

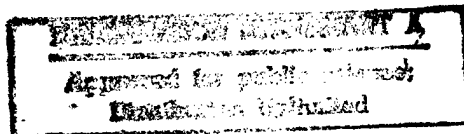
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JPRS 81330

21 July 1982

South and East Asia Report

No. 1170



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21 July 1982

SOUTH AND EAST ASIA REPORT

No. 1170

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FRANCE LAUNCHING MAMMOTH PROJECTS IN ASIA

Kuala Lumpur BUSINESS TIMES in English 29 May 82 p 9

[Article by Gilbert Sedbon in Paris]

[Excerpts]

FRANCE has launched a major export drive in South-East Asia, including transfer of advanced technology, as part of President Francois Mitterrand's policy of boosting the French presence in the Far East.

The French Socialist government's strategy is to assist developing countries in mammoth projects with factories, finance, joint ventures and above all, the transfer of high technology, officials say.

"The object is to make business, big business, but also to help developing countries lessen their dependence on the US and Soviet Union," one official said.

The financing package includes a combination of commercial credits syndicated by European banks and government grants or cheap credit so that the average interest rate is attractively low. Until lately this averaged 7.5 per cent in place of the more than 18 per cent that would have been charged had the loans been taken only from Eurocurrency markets, bankers say.

President Mitterrand who recently visited Japan, accompanied by a large delegation of bankers and

industrialists, is going to Indonesia before the end of the year to foster new economic links with the countries of the Asean.

French Prime Minister Pierre Mauroy is going to Kuala Lumpur in the next few months, following talks in Paris with Malaysian Deputy Prime Minister Musa Hitam who said that "a new era in French-Malaysian relations is henceforth opened."

Mr Mauroy has stated that the government granted Malaysia a credit line running into millions of dollars to assist its fourth five-year development plan. He called for closer co-operation particularly in the aeronautical and telecommunications fields.

Contracts

External Trade Minister Michel Jobert, Scientific Research Minister Jean-Pierre Chevenement and other Cabinet ministers as well as business leaders have been touring Asia booking orders from governments and companies.

Two spectacular deals were recently clinched in India, netting multibillion dollar contracts for French industry.

France has signed a US\$3.2 billion deal for the sale of 40 Mirage 2000 combat aircraft, plus 80 others to be built at the Hindustan Aeronautics plant in Bangalore, in the southern state of Karnataka.

The other big contract involves modernisation of India's telecommunications system and extension of the network. The French telecommunications group Cit-Alcatel won a US\$500 million contract in the face of tough competition from 10 other bidders.

The French are also building a US\$700 million alumina plant in Orissa and have a stake in India's offshore drilling programme on the Western continental shelf that could be worth several hundred million dollars.

In Taiwan the French are trying for a foothold in Taipei's nuclear energy programme. The French nuclear energy reactor builder Framatome is in the race for the next phase in the programme.

The French have been more successful in South Korea and won a billion-dollar contract for two nuclear power

plants of 950 megawatts each.

The Mitterrand Administration is now striving to capture another billion-dollar deal in South Korea for a high-speed rail line between Pusan and Seoul to be built in time for the 1988 Olympic Games.

The French are trying to associate Japan in the construction of a new Airbus known as A320 and helicopters for sale on Asian markets.

France hopes to sell Japan its 1,200-megawatt Super-Phoenix fast breeder, a US\$3.5 billion revolutionary nuclear reactor. The Japanese want to share the technology and negotiations are moving very cautiously at present, one industrialist said.

French locomotives and rolling stock have been selling well in China and oil companies are prospecting in the South China Sea, officials say.

In Australia, the French are pursuing talks on a uranium enrichment plant project in partnership with Japanese and Australian interests. Other ventures include offshore oil exploration. — Reuter

STAGGERING PROBLEMS OF ASIA-PACIFIC REGION CAN BE SOLVED

Kuala Lumpur NEW STRAITS TIMES in English 2 Jun 82 p 19

[Article by Peyton Johnson in Bangkok]

[Text]

THERE is a very old Thai saying that, "There is rice in the fields and fish in the water." That may have been true, not only for Thailand but for the whole vast region of Asia and the Pacific — once upon a time. It is becoming less and less true for the region today, there is less rice in the fields which houses above 55 per cent of all humanity, along with its almost endless problems, is often beyond the imagination of people from richer and less crowded parts of the world.

It is against this background that the United Nations Food and Agriculture Organisation (FAO) and its regional office for Asia and the Pacific (Rapa) in Bangkok, plus the country offices and FAO experts throughout the region, must struggle to help the less fortunate countries overcome, at least partially, their myriad ills.

Improvement

These are so complicated, complex, staggering and difficult to solve that FAO, as the agency specially charged with UN development assistance in the fields of agriculture, forestry and fisheries, can only hope to help the governments get started "on the right

track" in facing their truly herculean, but by no means hopeless, problems during the rest of this century and probably well into the next.

It is, of course, the governments themselves, with assistance from other UN, bilateral and other aid agencies which must do the lion's share of the work.

Much, it is true, has been achieved. But much more needs to be done. As FAO director-general Dr Edouard Saouma said at the organisation's 15th regional conference for Asia and the Pacific held in New Delhi in March, 1980:

"There have been gains throughout the Seventies. Countries like the Philippines achieved self-sufficiency in rice. India built a 20-million-ton buffer stock of food-grain. Burma is systematically curbing food losses. Thailand broke new ground with its Land Reform Law of 1975. The Republic of Korea launched a dynamic rural development programme through its Saemaul movement. Sri Lanka approved a series of progressive land reform laws. And the Pacific countries vigorously designed rural development programmes that drew on the strength of the

traditionally communities structures.

"Much of those gains have, however, been negated by the effects of a growing debt burden, deterioration in terms of aid, protectionism, and falling off of aid, as well as — let us face it — international and civil conflict and its resultant disruption and economic and human wastes."

Since the New Delhi conference, some of these problems have shown a slight improvement. Most of them have become even worse. How FAO can help the countries deal with them will be the main theme of the 16th FAO regional conference for Asia and the Pacific when it meets in Jakarta June 1-12.

Dr D.L. Umali, FAO assistant director-general and regional representative for Asia and the Pacific from 1971 through 1982, summed it up well. He once said: "Development occurs only when the basic needs of the poorest are met."

That the greater part of the Asia and the Pacific badly needs development in practically every field and practically at every level would not be denied by the most determined optimist. No one who knows the region at all would maintain that

the majority of its too many millions are "well off." For as region holds the greatest percentage of the world population, so does it also hold the greatest number of world's poor. Nine of what the United Nations calls the LDCs or "least developed countries," are in Asia and the Pacific. One of them, Bangladesh, with over 90 million people and a population growth that as yet remains unchecked, accounts for about a third of the people in all 26 of the LDCs.

Double

■ World population is expected to reach, or indeed exceed, 6.5 billion by the year 2000. By far the biggest majority of these teeming masses will live in Asia and the Pacific. Unless immense efforts are undertaken, beginning now, the great majority will live in even more wretched misery and poverty than they do today by the end of the century.

■ The birth rate for the "developed," or rich countries, is expected to rise by eight per cent during this coming generation. In the "developing," or poor countries, it is conservatively esti-

mated to rise by 25 per cent.

■ If present trends continue, as they almost surely will, population in the developed countries will double in 85 years. In the developing countries it will double in 28 years.

■ The number of children per couple in Hungary is a mere 1.8, indicating a slight drop in population over the generation. In Japan, one of the world's richest countries and by far and away the richest of Asia and the Pacific, the figure is just two children per couple. In France the figure is 2.8, in the United States only 3. For Asia and the Pacific the figure is an ominous 6.8 children per couple. It does not take a demographic expert to conclude that unless this spiralling regional population growth is brought under control, great distress lies ahead.

As a placard in the lobby of Rapa's office in Bangkok puts it under the title *An Unbalanced Equation*: "The number of mouths to feed is growing faster than the amount of food produced and the problem is becoming more serious every year." Even that warning may be an understatement.

And then there is the all important matter of rice production, traditionally the region's major staple. Another Rapa placard entitled *Rice-Life Grain in Asia* states it simply: "Rice production in the region lags behind population growth."

This, too, bodes ill for Asia and the Pacific. Yet another Rapa placard says: "In the final analysis, it is population that will determine the quality of life on earth." This means that the quality of life in the region, already dismal in all too many tens of millions of cases, will become even more dismal yet.

There are, of course,

many other problems, all related in one way or another, that plague this most populous of the inhabited areas of the globe. Fully 20 per cent of all Asian children, for instance, are born underweight. For Africa the figure is 15 per cent; Latin America, 11 per cent; Europe, 8 per cent; North America, 7 per cent.

What can be done about all that? Is the situation in the region hopeless?

Expand

The answer to the first question is "a very great deal, if we begin to act now." The answer to the second question is "No." Mankind after all took hundreds of centuries to work its way from barbarism and the caves to a state of civilisation. Very much of this "working upward into civilisation" took place in this very region. Asia is very old and very wise. Unfortunately, all too much of it today is also very sick. But it has lost neither its wisdom, its talents, nor its ability to face and overcome, provided it shows the will, problems, tremendous enough to make younger regions flinch in terror. Asia can do it again — if it has the will.

Here are just a few of the things that must be done, the sooner the better, for less pain for fewer people.

■ Over the next 10 years, the region must increase its grain production by a colossal 55 million tons annually. This would mean an increase of 60 per cent in the irrigated areas; increase improved seed supplies by 50 per cent a year; increase pesticide use by 200 per cent a year; increase fertiliser use, which most Asian farmers cannot at present afford, by fully 500 per cent a year.

■ The irrigated area itself, now only 26 per cent of the actively farmed lands of the region, must be greatly expanded. The most common estimate is that they must be at least doubled and preferable tripled. Even this will still only provide a slender margin of food production gain over population growth.

■ Forty per cent of the region's farmers, who make up a majority of its families, operate on less than one hectare. The implication here is quite clear — there must be more agrarian reform in more countries and it must take place more rapidly and with more justice to the poor. This problem will certainly be one of the most difficult, politically and socially, the region must face. The landed rich have never been known, anywhere on earth to give up their highly favoured positions without implacable resistance.

■ Animal power, which provides at least half of the energy that drives agriculture in the region, must also be greatly increased and better care taken of the animals and better breeds introduced. This becomes all the more imperative with every worsening of the world energy crisis, which so far shows no signs of abating.

Progress

■ The suicidal destruction of the region's once enormously rich forests must be stopped at once. Asia and the Pacific are losing an average of 5,000 hectares of prime timber land per day. The results of this practice, which by anybody's standards can only be called "madness," are more erosion, more floods, more pollution, grievous and perhaps irreparable loss of precious genetic resources. And on top of

these huge economic losses, the men and women of the region will lose living space, greenery and even fresh air to breathe as well.

■ Milk production must be greatly increased, if for no other reason than to save more of the region's children from a protein-deficient diet. Here considerable progress has already been achieved but not nearly enough. In 1960 the region produced 20 million metric tons of milk a year. By 1980 milk production had almost doubled to 34 million tons a year. But by the end of the century, FAO experts insist, it must reach a minimum 50 million tons.

■ To "put more fish into the waters," as the Thai saying would have it, rural agriculture must be greatly expanded, both to provide poor farmers and fishermen with better incomes. In many parts of Asia and the Pacific, fish is traditionally the principal source of protein. Freshwater fish production presently seldom exceeds 100 kilogrammes per hectare in the region. FAO experts say this could be increased at least five-fold with relative ease — provided the will is there to do it.

■ Sea fisheries must also be greatly expanded and a serious attempt made to "clean up" the annually increasing coastal pollution.

As staggering as these problems may seem, none is beyond the capacity of the region, or humanity as a whole, to resolve. And there are many more urgent problems not touched upon here. They, too, must be dealt with.

For this or any other region one thing can be said without the slightest doubt or qualification. As FAO director-general Dr Saouma puts it: "Food is an incontestable right. Technical or food assistance cannot be made the wages of docility." — Depthnews Asia

CANBERRA FORGING CLOSER TIES WITH ASEAN

Kuala Lumpur BUSINESS TIMES in English 3 Jun 82 p 19

[Article by Soh Eng Lim]

[Excerpts]

RELATIONS between the Asean countries and Australia come into focus again this week with the holding of the second Asean-Australia Business Council joint meeting in Singapore.

Australian Prime Minister Malcolm Fraser stressed that, in recent years, more and more Australians from all walks of life have become increasingly aware of the close links between their future well-being and that of the Asian countries, including the Asean five.

Like its Asean counterparts, the Australian government has worked actively to strengthen the ties that had long been established with its immediate northern neighbours across a broad range of political and economic activities.

As Mr Fraser puts it, his government was particularly keen to encourage all Australians "to become involved in building bonds of friendship and cooperation with the people of the Asean region."

In the context of Asean-Australian relations, the main changes took such forms as Australia's extension of preferential tariff arrangements to developing countries and the encouragement of investment in foreign territories (particularly joint venture projects in the Asian region) subject to the investments being

"within accepted guidelines."

In pursuit of these aims Australia has entered into preferential trade agreements with Malaysia as well as New Zealand and Canada, and non-preferential agreements with Malaysia (1958), Indonesia (1972), the Philippines (1975) and Thailand (1979).

To develop ties of cooperation and progress in economic, social and cultural matters with its friends and neighbours, Australia became the first country to institute a formal "dialogue" relationship with Asean in 1974.

In subsequent years, economic and other cooperation between the two parties have continued and expanded at many levels through governmental, business and people-to-people contacts.

Among the major advances in the development of close ties between Australia and Asean was the formation (through the coming together of the Confederation of Australian Industry and the Australian Chamber of Commerce) of a consultative private business body to develop links with the Asean Chambers of Commerce and Industry (ACCI).

As a result of this an Asean-Australia Business Council was formed at a meeting in June 1980 in Kuala Lumpur.

The first joint meeting of the AABC was held in Manila a year later (June/July 1981). At this meeting working papers were presented by the various study groups on trade, shipping and investment set up previously as part of the AABC's continuing work programme.

The papers reviewed trade and shipping between Asean and Australia and examined impediments to the flow of investments and cooperation between the two regions in the transfer of technology.

The Manila meeting noted:

■ Despite current world difficulties, there was general recognition by the council of better prospects for economic growth in the region, particularly for Australia, in the 80's. This encouraging scenario presented opportunities for structural developments that would enhance two-way trade and investment.

■ There is a need for further initiatives and innovation in the shipping area to facilitate intra-Asean trade and Asean-Australia trade. The study group on trade and shipping would undertake further studies in this area.

■ The Australian delegation announced that the development of an Australia-Asean management orien-

tation/training course was being investigated to further Asean-Australian business relationships.

■ Australia would initiate the Australian Executive Service Overseas Programme (Aesop).

Imbalance

Latest available statistics show that over the last 10 years trade between Australia and the Asean countries grew rapidly in value and importance, having increased "more than fivefold". There has been relatively high growth rates since the mid-1970s. The two-way trade in 1979 was estimated to be worth nearly \$5.4 billion.

However the trade is tipped largely in Australia's favour and this imbalance has formed one of the key issues in talks between Australian ministers and government officials and their Asean counterparts.

As an official source puts it, there appears to be a growing understanding in the Asean countries of the problems facing Australia in restructuring its industry and providing employment in the present difficult world economic climate.

There also appears to be a general recognition that a strong Australian economy will provide a continuing and expanding market for Asean exports.

AUSTRALIAN TORPEDO MISSILE VERSATILITY INCREASED

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Jul 82 p 116

[Text]

Ikara, the Australian torpedo carrying missile, can carry the US MK 44 and MK 46 torpedoes. At least three others - the Italian A2445, the Swedish TP 42 and the British Stingray - are feasible alternative payloads with appropriate system modifications. This makes Ikara potentially the most adaptable long-range anti-submarine weapon system in the world today.

Each of the five torpedoes is similar in size and weight, but each has been optimised to seek out and home on submarines operating in different maritime environments. Launched from a ship, Ikara is a long-range airborne vehicle which is guided throughout its flight to the constantly updated, predicted position of a submarine, where it drops its homing torpedo to attack and destroy the target.

Ikara is in operational service in ships of the Royal Australian Navy, the Royal Navy and the Brazilian Navy, where it has earned an unsurpassed reputation for accuracy and reliability.

An option to increase versatility and in particular to cater for smaller, anti-ship requirements is a new lightweight box-launched version. The ability to deliver the torpedo to the target with the extreme accuracy Ikara normally achieves, is not degraded with this proposed system.

Ikara was designed and is produced in Australia. The British Aerospace Dynamics Group acts as representative of the Australian government for Ikara sales promotion in many countries throughout the world.

DRAFT OF NEW CITIZENSHIP LAW AWAITS APPROVAL

Kuala Lumpur BUSINESS TIMES in English 2 Jun 82 p 19

[Article by Min Thu in Rangoon]

[Excerpts]

BURMA aims to introduce a three-category citizenship law if the unicameral People's Congress approves the new draft being placed before the public to solicit their views and suggestions.

A category would comprise Burmese nationals who are of pure Burmese blood as well as those belonging to the indigenous national races like the Shans, Karens, Kachins, Kayahs, Chins and Arakanese who have settled in the country before 1823.

The year 1823 was taken because Burma fought the first Anglo-Burmese war in 1824 and lost its independence after the third war in 1835 when many foreigners came in and resided in the country.

Every national is also a citizen but those taking permanent residence in a foreign country would not be regarded as citizens, according to the new draft.

The second category is composed of those of mixed blood among these nationals. The third category — naturalised Burmese citizens — includes other races and foreigners who entered Burma as immigrants during the British colonial rule.

Persons who are already citizens in accordance with existing laws when the new law comes into force would also be classified as citizens. Children born of parents one of whom is a foreigner and the other a national, or a citizen or a naturalised citizen would be regarded as temporarily naturalised citizens until they attain the age of 18 when they have to renounce their foreign citizenship and vow loyalty to Burma to become a naturalised citizen, according to the new draft.

They would have to make this in one year before they attain the age of 19.

A foreigner who has resided with official permission for five years may apply for naturalisation while one married to a citizen could do so in three years.

Consent

Under the existing laws, such rights were given only to females married to citizen males but the new law has given equal rights to both men and women.

While applying for naturalisation they could also put in the list of their children under their control in the certificate of naturalisation to be issued to them.

But here the written consent of the foreign parent is necessary — a condition not provided under existing laws. An applicant for naturalisation would not be permitted to leave the country except when allowed to do so, within five years from the date the certificate of naturalisation is granted, says the new draft.

A citizen or a naturalised citizen would not lose his citizenship by marriage to a foreigner who would also not automatically acquire citizenship or naturalised citizenship by marrying a citizen, according to the new law.

Nationals and citizens would continue to enjoy the status which is not less than enjoyed by them before this new law comes into force, explained Dr Maung Maung, a member of the council of state and chairman of the law commission.

Naturalised citizens would also en-

joy the rights almost the same as citizens but they would not have the right to be elected to serve political duties or serve as heads of bodies of public services, he said.

The new law would replace the Union Citizenship Act and Union Citizenship (Election) Act that came into force when Burma became independent in 1948.

Because of loopholes and weaknesses in the existing laws, Burma began drafting a new law since 1976. It was placed before the public to solicit their views and suggestions at the suggestion of party chairman Ne Win.

Official groups toured 11,933 wards and villages in 304 townships in the country to explain the new draft; the commission received 37,186 suggestions from 14 states and divisions, 293 townships, 1,255 organisations and 188 individuals.

Based on these suggestions this new draft was made and official groups have now begun explaining it to the people in various parts of the country.

After soliciting public views and suggestions it would be redrafted before submitting to the unicameral People's Congress. The new revised citizenship regulations are now necessary, according to official statements, because there "always run high risks involving national interests" in entrusting state responsibilities to non-nationals," meaning those not of pure Burmese stock. — Depthnews Asia

CSO: 4220/625

WASHINGTON CORRESPONDENT ON GANDHI U.S. VISIT

Bombay THE TIMES OF INDIA in English 24 Jun 82 pp 1, 9

[Article by J.N. Parimool]

[Text] Mrs. Indira Gandhi's visit to the United States is expected to clear the way for solving the important bilateral problem of Tarapur.

Her discussions with key senators and congressmen may help dispel the fears that India is about to launch a nuclear weapons programme.

The Prime Minister is expected to take up with the U.S. President the issue of U.S. arms supplies to Pakistan and regional problems that it is going to create. Increased militarisation of the Indian Ocean and the Reagan administration's stand on multilateral aid given to India by specialised agencies like the World Bank and IMF are among other important issues expected to come up at the meeting of the two leaders here on July 29.

American observers believe that Mrs Gandhi has neither asked nor would she ever ask for any US arms aid but they believe she will explain to President Reagan how administration after administration in Washington, possibly under pressure from Pakistan, turned down Indian requests for arms purchases and drove New Delhi to other countries for arms.

Pro-Soviet Tilt

These observers believe that the so-called pro-Soviet tilt in Indian foreign policy may be the direct result of the wrong policy perceptions of the US in the sixties and early seventies.

According to these observers, it would be wrong to conclude that Mrs Gandhi wants to distance herself from Moscow. "She may want to clear American perceptions of the distance that lies between her and the Russians. She is no closer today than she has ever been or her father has been but it is the American perceptions that have changed."

Militarisation of the Indian Ocean is a subject to which Mrs Gandhi's government has consistently attached great importance because the superpowers' military presence in the region of India makes the entire coastline of the country vulnerable.

Considering the strained relations with China in the north and with Pakistan in the northwest and the secessionist activities in the east (also promoted by some foreign powers) the superpowers' presence in the Indian Ocean resulting in increased militarisation of the ocean creates an atmosphere of virtual encirclement for India. No heed has been paid by the superpowers to the U.N. resolutions on the Indian Ocean.

Mrs Gandhi is expected to make one more attempt to persuade President Reagan to keep the Indian Ocean free from superpower rivalries.

On the economic side, the focus of the Gandhi-Reagan talks is expected to be on the US attitude towards multilateral credit--the concessional credit provided by the World Bank affiliate, IDA, to India and the IMF loan. So far as the fund loan is concerned, the IMF management is more than satisfied with the economic performance of India and with the Indian government's policies and utilisation of the loan. The board of directors of the fund is expected to meet soon to take a decision.

As to the concessional credit that India has been getting from IDA, the credit that has been the mainstay of the external resources for development, there is already a sharp drop from 40 percent to 34 percent (of the total available IDA credit) caused by a cut in the contribution of the U.S. and other donor countries to the sixth replenishment.

The next contribution, that is the seventh replenishment, is a big question mark. Add to this the Chinese membership of the World Bank and the prospect of the IDA credit to India becomes more bleak. The US has an important part to play because other donor countries follow its lead.

Mr L.K. Jha, chairman of the economic administration reforms commission who is a trusted adviser of Mrs. Gandhi, is in Washington. He arrived here on Sunday.

He is scheduled to meet the World Bank president, Mr Clausen, and the IMF managing director, Mr Larosierie. Mr Jha will also meet Mr Sprinkel, under-secretary for the treasury, to discuss the US attitude towards the credit supplied by the bank and the fund to India.

Mr Jha is also expected to meet his old friend, Mr Alexander Haig, to have preparatory discussions on the forthcoming visit of Mrs Gandhi. He is also scheduled to meet Indian scientists and investors in New York on Saturday to discuss with them the possibility of investing in India's development.

Another adviser of Mrs Gandhi, Mr G. Parthasarathy, is also visiting Washington reportedly in connection with the visit of the Prime Minister. He has come to New York to attend a seminar on foreign policy.

Meanwhile, the programme for Mrs Gandhi's visit to the US is receiving the final touches. The Prime Minister is scheduled to arrive in Washington in the evening on July 28 and the next day she will be received formally by the President at the White House where the talks between the two leaders will be held.

She will have luncheon with the secretary of state, Mr Alexander Haig and attend a banquet given by President Reagan. On July 29, Mrs Gandhi will meet members of the Senate and the House of Representatives at two separate meetings. The meetings have been convened by the Senate Foreign Relations Committee Chairman, Mr Charles Percy and the House Foreign Affairs Committee Chairman Mr Zablocki.

On July 30 the Prime Minister will address the Indian community in Washington and have luncheon at the National Press Club. In the evening there will be a reception by the ambassador.

In the course of her five-day stay, Mrs Gandhi is also expected to visit the world Disney centre in Florida. She will address a number of meetings in New York. She will address the Indian community, the foreign association, the Far East Association and the Asia Society. Her programme for San Francisco has not yet been finalised.

The Prime Minister's office is believed to have been flooded with letters of invitation from the west coast, from south and from midwest, but she has not been able to accept most of them.

An interesting sidelight of the Prime Minister's visit is that she will have to stay in a hotel here during her brief visit because Blair House, which is just opposite the White House and where all foreign dignitaries stay during their official visit, is being repaired.

According to official sources here, it will take five months to repair it and therefore, Blair House would not be ready in time for Mrs Gandhi's visit. All foreign dignitaries visiting the White House in the meantime like the President of Cameroon or the Prime Minister of Israel will have to stay in a hotel.

CSO: 4220/7535

MALTA GOVERNMENT SENDS INVITATION TO GANDHI

New Delhi PATRIOT in English 21 Jun 82 p 3

[Text]

The Government of Malta has renewed its invitation to Prime Minister Indira Gandhi to visit the island state in the Mediterranean.

Talking to UNI, Deputy Information and Broadcasting Minister Arif Mohammed Khan said he has brought a message from the Maltese leaders requesting Mrs Gandhi to visit the island at an early date.

Mr Khan, returned from Malta on Saturday after attending the two-day meeting of the Non-Aligned Inter - Governmental Council for Coordination of Communication and Mass Media.

He said Mrs Gandhi was held in high esteem and was virtually a household name in Malta.

Mr Khan said he met Maltese Prime Minister Dom Mintoff, De-

puty Prime Minister Wistin Abela and Foreign Minister Alex Sciberras Trigona and discussed with them matters of mutual interest.

He said all of them expressed a keen desire to increase trade and technical ties between the two countries. Mr Khan offered India's assistance in boosting the print media in Malta. He apprised them of the expertise and technical know-how available in this regard.

Being a member of the non-aligned world, Mr Khan said Malta was anxious to enlarge and strengthen its relations with other non-aligned nations. The Maltese leaders wanted collaborative arrangements with India in ship-building. For this Malta was now dependent on Yugoslavia and Sweden.

CSO: 4220/7526

JANATA LEADERS DISCUSS ELECTION FAILURE

New Delhi PATRIOT in English 21 Jun 81 pp 1, 7

[Text]

The Janata Party appears to be passing through an agonising reappraisal with some of its top leaders raising doubts about its very existence, reports UNI.

Since the Janata Party fared badly in the 19 May mini-general elections, its general secretary Bapu Kaldate in his report points out, 'other parties are trying to write it off and to a certain extent people may eventually think on the same line.'

