of the district. In 1982 the provincial party committee set the struggle goal of increasing the development rate of industry, small industry and handicrafts by from 35 to 40 percent a year, and set forth many specific, positive measures to create a source of raw materials, materials, and equipment, such as zoning a number of specialized industrial crop areas, investing in science and technology in order to practice intensive cultivation and increase crop yields, and promulgating such incentive policies as tax reductions and exemptions and guaranteed commercial-production prices in order to encourage the cooperatives and people to contribute capital and labor. The industrial, small industry, and handicraft production bases were allowed to contribute investment capital and create conditions to form industrial crop areas in order to provide raw materials for uninterrupted production. In addition to the commercial organs, the marketing cooperatives exploited sources of raw materials in the locality and in the provinces by means of state purchasing and two-way or multi-party exchanges in order to supply them to the production bases in accordance with product delivery contracts. If the commercial organ or upper-echelon organ failed to promptly supply sufficient raw materials and materials the enterprises, cooperatives, production teams, and private producers were

authorized to exploit, purchase, and exchange materials, raw materials, and waste materials in order to produce without interruption. In addition to the quantity of goods exported in accordance with the norm set by the upper echelon, the enterprises, cooperatives, and production teams were encouraged to create sources of export goods or borrow foreign exchange from the bank in order to import raw materials and materials for production. In addition to setting aside some foreign exchange to import modern specialized equipment for industry, small industry, and handicrafts.

In order to ensure capital to expand production, the enterprises were authorized to use its production capital with economic effectiveness. The province made the mobilization of capital to develop production a major policy which was carried out in accordance with the slogan "The state and the people worth together." With regard to the workers, all of the installations had to pay piece work salaries and salaries based on output, and apply the various kinds of bonuses to encourage the workers to take on additional work, increase labor productivity, and attain high economic effectiveness. As regards prices, the province adopted the policy of adjusting contracted out prices so that they could be in accord with the situation of changing prices on the market, ensure the interests of both parties (the contractor and the contractee), and especially ensure the interests of the contractee workers to ensure uninterrupted production. In the textile sector the setting of rational contracting-out prices and skill incentives stimulated 2,200 looms to weave tens of millions of cloth a year, which was more than 10 times the capacity of the state textile sector. If the state wanted to produce 5 million meters of cloth it would have to invest about 500 million dong of construction capital. But with contracting out it is not necessary to invest in capital construction.

With regard to taxes, the province applied the policy flexibly. For example, the newly set up production bases were exempted from commercial and income taxes for at least 3 months. In order to bring into play the leading role of the villages and subwards in organizing the expansion of production and the creation of additional jobs in order to stabilize and improve the people's living conditions, the village and subward budgets received a portion of the taxes collected by the province, depending on the production characteristics of each small industry and handicraft sector.

In reorganizing production and carrying out a division of labor and management, the province encouraged the development of small industry and handicraft bases by means of the various forms: cooperatives, cooperative teams, production teams, enterprises, individual producers, and secondary family occupations. The districts, the cities, and the municipalities had a monopoly in managing and guiding a number of state and joint public-private enterprises which did not have complicated production technology and the output of which mainly serve the requirements of the districts, cities, and municipalities, and the cooperatives and private enterprises. The subwards and villages managed the production teams, individual producers and secondary family occupations with regard to all aspects of production, in coordination with the management of electricity, taxes, and the living conditions of the handicraft workers.

The province also mobilized the commercial bourgeoisie and small owners to invest capital to construct dozens of new enterprises and thousands of small

bringing the rural areas onto the path of collective livelihood can there be conditions for developing production, improving the people's living conditions, and accumulating capital. On the basis of the characteristics of the province, which was heavily damaged during the war, and in which most of the land had been granted to the peasants in the liberated areas in the anti-U.S. resistance war, immediately after the cultivated land that had been abandoned during the war was restored and the peasants' living conditions were stabilized, the people were organized into collective livelihood forms, such as work rotation, work exchange, and production solidarity teams. The provincial party committee adopted the policy of rapidly organizing high-level agricultural cooperatives without passing through the form of production collectives. That policy was appropriate to the level of consciousness of the peasants, who unanimously followed the Party, had been forged and challenged in two resistance wars against aggression, and gave their enthusiastic support. The province sent many groups of cadres to study the experiences of the advanced cooperatives in the north and held training classes for more than 10,000 cooperativization cadres. The province implemented the policy on a trial basis in seven cooperatives in many different areas and in the following years expanded it to the entire province. The average scale of the cooperatives was between 300 and 400 hectares. In a period of only 2 years the province organized 2,254 high-level cooperatives in which nearly all of the peasants voluntarily participated. The province decided to transform the production relations in order to liberate the production capacity and increase social output, so in places which had not yet been affected by technical conditions, especially in places which did not have irrigation, cooperatives were not irrigated. The province flexibly applied many policies and measures to stimulate production in order to consolidate the new production relations.