Another general secretary S Shahabuddin, MP, also took note of what he calls 'spate of comments in the national press writing off the Janata Party.' Mr Ramakrishna Hegde, the senior most general secretary, admits that these elections have laid bare certain in-built weaknesses of the party which it has been trying to gloss over.

Besides the reports of the three general secretaries, documents prepared by other leaders on the party's poll debacle are being discussed in the party ranks to identify the causes for the party's organisational and ideological weaknesses.

Haryana Janata Party chief Sushma Swaraj finds fault with the general secretaries who 'did not

take any interest in Haryana elections. I am pained to point out that no general secretary was available at the centre during the election campaign and they were more or less inactive,' says Mrs Swaraj.

Kerala leader K Chandrasekharan is critical of Mr Morarji Desai's public utterances which according to him had 'adversely affected the party's poll prospects in the State. The statement of the former Prime Minister objected to by Mr Chandrasekharan was that the 'Janata Party does not desire to go with the CPI-M into the Government.' Though the two parties went to the hustings as partners in the left front.

What worries Mr Hegde is the lack of cohesive thinking and planning in the party. It has not been able to mobilise resources and has been the victim of inertia and a prisoner of inaction at various levels, the party general secretary observes.

Mr Kaldate wants the party to jettison its 'vague shape and character' and try to build itself up as a party with a 'clear ideology.' In the process some people may opt out of the party for

which there should be no regret, he adds. Mr Shahabuddin expects the party to define its 'social constituency' and 'strategic goals.'

The party leaders including general secretaries hold conflicting views about the need for unity with other opposition parties. While Mr Kaldate makes out a strong case for opposition unity, his colleague, Mr Hegde puts on record that the 'singleminded pursuit of opposition unity did create a wrong impression that its weakness was driving the leadership towards a mirage of opposition unity for self-survival'.

But, the third general secretary Shahabuddin has no doubt that the Janata Party would have done well in the elections had it kept itself aloof from the 'unity game' like the Bharatiya Janata Party.

Dr Subramaniam Swamy, MP, who was incharge of the party's electioneering in Himachal Pradesh, calls for immediate suspension of all unity talks with other parties. Mr Harmohan Dhavan, president of Janata Party in the Union Territory of Chandigarh, feels that the unity talks made the party a 'laughing stock in public and lowered its image.'

NOMINATION OF OPPOSITION CANDIDATE REPORTED

Papers Filed

Bombay THE TIMES OF INDIA in English 24 Jun 82 pp 1, 9

[Text] New Delhi, June 23--Representatives of most opposition groups in parliament have signed as proposers and seconders on the nomination papers of Mr H.R. Khanna, former judge of the supreme court, filed with the returning officer today.

Among the proposers were Mr Indrajit Gupta and Mr Jagjivan Ram, Mr Charan Singh, Chandra Shekhar.

The 70-year-old jurist, chosen by the opposition at the end of a long search for a candidate, told newsmen that he accepted the nomination in "deference to the wishes of so many parties."

He declined to be drawn into any political discussion except when pressed by newsmen, to explain his preference for the parliamentary system over the presidential system.

He also preferred not to join issue with anyone over the government policies.

Mr Khanna, who had the distinction of having been a minister in Mr Charan Singh's government for a little over 24 hours, resigned in 1977 as judge of the supreme court when he was superseded.

Mr Khanna's was the 36th nomination paper to be filed in the eighth presidential election. No other nominee, except Mr Zail Singh, has any proposer or seconder. Obviously, Mr Zail Singh and Mr Khanna will be the two main contenders.

Later, talking to newsmen, Mr Khanna said that a contest being part of the democratic process was good. All that I would say is that I value very much the confidence reposed in me by the political leaders whom I hold in high esteem," he added.

Repeatedly asked about the role of the president, he said that in the parliamentary system, policies were always formulated by the cabinet.

About the comparative merits of the presidential and parliamentary systems, he recalled the long articles he had written in "The Times of India" and other journals. Mr Khanna said he had pointed out that whatever be the experience of countries like the U.S. and France, in Asia and Africa, wherever a presidential system functioned the leadership changed only as the result of a death or coup. Only in a parliamentary system, a leader like Mrs Gandhi could be voted out of office and be then returned to power, he added.

In a related development, the Lok Dal central office released the text of letter exchanged between the Prime Minister and Mr Charan Singh.

In her letter dated June 21, Mrs Gandhi spoke of the consultations on the consensus proposal with legal and constitutional experts and its reference to the Congress (I) parliamentary board. She wrote, "The opinion has emerged that successive presidential elections since 1952 do not indicate the existence of any 'consensus' of the kind you mention. The mode of election is laid down by statute and there has been no express or implied refinement thereto. There is always the possibility that everyone's choice might fall on the same person in a given case. But that certainly cannot be called a consensus, nor can it be generalised accordingly.

"Even as I was consulting my senior colleagues, we got the news that you had announced your candidate. Doesn't this indicate that you yourselves were not serious about consensus?"

In his reply, Mr Charan Singh stated, "We had suggested this course because in our opinion the dignity and authority that the highest office in our polity commands, demanded that it be held by a person who enjoyed the widest possible support and esteem of the people. More than this, you have tried to twit the opposition by saying that by announcing our nominee's name when discussions in the meeting of your parliamentary board were still proceeding we have, in a way, proved that in fact, we ourselves did not want a consensus. Now, nothing could be more incorrect and indeed, more unfair.

"It seems clear to us that you were deliberately delaying an announcement of your choice to prevent the opposition, consisting of so many parties as it does, from taking a decision in time. First, you fixed a meeting of your parliamentary board on June 15 for the purpose. Then you postponed it to June 21 and 22 so that you were free to announce your decision till the evening of June 22, knowing that June 23 was the last date for filing nomination. Obviously all this delay on your part could not be without a design."

Now that the deadline for nomination is over, the presidential poll will provide a straight contest between Mr Zail Singh and Mr Khanna.

The DMK president and former Tamil Nadu chief minister Mr M. Karunanidhi, several members of the party, Mr R. Mohana Rangan (AIADMK), Mr Ibrahim Sulaiman Sait of the Muslim League, and Mr Ravinder Singh of the Akali Dal (L) were among those who proposed the candidature of Mr Zail Singh in the three separate papers filed today.

Texts of Gandhi, Charan Singh Letters

Madras THE HINDU in English 24 Jun 82 p 10

[Text] New Delhi, June 23--The letters exchanged between Mrs Gandhi and former Prime Minister Mr Charan Singh on their respective positions on the choice of a Presidential candidate, show there was no meeting point.

The following is the text of the letters:

From Mrs Gandhi to Mr Charan Singh:

New Delhi, June 21, 1982

Dear Chaudhury Charan Singh,

I write in continuation of my reply dated 17th June to your letters on the Presidential election. I placed the correspondence before the Congress Parliamentary Board and have also held consultations with some legal and constitutional experts. The opinion has emerged that successive Presidential elections since 1952 do not indicate the existence of any 'consensus' of the kind you mention. The mode of election is laid down by statute and there has been no express or implied refinement thereto. There is always the possibility that everyone's choice might fall on the same person in a given case. But that certainly cannot be called a consensus, nor can it be generalised accordingly.

Even as I was consulting my senior colleagues, we got the news that you had announced your candidate. Doesn't this indicate that you yourselves were not serious about consensus?

With regards

Yours sincerely,
Indira Gandhi

Charan Singh's Reply

From Mr Charan Singh to Mrs Gandhi

June 22, 1982

Dear Prime Minister,

I write this in reply to your letter which I received at about 10 last night.

You have been pleased to point out in reference to our correspondence about the desirability of a consensus of political opinion in regard to the election of President of the country, that the Constitution does not provide for any such process. But surely, no democratic Constitution could possibly do so in writing. We have suggested this course because in our opinion the

dignity and authority that the highest office in our polity commands demanded that it be held by a person who enjoyed the widest possible support and esteem of the people. More than this, you have tried to twist the Opposition by saying that by announcing our nominee's name when discussions in the meeting of your Parliamentary Board were still proceeding, we have, in a way, proved that in fact we ourselves did not want a consensus. Now, nothing could be more incorrect and indeed, more unfair.

It seems clear to us that you were deliberately delaying an announcement of your choice in order to prevent the Opposition, consisting of so many parties as it does, from taking a decision in time. First you had fixed a meeting or your Parliamentary Board on June 16 for the purpose. Then you postponed it to June 21 and 22 so that you were free to announce your decision till the evening of June 22 knowing that June 23 was the last date for nomination. Obviously all this delay on your part could not be without a design.

Ever since the statement you made in Bhubaneswar, various office-bearers of your party have been denouncing the very concept of consensus. In your own earlier letter, while you had promised to place our plea before your Parliamentary Board you had given no indication that you would consult the Opposition before announcing the name of your nominee. Nor did you communicate to us at any stage what reservations you had with regard to the suitability of the consensus candidate proposed by us. Only when it became quite clear that you had no intention to consult the Opposition we proceeded with the selection of our candidate.

As regards the merits of your candidate I must be excused if I say that it is not a happy one. With the report of the commission of enquiry consisting of Justice Gurudev Sing still gathering dust in the Secretariat of the Punjab Government since 1980 which held that out of 50 charges that were entrusted to him for enquiry, 35 stood prima facie proved, the people in general will not be far from wrong if they see in your choice an attempt to strike another nail in the coffin of the democratic institutions of the country.

With regards

Yours sincerely
Charan Singh

CSO: 4220/7535

BIHAR ADMINISTRATIVE SHAKEUP

Calcutta THE STATESMAN in English 24 Jun 82 p 1

[Text]

PATNA, June 23.—The Bihar Cabinet, in a major administrative shake-up, today named a new Chief Secretary, created the post of an additional Chief Secretary and transferred 37 IPS officers, reports PTI.

Official sources said here that the Development Commissioner and senior-most IAS officer in the country, Mr Subash Kumar Mukherjee, was appointed Chief Secretary to the State Government, replacing Mr P. P. Nayyar, who will take up his new assignment as Special Secretary, Home, Government of India.

Mr J. C. Kundra, Finance Commissioner, was named the new Additional Chief Secretary.

The Cabinet also decided that the Commissioner of Commercial Taxes, Mr B. P. Verma, would replace Mr Kundra, while Mr Narendra Pal Singh, till now the Labour Commissioner, would take up the former's post.

In the State Police shake-up of the 37 IPS officers to have been transferred is the Inspector-General of Police for Home Guards, Mr Sudhista Narain Singh, who has been appointed I.G. (Prosecution).

CSO: 4220/7537

COMMERCE MINISTER SPEAKS AT LONDON MEETING

New Delhi PATRIOT in English 23 Jun 82 p 5

[Text]

COMMERCE Minister Shivraj Patil has urged India and the United Kingdom to take a fresh look at the emerging patterns of their economies and to see how their complementarities could be exploited further to mutual advantage.

He was speaking at the opening session of the Indo-British Economic Committee meeting which began in London on Tuesday. He is leading a high powered Indian delegation. The British delegation is led by Minister of Trade Peter Rees.

Mr Patil said there was considerable scope for setting up complementary production units in India for providing components to British original equipment manufacturers and producing goods and machinery at comparatively less cost for the purpose of exports to other markets.

He felt cooperation between the Indian and British firms in third country contracts and joint ventures was another area where efforts so far made had barely touched the fringes of the immense potential.

Mr Patil also urged the UK Government to intervene favourably in arriving at a suitable bilateral textile agreement with the European Economic Community so that a satisfactory solution could be found to this problem which would also help India in promoting its exports in the face of its growing trade deficits.

The Minister expressed India's concern at the growing balance of payment difficulties and said India's trade deficit with UK had been steadily increasing for the last three years.

He said unless there is a comparable increase in the exports, India could not sustain its imports from Britain for long. The situation will reach alarming proportions in the near future with the implementation of the various projects in the pipeline including those in the power and coal sectors.

He sought UK's cooperation to ease the situation. The Minister also urged the British Government to intervene to improve the EEC, GSP regime for which India had already requested.

Mr Patil recalled that a committee of the British Parliament had pointed out the distortions which had crept into EEC's policies towards the developing countries and suggested that British Government should take steps to restore the balance.

FIGURES ON EXPORT FOR 1980-81 RELEASED

New Delhi PATRIOT in English 21 Jun 82 p 8

[Text]

An analysis of India's export of jute goods in the jute year 1980-81 (July-June) reveals a sharp increase in the shipments to West Europe, East Europe, and Africa but a substantial fall in respect of the US, Far East and Australia, reports UNI.

According to figures compiled by the Indian Jute Mills Association, the total exports of jute goods to the UK increased from 12,800 tonnes in 1979-80 to 17,800 tonnes in 1980-81, and to the rest of West Europe from 39,300 tonnes to 78,500 tonnes.

Export to USSR jumped from 102,200 tonnes in 1979-80 to 217,500 tonnes in 1980-81 and to the rest of East Europe from 23,200 tonnes to 34,100 tonnes in this period.

The offtake of jute goods by Africa which had declined from 15,500 tonnes in 1978-79 to 14,500 tonnes in 1979-80 shot up to 34,100 tonnes in 1980-81.

SETBACK IN US

But in the US there has been a steady set-back. Export to this market declined from 87,900 tonnes in 1979-80 to 74,000 tonnes in 1980-81. The decline was mainly in the export of carpet backing from 59,200 tonnes in 1979-80 to 33,800 tonnes in the next year.

In the earlier years the US had imported substantial quantities of Indian jute goods, the total amounting to 160,400 tonnes in 1975-76, 118,000 tonnes in 1976-77, 143,800 tonnes in 1977-78 and 96,100 tonnes in 1978-79.

Exports to Canada rose from 10,700 tonnes in 1979-80 to 11,700 tonnes in 1980-81 and to Argentina from 2,200 tonnes to 6,700 tonnes. To the rest of America India exported 9,900 tonnes in 1980-81 compared to 5,200 tonnes in 1979-80.

CSO: 4220/7526

INDIA

NIGERIAN TRADE MISSION DISCUSSES JOINT VENTURES

Calcutta THE STATESMAN in English 23 Jun 82 p 9

[Text] New Delhi, June 22--A trade mission sponsored by the Calabar Chamber of Commerce and Industry of Nigeria and led by its president Mr C.U. Nyong held a one-hour talk with the Federation of Indian Chambers of Commerce and Industry here yesterday on the possibilities of setting up joint ventures and increased commercial exchanges.

The meeting was presided over by Mr Shripati Singhania, A FICCI committee member, and was attended by people representing business interests, including public sector organizations.

A Press release issued by FICCI today said that the visiting mission evinced keen interest in Indian collaboration in development of its agriculture, mining and of industries for food processing, manufacture of agricultural equipment, fertilizers, and beverages. The Cross River State of Nigeria, whose capital is Calabar, is rich in petroleum and valuable minerals such as iron ore, tin, manganese, uranium and also palm oil, timber and rubber. The State with a population of more than 5 million has a modern port, a good road network and an international airport.

Mr Singhania referred to the visit of the FICCI delegation to Nigeria in March and hoped that as a result of the discussions held with Calabar trade mission the communication gap which affected closer economic relations between the two countries, would get mitigated.

India's share in Nigeria's global imports, he pointed out, was very meagre. Obviously the possibilities of trade with each other had not been fully explored. India, for instance, could supply not only food products, including rice but a variety of manufactured produces, both consumer and capital goods, such as complete plant and machinery, transport equipment, chemicals and other pharmaceutical products. He felt that India too could import items like cashew kernal, hides and skins, rubber and tin from Nigeria.

CSO: 4220/7532

INDIA

ADDITIONAL SOVIET T-72 TANKS FOR INDIA

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Jul 82 p 78

[Text]

The Indian Government has decided to purchase a further, unspecified quantity of T-72 MBTs from the Soviet Union. The Indian Army already has a batch of 70 T-72s in service; these tanks, however, ordered in 1977/78 and delivered from the middle of 1979 onward, were mainly for evaluation purposes, as India intended to develop its own MBTs to start replacement of the 1,000 or so VIJAYANTA tanks (modified Vickers Mk. 1 built under licence) produced so far at the Avadi plant.

However, it was reported the programme for the new indigenous MBT has now been postponed for at least ten years. This is because of serious difficulties in the planned indigenous development of a 1,500 horse power diesel engine. After having considered the possibility of purchasing a modern diesel abroad, India has finally decided to purchase more T-72s tanks as an interim measure.

The T-72 tanks are being supplied by Soviet Union at a price of about 1.2 million US dollars each, a low figure when compared to the current prices of Western Main Battle Tanks.

CSO: 4220/214

INDIAN COAST GUARD PROFILED

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Jul 82 pp 82, 84

[Text]

The Coast Guard, the youngest of the Armed Forces in the country, completed five years existence on February 1, 1982, having started operations in 1977 with two Naval Frigates and five patrol boats. As an interim measure the Force operated initially as part of the Indian Navy. It was formally constituted as an Armed Force of the Union of India on August 19, 1978 under the Coast Guard Act of 1978. The ships which were then

operating with the interim Force, were permanently transferred to the Coast Guard and commissioned as Coast Guard ships after formal inauguration of the Service.

Under the Coast Guard Act, the force is enjoined to protect the maritime and other national interests in the maritime zones of India. The area of responsibility of the Service is approximately 2 million square kilometres, equal to roughly half the land mass area of India. It is the primary agency employed to enforce India's sovereign right for exploitation of all living and non-living resources in the Maritime Zones and to administer the provisions of various legislations passed by the Parliament for this purpose.

India's Maritime Zones are rich in high quality tropical fish and attract a large number of poachers from different countries. Flying flags of convenience, these unscrupulous and mercenary vessels have for long exploited the resources in India's exclusive economic zone. (EEZ)

Since its formation the Coast Guard has been very active in safeguarding these maritime resources. At present no less than 24 foreign fishing vessels are being prosecuted for poaching within the Maritime Zones. The presence of Coast Guard ships at sea also gives a sense of security to thousands of Indian fishermen.

The Coast Guard Headquarters are located in New Delhi, mainly for closer interaction with Naval Headquarters and a number of Ministries having an involvement in the Maritime Zones. The operational Headquarters are located in Bombay, Madras and Port Blair, to look after the three regions, namely the Western, the Eastern and the Andaman and Nicobar regions, respectively.

Each Regional Headquarters controls a District Headquarters, and a number of Coast Guard Stations which provide local support to Coast Guard ships. There is a District Headquarters in each of the Coastal States. Some District Headquarters have

already been activated. A Rs. 100-crore (\$110 million) Plan for the development of the Service during the period 1979-84, has been approved by the Government. The Plan, which includes induction of ships, helicopters and aircraft into the Service, is being implemented. By 1984 five Seaward Defence Boats, ten Inshore Patrol Vessels, three offshore Patrol Vessels, three helicopters and five surveillance aircraft will join the Coast Guard force. All the seaward defence boats and most of the patrol vessels are being built in Indian Shipyards.

Currently, the Coast Guard is manned by 102 officers, 703 sailors and 157 civilians. A majority of the uniformed personnel are seconded from the Navy. The Coast Guard has also started building up its own regular cadre. So far 37 officers and 210 sailors have been recruited and trained. The basic training is carried out in Naval training establishments. However, dependence of the Service on seconded Naval personnel, at least in the higher and upper middle levels, will continue for a number of years. The existing infrastructure of the Navy provides considerable assistance to the Coast Guard.

The Coast Guard is also required to assist the Customs in their anti-smuggling operations. It has been decided by the Government that the sophisticated craft used by the Customs in anti-smuggling operations will be manned and maintained by the Coast Guard. The existing fleet of interceptors with the Customs Marine Organisation and their crew are being merged with the Coast Guard with effect from April 21, 1982.

There is an increased awareness of the vast wealth that lies unexploited in India's EEZ. The need to safeguard this national wealth by means of a well-equipped, alert and effective organisation, is increasingly being met by the Coast Guard.

CSO: 4220/214

INDIA SIGNS SUBMARINE CONTRACT

Kuala Lumpur ASIAN DEFENSE JOURNAL in English Jul 82 p 84

[Text]

It has been after many months of uncertainty concerning the deal with HDW that the government of India has finally decided to go ahead and procure the German-designed submarines. Under the terms of the contract, signed in early December 1981, the German shipyard will build two submarines, the first to be delivered at the end of 1985, and the second six months later. A further two submarines will be built in India, under licence, at Mazagon Docks, in Bombay.

The signing of the contract had reportedly been held up mainly as a result of differences between the two parties regarding a significant escalation in the cost of spare parts and training (a six-fold increase in 18 months) and HDW's inability to make certain modifications to meet Indian Navy specifications (particularly relating to noise reduction). Another point to be settled was the reluctance of the German Government to provide guarantees in writing regarding the supply of spare parts and the transfer of technology. Presumably these problems have now been settled.

Details of the submarine's equipment have not been released. It is understood, however, that, whereas HDW traditionally uses Signaal fire-control equipment and Thomson-CSF ESM systems, the Indian submarines may be fitted with US equipment - a Singer Librascope fire-control computer and an Argo Systems ESM suite. It is also understood that Italian torpedoes will be fitted in the submarines.

CSO: 4220/214

GANGES EXPLOITATION SCHEMES EXAMINED

Calcutta THE STATESMAN in English 14, 15 Jun 82 p 8

[Article by Sunil Kumar Munsil]

[Text]

AS India and Bangladesh prepare to negotiate renewal of the 1977 Farakka agreement, Sunil Kumar Munsil, Professor of Geography at Calcutta's Centre for Studies in Social Sciences, says that the total flow of water in the Ganga will always seem insufficient for the multifarious needs of one of the world's most densely peopled regions. Hence plans to augment supplies by storing monsoon rain, tapping ground water reserves and transfers from other rivers. Discussing the various schemes, and the proposal for a National Water Grid, Dr Munsil regrets that every additional drop of water is likely to be used up in the Ganga's upper reaches, leaving nothing to flush out the silt-choked port of Calcutta, or to meet Bangladeshi requirements. Dr Munsil will conclude this survey tomorrow.

IN the third week of May this year an Indian delegation headed by Mr P. V. Narasimha Rao, the External Affairs Minister, was in Dacca on a goodwill mission. The joint communiqué issued at the conclusion of talks pointed out the necessity of intensifying efforts for a mutually acceptable solution to the problem of sharing Ganga water at Farakka. This, together with the more basic problem of augmenting the river's flow, appears to have come up for a probing dis-

cussion as the Farakka agreement between India and Bangladesh will expire in November, and the two countries will have soon to initiate talks on the issue. Press reports indicate that India is unhappy with the present agreement which is considered disadvantageous. Moreover, India does not favour any involvement of Nepal in the question of sharing Ganga water.

SPECIAL DEMAND

It is obvious by now that with an ever-increasing and multifarious demand on the Ganga throughout its run in India of nearly 2,500 kilometres, and over 200 kilometres in Bangladesh, no sharing, however just and logical, can ever be satisfactory to either party, given the rather limited quantum of water against a sharply rising population and its needs for agriculture, industry, navigation and a host of other activities. The Ganga basin is one of the most densely populated regions of the world. It has Calcutta, one of the ten major ports of India, located on the river nearly 100 kilometres away from the sea, making a special demand for navigation. In a situation like this, the Farakka agreement can at best be an interim solution aimed at partially meeting the requirements of the lower basin, with planned disbursement of the available quantum to West Bengal and Bangladesh.

When we talk of the limited or available quantum, we have in mind that though the Ganga, and a number of its major tributaries are snow-fed, a substantial quantity of water is added to its flow from rains during the monsoon months, much of which is lost in

unregulated run-off. Of the 493,000 million cubic metres of total average annual discharge of the Ganga in India, only a limited quantity is used, given our existing level of water management. The problem of augmentation of the flow is basically the problem of guaranteeing an additional flow of water during the lean months, of increasing the usable quantity of Ganga water throughout the year for the entire basin, whether in India or in Bangladesh.

It is well-known that there are three alternatives for such augmentation of the flow in the Ganga: storage of surplus for supply in lean months, adequate utilisation of the basin's ground water potential, and acquiring additional water through inter-basin transfers. Over the years, all the three alternatives have been rather disjointedly discussed and debated in the Indian Press.

India's share of the Ganga basin is almost one-third the total area of all the major river basins in the country, with more than a proportionate share of the total average annual discharge. Of the major tributaries of the Ganga which originate in the Himalayas, the Ghaghara is the largest contributor. It is followed by the Yamuna, Kosi, Gandak, Ramganga, Gomti, Buri Gandak and other rivers. The Son is the most substantial contributor from the south. The total volume of these contributions can be gauged from the fact that near Patna, the Ghaghara alone annually adds

over 94,000 million cubic metres of water, while the Son and other basins between the Tons and the Son, add nearly 32,000 million cubic metres.

As no detailed snow surveys have been conducted, it is difficult to assess quantitatively the amount of water contributed either by snow melt or rainfall

for rivers like the Yamuna, Ramganga, Ghaghara, Kosi and so on, which rise in the northern snow fields. Very broadly speaking, one can say that nearly 80 per cent of the flow in the Ganga basin occurs in the four monsoon months, with 20 per cent spread over the remaining eight months. The problem, therefore, is of storing the excess of the four months for equitable distribution throughout the year.

SOUTH BANK

Of the major north bank tributaries, storage reservoirs in the form of dams or barrages have been constructed on the Ram-

ganga, Gandak and Kosi. So far as the south bank tributaries are concerned, three dams have been constructed on the Chambal, and there is also a dam on the Rihand river, which is a tributary of the Son. Evidently, there is still ample scope for training the remaining major tributaries which are left out, and increasing the storage capacity of the already trained rivers through strings of minor dams on smaller tributaries in sub-basins.

It is known that the upper reaches of the Ganga's Himalayan tributaries do not offer suitable sites for providing storage because of the steep terrain; also because the Himalayan belt is prone to earthquakes. But their courses through the foothills offer such possibilities. A study by the Central Water and Power Commission established that even comparatively small storages on the Ganga's smaller tributaries could contribute substantial increases in the total volume of water in the Ganga during the dry period.

But the problem is not just one of increasing the total storage capacity of surface flow in the Ganga basin. Equally serious is the problem of adjustment between local, regional and national demands. So far, every additional project for storing water has been aimed at meeting some urgent and legitimate local or regional demand. The Ramganga Project consisting of a reservoir at Kalagarh, is to supply water to the upper and lower Ganga canal and the Agra canal, besides direct

irrigation. The Gandak project consists of a barrage on the Gandak with two canals which will supply irrigation water to an additional 1.4 million hectares in Bihar. The Kosi barrage will irrigate another million hectares in the same State. The Chambal and the Son projects also have similar aims.

In fact, the water-hungry land consumes on the spot every additional gallon of water available. What happens then to the needs of the lower basin or peripheral areas unless an integrated rational budgeting is done keeping in view the requirements of the entire basin spread across nine Indian States, as well as of Bangladesh up to Goalundo?

Unfortunately, while the plan for a National Water Grid of India prepared by the Central Water and Power Commission, envisages the use of the Ganga's surplus monsoon water to meet the needs of the Cauvery, not much thought

appears to have been given to the use of the surplus within the basin itself, particularly in the peripheral areas.

MAIN SOURCE

Mr K. L. Rao, former Union Minister for Irrigation and Power thought that considering India's existing sources of water, the Ganga had to be the main source of surplus water for planning any national integrated system. In principle, he was not against meeting the requirements of the basin first, and then diverting the surplus water for use as a supplementary source in areas of need. Nevertheless, under his instruction the Central Water and Power Commission formulated the scheme known as the Ganga-Cauvery Link Project. The scheme proposes to lift up to 1,700 cusecs of water from the Ganga by constructing a barrage near Patna and a canal taking off on the right bank. Of the volume pumped, 290 cusecs will be supplied to the drought-prone areas of south Uttar Pradesh and south Bihar which are located within the basin itself. The rest will be pumped to areas outside the basin.

The obvious questions which remain to be answered are: What happens to the two-thirds of the cultivated areas of the Ganga basin which go without irrigation and have to depend entirely on rain water? What happens to the 40,000 cusecs of water to the Hooghly-Bhagirathi which were assured but never realized? What happens to India's international commitments?

There are, of course, a number of other schemes to augment the supply of water in the upper and middle reaches of the Ganga.

One such scheme has been drawn up involving the Kosi. Experts appear to be certain that in the next 15 or 20 years, three major dams will be built across the Yamuna with a total capacity of two million acre feet. There are also proposals to construct dams at Kotli Bhel on the Ganga; across the Sarda at Pancheshwar with a capacity of 3.5 million acre feet; one across the Rapti, a tributary of the Ghaghara; and another across the Karnali at Chisapani. The Karnali dam will be one of the largest in the region with a capacity of five million acre feet. Similar projects are contemplated on the Kanhar and North Kosi tributaries of the Son. These are regionally necessary schemes in keeping with the rising demand for water in irrigation and power. But however much one may talk of a National Water Grid of India, it still remains illusory as far as the peripheral eastern zones of the lower basin are concerned.

(To be concluded)

IN the second of his two articles on the need for water in India and Bangladesh, Sunil Kumar Muni examines the Brahmaputra link canal proposal to suggest that international money, expertise and supervision are not always most helpful for Third World nations. But he supports the idea of transferring the Brahmaputra river's surplus water to the Ganga, providing India and Bangladesh agree on the blueprint and on division of the benefits "under joint supervision without any third party control". If so, the link canal will augment the Ganga's flow, revitalize the Padma, flush out the Hooghly-Bhagirathi system and help both West Bengal and Bangladesh. Dr Muni also stresses the importance of utilizing ground water potential, explaining that the eastern part of the sub-continent might be in grave difficulties if water management is not carefully planned and strictly budgeted.

INTER-BASIN transfer of water has long been considered a feasible proposal for augmenting the flow in the Ganga. In this case, a transfer is envisaged between the Brahmaputra and Ganga basins. The Brahmaputra carries a discharge of 3,500 to 5,000 cubic metres per second even during the dry summer months. This is considerably higher than even the long-term projected demand of the basin itself.

The scheme includes a diversion barrage at Dhubri in Assam, and a connecting feeder canal through Bangladesh and West Bengal to join the Ganga at Farakka. Preliminary studies have revealed that about 1,150 cusecs could be diverted from the Brahmaputra at Dhubri without affecting the river's normal flow. But for topographical reasons, the water has to be lifted 10 to 15 metres higher than the source of the feeder canal through pumping at suitable intervals. The technology of the lift is not very complicated, though it will require a considerable quantity of power which the region will have to generate.

The Brahmaputra-Ganga Link and the Ganga-Cauvery Link are parts of the proposed National Water Grid. The UNDP was invited by the Centre in 1971-72 to study the scheme.

NEED FOR FUNDS

It is obvious that before anything else, such a scheme calls for full amity between India and Bangladesh, the two beneficiaries of the project. The magnitude of the undertaking would then require a search for funds and technology. There is already a proposal to set up an International Himalayan River Commission (or the Greater Ganga Commission) in which international expertise, international finance and the international good offices of the World Bank could be summoned as and when necessary. It is said that the experience in planning the development of the Mekong river in South-east Asia can be used as a guide in the development of the Brahmaputra and the Ganga. Experts close to the World Bank have indicated the Bank's interest in the programme which could guarantee funds, experts and technology as it did for the Mekong in the midst of the Vietnam war.

The programme is expected to include first the study and finalisation of the Ganga-Brahmaputra link project followed by the construction of a 20 million acre feet dam across the Brahmaputra, the digging of the feeder canal, harnessing of rivers in Nepal, the training of the Barak and the Meghna and so on and so forth. The World Bank scheme involves three countries: India, Bangladesh and Nepal.

While bilateral exchanges and harmony between India and Bangladesh are obviously a basic prerequisite for the execution of the scheme, such cooperation under the supervision, guidance and control of the World Bank, particularly in very sensitive international border areas, appears to be a dubious proposition, particularly after disclosures about the role of international financial agencies at the time of the acceptance of the IMF loan by India.

The International Bank for Reconstruction and Development has been concentrating its contribution on large infrastructural construction like dams in recipient countries. It has also been the experience all over the Third World that many World

Bank projects have been grandiose, but not equally valuable for the host country. On the other hand, the active penetration of IBRD capital in the development of infrastructure in these countries was often accompanied by no less intensive inroads of multinational capital

which many of the recipient countries did not quite appreciate.

The IBRD has always been keen in financing, and participating in, our river valley projects. It took considerable interest in the DVC, the Koyna and Purna schemes, and in a number of other river valley projects in India. In Sri Lanka, the Bank is financing the harnessing of the island's biggest river, the Mahareli. This project is very expensive, especially in terms of foreign exchange, and it will be a long time before it brings any benefit to the country. While involving Sri

Lanka in such a giant project, it has been pointed out that the Bank shows no interest in looking into the potential of a thousand small earth dams in the Kandy district alone. These could be constructed mainly on the basis of national resource mobilization with next to no outlay in foreign exchange, and would be immediately productive.

Our sub-continent gained some experience of the operation of the "Mekong Concept" in the multinational agreement between India and Pakistan for the Indus Valley Development Programme under the aegis of the World Bank. An agreement on the use of water from the Indus system of rivers, and on building an irrigation project, was reached in 1960 after prolonged negotiations. The outlay was estimated at \$1,000 million. The USA would grant \$10.3 million, and a sum equal to \$235 million in Indian and Pakistani rupees, and the IBRD another \$103 million.

AID CLUB

Australia, Canada, West Germany, New Zealand and Britain were also enlisted in financing the project. In other words, another aid club was set up. The total foreign investment ran to \$750 million. India agreed to contribute \$62 million in ten equal instalments to the Indus Basin Development Fund set up and administered by the World

Bank. The project was to be completed in ten years; the construction contract would be awarded on the basis of competitive international bidding, with the IBRD exercising general supervision.

Susan George, the author of "How the Other Half Dies", referred in her book to the working of one of the projects belonging to the Indus Valley Development scheme, the Tarbela Dam Project on the Indus. It appears that this project, 51 kilometres from Attock and one of the world's largest earth and rock-filled dams, has brought nothing but disaster, a saga of mishaps—jammed sluices, implosions and explosions, collapsed tunnels, 500,000 cubic yards of earth inadvertently swept away. All these appeared in the World Bank's periodic report. Even after seven years of construction, not a drop of water had reached a single farmer. On the other hand, 80,000 people had to be removed from the reservoir area. Meanwhile, the cost was rising at an astronomical rate. Therefore, the "Mekong Concept" is not all that it is made out to be.

But the Ganga-Brahmaputra link is a feasible project provided India and Bangladesh came to terms on the blueprint, and on an equitable share of the benefits disbursed under joint supervision without any third party control. The project will augment the Ganga's flow, revitalize the Padma, and help the Hooghly-Bhagirathi with the much needed additional supply of water. The canal will thus be a beneficial project for the whole of the lower basin.

GROUND WATER

The other scheme for augmenting the supply of water in the Ganga basin depends on the proper utilization of the ground water potential, both in India and Bangladesh. There are four distinct geographical regions in the Ganga basin with differential ground water potentials. The Shabar areas with gravel talus and with a somewhat steep slope, fringing the outer margins of the Siwalik hills, have aquifers located deep inside but

occur under confined conditions. The densely forested and rather marshy zone below the Bhabar is the Terai region where the water table occurs near the surface and, as a whole, has excellent ground water resources. The rest of the Ganga plains and the deltaic areas in the lower basin have fairly good usable ground water resources.

It has been estimated that a ten-inch tubewell in Gazipur, with only 70-metre depth of aquifer, yields 165,000 gallons per hour. Mr K. L. Rao had estimated that India's total ground water, including already used water, was 255,000 million cubic metres. And 70 per cent of the future development of ground water was to take place in the Indus, Ganga and Brahmaputra basins.

It should be remembered that there is already a considerable amount of pressure on ground water resources of the Ganga basin. At present over 3.5 million hectares of land are irrigated with deep tubewell water in Uttar Pradesh alone.

With a scientifically worked out recharging system of the ground water reserve, it can be a perennial source for irrigation and many other uses. With the Geological Survey of India having more or less completed the mapping of ground water resources of the Ganga plain, it should not be difficult now to regulate the total quantum of supply through its disbursement in co-ordination with the surface water supply.

But this cannot be done without efficient management and strict budgeting. Local, regional and national needs must essentially be treated to a symbiotic approach. And in the case of the Ganga basin, the problem assumes an international character which cannot be overlooked. With a tremendous population density which is increasing every year, water in the Ganga basin has already become the most precious gift of nature which must be treated with all our care and consideration. Lack of planning in exploitation and use may spell disaster much sooner than we may perceive.

(Concluded)

DIVERSION OF BRAHMAPUTRA STUDIED

Madras THE HINDU in English 23 Jun 82 p 8

[Text] India would firmly press with Bangladesh for the diversion of the tributaries of the Brahmaputra river westwards to improve the flow of water in the lowest reaches of the Ganga. The joint River Commission meeting takes place tomorrow in Delhi at which India will be represented by Mr Kedar Pandey, Union Irrigation Minister and Bangladesh by Mr Ob idullah Khan, Minister for Irrigation.

Sharing natural resources even between States has always been an emotive problem, with both sides tending to become unnaturally suspicious of the motives and concealed designs of one another. The problem is far more complicated if two countries are involved. Mediation by mutually acceptable third parties has not always worked. In international relations very few agreements have been known to work effectively. The process of protracted discussions is difficult enough when two democratically elected governments are involved, with the pressure of domestic opinion to contend with. But national interests always being uppermost for most governments regardless of the nature of the regimes, the process is not necessarily easier when military administrations have to live in the tension ridden atmosphere of skilled diplomacy and high-level bargaining.

Not unexpectedly, given the backdrop of Hindu-Muslim tensions in the sub-continent, it would have been a miracle if the Ganga water sharing agreement really had worked satisfactorily. Bangladesh has claimed that large tracts of its districts bordering the river have gone dry, the water table has fallen, causing havoc to millions employed in agriculture. It has sought to politicise the issue by taking it to the United Nations and suggesting the participation of Nepal in the talks.

If India has not welcomed these moves, even Nepal has not shown much interest. Indian delegates have pointed out that Bangladesh had exaggerated the number of people affected as well as the damage to its agriculture.

On the other hand, the Indian proposals would not only save large areas of Bangladesh perennially prone to floods and natural calamities. They would also help raise the standards of living in the poorest areas of the world by bringing in their train a number of other benefits like power generation and making available untapped energy resources, helping to reduce the crippling oil imports bills for both countries.

The diversion of the tributaries therefore would be the crux of the new proposals to be submitted by India in a bid to resolve the Farakka water sharing controversy which has persisted for a number of years. The present agreement which expires in November does not protect the interests of the Calcutta port or of the vast industrial hinterland it serves in the eastern and northeastern regions because the supply of 40,000 cusecs to the Hooghly in the lean summer months is not assured.

Mr Pandey has already described the agreement as a "sellout" of Indian interests while the Prime Minister, Mrs Indira Gandhi had assured election meetings in West Bengal that the interests of the region would not be allowed to suffer because of the anomalies in the agreement.

New Arrangements

Briefly, the new arrangements would not only help increase the flow of water into the lowest reaches of the Hooghly, they would also produce power in considerable quantities, reduce flooding substantially in both countries, open up irrigation, agriculture and commerce between the two countries.

It is pointed out that the Brahmaputra and Meghna rivers carry copious and plentiful supplies of water. Per hectare of cultivable area in their catchments they have 14 times and six times that of the waters of the Ganga which has to support 80 percent of the population in the mighty Ganga, Brahmaputra Meghna system, the second largest international drainage basin in the world.

In the Ganga system, the western parts are semi-arid and are short of water. The existing irrigation systems have very unsatisfactory water supplies. They badly need the entire fair weather flow of Farakka. Only a part of their requirements can be met.

Major Handicap

The Ganga system has a major handicap in its limited storage possibilities. The 40 million acre feet available in India is inadequate to meet even the minimum local needs.

In Nepal too, the possibilities of storage are limited. The need for Ganga water is so vast that any storage possible in Nepal will not be able to meet even the requirement in the upper reaches of the Ganga. These sites could advantageously be used for multi-purpose benefits to Nepal and the areas lower down in India.

They will not provide a solution to the augmentation of the Ganga in its lower reaches at Farakka and downstream where a shortage has already developed and is steadily increasing, since no realistic scheme can overlook the requirement of the areas lying between the dams and the lower reaches of the Ganga. There is, therefore, no alternative but to divert the flows of the Brahmaputra towards west to the Ganga to the maximum extent practicable.

Better Regulated

The Brahmaputra has a higher proportion of fair weather flow and is better regulated. The combined Ganga-Brahmaputra-Meghna system has the lowest flow of 2.5 lakh cusecs in the end of February which rises to over four lakh cusecs in April and 8.5 lakh cusecs by the end of May compared to 55,000 cusecs by the end of April and 65,000 cusecs by the end of May in the Ganga at Farakka.

The Indian scheme proposes the construction of a barrage on the Brahmaputra at Jogighopa with a lined gravity link canal of one lakh cusecs capacity falling into the Ganga at Farakka. This canal will provide irrigation and water supply to 3.2 million to four million hectares in Bangladesh and an equal area in India besides providing 40,000 cusecs to Calcutta port all round the year including the critical months of March, April and May.

Large Storages

The scheme also envisages, depending on the requirements of water at Farakka and the demands on Brahmaputra water, the building of large storages on the Dihag, the Subansiri and the Barak rivers, with an aggregate effective capacity of over 28 million acre ft.

The Dihag dam alone will reduce floor heights in the Brahmaputra in Assam, and Bangladesh by over three to four feet and the Subansiri will provide further lowering.

The Tipaimukh dam on the Barak will provide great flood relief to Cachar district of Assam and mitigate the chronic flood problems of Sylhet district of Bangladesh where nearly 82 percent of the land is flooded every year.

At least two million hectares in Bangladesh will get flood relief and an equally large area will be protected from deep flooding.

The scheme will enable 10 million KW of hydro-power generation at 60 percent load factor, yielding over 51,000 GWH. Seasonally another 20,000 GWH can be generated with additional installations.

The eastern region has such a large power demand that it can absorb the entire power as and when it becomes available. The scheme can meet the present and future water needs of both India and Bangladesh. In fact, Bangladesh's water requirements can be met in full and flood problems reduced considerably.

Navigation Facilities

The dams will add nearly one lakh cusecs to the natural Brahmaputra flows. Perennial navigation facilities from Dibrugarh to Bangladesh and beyond up to Farakka will be provided. In Bangladesh additional routes of navigation will be provided in the Karatoya, the Atrai, the Tangon and the Purusabhaga rivers.

The two countries will be linked by major navigational routes promoting trade, commerce and regional development. The salinity problem in the coastal areas of India and Bangladesh will be satisfactorily solved benefiting agriculture, fisheries and forestry. The scheme thus not only meets the needs of augmentation of the flows in the lower reaches of the Ganga in India and Bangladesh but also would serve the regional development of both the countries on a long term basis within the framework of the optimum development of water resources for the benefit of over three-fourths of the poorest people in the world.

Employment

Navigation facilities connecting the northeast of India will be improved and expanded. The region will get all its power and also earn royalty by supply of power to West Bengal, Bihar and U.P. Large investments on the dams and power houses will open up communications and employ thousands in the northeastern region.

Catchment protection and soil conservation works will provide employment, enhance and preserve forest wealth and some of the potential fertile lands will be brought under cultivation and there will be navigation in the reservoirs and canals for transport of forest and other produce.

CSO: 4220/214

INDIA

DELHI-DACCA WATER TALKS SET

Calcutta STATESMAN in English 14 Jun 82 p 1

[Text]

MR Kedar Pandey, Union Irrigation Minister, told reporters at Calcutta Airport on Sunday that the Ganga water agreement between India and Bangladesh would be reviewed at a ministerial-level meeting in New Delhi on June 24. The agreement was to expire in November. If a long-term pact was not signed by then, the previous one would automatically expire, he added.

The Minister said that India would press for the construction of a link canal between the Ganga and the Brahmaputra, which had always been opposed by Bangladesh. He said that the proposal by Bangladesh to involve Nepal in these talks could not be accepted by India.

Mr Pandey hoped that a solution could be found at the meeting of the Joint River Commission on June 24. He said that he would try to ensure a steady supply of Ganga water at Calcutta Port even during the lean season. He intended to hold talks with West Bengal Irrigation officials about the Teesta Barrage Project, which might feature at the forthcoming meeting.

CSO: 4220/189

GANGES WATER TALKS SET

Bombay THE TIMES OF INDIA in English 14 Jun 82 p 1

[Text]

CALCUTTA, June 13 (PTI).

THE Union irrigation minister, Mr. Kedar Pande, said here today that the last review meeting of the agreement on sharing of the Ganga waters would be held in New Delhi on June 25.

Mr. Pande, who arrived here today from Delhi, told newsmen at Calcutta airport that the sharing of the Teesta water issue with Bangladesh would also be discussed at the meeting.

He said if Bangladesh accepted India's proposal for the Ganga-Brahmaputra link canal to augment the Ganga waters during the dry season, the question of renewing the present agreement would be considered.

Bangladesh did not accept India's proposal so far for linking the Ganga with the Brahmaputra and if she did not accept it in the next meeting also, we would have no worries if the agreement terminates since the Centre has taken a decision not to go in for any agreement at the cost of the Calcutta port which requires at least 40,000 cusecs of water," he said.

About Bangladesh's insistence on inclusion of Nepal in the sharing of the Ganga waters, Mr. Pande said Bangladesh might have some vested political interests for which she wanted to include Nepal. But the issue concerned only two countries—India and Bangladesh, he added.

CSO: 4220/189

PACT WITH USSR ON POWER STATION CONSTRUCTION SIGNED

New Delhi PATRIOT in English 22 Jun 82 p 1

[Article by Vinod Taksal]

[Text]

MOSCOW, June 21 — India and the Soviet Union today concluded an agreement to set up a super thermal power station at Vaidhan in the coalbelt of Madhya Pradesh.

The agreement, signed by India's National Thermal Power Corporation and Soviet Union's Technopromexport provides for detailed project report, supply of machinery and equipment and supervision of construction by the Soviet Union.

The first unit of the 1260 MW capacity giant thermal power station, expected to cost 283 million roubles (Rs 283 crores), is to be commissioned in June 1987. Subsequently, every six months a 210 MW-capacity unit would be commissioned, completing the entire project by 1989 end.

NTPC chairman A K Sah told newsmen here that the agreement also provides for the training of personnel and experts by the Soviet Union in maintenance and repairs of the plant machinery.

He said the Vaidhan project is being aided by a two billion dollar World Bank loan, the largest ever in the world received by any organisation in the power station.

Mr Sah said Vaidhan is one of

the six super thermal power stations being set up by NTPC in the country. The other five are Korba (2100 MW capacity), Singarauli in Uttar Pradesh (2000 MW), Ramagundam in Andhra Pradesh (2700 MW), Farakka in West Bengal (2700 MW), and Bijpur along Rihand dam in UP (2500 MW).

Of these six projects, three at Korba, Singarauli and Farakka are being built with BHEL equipment. Bijpur with British collaboration and Ramagundam with Italian technical participation. The six power stations would form the backbone of the national power grid.

The Vaidhan super thermal power station, the NTPC chairman said, would supply power to western India — stretching from Madhya Pradesh to Maharashtra, Gujarat and Goa. The NTPC was laying 8,500-km of 400 KV lines to link the six super thermal power stations with load centres in all the States.

Vaidhan, Mr Sah said, is the first major Soviet-aided power project after Korba, Patrapur and Neyveli, among others. It would be part of the integrated scheme to simultaneously develop coal-mines and power generation in the Singarauli area. The Soviet Union is already collaborating in developing the Singarauli coalbelt.

SOVIET UNION TO HELP INDIA DOUBLE COAL OUTPUT

New Delhi PATRIOT in English 22 Jun 82 p 8

[Text]

MOSCOW, June 21 (PTI)—The Soviet Union is keen to assist India in every way possible in its plans to double coal production, from the present 125 million tonnes to 260 million tonnes a year by 1987-88.

Soviet experts are at present busy preparing a project report for two major opencast mines in India—the Mukunda Mines in Jharia coalfields in Bihar, estimated to yield 12 million tonnes of coal a year, and Nigahi project in Singrauli in Madhya Pradesh with an annual capacity of 14 million tonnes.

Production is already going apace in the Jayant opencast mines in Singrauli with an annual capacity of ten million tonnes, the project report of which was also prepared by Giproshakht the USSR State Mine Planning Institute in Leningrad.

Indo-Soviet collaboration in the field of coal, for which a credit of 80 million roubles (Rs 96 crores) out of the total Soviet credit of 500 million roubles have been earmarked, envisages supply of equipment, training facilities for the handling of equipment and their maintenance, besides project planning.

A team of Indian experts, led by Mr S N Singh, director of the Indian Institute of Mining,

Dhanbad, who came here recently and had discussions with Soviet experts, appeared satisfied with the progress of technical planning of the two projects, Mukunda and Nigahi.

The Indian experts would be coming here again shortly in connection with the preparation of the detailed project report of the two opencast mines. The finalisation of these reports would take about a year.

As soon as the Government of India approves of the project reports, Giproshakht would start preparing the working drawings, Mr V A Neuimin, chief engineer of the Giproshakht, told a visiting PTI correspondent.

The two teams would also then work out the details of the equipment required by India. The bulk of the rouble credit earmarked for the coal sector is likely to be utilised in the purchase of equipment.

The machine manufacturing factories of USSR are getting ready to manufacture the equipment likely to be required by India, Mr Neuimin said.

Giproshakht is also preparing project reports for the expansion, remodelling and improvement of the two existing asheries, Katharia and Patherdih, to handle the increased production of coal.

BRIEFS

GANDHI RUSSIAN VISIT--New Delhi, June 23 (PTI)--The Prime Minister, Mrs Indira Gandhi, will visit the Soviet Union in the third week of September, it is learnt. The dates and duration are being finalised. Mrs Gandhi visited Russia in 1976 which was followed by the visits of President Sanjiva Reddy to the Soviet Union in 1980 and President Brezhnev to India in December. The Prime Minister will visit America for a week from July 27. [Text] [Bombay THE TIMES OF INDIA in English 24 Jun 82 p 1]

SURFACE-TO-AIR MISSILE SYSTEMS--India is studying proposals from France, the United Kingdom and the Soviet Union in an attempt to find a new short range air defence missile system. Roland, Rapier, Crotale and the Soviet SA-9 are understood to be the contenders. The weekly journal "India Today" reports that the SA-9 was hastily offered to India after the Soviet Union discovered that India was leaning towards the Crotale. Presently, six batteries of Crotale, air defence missiles are already being operated by neighbouring Pakistan. [Text] [Kuala Lumpur ASIAN DEFENSE JOURNAL in English Jul 82 p 82]

BLUE FOX RADAR DELIVERED--The first Ferranti Blue Fox radar for the Indian Navy's Sea Harrier aircraft was recently delivered from the Company's Radar Systems Department in Edinburgh--another export milestone for the Department. Blue Fox is a lightweight air-intercept, search-and-strike radar especially designed by Ferranti for the British Aerospace Sea Harrier. It is already in service with the British Royal Navy and proving a success. During recent NATO exercises Blue Fox demonstrated its effectiveness in performing well the operational tasks for which it was designed. "International Defence Review" reports "despite the newness of the Sea Harriers and their Blue Fox radars, 100 percent availability was achieved for much of the time and the ship HMS Invincible returned from its three-month cruise with all the squadron's Blue Fox radars serviceable." [Text] [Kuala Lumpur ASIAN DEFENSE JOURNAL in English Jul 82 p 10]

INDUSTRIAL OUTPUT INDEX--Calcutta, June 19 (PTI)--The monthly index of industrial production in the country for March 1982 stood at 184.3--4.6 percent higher than that for the corresponding period last year, according to an official release here today. The growth rate during the first three months of 1982 over the same period of 1981 showed a rise of 4.9 percent. The growth rate for the financial year 1981-82 over the corresponding period of 1980-81 showed a rise of 8.2 percent. Compared to the last month, the increase of 11.1 percent in index is accounted mainly by the increase in production of electrical machinery, apparatus, appliances and supplies, mining and quarrying, basic metal industries and electricity against the marginal [words missing.] [Text] [New Delhi PATRIOT in English 22 Jun 82 p 8]

CSO: 4220/7531

JOINT BORDER OPERATIONS WITH PAPUA NEW GUINEA POSSIBLE

Kuala Lumpur BUSINESS TIMES in English 10 Jun 82 p 21

[Article by Soeharjono in Jakarta]

[Text]

INDONESIA may consider proposing joint military operations with Papua New Guinea to fight insurgents along their common border in a bid to end protracted frontier conflicts between the two countries.

"Such a joint action, like the one Indonesia has with Malaysia along the border in Borneo, will help solve problems arising from border violations," military sources said here.

Indonesia and Malaysia have set up a General Border Committee charged with arranging joint patrols along the Borneo border against communist insurgents.

They privately admitted that Indonesian troops had to cross the border in hot pursuit of anti-Indonesian rebels of the outlawed Free Papua Movement (OPM).

"The border is not marked at all in certain areas making our boys unable to see the boundary between Irian Jaya (former Dutch West New Guinea) and Papua New Guinea," the sources said.

There has been a border conflict between Indonesia and Papua New Guinea since Jakarta acquired the vast backward territory of Irian from Holland in 1963.

The OPM wanted to have an independent state of West Papua free of Indonesia rule.

The 1979 border agreement between Indonesia and Papua New Guinea has been seen here as fragile. Indonesia, however, is obviously happy over Papua New Guinea's pledge not to allow OPM elements to carry out anti-Indonesian activities from its territory.