When organizing the peasants into cooperatives the province issued a directive not to collectivize the water buffaloes and cattle raised for meat and to delay the collectivization of orchards and gardens, and avoided the situation of selling water buffaloes and cattle and destroying orchards before entering cooperatives. From the beginning the province guided the pricing of water buffaloes and cattle and the implements and machinery brought into the agricultural cooperatives could not be valued at less than 85 percent of the market price at this time, in order to avoid the tendency to be coercive and commandistic toward the peasants. In order to encourage the cooperative members to raise breeding water buffaloes and cattle the province adopted the policy of letting the cooperative members keep the first-born calf and receive 70 percent of the value of the second calf, with the rest going to the cooperative. After the organization of cooperatives the number of water buffaloes and cattle did not decline but continued to increase. At the beginning the province issued each cooperative 10 cubic meters of lumber, 10 tons of cement, and 100 tons of lime to build the initial material-technical bases. Thanks to the initial assistance provided by the state the cooperatives were able to build a number of installations, the cooperative members' income was not affected during the first seasons, and the cooperative members were content and enthusiastic in production. Later the cooperatives had conditions for gradually increasing capital accumulation in order to build additional

industry and handicraft bases. That contributed greatly to increasing the developmental rate of production.

Within a period of 7 years (1976-1983) the total value of industrial, small industry, and handicraft output in the province increased nearly five-fold. Every year the machinery sector supplied to the localities and provinces 1.5 million hand tools and dozens of cocoon unwinding and thread spinning machines, built dozens of new fishing boats and repaired hundreds of others, produced and restored hundreds of tons of parts for engines, locomotive parts, more than 10,000 table fans, 10,000 bicycles, etc. The construction materials, pottery, glass, and wood sectors increased their percentage of the industrial output from 8.9 percent in 1976 to 22.6 percent in 1983. In a period of 6 years, the chemical and fertilizer sectors increased the value of their output nearly six-fold. In a period of 8 years the textile sector, a sector in which Quang Nam-Da Nang has a tradition and is skilled, increased its output value seven-fold and increased its share of the total output value from 15 percent in 1976 to nearly 23 percent in 1982. Although the food processing sector has developed slowly it accounts for one-fourth of the total industrial output.

The value of small industry and handicraft output increased from 77 million dong in 1976 to 360 million dong in 1983. More than 500 vocational teams in 240 cooperatives employ 14,860 workers and have an output value of more than 48 million dong, 13 percent of the total output value of small industry and handicraft output and 18 percent of the total value of the cooperative members' industrial output. They have accelerated the process of carrying out an on-the-spot division of labor. In the sphere of the district, by the end 1983 three districts -- Hoa Vang, Hoi An, and Tam Ky -- had total output values of between 32 and 47 million dong and five districts attained values of between 18 million and 25 million dong (calculated in fixed 1970 prices), which far exceeded the "10 million dong district" norm set by the provincial party committee in 1979.

The province has been transformed from essentially a backward, small-scale production, individual production agricultural province to an industrial-agricultural province with many echelons, and has begun to form agricultural-industrial districts. The ratio of industry in overall agricultural-industrial-forestry output increased from 53 percent in 1976 to 62.8 percent in 1983. The ratio of labor in the industrial sectors (including construction, transportation, and posts and telecommunications) also increased rapidly. The socialist economic component occupies the key positions in the national economy. The state, joint public-private, and collective economic components account for nearly 70 percent of the province's total social output. The state economy contributed more than two-thirds of the total budgetary income and increased dozens of times over 1976 and 1977.

[6 Jun 84 p2]

[Text] II. Transformation Combined With Construction

With Regard to Agricultural Cooperativization

The transformation of the old production relations and the building of new production relations is an inevitable path for building socialism. Only by

installations. Now all of the cooperatives have granaries, drying patios, pens, rice husking machines, etc., with a total fixed property value of more than 500 million dong. On the average, each cooperative has property valued at about 2 million dong, a per capita average of 1,500 dong. Those material-technical bases are still being consolidated and are having an increasingly better effect.

After the cooperatives became large and strong the province sold large tractors to the cooperatives so that they could use and manage them in order to promptly respond to the tense situation caused by the need for labor to intensively cultivate three consecutive rice crops during the year. At first that policy was strongly criticized, but the actual situation demonstrated that the cooperatives managed and used the tractors much more effectively than the state tractor stations. Fifty cooperatives now have large tractors.