The border problem came to the open last Monday when Papua New Guinea's ambassador here, James Gegeyo, was recalled for consultations.

The recall followed charges made by the country's Prime Minister, Sir Julius Chan, during campaigning for the general election next month.

Mr Chan was quoted as saying that Indonesian troops had made four separate border violations in May to free a number of Indonesians held hostage by OPM rebels in Papua New Guinea.

The Indonesian military commander for Irian, Brigadier General C. Santoso, has been firm against OPM rebels, vowing to "finish them up" if they refuse to surrender.

The general's firmness followed a daring attack by OPM men on a sawmill outside the Irian provincial capital of Jayapura in October last year in which they managed to kidnap several company employees.

Indonesian officials have described OPM rebels as a "thorn in the flesh" because some of their sympathisers exist in the community, particularly among groups of Irianese natives.

The officials were shocked one morning late last year when they saw an OPM flag flying atop the governor's office.

The fact that the flag was hoisted by several women working at the office, showed that the OPM had gained some sympathisers among the local administration.

The officials were generally in agreement to seek joint efforts so that border problems would not strain the good relations between Indonesia and Papua New Guinea.

Such efforts would be a good idea as they would help prevent OPM members and supporters from taking refuge in the PNG territory, the officials said.

The officials felt annoyed over a remark by PNG Deputy Premier Okuk as published by several Australian newspapers last November that over 90 per cent of the Irianese people favoured the establishment of an "independent state of West Papua."

They branded the statement open interference in Indonesia's domestic affairs, adding that Mr Okuk's thinking was not correct.

The plebiscite held in Irian in 1963 under the United Nations supervision showed that the Irianese people wanted their territory to merge with Indonesia, according to Indonesian officials.

In a bid to illustrate progress in Irian, the state television screened scenes from the Baliem Valley deep in the Jaya Wijaya mountain range, where local natives had started wearing clothes and listening to transistor radios.

Irian governor Busjiri, former Indonesian ambassador to Papua New Guinea, said here last week that he had high hopes the standard of living of the Irianese people — many of whom still lead a Stone Age existence — would be improved. — AFP

INVESTMENT PROMOTION OFFICE OPENED IN NEW YORK

Jakarta BUSINESS TIMES in English 3 Jun 82 p 2

[Text]

AMERICAN businessmen were told yesterday they are falling behind their foreign competitors in Indonesia and were urged to play a bigger role in that country's rapidly expanding economy.

In a speech marking Indonesia's opening of an investment promotion office in New York, former US ambassador Edward E. Masters said that country had a growth rate of 9.6 per cent in 1980, one of the highest in the world. The same year its exports grew 40 per cent to US\$1.9 billion, he added.

Despite favourable business conditions, Mr Masters continued, the US ranked fourth behind Japan, Hong Kong and Canada in investment in Indonesia and saw its share of Indonesian imports drop from 14.3 per cent to 13 per cent in 1980.

Mr Masters, a diplomat-turned-businessman and now a senior vice-president of the Natomas Company, a US oil firm, stated:

"The American businessman has, in many cases, not been as aggressive or as effective as his competitors in taking advantage of available opportunities. I am

convinced that we need to show a little more ingenuity and a lot more action if we are not to fall even further behind."

Earlier, Indonesian ambassador D. Ashari presented an official Indonesian coat of arms to Mr Risaldo Kasri as a symbol of the opening of the Indonesian government's investment promotion office. Mr Kasri, an official of the Investment Coordinating Board in Jakarta, was named director of the new office.

Among those present for the ceremonies were Indonesia's Investment Coordinating Board chairman Suhartoyo and government minister Johannes B. Sumarlin, vice-chairman of the National Development Planning Agency.

Mr John V. Lindsay, former mayor of New York and now the city's special trade representative, welcomed the investment office as an "expression of the Indonesian government's interest in American trade and investment in Indonesia."

Mr Kasri told business representatives attending the ceremony that Indonesia "is sending a very clear message to US businessmen: We admire your technology and

want to help you establish operations in Indonesia."

The ceremonies, which included a reception and luncheon, were attended by about 250 persons. Sponsors of the event were three American banks — the Bank of America, Bankers Trust Company and Citibank — and Mobil Oil Company.

An Indonesian delegation of some 40 persons was on hand for the office opening and to confer with New York businessmen. The advisory delegation came to New York from meetings in Canada and was scheduled to visit Houston, Texas, following its New York stop.

In his speech Mr Masters offered advice for doing business in Asia. He said that in order to deal effectively in any society "it is essential to understand the local culture — to know what makes people tick and what might alienate them."

He continued: "There is one American trait which they (Asians) find most difficult to overlook. That, as Asians see it, is our impatience — our inability to take the time to do things the Asian way."

"All too often the American businessman gives the impression that he's in a great hurry. Inadvertently, what he is saying to his Asian audience is that he has more important things to do and that the relatively leisurely Asian pace is a waste of time. He has five days to meet the top managers in three countries, conclude his arrangements and get back home.

"He will be far more effective if, like many of his competitors, he meets his Asian counterparts at least half way." — AP

PLANNERS WORRIED BY PROLONGED OIL GLUT

Kuala Lumpur BUSINESS TIMES in English 28 May 82 p 21

[Article by Warief Djajanto in Jakarta]

[Excerpts]

INDONESIA beginning to feel the pinch of the oil glut. Last January and February, its oil production dropped for the first time in years, forced by the downtrend in the global demand for the commodity.

Judo Sumbono, president-director of the state-owned oil corporation of Pertamina, admitted to reporters in mid-March that the country's oil production was down, although he refused to cite specific figures.

He said, however, that Caltex Pacific Indonesia, one of the major oil companies operating in Indonesia, was having difficulty marketing the products.

A prolonged slump in oil demand could seriously strain the country's foreign exchange earning capacity and put

pressure on the oil companies' storage capability as well.

Unsold crude is stored in tanks, but these facilities have limited capacity. The only alternative open to the oil companies in case of a prolonged slump in world demand for crude would be to stop production altogether.

Miscalculation

But such a dire step would have far-reaching consequences. For one thing, it would create problems for the companies, their workers and the government itself.

Petrodollar is the main prop of the country's economy and a protracted decline in oil demand would create serious fallouts on the employment situation, particularly for the

thousands working in oil-related enterprises.

Oil companies are equally placed on the spot. Caltex has reportedly stopped pumping its Duri oilfield in Sumatra. At the height of its production, the Duri field was producing 25,000 barrels a day.

Caltex's oilfield at Riau province has, however, been spared the agony of other oilfields. brought about by the current slump in oil trade. The Riau oilfield produces the highly-coveted Minas sweet crude. The crude worst hit by the slump are the so-called non-sweet heavy and non-sweet light crude.

The Organisation of Petroleum and Oil Exporting Countries (Opec) of which Indonesia is a member had expected that with the advent of

winter in the cold industrialised countries, the demand for oil would soar.

This projection now has proven to be a sorry miscalculation. Instead of heavy importations, traditional crude buyers, particularly industrialised countries, failed to place additional orders for the commodity.

Oil imports accumulated the past months had kept reservoirs well stocked. After going through the oil crisis, industrialised countries have improved their capacity to conserve energy and diversify to other energy sources particularly coal.

Opec's problem was compounded by non-Opec oil-producers which offered their exports at prices well below the price level set by the oil

cartel.

For instance, Pemex, Mexico's state oil firm, unilaterally reduced the price of its Isthmus light crude in early March from US\$35 to US\$32.50 a barrel. Similarly the price of its Maya light crude was discounted from US\$26.50 to US\$25. The Mexican move created a chain reaction that swept even Opec member nations.

In early March this year, nine Opec oil ministers met in Doha, Qatar and formally agreed to maintain the benchmark price of crude at US\$34 per barrel and cut back total Opec daily output

from 20 million to 18.5 million barrels.

Indonesia agreed to cut its production by 42,000 barrels a day, down from 1.6 million barrels in 1981. In January and February, Indonesia's crude output reportedly dropped to an average of 1.5 million barrels a day.

At US\$35 a barrel, Indonesia's sweet light crude fetches a price higher than the benchmark. And there are fewer takers than before.

Indonesia's economic planners are clearly wor-

ried that a prolonged slump of the global demand for oil would adversely affect the country's economy. A production cut of 42,000 barrels a day would translate to a revenue loss of US\$1.5 million daily at existing Opec-agreed prices.

A modern oil tank costs US\$1.5 million, enough to build 1,500 classrooms. With that staggering revenue loss, one or a combination of sectors of Indonesian life could be seriously affected. — Depthnews Asia

FOREIGN OPPOSITION TO NEW SHIPPING DECREE

Kuala Lumpur BUSINESS TIMES in English 2 Jun 82 p 9

[Text]

THE US government has sent a diplomatic note to the government of Indonesia protesting a presidential decree which would put the shipping of all government goods under Indonesian-flag vessels or Indonesian charter.

Diplomatic sources said the note protested blatant flag discrimination. The governments of Britain, Norway, Holland, France and Germany agreed provisionally in a meeting in Paris last week to send similar notes, they added.

There was no comment immediately available from the Indonesian government.

The Indonesian government has to date given priority to Indonesian flag carriers when available but the new ruling, presidential decree no 18, effective April 12 this year, stipulates that all "export and import commodities owned by the government of Indonesia will be carried by vessels operated by Indonesian shipping companies."

Some 20 foreign shipping lines with agents and offices in Indonesia, excluding oil tankers, specialised liquefied natural gas and ore carriers, would be affected by the ruling.

Although no figures were available immediately for the tonnages involved, shipping circles said at least 30 to 40 per cent of all cargoes could be considered government, and as high as 50 per cent when large government construction contracts were underway, such as oil refinery expansions, cement plants, LNG plants and petrochemical complexes, all of which are under construction this year.

The shipping sources said although the new decree is retroactive to April 12, it was learned by most shipping agents only three weeks ago that since then three ships, two American liners carrying US aid goods and one eastern European vessel, had been delayed in unloading because of the decree.

The decree states that if Indonesian shipping capacity is not available, shipment may be carried out by other vessels chartered by Indonesian shipping companies.

Shipping sources said they estimate there is insufficient Indonesian tonnage available, especially for the long US and Europe-Scandinavia routes. — Reuter

CSO: 4220/626

EXPANSION OF JAKARTA TRANSIT SYSTEM PLANNED

Kuala Lumpur BUSINESS TIMES in English 9 Jun 82 p 19

[Article by Richard Cowper in Jakarta]

[Text]

IN THE next two decades the population of the Indonesian capital of Jakarta and its urban transport catchment area is expected to double from around 11 million people now to 22 million. The rapid growth in the central Jabotabek area is already beginning to put serious strains on its poorly planned urban transport system, and Jakarta itself shows every sign of falling prey to the traffic jams and pollution which plague so many of the world's major cities.

Jakarta badly needs to boost the 61 per cent share of those currently travelling to work by public transport to around 80 per cent by the end of the century if the city is not to be snarled up by private cars.

Private cars currently account for around 24 per cent of all commuter traffic, this means that almost 500,000 people go in and out of the capital by car every day. If this proportion is not changed the number of cars would more than double in the next 20 years.

In a bid to head off what experts say could become a nightmare of unrestrained road traffic growth, the Indonesian government has already embarked on the first stage of a US\$1.9 billion (£1.05 billion) mass transit urban-surburban railway scheme devised by Japan's International Cooperation Agency (JICA). Divided into two parts — the so-called Intermediate plan (1978-84) and the Master plan (1984-2000) — the scheme

envisages a major overhaul and expansion of the area's present inefficient overground railway system built by the Dutch in 1925.

The plan has, however, come under heavy criticism by some transport planners working for the Indonesian government. They say that the scheme as envisaged, backed by cheap Japanese government loans, will mean big equipment orders for Japanese companies, but is not the answer to Jabotabek's future transportation needs. They allege the scheme is too costly for the number of passengers it will carry, and have been calling on the government to take a fresh look at the problem.

"Under this scheme, less than 7 per cent of Jakarta's working population of around 2.8 million would be using the railway to get to work in the year 2005. Last year 45,000 people in Jakarta used the railway. This would increase to a mere 198,000 — hardly cost-effective for an outlay of almost US\$2 billion at current prices," says one such opponent of the current scheme, "and even this figure is possibly an overestimate of anticipated demand," he says.

The Japanese government, which produced the master plan for the Jabotabek scheme, disagrees. It says that it is essential for Indonesia to make heavy initial investments to modernise the existing system in a way which would allow it to expand later on. Many of the world's major

cities have decided that underground or overground railway systems are the best all-round solution to rush-hour traffic. JICA cites London, Tokyo, Osaka and New York — more than 50 per cent of whose rush-hour traffic is carried by rail. In contrast, less than 2 per cent of Indonesia's commuters travel by rail.

Whatever the arguments — and these are likely to cause delays and tinkering rather than a complete re-appraisal of the scheme — the Indonesian government has already given the green light for the Intermediate plan which involves expenditure of around US\$700 million and the purchase of an estimated 156 diesel and electric railcars.

The Japanese government is understood to have offered export credits and Overseas Economic Cooperation Fund (OECF) loans to cover the larger part of the foreign exchange component of both the Intermediate and the Master plans. This has already brought sizeable orders for railway stock and equipment for Japanese companies.

To date, OECF has extended three loans totalling around US\$60 million at interest rates ranging from 2.5 per cent to 2.75 per cent per annum. This will help to finance the purchase of 60 electric railcars, signals and other components from Japanese companies under the Intermediate programme.

Earlier this year a

Japanese consortium made up of Sumitomo Corporation, Nissho Iwai, Nippon Shryo Seizo Kaisha, Kawasaki Heavy Industries and Hitachi won an order worth Y2.6 billion (£6 million) for 24 railcars, signals and other components under the plan.

The Indonesian government will soon have to make up its mind whether to go ahead with the more expensive and ambitious Masterplan which recommends the construction of two new lines, the elevation of some existing track and the purchase of over 530 new railcars at a total cost of around US\$1.2 billion in 1980 prices.

A shortage of Indonesian transport planners (the Jakarta municipality has just six compared to around 200 in London's Greater London Council) and conflicting interests among key government departments could make a clear evaluation of the Japanese scheme rather difficult. Perhaps even more important, the lack of an overall urban plan for Jakarta and its environs makes the task of forecasting the geography of future transport needs an almost impossible one.

The lack of an overall urban transport policy could also cause major problems. Around 60 per cent, or roughly 1.3 million out of Jakarta's estimated working population of just over 2.2 million, travel to work on a heavily subsidised bus system. Commuters can currently travel any distance within the city for between 8 US cents and 16 US cents. — FT

FRANCO-SPANISH GROUP TO BUILD KRAKATAU STEEL MILL EXTENSION

Kuala Lumpur BUSINESS TIMES in English 28 May 82 p 1

[Text]

JAKARTA, May 27

A FRANCO-SPANISH group has won an US\$808 million contract to construct a cold-rolled steel mill extension to the state-run Krakatau steel complex in Cilegon, West Java, a French embassy spokesman said.

The contract was signed on May 15 with two subsidiaries of France's Creusot-Loire Sa Steel Company, which will be the primary contractors, and two Spanish companies, Centunion Sa and Tecnicas Reunidas Sa, he said.

The mill is to be 60 per cent owned by two private Indonesian groups, the Liem group and the Ciputra group, and 40 per cent owned by Krakatau Steel.

Finance will be US\$240 million from equity, US\$200 million from commercial loans with the balance being met by French and Spanish export credits, the embassy spokesman said.

Construction is to begin in early 1983 and the project will be completed in 1986. The new mill is designed to diversify the local steel industry, industry sources said.

The credit package has yet to be signed, the spokesman said.

Industry sources said the entire complex will have a capacity of some 800,000 tonnes of steel products a year when the new mill is complete. —
Reuter

CSO: 4220/626

CHEMICAL INDUSTRY THE CATALYST OF ECONOMIC DEVELOPMENT

Kuala Lumpur BUSINESS TIMES in English 15 Jun 82 p 19

[Article by Warief Djajanto in Jakarta]

[Excerpts] INDONESIA has given high priority to the development of the chemical industry in its economic agenda for the 1980s.

The government is pouring millions of dollars into the industry, and the country's courtship of foreign investors is sweetened with tax holidays and other incentives.

The industry's development has accelerated in the past few years, but the present single-minded emphasis could preoccupy development planners for the rest of the decade. The industry covers synthetic fibres, fertilisers, petrochemicals, pharmaceuticals, cement, plastics and chemicals.

Under the current Five-Year Plan (Repeffa III, 1979-84), the government's emphasis is on industrial development using local resources such as basic petrochemicals and their intermediaries.

Indonesia already has three fertiliser plants which had a combined production of 1.8 million tons in 1979 and two million tons in 1980. The three state-owned fertiliser plants are the PT Seiwidjaja in South Sumatra, PT Petrokimia Gresik in East Java and PT Pupuk Kuyang in West Java.

The three plants have a combined annual production capacity of 2.2 million tons of urea and 150,000 tons of ammonium sulphate.

Besides urea and ammonium sulphate, the three plants also produce other types of fertilisers

like TSP, 330,000 tons; DAP, 80,000 tons; and NPK, 50,000 tons.

Two other fertiliser plants are under construction, one in East Kalimantan and the other in Aceh. Each will produce 570,000 tons a year.

The Aceh plant is a co-operative venture of the Association of South-East Asian Nations (Asean). Indonesia will shoulder 60 per cent of the financing equity with the remaining 40 per cent to be shared by Malaysia, Singapore, Thailand and the Philippines.

Production from the Aceh plant would be the main source of fertiliser supply of Asean members.

In the petrochemical field, Indonesia's main aim is to meet the increasing demand for monomers and polymers as raw materials for plastic products and resins, and synthetic fibres for textiles and household goods.

The other objective is to fully harness the abundant local raw material for the production of olefins (ethylene, propylene and styrene) and the production of BTX aromatics.

Indonesia's overall strategy is to integrate petrochemicals with industries to process local raw materials into finished products. An example is the herbicide and pesticide industries that will produce local ingredients as well as finished products for exports.

Indonesia's only operating petrochemical plant is in Plajau, south Sumatra which produces

20,000 tons of polypropylene for the plastics industry.

An aromatic petrochemical complex that would get its supply of naphtha from Plajau is under consideration for joint venture with foreign partners.

To be constructed at an estimated cost of US\$45 million, the proposed plant would produce raw materials for the domestic synthetic fibre industry, particularly polyester and nylon.

Also under consideration is a US\$1.7-billion olefin complex to be established in Aceh near the Arun natural gas fields. The project consists of an ethane extraction unit, a 350,000-ton annual ethylene production facility and downstream units to produce materials for the Indonesian plastics industry.

A number of downstream petrochemicals are already manufactured in the country. They include polyester and nylon fibres, adhesives, raw materials for the paint industry, polypropylene and polyvinyl chloride.

Indonesia now has 268 pharmaceutical companies, the biggest of which is the state-owned Kimia Farma. Most of these firms import raw materials for batch processing and tableting, instead of producing their own based on their own formula.

Another major project under construction is a US\$3 million plant for the production of contraceptive pills. The plant is being set up as a support facility for the country's

family planning programme.

In cement, Indonesia has eight major cement plants with an aggregate annual production capacity of 8.5 million tons. New plants are going up and old ones are being expanded in line with the current Five-Year Plan.

Indonesia's aim is to increase cement production from 8.5 million tons to 15-17 million tons a year by the end of the current plan period. Because of the risk of big capital involvement, the government itself is directly involved in all joint ventures with foreign partners.

To attract foreign investors, Indonesia offers tax holidays to plants producing olefins and aromatics. In the fertiliser industry, manufacturers are entitled to tax holidays for those engaged in the manufacture of urea, triple superphosphate, diammoniumphosphate and ammonium sulphate. Ventures in these areas must also be with government participation.

Indonesia pins great hopes on its chemical and petrochemical industries as major catalysts for the development of the other economic sectors. With the country's abundant local raw materials, cheap labour and attractive tax incentives, authorities are confident that foreign investors will find the country a challenging and profitable area of investment.

— Depthnews Special

MONG, LAO THEUNG PARTY CONGRESS DELEGATES PROFILED

Vientiane SIANG PASASON in Lao 25 May 82 p 3

[Article: "Opinions of the Delegates Who Attended the Third Party Congress"]

[Excerpts] Phia Louang, 83, Lao Mong race, was born in Ban Pha Lavek, Pha Lavek Canton, Hom District, Vientiane Province. He is a full representative of Vientiane Province who attended the Third Congress of the LPRP.

Phia Louang was a member of the Lam and Kwouan feudal aristocracy, but he gave up all of the privileges of his noble rank to serve the revolution, the country, and the people. This is because he was tired of the unjust kingship, the feudal warlords, and the reactionary system that verbally and physically insulted the worker class.

Phia Louang became a member of the LPRP in 1955 after he had been captured by the enemy. He was jailed in 1954 because he did not lead the Mong youth movement to fight against the enemy; he did not want to be a fighter for the enemy. Since then he has become a solid supporter of the Mong in their fight against the enemy. In the first year of the sixties enemy soldiers attacked the Pha Lavek area many times in an attempt to seize the area. However, they were fought back successfully each time by the revolutionary guerrillas led by Phia Louang. For this reason the enemy became dispirited and afraid.

Phia Louang became a member of the Supreme People's Council. He is a beloved leader of the people in Hom District. These people are of the Mong race in Ban Pha Lavek, his hometown. Now in this village there is a school for small children, a school for cultural enhancement for adults, and a hospital. Before this less than 100 percent of the Mong had rice fields to work on, but from the liberation until now 70 families have been engaging in rice farming. This is a result of Phia Louang's leadership.

Mrs Yong Bouapaseut, 42, Houak race, Lao Theung nationality, is from Ban Saken, Saken Canton, Na Le District, Louang Nam Tha Province.

Mrs Young Bouapaseut is one of the females who since 1960 has joined the nation's liberation movement in its fight against the American imperialists and their henchmen. Even though at that time our cultural level was not high, she exercised very good judgment in both studying as well as mobilizing the

building up of the population base at the same time. She overcame many obstacles until she succeeded in all duties assigned by the higher echelons. In 1968 she was assigned responsibility for the Women's Association of Na Le and to guide the youth work in that district. She determinedly improved and set up both mass organizations quite well, and this helped to steadily strengthen the dictatorship of the proletariat. In 1982 she was assigned responsibility for the Louang Nam Tha association. This province is far from the center, and is a militarily strategic province. There are many mountains, cliffs, and marshes. Its population is complex, with many ethnic groups who have diverse cultural and political awareness. In spite of these difficulties, she has determinedly, successfully, and beautifully carried out her duties.

9884

CSO: 4206/57

YOUTH UNION MEMBERSHIP, PRC MILITARY ACTIVITY IN NORTH REPORTED

Vientiane NOUM LAO in Lao 1-15 Apr 82 pp 4-5

[Journal by Comrade Fai: "Oudomsai Youth Union"]

[Excerpts] Oudomsai is located in the middle of the 4 northern provinces. Its borders are 41 km from China and 53 km from Thailand. This is a mountainous province with only 25 percent flat land. It contains 3 major nationalities and 17 ethnic groups, the Lao Theung nationality being the most numerous.

Comrade Bounleut, assistant secretary of the central committee of Youth Union of Oudomsai Province, has made several proposals concerning the special characteristics of the situation and the youth union movement within the province to Comrade Thonglai Khommasit, chief of the committee for mobilizing and building up the LPDR Youth Union all over the country, as follows.

"The total youth in our province number 30,544 people. Of these, 5,117 are LPDR Youth Union members!"

The youth and their strength in our province have been clearly confirmed in protecting our country and peace. The moving up of the Chinese reactionaries against its borders has created boiling anger among the youth. They have volunteered to be soldiers and guerrillas. [I'll] give only one example, involving middle level teacher's school No 1. As soon as they heard the news about the provocation along the northern border they volunteered to be soldiers, until the board of directors had to have a talk with them. That was how [the school] kept them from leaving and becoming soldiers! Most of the youth are from farmer families. All of the flatland has become agricultural co-ops, and in this region they are the combat forces on the agricultural front. Besides producing rice, these youth are also actively transporting the agricultural rice tax.

When [the representatives of the Central LPDR Youth Union] arrived at the Youth Union office of [Oudomsai Province], the representatives met the Youth [mobilizers] from various divisions around the province. They were transporting wood and tin in order to build the party meeting hall. Following the triple solidarity and quadruple attack competition the youth are in a new

atmosphere of socialist competition, solidarity and protection, and building the socialist fatherland!

Because of the special characteristics of its location as an outpost of the northern region, Oudomsai has to confront the power expansionists day and night. They have been using military forces to threaten us along the border, sending minions of the reactionaries in to create confusion and clever psychological warfare, and dropping propaganda leaflets slandering the new regime. They propagandize in an attempt to divide the multiethnic groups by saying that the Lao Soung race is one tribe of China, and that "in your country nowadays the Lao Loum race controls the power, they make life hard, and they will kill whoever they want to!" Moreover, they also try to break up the special militant solidarity between Laos and Vietnam, and they look for weaknesses and small mistakes of the Vietnamese volunteer soldiers in order to verbally attack and destroy our solidarity.

The spreading of this harmful news was thoroughly countered by truth and justice, and the right and just policy of the LPRP!

On the beautiful paved road along valley and cliff, the thick and high jungle forms a wall on both sides of us as we head from Oudomsai toward Louang Nam Tha Province. On the way we stopped and rested in Na Mo District.

Na Mo has been a rear section district since 1964. When there was a change in the power group in China which provoked Laos, this district then became an outpost district. Along with this place, we passed by several other places. The two strategic duties of the youth have been carried out very strictly.

Although the Chinese reactionaries used to flatter the people earlier, their acts were not able to cover up their true intentions. For instance, when a road was being constructed and they broke a bamboo shoot they reported it to our administrative authority, and they also apologized to the authorities when they shot a deer and then returned it to our people. In this location the Guerrilla Youth captured 3 of their spies. As for their sending in people to make a move [here], they have sent those who have relatives here or else people of the same races as are in this area. Even so, they are often caught!

None of the Na Mo youth ever said they were afraid of China; instead, many more than expected volunteered to become soldiers! With respect to building irrigation ditches, irrigation, and transporting agricultural rice tax, they never feel that they can do any less than anyone else, not even a little bit.

On the night when there was a farewell party for the youth leaders all over the country, the Na Mo youth walked 5 kilometers in order to join us in eating and solidarity dancing until fairly late. The rain that night was so heavy that it seemed as if it wanted to keep the representatives of the Lao People's Revolutionary Youth Union here longer. We felt the same, but because of our duty we had to leave Oudomsai with regret. We still remember the smiles of the Ban Na Lao co-op girls and the solidarity dance with the Ban Na Mo girls.

EDITORIAL HAILS KADAR, COOPERATION WITH HUNGARY

Vientiane SIANG PASASON in Lao 27 May 82 pp 1, 3

[Editorial]: "Friendly Relations and Cooperation Between Laos and Hungary Bear Beautiful Fruit"]

[Text] On 26 May Hungarians as well as Hungarian friends enthusiastically celebrated the 70th birthday of Comrade Janos Kadar, first secretary of the central committee of the Hungarian Socialist Unity Party [as published].

On this occasion, we the Lao people would like to send our regards and best wishes to Comrade Janos Kadar, and also may the friendship and cooperation between Laos and Hungary increase steadily and grow closer.

From the time of the liberation until now we Lao have been physically carrying out many different plenums of our party and government concerning the policy for the transformation and socialist construction within our country. The fraternal Hungarian people have always supported and assisted us with materials and moral support in fighting for the just revolution of the Lao people, in order to set up our new society.

During the visit to the Hungarian People's Republic in mid-1976 by a delegation of the party and government of the LPDR led by Comrade Kaysone Phomvihane, general secretary of the central committee of the LDRP and prime minister of the LPDR, there was a meeting between the Lao party and government leaders and Comrade Janos Kadar, the first secretary of the central committee of the Hungarian Socialist Workers Party. Both sides signed a cooperation protocol concerning assistance and cooperation in economic and cultural matters. This indicated a new round of fraternal friendship and cooperation between the LPDR and the Hungarian People's Republic.

To carry out this agreement made some years ago, joint committees of the governments of the two countries have visited with each other regularly. This was to ensure that the assistance and cooperation plan would be actually carried out properly. The delegations of both countries signed many cooperation protocols in economic, scientific, technological, and cultural matters. One of the important terms in the agreement was that the Hungarian People's Republic would help to build a bridge at Se Sam Soi on Route 9 in Savannakhet Province in the first Five-Year Plan of the LPDR. At this time such work has

been going on with the aid of experts from the Hungarian People's Republic. Besides this, the education and culture parts of the agreement have steadily borne fruit. The Hungarian People's Republic has also trained a number of Lao students to become experts in professional occupations so they can attentively and honorably participate in building up our most beloved country.

Lao people all over the country are pleased to see the fraternal friendship and cooperation between the LPDR and the Hungarian People's Republic, which is based on Marxism-Leninism and the International Proletariat whose roots have grown and expanded. They express their deep gratitude towards the fraternal Hungarian people for their great assistance in many aspects in building up the young LPDR.

On the auspicious occasion of Comrade Janos Kadar's 70th birthday, he is the respected leader of the fraternal Hungarian people. As for the Lao people, he will always be our close friend who is concerned with increasing and strengthening unity, friendship, and cooperation between the two parties, the two governments, and the people of Laos and Hungary.

We will always remember this. With this, we would like to send our best wishes to the fraternal Hungarian people. May you all succeed gracefully in carrying out the sixth Five-Year Plan, and achieve greater victories in the material and technical base construction to expand socialism in Hungary.

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CSO: 4206/57

COMPLAINTS RAISED OVER SCHOLARSHIPS, UNEQUAL TREATMENT GIVEN TO CADRES

Vientiane NOUM LAO in Lao 15-30 Mar 82 pp 4, 5

[Column: "We Pour Out Our Sweat for Our Country"]

[Excerpt] Letter no 1 is from Comrade Khammoun Mounnaphan stationed in tobacco factory no 1, asking why children of workers and ordinary people in secondary schools cannot have school allowances the same as the children of cadres.

Letter no 2 is from Sonhak Somsengdi, Teacher's School No 3, Kham District, Xieng Khouang Province. In the letter, besides praising NOUM LAO, she raised three questions:

1. Why do some final-year vocational training students still receive money for one full year after they graduate, and get a job, but some get a job right after they graduate? How can this problem be solved?
2. Some divisions dismiss cadres who are found guilty in cases of social misconduct to go back to being ordinary people. However, other divisions solve this problem simply, just by criticizing them, reporting the reasons, and then letting them continue their specialized task. What of these two approaches is right?
3. A group of mobilizing cadres went to a village, and there they were put under a hex, or completely possessed by evil spirits. If in this case our physicians could not cure them, but a sorcerer could, how can we say that there are no ghosts?

Answer to letter no 1, concerning the assistance fund for students in secondary schools, we would like to print order No 1403/MESRA of the Minister of Education, Sports, and Religious Affairs which was sent to provincial administrative authorities, city and province, and provincial education services.

Based on the study and agreement between the Department for Organizing Cadres and on the General Education Department, therefore, the Council of Ministers and the Deputy Minister of Education, Sports, and Religious Affairs hereby issue this order for provinces, cities and provinces, and education services.

1. Assistance Fund Guidelines

A higher education student (high level of secondary education) receives 1,500 liberation kip from the government.

Those who receive 1,500 liberation kip per month are considered to get the full amount. One who receives the maximum amount of 1,500 kip must have a canton administrative authority in his locality confirm his hardship, and that his family's production cannot make ends meet. Or, he must be an orphan or child of a revolutionary who has gone to work far away and so could not stay with his children, and it was not likely that he could be stationed where he could take care of his children, such as being a mobile work cadre. However, the grant must be approved by the district or provincial organizing services (equivalent).

Those who received 750 liberation kip per month are considered to receive half of the total amount; for conditions in general one must follow the above regulations, except that the student's family is able to supply some assistance but not all, which could affect his study. In cases like this, a province will provide half of the total amount.

This order was signed by Phoumi Vangvichit on 17 August 1976. We can see that our party and government have paid attention to the support of children of cadres and the poor who are qualified under the above conditions. However, there are some places that still do not know how to do it correctly. This might be because the local organization itself does not do a good job. NOUM LAO thinks that this should be reviewed correctly.

Answer to letter no 2, 1. Question no 1 is not clear, so it is hard to respond. However, concerning an improper or wrong matter the organization involved must be responsible. NOUM LAO has pointed out the weaknesses that have been around for a long time as they have been sent in by the masses.

2. Concerning the cadres who fell into social danger, it depends on the case and how serious it is. If it is serious they have to be dealt with a serious disciplinary action; if it is less serious they have to be dealt with a less serious one. This depends on how each division involved will carry out the policy correctly or not. However, the best way is to prevent rather than cure; controlling disease to save a person is better than killing them.

3. Concerning the story of a group of cadres who were put under a hex or spell or possessed by evil spirits, and who could not be treated by our physicians, it might be possible that a sorcerer could cure them. We asked experts who said that sorcerers also have plants and herbs for curing sickness, but they would not tell us. These sorcerers seem to practice magic on the outside, but inside they also treat patients with herbal medicines.

Plants and herbs are one kind of poison which actually exist. As for evil spirits, NOUM LAO once wrote about them as being an abnormal phenomenon of the nervous system in one's body, caused by outside interference. Its deeper meaning is still difficult to interpret. Thus, if we explain evil tree

spirits to uneducated people they could not understand. But when they become educated they will be able to understand this issue. Also, those who believe in ghosts are afraid of science and light. Wherever there is science, light, and bravery (knowledge), there are no spirits.

We have tried our best to explain this issue. Later on people will understand better as education is expanded in our society.

Thank you.

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CSO: 4206/53

DEPUTY MINISTER OF EDUCATION PROFILED, INTERVIEWED ON RESEARCH

Vientiane NOUM LAO in Lao 1-15 Apr 82 pp 15, 19, 20, 5

[Report on Interview with Professor Bountiam Phitsamai, Deputy Minister of Education; date and place not given]

[Excerpt] On the morning of 30 March 1982 NOUM LAO was honored to be granted an interview with Prof Bountiam Phitsamai, deputy minister of education. Our aim in this interview was to become familiar with his background, especially in education and scientific research. Moreover, we wanted to have his opinion on the future of our country and of our science.

Following initial remarks, he gave us some of his views. During the Lao People's Democratic Revolution, especially while our Lao people of different races were firmly uniting themselves with the Lao Patriotic Front to actively and aggressively fight against the American imperialists and invaders in order to liberate our country, he was a student in France. With his true patriotism, his concern for the future of our country, and his hatred towards the enemies who wanted to destroy our country, first starting in his student days he joined the Patriotic and Progressive Lao Student Movement. He made the movements for the revolution increasingly active and strong in order to campaign for the Lao revolution, for support from foreign countries, and to mobilize Lao students to join the movement. Meanwhile, with his strong determination he tried to study hard, for he thought that only by studying hard and learning as much as possible would we be able to protect and build up our country. After 7 years of studying in the university he completed his doctoral degree in physics and mathematics, and was praised by the examination committee. While he was preparing for his doctoral degree he assisted a professor by guiding students in laboratory work, and scientific testing in electricity, thermodynamics, and engineering physics. He then got a job in the National Scientific Research Institute of France using the computer to do scientific research in aerospace physics, involving the selection and analysis of data from satellite 0505 and later satellite 0508. After that, he derived several theories and laws, and scientifically assessed the results. After that, he derived several theories and laws, and scientifically assessed the results. After 8 years of this type of scientific research he had many achievements. He wrote a book used within the research institute concerning new methods and techniques for analyzing satellite data. He collaborated with a French scientist on an important scientific discovery accepted by international

scientific circles and published in the Journal of Geophysical Research of the American Geophysical Union. For example, in March 1973 he published an article concerning the relationship between solar Lyman alpha radiation and the thickness of the [ionosphere]. In January 1974 he published a paper on the evolution of the thickness of the [ionosphere] with solar radiation 100 km above the surface of the earth. After that he carried out a research project on the 0508 experiment and analyzed technical problems of the 0508 experiment for one month in the U.S., based on a scientific agreement between France and the U.S.

Before returning to our country he continued his research and published an article in early 1980 concerning solar [word missing] Lyman alpha radiation in the lower atmosphere.

The splendid achievements of his studies and scientific research make him proud of the honor of his country and of the Lao people's own heritage of diligence in working to build up the country. They are brave, and yield to no one. Their beloved intelligent sons led the people to fight against the imperialists, and to the shining path of socialism. We can realize that our Lao people are not ignorant and that when they have a chance to study they can learn as well as other people in the civilized world. It is a great honor to be born to be Lao at the time of the socialist revolution.

After this we continued our questions.

NOUM LAO: Where is your hometown? Who are your parents, and how many brothers and sisters do you have? Do your parents know of your success in your studies and scientific research? What was the reason you studied so well?

Professor: My father's name is Chan Peng, and mother's is Chanpheng. My hometown is Luang Prabang District. I have 6 brothers in all. My mother died when I was only 5. My father died in 1969. At that time I was preparing for my thesis and it was the time when Lao people of all races were fighting fiercely against the American imperialists in order to liberate the country. It also was the time when I was working in a strong revolutionary movement led by the students in order to resist the former government's reactionaries, and determinedly supported the revolution. Thus, I could not come to visit my father who was then in the enemies' detention area. My parents thus did not have a chance to see the achievements of my studies.

As for a good way to study, I cannot see any special way. When I was small I studied normally, especially mathematics which I was good at. But when I grew up and continued studying at higher levels I felt that the more I studied the better I became, especially from the pre-university level to the university level. This is because I have a strong love for my country. I love progress. I have determination and patience in my study and research because I think education is very important in protecting and constructing a socialist country.

NOUM LAO: How old are you, and how many children do you have? Where do they go to school, and what field will you let them select to study?

Professor: I am 39, and have 3 children, the oldest being 14. The eldest is studying in the third year of secondary school, and the other two are in the first year of secondary school. All of them are fairly good in school, especially in natural science. As for selecting fields for them, that depends upon their ability and what they like, considering the needs of the country, and I will guide them and explain to them each kind of work and the future for each field.

NOUM LAO: As for LPDR space research, what are the prospects, and what, in your opinion, will be the future of our country?

Professor: Research in science and technology and in other fields is very important. Besides general education work, this is an issue we should hurry to address. This is because it will help us to be able to bring what is new and more up-to-date into our country. It will help us to be able to develop intelligent individuals with new and better qualifications than before. At the same time, we will be able to discover new things to contribute to the store of man's scientific wealth in order to expand it and ever raise its level. As for space research, right now we are not ready and it is not an urgent problem. However, we will need it in the future. We might join other countries, especially our fraternal socialist countries, just as many socialist countries have been working together with the USSR.

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CSO: 4206/53

COOPERATIVES SELL TO PRIVATE MARKETS, PROFITS NOTED

Vientiane SIANG PASASON in Lao 27 May 82 p 2

[Article by Sanipangna: "Progress of the Ban Kao Leui Agricultural Cooperative"]

[Excerpts] The agricultural cooperative of Ban Kao Leui is an outstanding and rapidly expanding one, according to a disclosure by the board of directors of the co-op in its annual report ceremony.

In terms of crop production, they were able to grow 70,000 heads of cabbage, 30,000 heads of cauliflower, and 10,098 kg of tomatoes.. This produce was distributed and sold to serve many governmental organizations, ministries, and departments, and was also sent to markets. The total sales of produce was 635,086 kip. Moreover, they were able to grow 3,200 sugar cane plants with a total sales of 40,250 kip. Besides growing this produce, the co-op members also engaged in dry-season rice farming on 8.7 hectares. They used 480 kg of seed rice and produced a total crop of 27,280 kg, which amounts to 3,135 kg per hectare on the average. On the average, each person received 225 kg of rice.

Moreover, the co-op paid close attention to and encouraged family production for its members. In each growing season co-op land was divided up for its members, 400 square meters per family, to work on after hours. The family production before or outside regular co-op time brought in 8,958 kip of net income to a family in one year. In addition, the co-op has improved the material and technical base, e.g., by clearing 2 more hectares in order to set up an electric rice mill, and a 30-meter long and 15-meter wide clear area for drying rice which is also used as a club. They also made a fish pond, and provided materials and vehicles used in production, e.g., a sprinkler system, a water pump, a small-size ploughing tractor, a machine to pump water, an insecticide sprayer, a rice winnowing machine, a small harvesting tractor, and one each of 15 and 5 horsepower electric water pumps. The total capital is 1,335,000 kip.

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CSO: 4206/57

BRIEFS

AIR FORCE CONGRESS DELEGATE--Colonel Phao Bounnaphon, 48, of the Lao Theung race, was born in Ban Houa Xieng, Luang Prabang District, Luang Prabang Province. He joined the revolution in 1961 and the party organization in 1974. In 1963-1972 he served in the Patriotic Neutralist Command in the Xieng Khouang and Phongsaly areas. He used to take part in the peace talks committee in Vientiane. After the agreement was signed he was on the Vientiane Agreement Compliance Committee. After the country's liberation he was on the Air Force Command Committee, and now he is the Air Force Chief of Staff officer for the Lao People's Liberation Army. [Excerpt] [Vientiane SIANG PARASON in Lao 21 May 82 p 32 9884

VIENTIANE DISTRICT SECURITY WORK--In the competition to score achievements in order to greet the Third Congress of the Lao People's Revolutionary Party which has just recently finished, since March the local military forces of Phon Hong District, especially guerrilla units in 8 cantons, were improved by strengthening their numbers and quality. For example, they succeeded in carrying out their political life style and in improving living in the area. One aspect was to set the responsibility for the areas to be watched. By inspecting and patrolling day and night on a regular basis they were able to protect and maintain security in their regions, and to facilitate people in their living. The most outstanding of all were the guerrilla units in Na Lao, Na Pho, Saka, Phonsoung, Phon Hong, and Phon Ho Cantons. They all were attentive to the guarding and protecting of bridges, electric power lines, and the ground communications satellite station. Meanwhile, they were especially attentive to suppressing spies, thieves, looters, threats to society, psychological warfare, etc. [Text] [Vientiane SIANG PASASON in Lao 21 May 82 p 1] 9884

NORWEGIANS TO BUILD DAM--After one month of intensive work at the end of April the surveying and data collection for the hydroelectric dam in Tat Set, Lao Ngam District, Saravane Province, was 100 percent completed. Norway is the contractor for this hydroelectric dam project, which is financed by a loan from the Asia Bank. There is also news about the second phase construction of the Se Labam hydroelectric dam which was started in November 1981. As of last April 35 percent of the plan was completed, especially the water gate 20 meters long which is now 70 percent completed. In the second phase the hydroelectric dam will be 83 meters long, 560 meters high, and 6 meters wide at its base and 1 meter wide at the back. At the present time the

construction has been going on diligently in order to score achievement as expected, in order to expand the electrification network to serve production and to provide sufficient lighting for society. [Text] [Vientiane SIANG PASASON in Lao 26 May 82 pp 1, 4] 9884

CSO: 4206/57

SOLDIERS CLASH WITH POLICE IN SABAH TOWN

Kuala Belait BORNEO BULLETIN in English 5 Jun 82 pp 1, 44

[Text]

SANDAKAN. — More than 200 soldiers have been transferred from Sandakan after disobeying a commanding officer's order and then becoming involved in a violent feud with police that brought nightlife in the town to a standstill.

The catalogue of trouble came to a head in the middle of last month when a group of soldiers tried to storm the Marine Police base to at-

tack policemen.

Several warning shots were fired to deter the mob and one soldier was hit in the leg.

After that incident soldiers of the 12th Infantry Brigade were confined to camp and Military Police were brought in to tighten security as high-ranking officers held a board of inquiry into the trouble.

More than 200 soldiers were transferred to Kuala Lumpur last Saturday as part of the disciplinary action.

It is also understood 15 marine policemen have also been transfer-

red away from the trouble spot.

Problems began two days before the Agong's visit to Sandakan camp as a part of his Sabah tour.

About 200 soldiers, mostly young recruits, refused to practice their marchpast in preparation for the visit and then attacked their camp Commandant Mohamed Abu bin Haji Ali, locking him in a room.

They complained that the training was too rigorous on top of their regular training.

On the eve of the

Agong's May 11 visit, the Chief of the Fifth Infantry Brigade, Datuk Abul'as bin Ismail, flew to Sandakan from Kota Kinabalu to restore order and the royal visit went without a hitch.

Two days later, however, trouble erupted again when several of the soldiers became involved with a call-girl in a bar in the town. The girl called police who escorted her away from the bar to prevent problems.

Angry soldiers then went to the police stat-

ion a few hundred yards away and shouted at duty policemen before attacking a police officer and two policemen.

The soldiers were not allowed to carry arms after the earlier trouble at their camp.

The next day about 20 soldiers returned to the police station but duty policemen locked the gates and fired warning shots to scare them off.

On the evening of May 15 several soldiers attacked a marine policeman in a town street. The policeman escaped and ran back to his base. He returned with 14 friends who beat up the soldiers.

The soldiers then gathered help from their camp and drove to the Marine Police base in lorries.

An army captain and

some of his men went in the lorry and tried to stop the soldiers.

The unarmed soldiers shouted abuse at the policemen when they could not break into the base.

The police fired warning shots when some of the soldiers tried to scale the chainlink fence surrounding the base.

The soldier hit in the leg is understood to be one of the men who tried to prevent the attack.

The feud between soldiers and police killed nightlife in Sandakan as people were afraid to go out on the streets.

But since the soldiers have been confined to camp the town has returned to normal.

As a precaution, Military Police and other police have been patrolling the streets in case of any further trouble.

GUERRILLAS KILLED IN CLASH OF COMMUNIST PARTY FACTIONS

Kuala Lumpur NEW STRAITS TIMES in English 28 May 82 p 11

[Text]

BETONG, Thurs. — Two communist guerillas have been killed in further fighting between two rival factions near the Malaysian border, Thai army sources said today.

The sources said more than 20 guerillas of the outlawed Communist Party of Malaya (CPM) and the break-away Marxist-Leninist (CPM-ML) group clashed near this south Thai town on Sunday.

Last week, Thai security forces found the bodies of six CPM-ML guerillas in jungle areas north of here.

Thai army intelligence sources said the victims in Sunday's clash were CPM guerillas who had strayed into a CPM-ML preserve seeking food supplies and "protection money" from local villages.

"CPM-ML victory" had been crudely scrawled on a sign where the guerillas were buried and villagers also reported seeing a number of wounded being carried into the jungle, the sources said.

An estimated 3,000 CPM guerillas operate near the Malaysian border, of which more than 200 belong to the CPM-ML faction. — Reuter.

CSO: 4220/627

UNWILLING SUPPORTERS OF COMMUNIST TERRORISTS

Kuala Lumpur NEW STRAITS TIMES in English 17 Jun 82 pp 1, 2

[Text]

KUALA LUMPUR, Wed.

Some people in the Mengkarak and Triang areas in Pahang, especially squatters, are known to be aiding communist terrorists there, army sources said today.

The sources said the Mengkarak incidents on Feb 25 and 26 and the Triang incident last Wednesday when security forces clashed with communist terrorists "are proof that the resi-

dents are aiding the enemy."

The fact that the communist terrorists were moving about freely last week within a 6 km radius of Mengkarak town and that no information was forthcoming on their whereabouts by civilians, is a clear indication that the people there are communist sympathisers, the sources said.

After the Mengkarak incident, the army has

strung out a security net stretching from Tanah Rata, through Raub, Triang and Mentakab and cutting across the town of Pekan.

The sources said civilians are usually co-operative and would inform the police or the Armed Forces on the locations of communists if they are aware of the enemy's whereabouts.

The sources said these people are usually un-

willing supporters and that the army realises this.

They usually support the communists out of fear more than anything else. They know that they live in isolated areas and can be easily harassed by the communists.

Co-operation is usually in the form of food, medicine or money.

In the Mengkarak incident, soldiers found a rubber tapper about 500 metres from the scene of the clash with communists on Feb. 25 wearing a pair of trousers similar to the one found in the enemy camp.

The man also had \$100 and had pieces of bread, identical to those found in the enemy's camp.

On March 11, an army unit found a communist pamphlet in a food dump in the Mengkarak area containing the record of activities carried out by tappers in support of the communists.

On Feb. 28, about 14 tappers in the Mengkarak area had alleged that they were assaulted by a group of soldiers on Feb. 26.

The sources said this was one of the tactics used by the terrorists to get members of the security forces out of the security areas.

Sources said communist terrorists there are operating within an area of 10 square miles of Mengkarak.

They are believed to be the splinter group of the 10th Regiment of the illegal Communist Party of Malaya operating in the Pahang jungles.

The sources said there are not more than 15 communist terrorists operating in the general area.

Sources said follow-up operations will be carried out to track down the remaining terrorists.

RMAF CHOOSES SKYHAWKS OVER CORSAIRS

Kuala Lumpur BUSINESS TIMES in English 8 Jun 82 p 19

[Article by Bob Teoh]

[Excerpt]

MALAYSIA'S decision to acquire second-hand Skyhawk jet fighters has temporarily grounded Corsair's efforts to carve out a foothold in the important South-East Asian air defence market, according to industry sources.

The Royal Malaysian Air Force's decision to refurbish its 88 Skyhawk "carcasses" now mothballed at a US Air Force base in the Arizona desert may give a boost to Singapore's state-owned air defence and aerospace company if it can get part of the work under sub-contract arrangements.

According to the observers, the Singapore Aircraft Industries (SAI) with six subsidiary companies under its wings would be in a good position to get the sub-contracts because it is doing the same work on Skyhawks bought by the country for its air force.

The long drawn-out decision on the choice of ground attack multi-purpose fighters for the RMAF was announced last week by Chief of Air Force Lt Jen Datuk Mohamad Taib, putting an end to speculation on whether the Skyhawk or the Corsair would win in the end.

The Skyhawk was selected in 1978 as the attack aircraft to strengthen the RMAF's capability.

According to some observers, the Corsair was then favoured by Malaysia but the ban by the Carter Adminis-

tration on the sale of advanced aircraft to non-Nato nations scotched hopes of the RMAF acquiring it.

It was then believed that Malaysia would go ahead to renovate the 88 Skyhawk carcasses it had bought earlier.

However, just when the procurement exercise was about to be completed, the Reagan Administration reversed the preceding administration's ban on the sale of the Corsair to non-Nato countries.

A dogfight immediately ensued among the two US firms eyeing the Skyhawk refurbishing contract and Vought Corporation, makers of the Corsair. A top flight team headed by Vought's president, Mr Robert Kirk, flew into Kuala Lumpur to persuade the government to buy the Corsair instead of settling for the second-hand and out of production Skyhawk.

The sale of the Corsair to Malaysia was important for Vought as a stepping stone into the South-East Asian air defence market.

Industry sources said although all the five Asian countries expressed active interest in the Corsair, it was Malaysia that would probably have been the first to buy it, if the RMAF was persuaded to drop the Skyhawk.

Like Malaysia, Thailand and Indonesia have also evaluated the Corsair but any decision by these two will probably

not be made in the immediate future. The Philippines has not evaluated the Corsair yet. Singapore is believed to be interested in the British Harrier jets.

Vought executives had earlier indicated that they would be interested to set up "some form of regional assembly plant" for the Corsair if there were sufficient orders from air forces in this region.

Malaysia's decision to stay with the Skyhawk has, therefore, dashed for the moment Vought's hopes of selling its first fleet of Corsair outside Nato countries.

Industry observers said losing the final dogfight to the Skyhawk was particularly disappointing to Vought Corporation, especially when it has taken the trouble to impress on Malaysia that the Corsair "was designed to replace the Skyhawk".

Vought described its Corsair as a "premier multi-purpose light attack aircraft in the US defence inventory where it will serve into the late 1990s with a life expectancy of at least 25 years. Vought has produced some 1,500 Corsair to date.

Observers said the Corsair (more than \$30 million each), is superior to the cheaper Skyhawk, and this was implicit in the Carter Administration's ban on the sale of such advanced aircraft outside Nato.

According to Jane's current record of world

aircraft, the Vought Corsair 11 designated by the US military as A-7, won a US Navy award in 1964 for design of a single seater carrier-based light attack aircraft. The requirement was for a subsonic aircraft able to carry a greater load of non-nuclear weapons than the McDonnell Douglas A-4E Skyhawk.

In the case of the McDonnell Douglas Skyhawk A-4, the first prototype appeared in 1953 for the US Navy. Production of the A-4 ended in 1979, after having produced a total of 2,405 attack aircraft and 555 trainers.

Prior to confirmation of the Skyhawk deal, Malaysia did not possess any A-4s. According to the London-based International Strategic Institute, the RMAF has two fighter-ground attack squadrons of Northrop F5s and two counter-insurgency and training squadrons of ten obsolete Tebuans.

The main Skyhawk refurbishing contract is likely to be awarded to be either the Lockheed Aircraft Services Corporation or Grumman Corporation.

It was recently reported that the Singapore Defence Ministry's fledgling Singapore Aerospace Maintenance Company (Samco), now under the umbrella of the Singapore Aircraft Industries after a recent restructuring, was making a bid to win a role in the Skyhawk refurbishing job.

PRESERVATION OF FREE ENTERPRISE IS GOAL OF PACIFIC TRIP

Kuala Lumpur NEW STRAITS TIMES in English 4 Jun 82 p 2

[Text]

KUALA LUMPUR, Thurs. — Datuk Seri Dr Mahathir Mohamad's visit to the Pacific islands is a reflection of Malaysia's foreign policy to demonstrate to the world what can be done to ensure the preservation of the free enterprise system.