The collective ownership system, a basic factor of the new production relations, were gradually consolidated and strengthened. In 1982 and 1983 Dien Ban District obtained 32 50-60 horsepower tractors and invested a total of more than 32 million dong in building 500 electric-powered pumping stations, an anti-salinity dam, and a number of other installations.

With the implementation of the system of contracting out output in accordance with Directive 100 of the Secretariat of the party Central committee, management and income in the provinces in general underwent a good transformation. In the advanced cooperatives management is on the right track and has increasingly developed in depth, and income has been distributed rationally to satisfy the three interests. Many cooperatives which are not in the advanced category have undergone good transformations, although they are still beset with many weaknesses and deficiencies.

In the first phase of advancing agriculture from small-scale production to large-scale production agriculture and industry must be appropriately combined at the basic level and in the sphere of the district. Therefore, a problem that was posed was to have joint enterprises and production and commercial alliances between the cooperatives and localities and the different economic organizations in order to supplement, assist, and create conditions for each cooperative and locality to effectively develop and use the capabilities and potentialities of labor, land, and trades to further the reorganization of production and the redistribution of labor along the lines of large-scale production. The province and the districts began to establish certain mutual aid relationships, such as exchanging materials, seedstock, breeding stock, and technical and management experiences, not only in the sphere of the district but also among the cooperatives and localities in the sphere of the province. In addition to the exchange relationships, joint operations, and direct production alliances, such as a production alliance between two cooperatives in Dai Hiep and the army to produce sugarcane and sugar, were formed. The state economic bases of the districts and in the sphere of the districts and the province, depending on their production and commercial missions and guidelines and to differing degrees, assisted the agricultural cooperatives. Especially, the organizations supplying technical materials and those producing or dealing in construction materials, such as the provincial construction materials

corporation and the irrigation corporation, effectively served agricultural production. Relations between the agricultural cooperatives and the marketing cooperatives included positive new factors. A model example was Duy Hoa Village in Duy Xuyen District, where all of the peasants sold products and bought consumer goods and production means through marketing cooperatives.

With regard to private capitalist industry and commerce, Quang Nam-Da Nang clearly understands that the existence of the five economic components in the south in the initial post-liberation period does not mean allowing the capitalist production relations to exist permanently but that they must be urgently transformed. Implementing the decision of the Political Bureau regarding the socialist transformation of capitalist industry and commerce, the provincial party committee set the goal of essentially completing the transformation of capitalist industry and commerce by 1978, first of all the abolition of capitalist commerce and the socialist transformation of private industry and industry, in a step-by-step, stable manner, in order to essentially complete the task by 1980. That was an extremely complicated, fierce struggle. The province set forth the slogan of closely combining transformation with construction and transforming in order to build and vice versa, to build in order to further transformation. During the transformation it was necessary to ensure good production and avoid allowing the transformation to adversely affect production and circulation-distribution. Immediately after the liberation the province encouraged the commercial capitalists to change over to production. When carrying out the transformation of private capitalist industry the province adopted policies for dealing with the different categories of the bourgeoisie, such as those who had production bases before and after the liberation, those who had merit during the period of the anti-U.S. resistance war, whose relatives participated in the revolution, etc. A distinction was made between the bourgeoisie and the small owners.

After the liberation Quang Nam-Da Nang had 1,000 private cargo and passenger vehicles. The province did not nationalize those vehicles but the state formed joint enterprises with both the bourgeoisie and the small owners. In pricing the vehicles brought into the joint public-private enterprises, a distinction was made between the bourgeoisie and the small owners, with the small owners receiving greater incentives. When it was organized the Quang Nam-Da Nang Joint Public-Private Cargo and Passenger Vehicle Corporation had 483 vehicles and 1,200 cadres and workers. The enterprise accepted 560 people, who contributed vehicles, equipment, garages, and other property. Nearly all were persuaded to work directly in the enterprises and their family members were temporarily admitted to operate the vehicles or work in the repair shop. The vehicle owners and drivers were assigned to maintain and drive their former vehicles so that confusion would not be caused by assigning drivers to different vehicles, except in some special cases. Therefore the owners and drivers were very concerned with maintaining their vehicles. The enterprise applied such contracting-out methods in management as assigning norms for the use of POL and tires, transportation fees, etc., and went all-out to avoid subsidized management. Anyone who surpassed the norm could keep the surplus. Therefore the vehicle owners and drivers took care of their vehicles and invested additional money to purchase replacement parts when necessary. If the enterprise had not yet purchased them the members did not sit and wait but by one means or another ensured that their vehicles operated. Recently, in