Foreign Minister Tan Sri Ghazali Shafie said the Prime Minister's visit to Fiji, Western Samoa and Tonga "is not a junket but a purposeful and momentous visit."

"Countries practising the free enterprise system talk and talk of what steps should be taken to ensure that no more nations are lost to the non-free enterprise system."

"We are showing them what should be done for we believe in this system," he said at a Press conference today.

The Prime Minister left for the islands this evening.

Tan Sri Ghazali said Malaysia is willing to help the Pacific Islands wherever possible.

Neglected

"We will find out where we can be of help," he added.

He said Malaysia feels that the Pacific islands are an area where the country can be a contributor (of aid).

He said it will "not be good for us to leave the area neglected."

"We don't want to lose

them (the Pacific islands) to the non-free enterprise system."

"There have been too many countries lost to this system," he said.

He called on the United States to take into consideration global strategic considerations and not to be motivated "by petty national interests."

He said the Pacific islands have only the sea to depend on for resources and the United States should to this end "not alienate them (the Pacific islands) by taking a hard line in the Law of the Sea Conference."

"What will happen if some other elements request these islands permission to set up fishing stations in return for aid?" he asked.

Tan Sri Ghazali said the Pacific islands in the context of global strategy are a bulwark of the free-enterprise world and could easily be lost to some centrally-controlled economic system by the inward attitudes.

Inequality

He said there is now an unequal distribution of technical know-how, resources and capital.

The developed free-enterprise countries must have the political will to see that this inequality is erased.

He said there is now a time of crisis in the world and the developed nations should wake up to this point.

There is a need now, he said, for a re-awakening of the spirit of Bretton Woods to meet and seek ways to overcome this crisis.

He said the top seven free-enterprise countries of the world — the U.S., Canada, Japan, West Germany, Britain, France and Italy — should look into this when the leaders of these countries meet in Versailles in France next week.

CSO: 4220/627

EMPLOYERS SET UP NEW ORGANIZATION FOLLOWING SPLIT

Kuala Lumpur BUSINESS TIMES in English 29 May 82 p 1

[Article by Bob Teoh]

[Text]

A NEW employers' organisation initiated by mining and plantation companies elected its pro-tem committee yesterday and is now set to be the chief spokesman of employers in the country, a role previously assumed by the Malaysian Employers Federation (MEF).

Five employers organisations met in Kuala Lumpur and adopted the constitution of the proposed body to be known as the Malaysian Council of Employers' Organisation (MCEO).

Although the MCEO has yet to apply for incorporation to the Registrar of Societies, it is believed that this would merely be a formality since the body apparently has the blessings of the Labour and Manpower Ministry.

The five convenors of yesterday's meeting comprised the Malayan Mining Employers' Association (MMEA), the Malayan Agricultural Producers' Association (Mapa), the Motor Vehicles Assemblers' Association, the Sabah Employers' Consultative Association, and the Lighter Owners' Association (Penang).

Tengku Mansor bin Tengku Yaacob from Mapa heads the pro-tem

committee while Mr S.S. Subramaniam from MMEA was elected his deputy and Mr David Wong, also from MMEA, was elected the secretary-cum-treasurer. The six committee members include Messrs H.M. Collier, R.H.M. Lindesay, John Chelliah, Lim Meng Seng, Ng Beh Tong and Puan Kalsom Taib.

A spokesman of the MCEO said the five founding employer organisations together have some 370,000 workers in the planting, mining, shipping, banking, commercial and timber industries on the payroll of their members.

The inauguration of the MCEO has dealt a heavy blow to the standing of the much criticised Malaysian Employers Federation. The MCEO's membership is open only to employers' organisations, and major bodies like the bank and insurance employers are likely to be more inclined to move under its wings, leaving the MEF to represent individual employers who are not members of any employers organisation.

The split among the employers within the MEF came to a head last year when the mining bosses, acting in concert with their counterparts

in the plantation sector, decided to break away from the MEF.

Both the MMEA and the Mapa officially withdrew from the MEF in January this year. Their withdrawal was devastating to the morale and future of the MEF, since they together account for the major part of the work force employed by MEF's members.

The root cause of the split was the dissatisfaction of the MMEA and the Mapa over the effectiveness of the MEF as a national centre for employers.

A spokesman of the MMEA said experience had shown that a national employers' organisation could only be effective if its membership was confined to employers' groups and not a mixed membership of individual employers (some having a mere handful of employees) and trade unions of employers on the MEF pattern.

Another complaint against the MEF was that it has been paying too much attention to day to day labour problems of individual members instead of providing effective leadership at the national or international levels.

They were unhappy that the MEF had been spending too much time and effort in crossing swords with trade unions in industrial courts when this should be the responsibility of individual members.

The MEF was formed some four-and-a-half years ago when the former Malayan Council of Employers' Organisation (MCEO) dissolved itself to make way for its formation.

The original MCEO comprised three organisations — the MMEA, representing the mining companies, the Mapa, representing the plantation ones, and the Malayan Employers' Consultative Association (Meca), representing the smaller and less organised employers.

Most Meca members became ordinary members of the MEF while the MMEA, the Mapa, and other bigger employer groups became association members.

Evidently, this mixed membership structure later proved to be the stumbling block to the effectiveness of the MEF, leading to the allegation that the MEF was not viable as a centre to promote employers' interests at the national level.

GOVERNMENT SURVEY SHOWS CONTINUED ECONOMIC IMPROVEMENT

Kuala Lumpur BUSINESS TIMES in English 14 Jun 82 p 2

[Text]

THE Pakistani military government said yesterday the country's economy continued a process of revival but remained afflicted with balance of payments deficit and inflation.

A government economic survey estimated a 6.6 per cent growth in gross domestic product (GDP) for fiscal 1981-82 ending on June 30 compared to 6.1 per cent of the previous year.

But the survey said it had become doubtful because of harm done to the wheat crop by excessive rains and storms before harvesting.

The survey, issued before the scheduled announcement of the national budget for fiscal 1982-83 last Monday, said the GDP estimate was based on a wheat production of 11.76 million tonnes against a target of 12.2 million tonnes.

However, it said, the GDP growth was likely to surpass six per cent for the sixth successive year even if the wheat production fell short of last year's production of 11.4 million tonnes.

The survey said the country had already

achieved food self-sufficiency and there would be no shortages as large reserves were in stock from the crop last year when Pakistan stopped importing wheat.

The survey said the outgoing financial year had in general marked "a continuation of the process of economic revival and financial discipline that has characterised the economic policy since 1977" when President Mohammad Zia-Ul-Haq's military government came to power.

But it said, the economy was hit by a deepening world recession, a collapse in world cotton prices and an influx of an estimated 2.7 million refugees from Afghanistan.

"These forces had a marked impact on the balance of payments and the budget. Yet the target for growth in output was realised and both balance of payments and budget deficits kept within planned levels. However, the export growth momentum was temporarily reversed and tax receipts fell below budget provisions."

The survey said all sectors of the economy

contributed significantly to the rising trend of the GDP with agriculture, growing by four per cent, during 1981-82.

The commodity producing sector outpaced the growth in the services sector for the third year in recession and manufacturing production rose by 12.1 per cent.

Sugar production rose by 41 per cent after two years of a "serious production crisis," making the country not only self-sufficient in sugar but also with a "sizeable export surplus."

The survey estimated the current account deficit in balance of payments would rise by US\$318 million to US\$1,309 million compared to last year's US\$999 million.

Prices continued to be an area of major concern to the government although a "rising tempo" had been considerably curtailed during the year, it said.

The survey said consumer prices in nine months from July 1981 to March 1982 rose by 7.7

per cent compared to a rise of 12 per cent in the corresponding period of the previous fiscal year.

The wholesale price index showed a rise of 3.6 per cent for the same period against a 10.5 per cent rise in the corresponding period of the previous year.

The government figures about inflation are often contested by the private sector.

The official estimate of 13 per cent for the last financial year was contested by the Federation of Pakistan Chambers of Commerce, the organisation industrialists who put it at about 40 per cent. — Reuter

'FRONTLINE' STATE STATUS OF PAKISTAN - I

Islamabad THE MUSLIM in English 5 Jun 82 p 5

[Article by William L. Richter]

[Text]

(The writer recently visited Pakistan on a U.S. government-sponsored lecture tour.)

Contemporary Pakistan may appear to outside observers as a bundle of paradoxes. The martial law regime of General Mohammad Zia ul-Haq seized power on July 5, 1977, with the solemn promise to relinquish it within 90 days; it is about to complete its first half-decade in office. General Zia, who assumed the office of President in 1978, continues to reaffirm that all current arrangements are temporary and that neither he nor the army can remain in power very long.

Far from being a mere caretaker, however, the present regime has embarked on a series of steps directed toward the transformation of Pakistan's society, economy and polity into a new Islamic order. Although few people (including Zia himself) credit the country's military ruler with more than modest abilities as a politician or leader, Zia has managed not only to stay in power almost as long as Zulfikar Ali Bhutto, his more charismatic predecessor, but also to preside over economic and diplomatic triumphs that have brought considerable recognition to himself and his regime. Most notable, perhaps has been the re forging of Pakistan's ties with the United States, itself a somewhat paradoxical development considering the state of United States-Pakistani relations in the late 1970's.

To some extent, these apparent contradictions represent problems that have plagued Pakistan's political culture at least since the country's creation in 1974. For more than one-third of a century, neither civilian nor military regimes have succeeded in creating and sustaining an effective political order. Other features of contemporary Pakistan, particularly the impetus toward Islamisation, tap deep-seated cultural aspirations that have been frustrated in the past in various ways. They also reassert Islamic values and identity. Pakistan's politics and policies are also heavily conditioned by recent global and regional developments, most notably the events in neighbouring Afghanistan and Iran.

From the beginning, the martial law regime has wavered between the goals of restoration and reform. On the one hand, General Zia announced on the day of the takeover that the "sole objective" of the regime was the holding of fair elections and the return of government power to civilian hands. The 1973 constitution was not abrogated by the military; certain portions were "held in abeyance." Although the attempt to hold elections was twice aborted — in October, 1977, and November, 1979 (in both cases because the anticipated results were not acceptable to the military) — General Zia continues to search for some means of restoring civilian rule. Although he has rejected the establishment of a permanent military government or even the sort of "civilianised" system President Muhammad Ayub Khan created in the 1960's, Zia has not provided a blueprint showing where he wants to go or how he intends to get there.

On the other hand, there is a reformist Islamic element in the current regime. Within weeks of his coming to power, Zia decreed new criminal punishments, based on a literal reading of the Holy Quran, including flogging and the cutting off of hands for specified offenses. Since then, additional steps moved Pakistan closer to a new Islamic order. On February 10, 1979, General Zia introduced new Islamic laws, including new punishments for adultery, theft and drinking, and new Islamic taxes (Zakat and Ushr). Other Islamic reforms affected the court structure and the electoral system, educational policy and the economy. Interest-free (risk-sharing) deposit arrangements have been established in banks and other financial institutions, with apparently good success and a fair return to investors. During the army's five years in power, the goal of Islamisation has gradually — but not totally — superseded the restoration of parliamentary and democratic representative institutions.

Unable to return to civilian government by means of free election, General Zia has searched for other alternatives. He has hinted at the possibility of holding national referenda and building a national government on the basis of the local officials elected in August, 1979, somewhat on the order of President Ayub Khan's Basic Democracy system of 1962-1969. More frequently, Zia has contemplated an Islamic political system, with an Amir and Majlis chosen on the basis of moral character rather than partisan competition. Although his public statements often reiterate his pledge to hold elections "when conditions permit," on several occasions he has observed the inapplicability and inappropriateness of "Western-style" elections in Pakistan.

On March 23, 1981, General Zia issued a new Provisional Constitution Order which, among other things, provided for the appointment of a 350-member Majlis-i-Shura (Federal Council). By the end of the year, the martial law regime had appointed approximately four-fifths of the projected membership, apparently retaining the rest of the appointments for future patronage. The Majlis held its initial session in Islamabad early in January, 1982.

The Majlis has apparently at least three intended functions. It provides a "link" between the government and the people; by giving its approval to government policies, it makes them somehow appear less unrepresentative; and it is supposed to "decide the question of the country's future

pattern of government." But the reactions of the Press and party politicians to the new Majlis were generally skeptical.

Although Zia's statements on the characteristics of a truly Islamic polity suggested that government officials would be chosen on the basis of their righteousness and their adherence to Islamic principles, the actual composition of the Majlis revealed that the criteria of selection were more pragmatic than ideological. Those who had proved their loyalty to the regime in local or provincial councils during the past two years, were well represented as were members of the major landed families, who have always supported whichever rulers happened to be in power.

It remains to be seen whether the new Majlis will be more than a rubber stamp for the actions of the government. During its January session, some members questioned government policies, only to be told rather sharply by Finance Minister Ghulam Ishaq Khan that they had not been appointed to criticise the government. Despite the new line, power remains in the hands of the military: General Zia, his service chiefs, his corps commanders, and the four military officers who serve as provincial governors. Policy direction and initiative continue to remain with a few key civilian officials, like Finance Minister Ishaq and Foreign Minister Agha Shahi.

The new Majlis will provide a facade of popular participation, and it may in fact suggest some ways out of the political impasse that has plagued Pakistan for the last four years. However, it would be overly optimistic to expect a significant shift in power from military to civilian hands or a restoration of representative government through elections. Zia is likely to find, as he has before, that what is acceptable to himself and his military colleagues may not be acceptable to the voting public and vice versa.

OPPOSITION AND REPRESSION

When the army took power in 1977, politics was polarised between Zulfikar Ali Bhutto's Pakistan People's Party (PPP) and the nine-party opposition coalition Pakistan National Alliance (PNA). Subsequent manoeuvring and factionalism transformed that cleavage. Several parties have been split over the issue of whether to collaborate with the military authorities, while repeated government postponement of elections led to dialogue and cooperation among political groups

that had bitterly opposed one another.

Technically, political parties have been outlawed since October, 1979, when elections were last

canceled. However, party leaders continue to operate within a restricted range, to issue Press releases and even to confer with Zia and other government authorities as representatives of their party positions. The Press reports their activities by referring to them as the "defunct" Pakistan Muslim League, or even as "the PPP (defunct)."

In the early months of 1981, it appeared that the party leaders might succeed in a concerted effort to force the government to deliver on its long overdue pledge to hold elections and relinquish power. Representatives of nine parties met in Lahore and formed a Movement for the Restoration of Democracy (MRD), calling for an end to martial law and the holding of elections. During the same period, the judiciary also displayed a greater willingness to question the actions of the military authorities. The Baluchistan High Court, especially, agreed to hear cases questioning the legitimacy of martial law authority.

This apparent coalescing of opposition to military rule was shattered, however, by two developments in March, 1981. The first was the dramatic hijacking of a Pakistan International Airways Boeing airliner, including the murder of one of its passengers and prolonged negotiations over the release of prisoners in Pakistani jails in return for the remaining hostages. It soon became obvious that the hijacking had been perpetrated by al-Zulfikar, a terrorist organisation led by Murtaza Bhutto, son of the late Prime Minister Zulfikar Ali Bhutto. Although Bhutto's widow Begum Nusrat

Bhutto and her daughter Benazir, who inherited the leadership of the PPP when the elder Bhutto was executed in 1979, disclaimed any foreknowledge of or involvement with the hijacking, the event splintered the MRD, threw the opposition into disarray, and provided the military with justification for widespread arrests. The Pakistan Muslim League (PML), led by the Pir of Pagaro, and the Jamiat-ul-Ulema-i-Pakistan (JUP), both former components of the PNA, seized on the issue as an excuse to pull out of the MRD and to declare their support for the military authorities in the face of such wanton violence.

The second major action that aborted criticism of the regime was the issuing of the Provisional Constitution Order (PCO) on March 23, 1981. The order expressly prohibited judicial questioning of martial law authority or actions and required judges to take an oath of loyalty to the PCO rather than to the 1973 constitution. At least 19 senior judges refused to sign the new oath and were summarily

dismissed. The PCO thus successfully thwarted criticism of the regime, but it also removed the last orderly channel of dissent within the system and any check on the abuse of authority.

The PIA hijacking was one of a series of events over the last several months that indicate that the level of violent protest is on the increase in Pakistan. Shortly before the hijacking, another PIA airliner was mysteriously destroyed by fire at the Karachi airport. There are frequent reports of bombings, including one when Pope John Paul II visited in Karachi in 1981. In November, 1981, in an armed attack in Lahore, veteran PML politician Chaudhri Zahur Wlahi and his driver were killed, and former Supreme Court Justice Maulvi Mushtaq was injured. Despite extensive Press censorship, there are sporadic reports of campus killings, attacks on police outposts and other outbursts of violence. Law and order were major topics of conversation at the January, 1982, meeting of the new Majlis. Although officials charged that many incidents were connected with an "international conspiracy" to destabilise Pakistan, with thinly veiled references to al-Zulfikar, it was difficult to deny that festering public discontent with prolonged military dictatorship was increasingly finding violent outlets.

One reason — perhaps the major reason — why political discontent in Pakistan has not yet erupted in mass protest, as it did in the late 1960's and again in early 1977, has been the relative strength of the economy. Under the leadership and direction of Finance Minister Ghulam Ishaq Khan (and as a result of a series of good crop years), the Pakistani economy has shown significant improvement in agricultural, and industrial productivity, exports, savings and investments since the military takeover in 1977. Although during the past year growth has appeared to slow somewhat from its pace during the two previous years, it still remains significantly ahead of the increase in population. The State Bank of Pakistan Report for 1980-1981 revealed a growth rate of 5.7 per cent in gross domestic product (compared with 7 per cent the previous year), a 6-per cent growth

in commodity production (versus 7.8 per cent in 1979-1980), a 9.2-per cent increase in manufacturing (versus 9.5 per cent the previous year), and an increase in gross fixed investment of 11.6 per cent (compared with 25 per cent the previous year). At the same time, however, the economy continued to be plagued by trade deficits and by inflation, both the result in part of levels and costs of imports, including petroleum imports.

Some of Pakistan's economic growth under the present regime can be attributed to improved economic management. Threats of nationalisation rife under Bhutto, have been eliminated, and incentives have been directed toward greater productivity. However, fortuitous external factors also reinforced the recovery. The first of these is the large-scale migration of Pakistani labour abroad, particularly to the Middle East. Remittances from Pakistani workers outside the country totaled approximately \$2.225 billion in 1980-1981, Pakistan's largest single source of foreign exchange. Although foreign remittances have had inflationary effects on certain sectors of the economy, particularly land and housing prices and wages, the "escape valve" of migration has reduced pressures on domestic employment and removed a potentially disruptive political element from the scene.

The second major source of external support for Pakistan's economy has been the global economic community, i.e., international lending agencies like the International Monetary Fund (IMF) and the World Bank, and the United States, Japan, and the industrialized countries of West Europe. *Although initially reluctant to invest in Pakistan under what appeared to be a temporary and potentially unstable military regime, during the past two years policymakers in these countries and agencies have firmly endorsed the Zia regime.* In December, 1980, the IMF approved a record-setting loan to Pakistan of nearly \$1.7 billion. The World Bank's Aid Pakistan Consortium met the following June and pledged \$1.17 billion to Pakistan, including relief for Afghan refugees in Pakistan, again a record-

setting amount. Pakistan's major creditors have agreed to debt rescheduling, and meetings with Japanese, European Economic Community (EEC), and United States officials within the past several months have all signaled an improved environment for trade and investment. Pakistan has also continued to receive significant economic aid from Saudi Arabia and other fellow Islamic states in the Gulf region.

Government economic policies have been encouraging to both domestic and foreign private investment. While inaugurating a new cement plant on January 1, 1982, Zia reiterated his position that *"the private sector was the cornerstone of his government's industrial policy."* Foreign companies have been invited to collaborate in petroleum exploration and other ventures, and Zia, Ishaq, and other Pakistani officials have met with American and European businessmen to encourage foreign investment in Pakistan. Under IMF pressure, import restrictions have been eased, and foreign advisers have urged greater deregulation of the economy to encourage further growth.

Despite the recent slowing of its growth rates, the Pakistani economy apparently has considerable capacity for further expansion, particularly if foreign remittances and external support continue to be strong. On the other hand, inflation and energy dependence are major problems. Growth may lead to further problems of distribution, particularly under conditions where union activity is suppressed. The pressures of more than two million Afghan refugees in the two Western provinces presents potential economic as well as political problems. Perhaps the most vulnerable features of the economy, however, are its growing dependence on the remittances of Pakistani workers abroad and on international assistance. It is possible that both foreign aid and remittances will continue to provide the necessary conditions for growth and eventual self-sufficiency. If cutbacks should occur in either field, however, the economic and political consequences could be serious.

(To be concluded)

CONTEMPLATED POLITICAL ORDER DISCUSSED - I

Islamabad THE MUSLIM in English 10, 12 Jun 82

[Article by Cassandra]

[10 Jun 82 p 4]

[Text]

In the past four years or so, there has been a good deal of loud thinking about changes in the constitutional and political fabric of the country. Much of the time it had seemed more like spasmodic kite-playing than any serious, concrete proposal, but it has proved to be a kind of softening-up process in which political elements sympathetic to the regime had also participated energetically. In recent months, however, a recognisable embryo has finally popped out of the test tube.

The main features of changes contemplated have been made fairly plain in official statements, politicians', critical pronouncements as well as recent press reports of major recommendations of the Ideology Council. And as it seems that the time for decisions may be drawing close, this looks like an opportune moment for a rational and unblinkered scrutiny.

It needs to be emphasised first of all that these endeavours should be tempered by constant awareness of past experiences, mostly unhappy and sometimes terribly costly. This is not virgin territory. There is a besotted history, a whole chain of events which have a powerful bearing on what is being attempted now. And surely, the one awful lesson that must never be overlooked is that whenever an elite group or faction, believing itself to be the repository of all wisdom, has sought to impose itself, its wizardry and authoritative solutions on the nation, the consequences have been invariably disastrous.

The one constant theme

throughout has been the introduction of an Islamic system of government. This should be treated, however, as a chapter heading rather than the actual verse. For one must remember that the 1973 Constitution had received, and continues to receive to this day, the Islamic certificate from all the major maulanas of all the established parties. (Besides, the changes now being promoted have little, if anything, to do with the true Islamic tradition. Some tend to really flout it.)

The actual proposals, as a matter of fact, deal with mundane, temporal affairs, inspired not so much by any spiritual considerations but by a fouled-up political impulse. Take, for example, the proposal that elections should be held on non-party basis, hardly an established and recognised Islamic concept. One need not question the motives, but the net result of such an election will be the emergence of a heterogeneous group without any commitment national programme or policy.

It is envisaged that the candidates will campaign in their constituencies within the framework of Islamic ideology and about local issues. This is the surest way of not seeing the wood for the trees. And adherence to Islamic ideology is not a coherent and concrete programme but mere obeisance to a pretty slogan.

Such a collection of legislators can contribute little to national cohesion. On the contrary, they will encourage the promotion of narrow interests. Only a political party with a substantial following in all or most of the federating

units can ever hope to bring the nation together on one platform. Elections on non-party basis will, therefore, bring forth an assembly which can be manipulated by any adventurous group for its own purposes, a subterfuge which is not unfamiliar to Pakistan.

Closely linked with the aims and objectives of elections on non-party basis is the proposal about the screening of candidates. Of course, candidates do have to satisfy certain basic requirements. They have to be adults, sane and without a criminal record, the kind of qualifications all civilised societies stipulate.

These are already a part of the 1973 Constitution, and there is no discrimination because of political views of a citizen. But the proposed screening seems aimed at political opponents. And who, pray, is to perform this God-like function of moral evaluation of individuals?

At the end of a year-long elaborate exercise, the government had selected and appointed members to the Federal Council. Yet amongst the ranks of the pure were to be found 16 who had been disqualified by Martial Law tribunals for malpractices and two had been flogged.

Then there is the proposal meant for countering regional secessionist pulls: the elevation of all divisions into provinces. This political quackery is of a piece with the earlier extreme remedy of submerging the provinces into One Unit. The problem is not one of administrative units but of ethnic groups, conscious of their

identity, their rights or the lack of them. These aspirations can be satisfied not by an administrative sleight-of-hand but through equal rights and equal participation in the conduct of national affairs.

The disintegration of provinces will, thus intensify and not slake regional thirsts.

Although Islamic labels will continue to decorate the package, these proposals in particular and all the rest in general add up to a return to "Controlled Democracy" or a jazzed-up version of Ayub Khan's "Basic Democracy." For the elimination of political parties, the arbitrary selection of candidates and the prevention of formulation of any concrete national programme apart from Islamic Ideology which can mean anything and everything—all these clearly identify preconceived notions about the outcome of the poll and complexion of government.

That there is a marked tendency to put the political process in an authoritarian strait-jacket is evident from other proposals as well. There is, for instance, the plan to redistribute the powers of the Prime Minister and the President. In other words, it is considered that tailoring the political process and short-circuiting the electoral procedures is not enough. The use of powers by a government so elected has also to be regulated and confined to set, sanitized limits so that even if one lot of self-appointed saviours departs the apparatus should be available to the next. This particular proposal and others akin to it will be examined in a concluding article.

[12 Jun 82 p 4]

[Text]

The proposal for increasing the President's powers is not an exclusive brain-child of the Martial Law regime. Some of the political parties have also taken a lively interest in it, especially the old Ayub Leaguers who are aware that in a traditional parliamentary democracy they may not even win a seat, leave alone cadging a minister's post. There is, however, one marked difference between Ayub Leaguers and other political elements favouring a fresh distribution of powers between the President and the Prime Minister. While the former are one with the regime in resorting to ukase, the latter want to rely on the will and judgement of a properly elected national assembly.

To put the matter in its proper perspective, it needs to be recalled that in 1973, political parties had unanimously agreed to give all the basic executive powers to the Prime Minister, directly answerable to the Sovereign National Assembly, because of bitter experiences of previous heads of state. Beginning with Governor-General Ghulam Muhammed, the foundation head of Pakistan's political troubles, through Iskander Mirza down to Ayub Khan, governments and assemblies were dismissed arbitrarily and constitutions destroyed at one fell swoop.

It was felt, therefore, that the President should not have any executive powers that he could misuse. He should not be in a position either to oust a duly-

electd government answerable to a duly elected parliament or to tamper with the constitutional arrangement.

The sharing of executive authority and control between the President and the Prime Minister is an ideal recipe for instability and weak government. In practice, this will mean, and past experience will bear witness, that either the Prime Minister remains pliant and subservient to the wishes and whims of the President or he is liable to be undermined and ousted. For a Head of State enjoying the final executive authority and in direct command of the armed forces will be naturally tempted to conduct affairs according to his own views. The President will be in a position to do this by manoeuvrings in the assembly. It is hard enough for a leader to keep his supporters in line even when they have won elections as a party committed to that leader. It becomes a doubly difficult task in a free for-all assembly, for as individual members without any party loyalty or discipline they can be induced to change sides at will.