transporting grain for the state the joint public-private transportation enterprise also authorized drivers and assistant drivers to accept and deliver rice, and accept responsibility in the transportation process, without requiring personnel of the grain organ. The result was that less rice was lost and the incomes of the drivers and assistant drivers increased. The state, the collective, and the workers benefitted. Thanks to contracting-out, the assistant drivers had a stronger sense of responsibility and attained the slogan, "love one's vehicle as one's child and treasure gasoline as blood." From the time it was formed in 1977 until it was nationalized, the Quang Nam-Da Nang Joint Public-Private Cargo and Passenger Vehicle Enterprise maintained, repaired, and improved its facilities and kept up nearly all the vehicles that had been brought into it. Only about 15 percent of the vehicles broke down and had to be abandoned.

Because they paid attention to paying allowances and bonuses to the skilled technical workers, the joint public-private enterprise retained nearly all of its skilled technical workers, operated effectively, and contributed to increasing confidence in the enterprise. The Da Nang Joint Public-Private Construction Enterprise, which exported its technology outside the province and served as a contractor in building projects in many provinces in the north and in Nam Bo, has a very good reputation.

Not standing still at the joint public-private level, the joint public-private enterprises in the province endeavored to expand their operations, paid principal and interest to the shareholders, increased their equipment, strengthened the state economic component, expanded production, exercised good management, increased the workers' consciousness, and created ripe conditions for advancing to state ownership. By the beginning of 1984 the Joint Public-Private Cargo and Passenger Vehicle Enterprise and the Da Nang 29.3 Joint Public-Private Textile Enterprise had essentially completed transformation and became state enterprises. The production capability of those two enterprises further increased. The Da Nang 29-3 enterprise, which in 1976 was a textile cooperative with initial capital of only 250,000 dong and produced about 500,000 towels, produced 5.6 million standard towels. In 1981 it produced six towel weaving machines.

Thanks to the flexible application of the Party Central Committee's socialist transformation line to the local circumstances, with appropriate working methods and constant attention to transforming the old in order to build the new, in carrying out transformation the province mobilized much materiel, capital, and capabilities of private individuals to participate in restoring and developing the economy. Production capability was maintained and developed, labor productivity increased, and the workers' income increased.

[7 Jun 84 p 2]

[Text] III. Distribution and Circulation

Distribution-circulation is a very complicated task that is beset with many difficulties and problems. In recent years the activities of the distribution-circulation sectors in the province have brought about positive results. The commercial sector has stepped up its purchasing to control the sources of

agricultural products and foodstuffs to ensure the supplying of rationed goods to the workers, civil servants, and members of the armed forces, and began to expand its commercial activities. The marketing cooperative sector increasingly developed its role of supporting production and being closely involved with the daily lives of the workers in the villages and subwards. Although major changes in policies and prices upset their income-expenditures plans, the financial and banking sectors also increased their incomes, economized on expenditures, balanced their budgets, and gradually reduced the monetary multiplier ratio.

However, at the beginning of 1982 the provincial party committee determined that the distribution-circulation sector was still beset with many weaknesses and deficiencies. Commercial activities had not been expanded and did not truly affect production in order to control many commodities. The ratio of locally produced small industry and handicraft products was still very low. The financial, banking, and price sectors did not ensure the financial autonomy of the production bases in order to accelerate the development of production. Market management was still lax and in places and at times had been abandoned.

The provincial party committee set forth for the distribution-circulation sectors the direction and missions for 1982 and the period until 1985 of, on the basis of taking the initiative to serve the development of agricultural and industrial development, achieving the state control of goods by means of state purchasing, increasing budgetary income, increasing the monetary circulation rate, improving management according to the socialist commercial mode, strengthening market management, and continually expanding the socialist commercial battlefield (state and marketing cooperatives) and reorganizing the small merchants, by that means guiding the activities in the right direction and struggling to gradually restrict the unorganized market in order to stabilize prices and master the market.

The provincial party committee also set forth such measures as promoting production, allowing the enterprises to obtain their own raw materials at negotiated prices or by means of two-way or multi-party exchanges between enterprises and agricultural cooperatives or with other provinces. The commercial sector had to expand its network for the state purchasing of raw materials, waste materials, and waste products, including the supplying of food to production workers in order to encourage the enterprises to create additional export goods in order to import raw materials. In improving distribution and circulation the province set forth many measures, including the application of two buying-selling price systems and three state purchasing modes: the two-way exchange of goods calculated at state guidance prices or at negotiated prices, direct purchasing at approximately the market price with no exchanges, and ensuring "purchasing at the root and selling at the top" and eliminating the unnecessary intermediate phases in order to reduce circulation expenses and increase commercial efficiency. In order to create conditions for the expansion of marketing cooperatives so that they could serve as forces which effectively assist state commerce, the province adopted the policy of doubling the ratio of profits distributed to shareholders and amended the tax policy toward marketing cooperatives.

The state purchasing prices for hogs and maritime products were adjusted flexibly. In 1984 paddy sold beyond the obligatory amounts is also being bought at high prices, although at three or four dong per kilogram below the market price. The province is also awarding a bonus of .9 dong per kilogram to cooperatives which purchase rice produced in excess of the cooperative members' contracted-out norms.

On the basis of developing production, the distribution-circulation activities have steadily expanded and more and more rice has been mobilized. In 1976, 21,435 tons were mobilized; in 1980 the total increased to 47,962 tons; in 1982, 70,562 tons were mobilized; and in 1983, 81,114 tons were mobilized. Therefore, the amount of grain sent to the province by the central echelon steadily declined. In 1982 the province began to contribute increasingly larger amounts of rice to the central echelon. In 1983 the amount was six times greater than in 1982. The state and marketing cooperative commercial network increased steadily. Especially, the ratio of local good in the total value of goods purchased became increasingly great. In 1983 the total value of local goods purchased by the state was 25 times greater than in 1976; industrial goods increased 29-fold, agricultural products increased 40-fold, and the total retail sales index also increased many times over.

#### A Step in Opposing Subsidized Management

In the post-liberation period Quang Nam-Da Nang also sold to the people in the city a per-capita average of 6 kilograms of grain at the supply price of .4 dong per kilogram. Later it realized that that was irrational, so such sales ceased in 1980. With regard to the children of workers and civil servants, the province set the norm of allowing half of the dependents of male or female workers and civil servants to buy rice and other grain in rationed amounts. If both work all dependents can purchase grain. All dependents of mothers are not sold grain. That both man and woman of the sexes and is rational. Those two measures have reduced the amount of grain sold at supply prices by more than 10 tons. Recently, in implementing the policy of the state managing grain at the source, the province has forbidden private merchants from dealing in grain. The state sells rice to the people at commercial prices, but the quantity is still small.

The system of salary bonuses for cadres, workers, and civil servants to make up for prices was implemented for a time on a trial basis. The result was that some negative acts were uncovered in a number of enterprises, organs, and schools, such as not accurately reporting the number of people in the enterprise or school, or not making accurate adjustments for the people who left the enterprise or school, etc, so that they could receive additional grain and consumer goods. They were forced to pay back to the state a large amount of money and grain. That also served to reduce the number of negative phenomena in circulation.

But because of the calculation of many different objective factors, especially the preparation of conditions to serve as the premise for changing over from the supplying of goods in kind to salary supplements to make up for increased prices, after studying the resolution of the Third Plenum (Fifth Session) of

the Party Central Committee, in July 1983 the Provincial Party Committee adopted the policy of supplying the nine rationed goods in kind to the cadres, workers, and civil servants.

#### Combining Exports and Imports With Production

In addition to restoring and developing production Quang Nam-Da Nang began to develop the strengths of the economy, and set aside part of the output for export. In 1979 the province recommended that the central echelon authorize it to export directly. The province would set aside goods beyond the obligatory quantities delivered directly to the central echelon for export. Since the central echelon authorized it to export directly, exporting and importing have developed rapidly. In addition to setting forth the mission of endeavoring to attain an average per-capita export value of 100 dong in 1982 and further increasing it in the succeeding years, the province set forth many measures to mobilize all local capabilities and potentialities in producing export goods, such as relying on plans, investing actively, introducing scientific-technical advances to production, setting up state farms and cooperatives specializing in growing such export crops as cinnamon, mulberry, peanuts, pepper, tung oil, cashew nuts, etc., and setting up cooperatives, enterprises, and cooperative teams specializing in the production of artistic handicraft goods for export. It launched a movement for all the people to produce export goods. Each family, cooperative, enterprise, and district calculates its import requirements in order to have plans to produce export goods and advance to implementing the "no exports, no imports" principle. The province mobilized all sources of capital and forces of the economic components in the production of export goods and ensured that everyone benefitted. The enterprises were assigned the production of export goods, with the requirement of recovering at least 70 percent of the foreign exchange granted it by the district. It sought all ways to create increasingly larger sources of attractive export goods, especially the principal export goods.