The proposal for giving more powers to the President acquires a much deeper significance when one considers the role and composition of the National Command Council. The President will head the Council comprising the Prime Minister, the Defence Minister and the three Service Chiefs. In reality, therefore, the Prime Minister can be outmanoeuvred and cut to size in a Council which is to take major policy decisions.

On the surface at least, this has the making of a presidential form of government, but in reality it is the intended, mechanism for the armed forces' role in the government. Apart from the three Service Chiefs, this policy-making body may, most probably, have retired generals as the President and the Defence Minister. This is where the Turkish connection comes in.

A lot has been said about the Turkish model, but unfortunately, the analogy has been forced and is far from relevant. Modern Turkey was salvaged from the ruins of the Ottoman Empire by the Turkish army and the young Republic was established and nourished by its brilliant generals. In addition, the Turkish army is not in any sense

an exclusive institution confined to any particular region, and it is manned by national servicemen.

Given all these attributes, the Turkish experiment has not been an unqualified success. The armed forces grip and frequent interventions have retarded the normal growth of political institutions. Ministers have been executed summarily, large-scale and bloody unrest has plagued the country. Even if the Turkish system had been a complete success, its transplant here will not flourish for the simple reason that none of the strong points of the Turkish forces and their historic achievements are available. On the contrary, the record here is quite the reverse and the circumstances now far from propitious for that kind of graft.

It is essential to bear in mind that this whole exercise towards a modified political order is being conducted to install at some stage a civilian constitutional government and return the armed forces to the barracks. But the creation of a National Command Council and the retention of a powerful role for the armed forces will amount largely to consensit changes: the substance will remain basically unaltered, giving the country neither one thing nor the other.

It does not require too much imagination to grasp the fact that this arrangement is certain to make armed forces' involvement a permanent feature. Inevitably, over a period of time, the armed forces will be politicised, and a political army can impose on the country any system its colonels and generals think fit: one-party rule, Islamic Ideology, Islamic Socialism, Marxism-whatever the leading commanders of the day take fancy to.

The other serious drawback of this hybrid dispensation is that it will still lack that popular sanction without which at least its civilian political edifice can have no sure foundation and seem like castle in the air. A political facade may sound an attractive proposition, but in this day and age, the people are neither that easily mesmerised nor that easily satisfied. Thus, the basic requirement for a genuine return to constitutional rule will remain unmet and the threat of a breakdown will continue to loom large. (Concluded)

'FRONTLINE' STATE STATUS OF PAKISTAN - II

Islamabad THE MUSLIM in English 9 Jun 82 p 5

[Article by William L. Richter]

[Text]

Pakistan's international role in the present decade has been greatly affected by two developments in the closing months of the 1970's. The culmination of the Islamic revolution in neighbouring Iran, which drove out the Shah and brought anti-American forces to power, knocked the cornerstone out of the United States strategic edifice in Southwest Asia. The Soviet invasion of Afghanistan in December, 1979, escalated and intensified the conflict in that beleaguered country, swelled the flow of refugees to Pakistan, brought Soviet troops literally to Pakistan's borders, and threatened in various ways to expand the conflict into Pakistan. With the loss of Afghanistan as a traditional buffer, policymakers and commentators in Pakistan and elsewhere have come to regard Pakistan as a "front-line" state in confrontation with the Soviet Union. In the restructuring of the United States strategic consensus in the Middle East after the "loss" of Iran, Pakistan (along with Saudi Arabia, Turkey and Egypt) has come to play an increasingly prominent part.

United States-Pakistani relations, on the decline since the mid-1960's, reached their low point in 1979. When the United States cut off all non-food aid because of Pakistan's apparent nuclear weapons programme, Pakistan joined Iran in pulling out of CENTO (the Central Treaty Organization) and joining the non-aligned movement; angry mobs burned the United States embassy in Islamabad and several other American buildings in Pakistan. Immediately after the Soviet invasion of Afghanistan, however, United States President Jimmy Carter offered Pakistan a \$400-million package of

military and economic aid, which General Zia subsequently rejected as "peanuts." The United States administration of Ronald Reagan resumed negotiations with Pakistan and reached agreement in mid-1981 on a package that apparently satisfied the security interests of both countries. The package includes \$3.2 billion in assistance, half in economic aid and half in military credits, spread over the next five years. In addition, the United States agreed to sell to Pakistan, on a cash basis, up to 40 advanced F-16 fighter aircraft, for a total of approximately \$1.1 billion. In seeking congressional approval of the agreement, Reagan administration spokesmen stressed the need to upgrade Pakistan's defensive capabilities and the symbolic importance of the F-16's as a measure of the United States commitment to Pakistan's security.

As expected, India objected strongly to the deal, particularly to the F-16's. Although India will continue to have decisive military superiority in the region even after the rearmament of Pakistan, the sophisticated electronic equipment and the strike capabilities of the new aircraft increase the possibility of greater damage to Indian targets in any future conflict.

United States critics of the package similarly stressed the danger that United States military aid may disrupt the power configuration in South Asia, leading to a new arms race on the subcontinent and increasing the possibility of another war between India and Pakistan. Other arguments against the proposal included its anticipated reinforcement of the military dictatorship in Pakistan and the Zia regime's dismal human rights record. Pakistan's purported

nuclear weapons development programme was cited both in support of and in opposition to the proposed assistance package. Opponents stressed nonproliferation policies that preclude aid to countries developing nuclear weapons except under special circumstances. Proponents argued that the five-year assistance programme would provide the United States with greater leverage to deter, or at least defer, Pakistan's testing or completion of a nuclear device. Neither side seemed to take seriously General Zia's repeated denials that Pakistan is developing a nuclear weapons capability.

Three other potential problems were considered by the United States Congress before it approved the administration's package. The potentially most explosive of these is the question of Baluchistan, Pakistan's southwestern province, in which persistent separatist sentiments erupted into an undeclared civil war during 1973-1977. Although recognising that prolonged military rule in Islamabad may intensify Baluch Alienation, proponents of support to Pakistan argued that some economic assistance in the package would be targeted to alleviate the conditions of deprivation in Baluchistan.

The other issues centered on the burgeoning Afghan refugee population and the problem of narcotics producing, both of which primarily concern Pakistan's Northwest Frontier Province (NWFP). In both instances investigators concluded that Pakistan was taking as many positive steps as possible.

In many respects, the United States-Pakistani relationship is a remarkable diplomatic achievement for both countries. The United States has found a way to strengthen both Pakistan's capacity and its resolve to resist Soviet pressures from beyond the Khyber Pass and has made it possible for Pakistan to play a potentially wider security role in the region. Pakistan has secured the means to upgrade and modernize its military without giving up its nonaligned status or being forced to make any serious commitments on the use of its new weapons. As in many such international agreements, however, the potential for misunderstanding and differing interpretations remains great. The United States sees the Soviet force in Afghanistan as the major threat to Pakistan. Pakistan sees India as the threat. The United States expects leverage; Pakistan expects "complete independence of action." The United States expects Pakistan to remain firm on the principle of Soviet withdrawal from Afghanistan and nonrecognition of the Babrak Karmal regime; Pakistan, in basic agreement, appears more flexible concerning negotiation with the Soviet Union.

Pakistan has attempted diplomatically to minimise the adverse impact of its arms buildup on its relations with both India and the Soviet Union. In mid-1981, during final negotiations on the arms deal with the United States, Pakistan offered India a mutual no-war pact. India, originally scornful of the proposal because of its timing has subsequently given it more

serious consideration. Exchange visits by the foreign ministers and India's counterproposal of a friendship treaty have helped to keep alive the hope that Pakistan's new arms might have the ironic effect of encouraging dialogue rather than enmity with its larger neighbour. In like fashion, Pakistan has been careful to maintain economic ties with the Soviet Union and to continue diplomatic of the major outstanding discussion issue, the Soviet troops in Afghanistan.

Pakistan's new line of attack on the old problem of finding a viable civilian political order may buy time in the short run but appears destined ultimately to encounter the same difficulties as earlier experiments. Like national legislative bodies in the 1950's and 1960's Zia's appointed Majlis-i-Shoora lacks an electoral link to the people. If the Majlis merely rubberstamps the military regime's policies, it will be criticised as a facade.

Within this political and economic context, Pakistan's new status as a "front-line" state and its new security relationship with the United States present opportunities as well as dangers. In its relations with India, Pakistan has already defused a potentially explosive situation. Development funds channelled to Baluchistan may succeed in reducing separatist feelings there. But unless and until Pakistan finds a solution to its primary political problem - that of finding some form of legitimate representative government - the dangers of violent protest, disruption and uncertainty will remain. (Concluded)

RESENTMENT AGAINST WORLD BANK 'IMPERIALISM' NOTED

Karachi BUSINESS RECORDER in English 6 Jun 82 p 2

[Editorial]

[Text]

SUZERAIN is defined as an entity which comes to exercise sovereign influence over independent states. Looked at with this definition in view, the World Bank together with its associated agencies seems to have assumed all the power and influence of a sovereign over the states which knock at its doors for loans. And, much more so in the case of the Third World countries. If the World Bank was to function just as any other money-lending institution, it would be within its rights to examine the repayment potential of its clients when the loans are asked for. Of course, it has to take into consideration, like any other bank, the economic viability or otherwise of the projects, the risk element and the safety of its money.

However, the rub lies where it assumes the authority, either directly or through its agencies, to dictate to the loanee its various pricing policies, trade

liberalism or restrictions, industrial and commercial policies to be adopted and, most important of all, to try and force the countries to devalue or revalue their currencies. Indeed, few in desperate need have been able to resist the 'sovereign diktats' of this great financial conglomerate and have had to bow to the 'sovereign majesty' of the World Bank's will.

Let us here talk about our own Pakistan. The massive devaluation of our rupee in 1972 did take place at the behest, direction or command, say what you like, of that 'imperial majesty' the World Bank. What effect it had on the economy of Pakistan the nation knows to its cost. Then again, this 'sovereign' institution directed a second devaluation of Pakistan rupee in 1978-79. And, when the present regime declined to obey, this country and the whole world know what economic squeeze it was made to suffer. Luckily for us, the geo-political situa-

tion underwent a change and the 'sovereign' had to relent. But not all the way. It would not let us forget who the economic 'sovereign' is. It makes its authority felt particularly in the sphere of loans needed for the creation of or improvement in the infra-structure required for the economic development of the country. We are obligated to have the 'emperor's' designated consultants and advisers, contractors of its approval; besides the country must agree to the rates and prices that it should charge from the people. The story is the same whether it is the electricity projects of KESC or WAPDA, or the water projects of KDA or WASA.

It is not unnatural, therefore, that this 'imperial' attitude of the World Bank and its affiliates creates antagonism against the country which has the major financial holdings in these international financial organisations and whose nationals preside over their working. It is not unoften that economic diktats of these institutions and their implementation have led to popular unrest or

have contributed to the destabilisation of the regimes in the Third World. Not long ago we had objected to IMF and World Bank teams breathing down our necks all the year round and viceroying our activities and performance. But it was of no avail. Indeed, such activities seem to be on the increase. We now ask President General Mohammad Zia-ul-Haq and his Finance Minister, Ghulam Ishaq Khan to resist the World Bank pressure with the same determination as they exhibited in 1978-79 against these agencies' demand for devaluation. What should be the water rates or electricity charges in Karachi, Lahore or anywhere, or of any other produce or service in the country, is only our sovereign right to determine and we accept the suzerainty, economic or political, of no power on earth. This joke has now gone too far. Indeed, it is time that this 'imperial' attitude of these financial institutions should be taken up pointedly in appropriate Third World forums like the Group of 77, as also in the Organization of Islamic Conference.

LOAN FOR FERTILIZER IMPROVEMENT

Islamabad THE MUSLIM in English 10 Jun 82 p 8

[Text]

ISLAMABAD, June 9: The World Bank will provide a loan of Dollars 38.5 million to Pakistan to improve its fertiliser production and to develop a strategy for expansion of the industry.

A press release issued here today said: by 1986, Pakistan will need about 1.8 million nutrient tons of fertiliser, with imports expected to account for 40 per cent of the requirement. To help meet a larger share of the growing demand with domestically produced fertiliser, the government will undertake a fertiliser industry rehabilitation project at a cost of dollar 49.3 million.

The Pakistan Government will make funds available to the National Fertiliser Corporation of Pakistan and two subsidiaries to rehabilitate and expand their existing facilities and to improve their operational, management, and training capabilities.

An increase in the annual output of about 178,000 tons of fertiliser is expected to result from the improvements in existing fertiliser works.

Under the project, the Multan Urea Plant rehabilitation will include renewal of instrumentation and electrical systems, replacement of worn equipment, and reconditioning of other parts of the

plant. An additional carbon dioxide compressor and ammonia feed pump will be installed to increase the production capacity of the plant. The capacity of the Multan Ammonia Plant will be increased by the installation of a purge gas recovery unit. A rationalisation programme for the entire Multan complex is planned, which will involve pollution abatement measures, provision of spare parts, modernisation of maintenance facilities and the addition of new product handling equipment.

The ammonium sulphate plant at Daud Khel will also be rehabilitated under the project to improve the mechanical reliability of the complex and extend its useful life. The project will include the installation of a new boiler and a new water treatment plant, and renewal of the converter and waste heat boiler sections of the sulphuric acid plant.

The project also provides for a study to assess future fertiliser demand in the country, to develop a strategy for expansion of the industry and to review the government's ex factory pricing policies.

The World Bank loan is for 20 years, including five years of grace, with interest at 11.6 per cent a year, the loan also carries an annual commitment charge of 0.75 per cent on undisbursed balances, and includes a front-end fee of 1.5 per cent on the amount of the loan.

-APP

CAUTION ON DEBT BURDEN STATED; SELF-HELP STRESSED

Karachi BUSINESS RECORDER in English 12 Jun 82 p 1

[Text]

The problem of debt servicing liability has become a mill round the neck. Our debt burden amounts to nine billion dollars on which our annual repayment liability amounts to 700 million dollars. As more and more loans are maturing, this obligation is increasing from year to year and by now we have crossed the "safety limit" of 20 per cent of our total foreign exchange earnings. That our economy has not grown to the extent to meet this huge pile-up of external liability is evidenced by the fact that we have requested the Aid-to-Pakistan Consortium for rescheduling of 243.7 million dollars old debts falling due for repayment from July next and have also asked for a total loan of 1.75 to 2 billion dollars for fiscal 1982-83 to correct and improve our balance of payments position.

Nobody can deny that foreign credit has not played a useful role in our economic progress in certain ways; indeed it has done some damage in

certain directions because of hardening of terms and conditions. It has been estimated that on the average every 100 dollars borrowed by us from abroad have resulted in a rise of 33 dollars in national income but out of this not less than 11 dollars had to be credited back to the donors as interest and other charges. Under these circumstances it is very difficult to achieve a reasonable growth rate, unless the developed countries change their attitude with regard to the whole problem of loans, trade and debt service liability.

Indications are that the World Bank is favourably disposed towards Pakistan and the Consortium countries are likely to accede to request. However, it has to be realised that suspension or rescheduling of debts is not a lasting solution of the problem. The indiscriminate borrowing and the tied nature of the loans have done incalculable harm to the country. We have been pushed into a tight corner. The

burden is huge. The respite that we beg, and get is only for one year. It is, therefore, imperative that we do not add to the burden any more. This means that we should shun reliance on foreign credit and fall back upon our own resources. This can be made possible only by effecting a radical change in our development strategy. We should learn to cut our coat according to the cloth. The pattern of growth that we have borrowed from the developed west does not offer a lasting solution to our problems. Let us bid goodbye to it. The sooner we do this the better it will be for the country's economy.

The root of the trouble is that a short-term view is specially attractive to interest groups in a static society. The trader, the peasant, the artisan, the Government employee, each one of them is disinclined to look beyond his immediate gains or subsistence or security. It cannot be over-emphasised that development calls for hard work, social discipline, austerity and curbs on rapid

increases in consumption. Moreover, the process of one-sided modernisation disturbs the balance between rights and duties, the former getting primacy over the latter.

It is a wrong strategy that one sector of the economy should be built and developed at the cost of the other. Our planning has suffered from this fault from the very beginning. This has created imbalances in the overall economy. Might some sections of a sector have profited by this kind of development but the disparities have been on the increase and the two major sectors of the economy, that is, rural and urban, are falling apart. Unless their natural interdependence is restored, both will not come into their own. A balanced growth of our economy is necessary by employing national resources to the maximum extent. It is only in this way that we can lay the foundation of a self-sustaining and self-generating economy. We have to create an atmosphere conducive to economic dynamism and enterprise through self-help.

PAKISTAN

\$1.35 BILLION AID REQUEST APPROVED BY CONSORTIUM

Karachi BUSINESS RECORDER in English 12 Jun 82 p 1

[Text] Paris, June 11--The Paris aid-to-Pakistan consortium at a meeting here today almost approved Pakistani request for a 1.35 billion dollar assistance, BBC reported tonight.

This was disclosed after the meeting by Pakistan delegation leader Ejaz Ahmed Naik who said Pakistan did not receive sanctions of non-project aid to the extent it wanted.

The purpose of relating aid to specific projects is that in case the amount remains unutilised for a certain period the funds are diverted to the lending country.

Pakistan had sought an increase of about 22 percent in the non-project aid in 1.35 billion aid package sanctioned today.

Naik said that Pakistan had requested for 40 crore dollars in the head of non-project assistance but the country would not now be receiving this much amount.

Pakistan had called for more aid because on the one hand it faces an adverse balance of payments position and on the other it wants to pay greater attention to sectors of education, rural development and public health.

As far as Afghan refugees are concerned a sum of 23 crore dollars had been sanctioned. This is more than the last year's sanction, only feeding the Afghan refugees would cost the country 55 crore dollars. It means that the country would have to spend as much amount from its own resources as it would be getting from the consortium.

The issue of the concession in extending period for repayment of loans was not discussed but it appears that the lending countries are being approached separately. In 1981 the consortium had allowed a moratorium of one and half years on loans repayment. Something definite in this regard would be known by September.

According to Naik the countries giving assistance to Pakistan are first the United States and then, according to size of the funds, Japan, Germany, Canada, Britain, France and Italy. Naik said that Pakistan was highly concerned at the current accounts deficit which had touched 1.40 billion dollars.

An official statement issued after the consortium meeting said that despite all factors, Pakistan's economic development survived and has remained at six percent for the last five years. But, the statement said, Pakistan is faced with economic difficulties and policy changes are required to overcome these difficulties.--PPI

CSO: 4220/218

EXPORT PROJECTIONS FOR 1982-83

Karachi BUSINESS RECORDER in English 12 Jun 82 p 2

[Text]

Export earnings for next fiscal year are being projected to remain at almost the level of current fiscal year which is now being estimated at about 2.6 billion to 2.7 billion dollars.

According to the informed sources the export proceeds had shown sharp slump in the current fiscal year, contrary to the estimates made by the planners at the beginning of 1981-82 when they had projected foreign exchange earnings of 3.32 billion dollars.

They attributed the slump in export earnings to the all pervading recession in world market which particularly affected the major export items of Pakistan namely cotton and rice.

Consequently the export receipts of these two items showed marked decline though the quantity remained more or less on the level projected earlier at the beginning of current fiscal year. The same downward trend was also seen in case of export of yarn and carpets.

As for next fiscal year the sources said rice is expected to be main foreign exchange earner and is likely to realise 400 million dollars to 450 million dollars which is being estimated for current fiscal year also.

COTTON

Cotton export is expected to yield marked improvement during 1982-83 and is likely to fetch over 400 million dollars as against estimated earnings of over 260 million dollars in current fiscal year. The main reason for this optimistic assessment is the rising trend in cotton prices in the international market following break-out of war in southern American hemisphere between Argentina and England. As a result the cotton supplies from Latin American countries has been obstructed. The other factor cited for increase in cotton prices is the massive buying by People's Republic of China.

Following recent bilateral agreements with the EEC countries for increasing export quotas of textile from Pakistan the sources hoped that textile group would fetch about 650 million dollars to 700 million dollars.

As for other commodities they said export of carpets would yield foreign exchange earning of about 170 million dollars, petroleum products over 150 million dollars, leather products over 100 million dollars and fish over 50 million dollars.

However, the export proceeds for current fiscal year and the projected earnings for 1982-83 is lower than what was earned in 1980-81 when it amounted to over 2.9 billion dollars.—PPI.

JOINT VENTURE PACT WITH SUZUKI SIGNED

Islamabad THE MUSLIM in English 7 Jun 82 p 8

[Article by Jawaid Bokhari]

[Text] Karachi, June 6--A joint venture for progressive manufacture of some 25,000 vehicles including small cars, economical on fuel and cheap pricewise, was signed here between state-owned Pakistan Automobile Corporation and Suzuki Motor Company.

M. Jalaluddin Chairman, PACO and Mr O. Suzuki, President, Suzuki Motor Company, initialled the agreement on behalf of their respective organisations.

The project is expected to manufacture 7,500 cars, 12,500 pick-ups, 2,500 vans and some 1700 jeeps.

At current exchange rate of the Rupee, the car will be priced roughly at Rs. 50,000 each, pick-ups Rs. 20,000, jeeps Rs. 67,000 and vans Rs. 50,000 after taking into account the protective duty sought by PACO from the government because of domestic fabrication entitlements.

Talking to newsmen after the signing ceremony the PACO chairman revealed that his organisation had also sought official assurance that permission would not be given for setting up another unit for assembly and manufacture of same size of car for which PACO was setting up the joint venture.

Mr Jalaluddin said PACO would hold 51 percent of share in the new enterprise christened as Pak-Suzuki Motor Company. Suzuki's contribution to the paid-up capital of Rs. 120 million will be limited to 12 and 1/2 percent. The remaining shares will be offered for public subscription.

The decision to embark on progressive manufacture of Suzuki automobiles was taken in late 1979 after studying proposals from 18 leading manufacturers for possible collaboration in the local development of a car below 1000 c.c. with a derivative in the form of pick-up, van and four-wheel drive vehicle.

The products selected for local manufacture are: car model SS80, pick-up model ST 308, van model ST308V, four-wheel drive model SJ410 (soft-top and hard-top). Car, pick-up and van are to be powered by a common 796 c.c. 3 cylinder 4 stroke engine.

The feasibility for the project was submitted to Ministry of Production in April 1980 and was formally placed before Planning Commission in October 1980. The project was accorded anticipatory approval on Dec. 12, 1981. President, Minister of Finance and Production have shown keen interest and provided their patronage to the project at all stages.

The project envisages production of 25,000 units of the product mix. The project aims at local manufacture of Suzuki automobiles achieving 80 percent local content within a period of 6 years. The in-house manufacturing facilities are restricted to intricate high quality components which amount to approximately 22 percent by value. The rest 58 percent components are planned to be manufactured by private and public sector vendors.

The strategy for local production is based on three principles: a)--Optimisation of the existing resources; b)--Creation of licenced components manufacturing facilities all over the country; c)--Achieving self-sufficiency in shortest possible time in provision of a "value packed product needing least maintenance."

It has been planned to gear up the whole engineering industry to "quality-oriented error-free production" by providing technology quality control techniques and the specific tools, dyes, jigs and fixtures needed to all vendors working for Suzuki project. Besides these the project is designed to make positive contribution towards management and marketing know-how. It will also assist the nation at large in meeting of social responsibility by providing transport for maximum people at minimum cost.

Mr Jalaluddin said Pakistan was embarking on its first main project for automobile production which would give a big impetus and dimension to the general engineering industry. It will also help make Pakistan a self-reliant country.

The PACO chairman said this project had been planned the personal direction of President Ziaul Haq who not only directed PACO to set up an automobile industry but also give his personal support to get it finalised at the earliest. He also thanked Federal Minister of Finance Ghulam Ishaque Khan and Minister for Production, Lt Gen Saeed Qadir for their personal interest in the project.

Speaking at the agreement signing ceremony, Mr O. Suzuki, President Suzuki Motor Company, described the new venture as a milestone for the future of Pakistan automotive industry. He said the joint venture would help strengthen friendship between the peoples of Pakistan and Japan.

CSO: 4220/217

TREND TOWARD EXCESSIVE TAXATION DECRIED

Islamabad THE MUSLIM in English 13 Jun 82 p 4

[Editorial: "Taxation Without More Tears"]

[Text]

IN a country in which Finance Ministers have been Presidents and Prime Ministers it is not uncommon for them to wield tremendous authority. Similarly, the Finance Ministry has been playing a major role in the affairs of other Ministries, particularly those described as beneficent Ministries, like health and education, but its role most of the time has been negative. That has been to check other Ministries from doing something instead of a positive one to an extent that cannot be helped in a poor country with small resources and soaring demands. Financial policies of Pakistan, except in the initial years and later at times, have been conservative. But can such excessive caution and a policy of calculated gradualness enable a poor country like Pakistan achieve rapid economic development, combined with distributive justice? Even if the present six per cent growth in Gross National Product is maintained it may take more than 20 years to achieve a real doubling of the modest per capita income, because of the three per cent increase in population annually.

It has taken 32 years now to achieve a doubling of the per capita income in real terms from Rs. 351 in 1949-50. But if at current prices the per capita income rose by nine times in 21 years, ending 1980-81, that only shows the extent of inflation in the country and the degree of personal prosperity. So the rise of per capita income from Rs. 373 in 1959-60 to Rs.3,331 in 1980-81 must be regarded as more of a statistical progress than a mirror of personal boom. That underscores the urgency for making determined and realistic efforts for rapid and positive economic development, which would not lay great emphasis on some of the vacuous and wasteful areas of the amorphous service sector and some superfluous areas of the industrial sector. Undoubtedly allocating the modest resources of Pakistan among the competing demands is difficult for any Finance Minister. Even the substantial aid and heavy borrowing have not made the task less arduous. The three D's of Pakistan's economy — defence, debt relief and development — claim the bulk of the official resources. And even when tax revenues of the State increased by 113.5 per cent in four years the Finance Minister was forced to resort to deficit financing in a big way. In the current year that was budgeted to be as large as Rs. 544 crore. Hence the inflationary conditions in the country have become more acute.

As a result of such inflationary pressures, Pakistan has been forced to devalue its rupee several times including the massive devaluation of 1972 and the new devaluation following the delinking of the rupee from the dollar on June 8 last year. If one dollar of imports now cost Rs. 1.98 more than before our per capita income too has been going down in terms of dollars.

The revenue figures for the current year given by the Chairman of the Central Board of Revenue shows if the financial resources do not exceed the budget estimates, they will not be far below them. If the earnings from customs duties and sales tax have fallen, following the substantial fall in exports and marginal fall in imports, the excise revenues have risen appreciably. Income and wealth tax collections, too, have improved distinctly. And the income of Rs. 225 million from the anti-smuggling operations is not an inconsiderable figure. The number of income tax payers, too, have exceeded the one million target a year ahead of the projected date.