The province also made a number of stipulations to ensure the interests of people producing export goods: The export units fulfilling their plans were allowed to use 10 percent of the foreign exchange earned by their production to serve expanded reproduction and improve living conditions. Units surpassing the export plan norms had the right to use 70 percent of the foreign exchange earned from the excess production. Sectors which participated in export production to a great extent had priority in importing goods to expand reproduction and improve living conditions. After fulfilling their export plans the localities, units, families, and individuals were allowed to export their products. Only 10 percent of the foreign currency earned was set aside for the state, while 90 percent could be used to import goods to meet the needs of the exporters. Furthermore, there were other stipulations regarding state purchasing prices and bonuses.

The results of state purchasing and the delivery of export goods steadily increased. In 1983 the value of exports was 13.6 times greater than in 1980. Furthermore, a number of essential materials and goods were imported in rather large quantities, such as urea, cement, synthetic fibers, automobile tires, fishing nets, asphalt, insecticides, and medicines. Exports became

spearheads which affected the economy, life, and capital accumulation, especially with regard to production. Since 1981, thanks to exports each year the province has imported between 10,000 and 12,000 additional tons of urea and NPK fertilizer, equal to the amount supplied by the central echelon. But the fertilizer imported directly by the province is usually received quickly and distributed at the beginning of the season, so it has a timely effect on intensive cultivation. The province also has conditions for flexibly applying the two-way exchange of goods with peasants in accordance with the guideline of helping the areas with difficult production conditions. For example, a kilogram of urea is exchanged for 2.5 kg of paddy. In the sandy soil areas, the exchange rate is 1.5 kg. In addition, every year the province sets aside 1,000 tons of sulphate fertilizer to sell at guidance prices to help the sandy soil areas grow sweet potatoes (without having to exchange products), because such areas normally encounter difficulties with regard to living conditions, in order to create conditions for them to have grain to eat while they are producing, instead of only aiding them when they are hungry.

#### Decentralization to the District Level

The development of districts is, in general, a major, urgent problem. In order to strengthen the districts, in addition to determining the responsibilities and rights, it was also necessary to satisfactorily resolve the question of the material benefit of the districts. Quang Nam-Da Nang began to decentralize to the districts budgeting, the organization of labor funds in the sphere of the district, and the level 3 commercial corporations, grain corporations, and nonmechanized transportation corporations in the districts. The province assigned missions to the districts and helped them create capital investment funds in order to have the initial capital with which to advance.

In distribution and circulation a number of specific steps were taken:

In order to encourage the districts to fully exploit the sources of agricultural products and maritime products for export the province set aside for the localities half of the foreign exchange granted to the localities. In the event that the province fails to fulfill its plan to deliver goods to the central echelon (in which case it is not rewarded) but a district fulfills its plan to deliver goods to the province, the province still must award that district a sum of Vietnamese money equal to two percent of the total value of goods delivered by the district in excess of the plan.

The villages and subwards with merit in organizing and overseeing the production of export goods are awarded five percent of the profit earned by selling those goods (in Vietnamese money). The villages and subwards set aside 20 percent of that money to reward individuals, while 80 percent is placed in village and subward budgets. The localities which supply raw materials to the installations processing rattan and bamboo products for export receive one-third of the money awarded every year to localities with merit in tending and protecting those sources of raw materials.

Due to the satisfactory resolution of the interests of the districts, villages, and subwards, in 1981 Quang Nam-Da Nang, although it had no specialized banana-growing areas, exported more than 2,000 tons of fresh bananas and large

quantities of dried pepper and shredded dried meat produced by individuals, every year exported 300 to 400 square meters of bamboo blinds, rattan mats, etc.

If the districts are to advance strongly they must have budgets so that they can take the initiative in making expenditures according to the requirements of all-round economic-social development in the district. In that spirit, the province decentralized budgeting to all lowland and midland districts and to a mountain-region district between 1977 and 1981 (budgeting has not yet been decentralized to only three mountain region districts). This year, in the sphere of the ratio of the budget set aside for the locality the province entrusted the entire budget to the districts so that they could take the initiative in balancing income and expenditures and have funds to subsidize the villages. Specifically, of the income of state enterprises in the districts 20 percent is paid to the central level and 80 percent is retained in the districts. Of the income from industrial and commercial taxes, the central level receives 60 percent, the districts receive 30 percent, and the villages receive 10 percent. All income from commercial fees and payments to encourage the delivery of products remains in the districts. When they became a budgetary echelon the districts rapidly came of age and gradually advanced from reliance on aid from the province to the local balancing of income and expenditures. In 1983 the budgetary income of 11 districts increased by 72 percent over the previous year. Tam Ky, which previously had no sources of income, advanced strongly, managed enterprises, and mobilized for the district budget more than 7 million dong. In the past, Dien Ban was a district with very few state enterprises, but now has built six enterprises, promoted exporting-importing and economic alliances, strengthened state commerce, expanded the merchandise funds, improved the operational mode, and increased the total budgetary income from state enterprises to 16 million dong, which surpassed the plan norm by 56 percent. Thang Binh District made much progress in drafting financial plans, established norms for capital circulation and production cost management norms, and increased its budgetary income to 23 million dong. The districts and cities and the municipality were encouraged to develop and cultivate sources of local income.

[8 Jun 84 p 2]

[Text] IV. Combined Strength

The great initial accomplishments attained by Quang Nam-Da Nang during the past several years in economic construction, development, and management were not made possible by any one factor but by many organically related factors.

Intention of the Party, Will of the People

Actuality is always rich and varied, and changes in a lively manner. Therefore, if there is a correct line but it is not applied flexibly and creatively, in a manner appropriate to the actual situation in the locality, it is impossible to win victory. In Quang Nam-Da Nang the intention of the Party is manifested not only in the correct line delineated by the Party Central Committee but also in the provincial party organization's correct, flexible application of the Party's economic line to the specific local circumstances.

Quang Nam-Da Nang has a party organization of nearly 30,000 party members who were steeled and came of age in an arduous, difficult, long revolutionary struggle and who have also begun to gain experience in economic development. The party organization is the nucleus in leading the people to implement the intentions of the Party and has the confidence and love of the people. The slogan of the state and the people working together permeates many tasks. On the agricultural-inndustrial, distribution-circulation, cultural-social, and other fronts, the people contributed extremely great quantities of labor and materiel in the tasks of detonating and dismantling bombs and mines, attacking the overgrown fields, clearing wasteland, restoring fallow land, building water conservancy projects, improving the fields, practicing intensive cultivation to increase yields, industrial production, small industry production, handicraft production, the construction of roads and bridges, the construction of houses, the purchasing of machinery and equipment to develop industry, the exploitation of forestry products and maritime products, etc. To build one large water conservancy project -- Phu Ninh -- the people conributed millions of work days and capital amounting to hundreds of millions of dong. Without the slogan "the people work together," the province could not have had a developed textile sector with a capacity of 20 million meters a year, 18 million meters of which are produced by collectives and individuals. In 1982 and 1983 the fishermen contributed more than 60 million dong to buy boats and develop 62 encircling net teams, etc.

The trade union, Communist Youth Union, Women's Federation, and Collective Peasant's Association organizations orgnized the masses, launched a movement, contributed greatly to the various tasks, and were links connecting the Party with the masses.

#### Will and Science

Quang Nam-Da Nang has a tradition of patriotism and of opposing foreign aggression. There arose in the province many famous movements against the French bandits. During the anti-U.S. resistance war for national salvation Quang Nam-Da Nang was awarded the title, "Loyal, resolute, and in the lead in killing Americans." That tradition as continued to be developed strongly in peacetime construction. Without patriotism, love of the home area, and readiness to endure hardship and sacrifice for the nation, there could have been no movement to destroy and dismantle bombs and mines to restore fallow land and clear wasteland. Within less than a year after the liberation 540 people were killd and 3,700 people were wounded. One person, Hero Huynh Tien Nam of Duy Xuyen District, was wounded six times but continued to fulfill that dangerous mission. There were also many difficult tasks in the devastated rural areas, in the mountain region, on the islands, and in the municipalities and cities which demanded diligent labor, the enduring of difficulties, and a spirit of self-reliance. Without determination, they could not have been carried out.

In addition to bringing that tradition into play to motivate that great spirit, Quang Nam-Da Nang stressed the scientific-technical revolution and paid attention to the application of scientific-technical advances to production. The provincial party committee promptly issued a resolution on strengthening

the leadership of the Party, the management of the state, and the collective mastership right of the working people with regard to science and technology, and began to step up investment in science and technology and the construction of scientific bases to serve production. The scientific-technical cadres in the province are oriented toward serving the attainment of theeconomic-social norms in the province. The effectiveness of the scientific-technical work in the fields, in the enerprises, and in all spheres of economic activity has been truly great. There are cooperatives producing 15 to 20 tons of paddy, and districts producing 10 to 12 tons of paddy, per hectare per year, and many new products appeared in the national economy. Those were results of creative scientific-technical labor.

In doing economic work it is necessary to be concerned with the economic benefit of the worker. At an early date Quang Nam-Da Nang also paid attention to nurturing the labor of the producers, had stands and policies, and began to find forms and measures for combining the interests of the state, the collective, and the workers, to create conditions for the workers to produce enthusiastically and increase labor productivity.

#### A Continuous Emulation Movement

It may besaid that since the liberation Quang Nam-Da Nang has had a continuous emulation movement, which has included movements to reclaim wasteland, build water conservancy projects, create high-yield fields, practice intensive cultivation in the fields, and compete to develop initiatives, improve techniques, and attain high productivity and good quality in the enterprises and at the construction sites, as well as movemnts for districts to attain a total value of small industry and handicraft output of 10 million dong, and emulation movements in the forestry and maritime products products sector, in the organs, schools, hospitals, etc.

The signing of emulation agreements between the sectors, groups, enterprises, state farms, contruction sites, districts, villages, subwards, and organs was carried out regularly, with inspection, grading, and rewards and punishment. In addition, there was emulation between Quang Nam-Da Nang and the other provinces and with our friends abroad, such as the assigning of an emulation agreement between the workers of the Da Nang port and the sailors of Soviet ships in port. The emulation movements have brought about real results, created conditions for mutual stimulation, and were oriented toward the attainment of increasingly higher norms.

The emulation movement created many advanced models, such as the Duy Phuoc, Dien Tho, and Dai Phuoc model agricultural cooperatives, the Duy Hoa marketing cooperative, the Dai Loc, Dien Ban, and Hoa Vang 10-ton districts, etc. A matter worthy of attention is that when a good model appears there is an emulation movement to compete in studying and surpassing the model. In 1979 and 1980 the Duy Phuoc and Dien Tho 3 cooperatives were advanced cooperatives with high rice yields and good incomes. The province launched a movement to study, catch up with, and surpass them. In 1982 Dai Phuoc surpassed the norm of 20 tons of paddy per hectare. A year later the Dai Nghia 3 and Dai Quang 3 cooperatives caught up with Dai Phuoc and there appeared a large number of cooperatives producing 15 to 18 tons. The "20 ton cooperative" club which was

formed in Dien Ban District, had a membership of dozens of cooperatives, which studied experiences and helped one another advance. In 1982 the Duy Hoa marketing cooperative became the leading flag in the province and in 1983 a seething movement to emulate Duy Hoa in buying in the hamlets and selling in the vilalages was launched. By the beginning of 1984 other marketing cooperatives had caught up with Duy Hoa. There were practically no good models which were not soon equalled or surpassed.

That combined strength transformed Quang Nam-Da Nang into a province with the best emulation movement.

In addition to the great accomplishments that were attained, the economic management work in Quang Nam-Da Nang is still beset with many deficiencies and problems.

In general, economic leadership and guidance is not yet comprehensive and it is not yet fully understood that socialist industrialization is the central mission of the period of transition. In agriculture, there has been failue to develop agriculture comprehensively or to stress the intensive cultivation of subsidiary food crops. The level of intensive cultivation of rice is not yet uniform. Industrial crops, especially mulberry, a spearhead of agriculture in the province, have developed slowly. After many years, they are still standing still. Agriculture has not yet created a basis for the development of industry. Even grain, despite efforts to attain self-sufficiency, still hovers between sufficiency and insufficiency, stocks are insufficient to meet all contingencies, and has not yet formed a basis on which to strongly develop industrial crops and export crops. Grain needs have not been filled in order to strongly develop small industry and handicrafts. Industry has in general developed rather rapidly but there are no long-range plans so development has been haphazard and no positive steps have been taken to obtain raw materials locally. Industry does not yet effectively serve agriculture, forestry, and fishing. The quality of industrial products is still a weakness. The agricultural products processing industry is still tiny. The province produces many subsidiary food crops but there has been practically no orgnization and guidance of subsidiary food crop processisng. There has been a slow transformation in the exploitation of two great resources: fishing and forestry. Guidance of economic-social development in the immense mountain region and in the sandy soil areas has not received adequate attention. The living conditons of the people in the coastal white sand areas are still unstable. There are still many shortcomings in the sphere of circulation and distribution. Especially, market management, price management, and tax collection have not yet played a role in stimulating the strong development of production. Adequate attention has not been paid to developing the districts, strengthening the district echelon, and developing the villages and subwards.

Quang Nam-Da Nang's struggle to continue to develop its accomplishments and advances and to advance even more strongly is also a struggle that is tied in with overcoming those weaknesses and deficiencies.

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