Now the lower income groups are crying for tax relief and the middle income group are clamouring for it. The entrepreneurs are insistently demanding to make large savings and investment possible, while the small investors are protesting sharply against the denial of incentives to save. The basic question now is: Will the Finance Minister make substantial allowance for inflation while presenting his budget proposals? If he will make allowance for inflation for government employees by giving them larger emoluments, as he did during the last three years when he increased their pay and allowances by Rs. 4,310 million, will he provide inflation relief to the lower income group? If the government employees need to be provided with a living wage so should the public. So the minimum taxable salary that was fixed at Rs. 12,000 eight years ago – in 1974-75 – should be raised to Rs. 20,000, as is being demanded all around Pakistan. If the minimum taxable salary could jump from Rs. 6,000 to Rs. 12,000 in three years in the early 1970's there is absolutely no justification for holding on to the Rs. 12,000 figure until eternity. If the minimum taxable figure could rise in India from Rs. 8,000 to Rs. 20,000 within three years, and in addition, salaried employees could have an earned income relief of Rs. 5,000 plus substantial investment relief up to Rs. 40,000, Pakistan must raise the minimum taxable amount to at least Rs. 20,000. But it is not enough if the minimum taxable figure is raised. The higher slabs of income, too, should be provided relief, and the highest slab of 66 per cent, inclusive of the six per cent surcharge of the 60 per cent tax, should become applicable at Rs. 1,50,000 if not Rs. 2,00,000 instead of at Rs. 1,00,000 as it is now.

The Chairman of the CBR has indicated that larger revenues could be mobilised by moving into new areas and bringing new products under excise duties. The decision to set up income tax offices in 'Mandi' towns and collect tax from the grains and cotton merchants is proper. Clearly there is plenty of scope for increasing the number of tax payers as well as mobilising far more revenues from persons with substantial income or big money. Let the government go after such fish instead of adding to the burdens of those who pay taxes, while inflation saps their financial vitality inexorably.

Dr. Mahbubul Haq could not be serious when he said recently that the wholesale price increase during the first nine months of this year was only 3.5 per cent while the retail prices were double of that. Such minimising of the impact of inflation and trying to recreate the myth of single digit inflation is neither credible nor persuasive. The facts of the prices and the painful realities of the market are known to the people too well for them to be persuaded officially that the contrary is true. Hence the budget proposals the Finance Minister comes up with should not ignore the cardinal fact is the substantial inflation that is wiping out the middle class and the fixed income group and eroding domestic savings alarmingly. That all this should happen in a country in which the agricultural sector is exempted from taxation despite the rapid increase in support prices all round is even more incongruous. So, while the rural rich are spared, the relatively poor should not be taxed heavily or allowed to groan under the impact of the burden already placed on them as the purchasing power of their income, too, is eroding constantly.

CSO: 4220/217

PUBLICATION OF SOCIAL SECURITY REPORT DEMANDED

Islamabad THE MUSLIM in English 5 Jun 82 p 6

[Article by Shamsul Islam Naz]

[Text] Faisalabad, June 4--The report of the commission appointed by President Ziaul Haq to probe into the affairs of the Social Security Scheme and to suggest remedial measures for streamlining its working may be brought to limelight.

This was demanded by Maulvi Faqir Mohammad, a member of the Punjab Social Security Advisory committee.

He said that the commission which was appointed last year toured the principal cities of Pakistan for an exhaustive survey and met the representatives of the employees and employers and recorded their statements and suggestions. But so far the report of the said commission has not seen the light of day.

He demanded that the report may be published forthwith because any further delay in the matter would deny to secured workers and their families of their legitimate rights and concessions. He suggested that instead of remaining a provincial subject the S.S. Scheme should be brought under the purview of the Federal Government and the scheme may also be enforced in the province of Baluchistan.

He demanded that the education of workers children and their old age benefits should be merged in the S.S. Scheme, the amount of pension be made pro-rata and all the children of the workers should be allowed the benefit of free education.

He suggested ailing parents of the workers should be given free medical aid, medical and burial allowance be enhanced, incurable tuberculosis and paralytic patients be given permanent disability pension and the vacancies of doctors in SS dispensaries be filled.

CSO: 4220/216

PROBLEM OF MIGRATION TO URBAN AREAS DISCUSSED

Lahore THE PAKISTAN TIMES in English 11 Jun 82 p 6

[Editorial: "Rural-Urban Drift"]

[Text]

Provincial Governors of our two most populous provinces, Punjab and Sind, have in recent weeks made reference to a major problem impinging on all Third World countries including Pakistan—the problem of rural-urban migration. They have emphasised the urgency of developing the rural areas and of bringing some comfort along with employment opportunities to the masses residing there. Failure to do so will only add to the misery and squalor found in the 650 or so shanty towns 'katchi-abadis' that are a permanent feature of the urban scene. The urban-rural population ratio has climbed from 25 per cent in 1972 to 28.28 per cent in 1982. It is the large towns already bursting at the seams that absorb the hundreds of thousands of yearly migrants who move towards cities in search of a livelihood. The presence of large numbers of unemployed slum-dwellers compounds the problems of sanitation, traffic, water supply and law and order, now endemic to our urban environment. An estimat-

ed 1.75 million persons all over the country inhabit "jhuggis".

As pointed out by Governors Jilani Khan and Abbasi on the eve of the Annual Development Plans future planning should provide for new townships away from existing metropolitan concentrations. These must be well-conceived to contain agro-industries, electricity, schools and other basic human needs. In a statement made only a few days ago Air Marshal Inam-ul-Haq, the Federal Minister for Housing and Works, affirmed the present regime's concern for ensuring social justice and eradicating hunger. A project for the coming five years to found a new city 17 kilometres north of Lahore at a cost of rupees 1,500 million has also been disclosed. The LDA Chief promises light and medium industries along with residential arrangements. This will take some of the pressure off Lahore. The present scale of urbanisation and demographic load have almost reduced this garden city to a shambles—except for the beautiful Mall. We learn that LDA is making

perspective plans for the next 25 years, a process to be commended. The future is in some ways already with us. The exigencies of housing and employment grow with each passing year. Phased, planned expansion as proposed for Lahore's future twin is obviously more desirable than uncontrolled growth.

There is another side to the picture, however, which sincere planners cannot turn away from. The present imbalance in the ownership of the means of production will have to be corrected as far as possible if Pakistan is to move towards a social system ensuring a large measure of distributive justice. Many of the rural migrants are evicted tenants, the dispossessed, those who make distress sales of their few assets. The agrarian structure requires a second look. While we need to draw the rural unemployed into more productive and satisfying lives away from the farms and the already over-crowded cities the process calls for a great deal of compassion, forethought and above all a sense of justice.

CHANGE IN TONE TOWARD WALI, GHAFFAR KHAN WELCOMED

Islamabad THE MUSLIM in English 16 Jun 82 p 6

[Article by Murtaza Malik]

[Excerpt]

There has of late been an interesting development on the political front which is as defunct as the politicians and their parties. Muhammad Ashraf Khan is a veteran Muslim Leaguer and a close comrade of late Abdul Qayyum Khan. He has come out with a statement, which is a complete departure from the traditional Muslim League line and this might have annoyed some of his partymen though it was a welcome change.

What prompted him to issue the statement was a recent interview of the former Red Shirt leader Abdul Ghaffar Khan, popularly known as Bacha Khan, in which he had described Pakhtoonistan as a stunt created by Afghanistan and India and exploited by them as a lever in their propaganda campaign against Pakistan. Describing Ghaffar Khan as a man of insight and character, under whose leadership, the people of the Frontier Province had achieved many successes in the political field, Ashraf Khan also referred to the Khudai Khidmatgar Movement initiated by Abdul Ghaffar Khan and said that the people of the Frontier Province

had even laid down their lives for the success of the movement. In spite of certain misunderstandings, he said there had been no decline in the esteem in which the former Red Shirt leader was held.

He "sincerely" believed that politics of personal likes and dislikes had done a tremendous harm to the national politics. Ghaffar Khan's statement, he said, had not only removed all the doubts and misgivings but also enhanced his prestige. He suggested that the tendency of negative politics must come to an end now and through mutual trust and understanding, united efforts should be made by all for the progress and prosperity of the Province and the country. He assured Bacha Khan that he and his colleagues were with him in the struggle for the restoration of democracy which was vital for national integration and healthy politicking.

Besides issuing this statement, Ashraf Khan is said to have met certain leaders of other parties and discussed the new line with them. The response was reported good.

NWFP GOVERNOR CRITICIZES WALI KHAN AND GHAFFAR KHAN

Peshawar KHYBER MAIL in English 13 Jun 82 p 1

[Text] NWFP Governor Lt-Gen Fazle Haq Saturday criticised the defunct NDP leadership for political mongering, despite ban on political activities in the country.

Speaking at the foundation stone laying ceremony of a plaza on the Jamrud Road here, the Governor referred to the detention of certain defunct National Democratic Party leaders at their residences and said that these people were violating the law for the past several weeks. "We had shown restraint and had even reminded them through indirect messages about the ban on political activities in the country," he said, adding it seemed that they were trying to put soul into their dead horse. The government, therefore, had to take action against them, he said.

Gen Fazle Haq, however, declared that the leniency shown to such political elements should not be attributed to the government's weakness.

The Governor also lashed out at the former Red Shirt leader, Khan Abdul Ghaffar Khan for his recent outbursts and said it seemed that he had returned to Pakistan with some specific motive. That was why he was undertaking tours of different areas of the province, he said.

He recalled that Mr Abdul Wali Khan had sought permission of the government to proceed to Kabul to meet his ailing father. Our estimation was that Mr Ghaffar Khan would be brought to Pakistan in an ambulance. Surprisingly, however, the situation turned out to the contrary.

Gen Fazle Haq was particularly critical of Mr Ghaffar Khan for his assertions that Pakhtoons were being killed on both sides of the Durand Line and that the Afghan peoples Jihad was a war of superpowers.

The Governor questioned the former Red Shirt leader as to why did he not say this during his stay in Afghanistan. Had he done so, the people here would have taken his statement as genuine. But, he said, his outbursts on his return here seemed to be a one-sided affair and its motives were quite evident. "It is for the people to judge as to who is his master's voice," he said.

About the question of general elections in the country, the Governor reiterated that national polls would be held at appropriate time when the conditions in the country would be congenial for them.

The President, Gen Mohammad Ziaul Haq would decide about the time of the elections.

CSO: 4220/218

PLANNING, LOCAL GOVERNMENT EXPERTS HAVE MEETINGS

Karachi BUSINESS RECORDER in English 30 Jun 82 p 1

[Text]

ISLAMABAD, June 29: The international experts on basic needs of planning and local government, Dr. Richard Jolly of UNICEF and Ponna Wignoraja, who arrived here yesterday called on Dr. Meh-bubul Haq, Deputy Chairman Planning Commission today.

The Deputy Chairman apprised the experts of the new thrust which Pakistan was giving in the development programmes to fulfil basic needs of the people like primary health care, safe drinking water and rural infrastructure and services. He stated that during 1982-83, special development programmes would be launched at a cost of Rs. 1.7 billion.

The Deputy Chairman also informed them that the government laid great stress on assisting the local communities in the process of development. In fact, it was proposed to allocate about 10 per cent of the entire development resources during the 6th plan period for programmes to be implemented through the local bodies, he added.

The visiting experts stated that the special development program-

mes effecting the rural countryside were praise-worthy. The international agencies like UNICEF, could contribute considerably in the provision of hardware and technical advice in this regard. They would, therefore, be studying the various aspects of the basic needs of the planning in Pakistan during their stay, they added.

FAKHR IMAM

The visiting Deputy Director of the UNICEF, Dr. Richard Jolly and members of his delegation called on the Federal Minister for Local Government and Rural Development, Syed Fakhr Imam, here today.

Briefing the delegation on the new local government set up in the country, the Minister analysed in depth the working of the local councils, income generation during the last two and a half years and their role in the rural development through local planning. The Minister said during the last two years significant change in the planning and development strategy has taken place and more and more reliance is being put on the elected representatives of these institutions.--APP.

CSO: 4220/220

PAKISTANI LABOR'S PROBLEMS DISCUSSED

Islamabad THE MUSLIM in English 12 Jun 82 p 8

[Article by Salim Bokhari]

[Text]

ISLAMABAD, June 11: Pakistan's unskilled labour working in the Gulf and the Middle Eastern countries is facing a crisis, particularly in the remittance of their earnings in foreign exchange to their relatives here.

Some countries have revised their regulations regarding employment of foreign manpower which has led to great hardships, specially for Pakistanis. It may be noted that the employment of foreign manpower in the United Arab Emirates is the main issue now for the authorities there and in other Gulf States.

Though there is a shortage of local manpower in these countries to meet the large-scale developmental activity, they hold the firm view that foreign manpower is endangering the security of their countries and is having a corroding influence on their economic and social sectors.

According to reports published by the "Gulf News", a leading newspaper of the UAE, economists claim that there should be a permanent solution to the problem of foreign manpower before it gets out of hand and beyond control.

Foreign manpower in the Gulf States increased during 1975 and 1980 which was the period of economic recession. Foreign workers, the paper said, made large-scale transfer of hard currency "depriving the country of funds for development and weakening the savings for local investment".

It said, "The absence of a clear-cut policy and an assessment of UAE's development needs has confused the economic situation in

the country and has created a disparity in the resident population. Nationals in the UAE are 20 per cent of the total population while the balance of 80 per cent comprises foreign manpower".

On the one hand, these countries are contemplating new measures to handle the situation arising out of the increased foreign manpower while on the other hand no serious effort is being made to help the Overseas Pakistanis facing serious problems, some resorting to illegal ways and means to transfer their savings. For this they fall into the hands of agents involved in this business, many losing all their money. The government should, without any further delay, make arrangements for such kind of transactions through the State Bank of Pakistan.

It may be recalled that most of the countries in the Gulf and the Middle East have resolved that the foreign employment should be on a time schedule and the period of the execution of the projects should be clearly defined. After the work is finished foreign workers should go back to their countries. They have further decided that first priority would be given to Arabs employment. The UAE Ministry of Labour has already enacted a law that any group visa should contain 30 per cent Arab workers.

Pakistan's diplomatic missions have a very important role to play regarding the problems of our workers in these countries and it is believed that the government has already issued a directive to its embassies that the first priority should be given to the problems of Pakistani workers since they are the major source of foreign exchange earnings.

PERVASIVE CLANNISHNESS OF FORMER CIVIL SERVICE DISCUSSED

Islamabad THE MUSLIM in English 27 Jun 82 p 4

[Article by Khalid Hassan]

[Text]

Though I have never asked my good friend Dr. Atiya Enayatullah if she really is the author of the immortal observation (If Dr. Salam is so bright, why is he not a CSP), in the late 1960s, practically everybody believed she was. Those were the salad days of the Service. Its stock ran high, at least where it mattered, and it ruled the country from end to end.

The CSP Academy on the upper Mall, in Lahore described by some as the civil serpent propagation nursery, stood away from the road in lone, colonial splendour. If you tried to enter it, you were stopped by fierce-looking chobdars who wanted to know if you were expected by the afsarlog and if so what their exalted names and titles were. This kept wags and poachers out.

In 1968 when unrest began to spread, the Service became the most palpable symbol of public wrongs committed by the Ayub regime. Every procession taken out in defence of this or that/invariably carried/caused/placards denouncing the Service. I remember one in particular, organized by the engineers. It assembled outside the Lahore Secretariat one crisp sunny morning. It was led by four chief engineers, men in sober-looking suits, their backs a little arched

because of their years and the huge banner they were carrying. It said in blazing red letters: down with the civil service of Pakistan, publish the Cornelius Report.

I asked them if they were aware how many rules in the book they were breaking by parading in the streets with heretical demands. "For thirty-five years I have lived by the book and see where it has got me," one of them said. No further conversation was possible because soon everyone, including the four elderly gents, were shouting soulstirring slogans of down with CSP. That was the day.

I suggested at the time in a newspaper column that for the sake of fairplay somebody should set up a CSP defence front. This public-spirited suggestion was discounted when Sardar Sadiq declared in Shezan the next day that while the idea had his support, he was afraid any procession taken out by the CSP defence front would be lathi-charged by the public, as opposed to the police.

The Service did not break rank, despite the blitzkrieg of growing protest, but it could not understand why it was under attack. I remember one of its lesser luminaries - but a luminary nevertheless - telling me at the time: why is everybody gunning for us? What have we done? "Wrong number, pal," I told him. "Ask the chief engineers who were lathi-charged by the police in front of the Assembly Chambers the other

day."

The Service was always conscious of its select, almost masonic character. It fashioned itself in the direct tradition of the old Indian Civil Service and fought every attempt designed to invade its territory. Its allegiances were tribal. It considered itself among the chosen and treated other services with a superciliousness bordering on contempt. Within the Service itself, there were castes. The old ICS- A. T. Naqvi, Main Aminuddin and the like - did not think much of the post-1947 entrants. It was considered a great distinction that under an agreement with the two successor governments, the pensions of the ICS were payable in pound sterling. One heard no end of this. The CSP transferred the contempt it receive from the ICS to the PCS, especially those among its members who had been inducted into the CSP. Any blue-blooded CSP will tell you even today that Mr Ghulam Ishaq Khan is actually not a CSP but a PCS who made good. "Otherwise he is alright," it would be added by way of an after-thought.

But since all the three sub-castes were united in the face of the common enemy, intrusion and sabotage were fought with guerilla-like virulence. The Cornelius Report, which was neither revolutionary nor a fundamental departure from the status quo, was suppressed with a ferocity reminiscent of the Inquisition. To this day, it has neither been published nor can one even get hold of a copy. Ayub Khan was

railroaded into the belief that even an academic consideration of the Report's recommendations would throw the country into administrative and political turmoil. He was even assured that the Report would dismantle the system of basic democracies he had bequeathed to the nation.

The clannishness of the Service was beyond belief. I recall a young CSP probationer, all shaved and shampooed, telling his friends in Shezan that he was off to 'done' one. I cannot imagine a probationer from another service even dreaming of making such a call.

The CSP clannishness was not confined to Pakistan. It was assiduously practised abroad as well. If one CSP managed to get ensconced in the World Bank or the IMF, he would soon carve out a niche for one of his colleagues, who, in turn, would return the favour and thus keep the line going.

In 1972 when the services were abolished, the wails of CSP spouses - as they without doubt were the more deadly of the species - could have been heard as far as the Cape Of Good Hope. However, it was not long before the process of regrouping got underway. One CSP told me in Paris in 1973: all they have done is take away our name, but make no mistake about it, we are alive and well and kicking. Old Darwin was not wrong, as experience has shown.

All you have to do is to take a look at the civil list, provided the Service has not taken steps to declare it a classified document.

CSO: 4220/220

JILANI STRESSES CONTINUING NEED FOR SIMPLIFICATION OF OFFICE PROCEDURES

Karachi BUSINESS RECORDER in English 18 Jun 82 p 3

[Text]

LAHORE, June 17: The Punjab Governor, Lt.-Gen. Ghulam Jilani Khan has stressed that the review of procedures and systems followed in government offices should be continued and periodical meetings held to simplify them so as to meet the needs and aspirations of the people.

He was presiding over a largely attended meeting convened in Lahore today to discuss the simplification of procedures and system in government departments and offices and decentralisation and delegation of authority. The meeting which continued for nine hours was attended by provincial ministers Chief Secretary Punjab secretaries commissioner and other senior officers. Experts on administration university professors, retired government officers and members of bar were also present.

The Governor said time has come when we should look inwards and try to give systems which should adequately meet the needs and requirements of the people in their dealings with the administration.

He said this was a big exercise being carried out for the good of the people, as over the years a lot of refuse had accumulated that shall have to be cleared to meet the aspirations of the people. A beginning has been made and such meetings will be held in future also to solve the issues and problems encountered by the people in their inter-action with the administration.

Earlier, the Chief Secretary in his opening remarks observed that efforts had been made to improve the administration and a number of proposals made by the committees constituted for this purpose. He said a high-powered committee for the simplification of procedures and systems in government departments/offices had been constituted which had gone into elaborate studies. The committee examined in detail the reports of all previous committees and commissions.

He said the committee had drawn inspiration from the Governor. Half-a-dozen government departments has been reorganised in the light of its recommendations. A major step towards improving the administration had been the creation of new divisions, districts and tehsils in the province to ensure quick dispensation of justice to the people.

He said for running the system of administration smoothly and effectively a number of proposals had been made including provision of incentives to dedicated functionaries in the shape of accelerated promotion, merit certificates and cash rewards. He said inspections had proved most effective for improving efficiency of government offices. An exercise regarding government departments had been carried out individually and specific proformas had been devised in this respect. Every government department was now carrying out its own inspections, he added.—APP.

NEW CITY PLANNED NEAR LAHORE

Islamabad THE MUSLIM in English 2 Jun 82 p 6

[Text]

LAHORE, June 1: A new city will start taking shape 17 kilometres north of Lahore along GT Road during the next five years with an initial cost of Rs. 1500 million.

This was disclosed by the Director-General of the Lahore Development Authority, Maj. Gen. (Retd) M.H. Ansari, in an interview here today.

He said an area of 7,000 acres would be developed along GT Road near Muridke with its extreme end touching the Muridke Minor, in the second phase the Lahore Development Authority planned to develop another 7,000 acres across the Muridke Minor, the first phase would be populated by three lakh people.

The LDA Director-General said in fact the Authority had divided the North of Lahore in to two parts for the purpose of developing it in to residential sites, one part was prone to active flooding, while the other to only sheet flooding.

He said the LDA would first take the area of sheet flooding for the purpose of developing it into a new city short of Muridke having its own separate identity.

He said all the modern facilities would be made available in this new city, light and medium size industries would be set up in it. It would also provide residential facilities to the workers and other

people working in the industries operating in Kala Shah Kaku and other adjacent areas, and thus would reduce load of population on Lahore.

Mr. Ansari said the pre-planning of the city had been completed and procedural matters were being taken up, the scheme would soon be submitted to the government for approval, after which land would be acquired and town planning started.

In reply to a question, he said the LDA would be able to start the physical work on the site during the next two years.

He said in fact the LDA was making plans for the next 25 years, and under these plans it would demarcate areas so that they were not lost, it would have been better if the LDA had acquired these areas, but it would involve a lot of money, he added.

However, Mr. Ansari said, the Authority was making a broad planning for four housing schemes in the South and South East of River Ravi and four schemes in the North of Lahore.

This was being done much before so that at the time of implementation of these schemes, it did not face difficulty in the construction of main drains, arteries and commercial areas.

He said at present the Lahore was expanding on one side which was not good for the city, the city should expand in all feasible directions.—APP

CSO: 4700/1547

BUDGET EMPHASIS ON AGRICULTURE LAUDED

Karachi BUSINESS RECORDER in English 16 Jun 82 p 2

[Text]

The introduction of Ushr from the next Rabi crop is, indeed, in the words of Finance Minister Ghulam Ishaq Khan, "the most significant" among the measures the Government would take next year with the ultimate objective of establishing an Islamic economic order in the country. We stick to our first reaction to the step that it is "an epoch making feature of this budget". There has been a constant demand from almost all the saner sections of society for levying agricultural income tax so that the burden of the revenue collection is also shared by the agriculturists. It was justified in the context that the urban corporate sector and the fixed income group were being subjected to a heavier and heavier burden of taxes for meeting the ever-growing needs of the Government. And these two groups constituted only about 30 per cent of the total population of the country. Thus 70 per cent of the people went scot free, while among the beneficiaries of the revenue expenditure the landed

gentry has been getting the lion's share. This was one of the causes which retarded the rate of growth of industry. It may also be pointed out that the small farmer and the owners of small holdings did not benefit as much as they deserved. The major chunk of the concessions granted to the agricultural sector was grabbed by the big landlords. It had resulted in the creation of distortions in the economy and widening of the gap between the haves and have-nots in society. Two years back when the Zakat and Ushr Ordinance was issued and Zakat deductions were made with immediate effect, people were disappointed why Ushr was not levied simultaneously which is also a religious obligation for the Musalmans. However, now when it is being enforced, the agriculturists have been provided relief in the form of exemption from land revenue. On this analogy, the Zakat givers may be to some extent justified in demanding that they should be exempted from the payment of

Income Tax. But we do not subscribe to this proposal because if it is done it would become impossible for the State to raise enough revenues to administer the country. It is hoped that the agriculturists would pay the Ushr honestly and the persons made responsible for spending the proceeds would do so strictly in accordance with the religious injunctions.

The budget's tilt towards agricultural development is also a commendable feature. One third of the total allocations for the next year's development programme, has been earmarked for agriculture. With a view to making this country an exporter of foodgrains, measures have been initiated and particular emphasis has been given to the creation of infrastructure in the rural areas. Agriculture has got to be developed on the pattern of industry. We have been emphasising the point all along. And we hope that with the establishment of infrastructural facilities in the rural areas, it would become possible to float agricultural joint stock companies. The immediate concessions being granted to this sector would definitely help in accelerating the pace of its growth.

However, it should be borne in mind that the development of this sector

should be taken up in such a way that the per unit yield which at the moment is among the lowest in the world, is maximised, that the post harvest losses are minimised, that the farmer is enabled to take his produce to the market place without any difficulty and sell it at competitive prices and that, above all, input-output ratio is improved to the maximum. While some measures are being suggested in this regard, care has got to be taken that the small farmer is not deprived of his due in the financial assistance which would be provided to this sector.

We welcome the statement of the Finance Minister that preference is being given to improvement of the water resources in the rural areas. There has been colossal wastage of these resources in past due to a number of reasons. With the completion of Khanpur Dam and the repairs of Tarbela and Hub dams, the supply of water would of course increase. But to take this increased supply to the fields without wastage is essential. In this connection the three-year programme being launched for the repairs of the canal network is of prime importance.

We hope that the way the development of the agriculture sector is being conceived would help us in achieving the production

targets. We have seen that with more encouragement, this sector has produced positive results. The efforts made during the last four years have enabled us to have bumper wheat, cotton, rice and maize crops. But we have made this achievement by resorting to extensive farming, i.e., by increasing the area under these crops. Now we must aim at maximising production through intensive farming, which means by maximising yield per unit. Incentives have also to be provided for setting up small scale agro-based industries like the mini-sugar mills, oil expelling units, etc. Such a strategy of development would also prevent the flow of population from the rural to the urban areas which has created a host of socio-economic problems today.

We are basically an agricultural country. We had overlooked this fact in the past and were pursuing a development strategy which did not suit our peculiar conditions. The present regime seems to have grasped this point. However, it does not mean that we should completely reverse the development process, that is, ignore industry for the sake of agriculture. Our object should be to create a balance between the two. It is hoped that the new measures would help to strike such a balance.

INADEQUATE FOOD STORAGE CAPACITY OUTLINED

Karachi BUSINESS RECORDER in English 9 Jun 82 p 2

[Editorial: "Depressing Picture of Food Storage Capacity"]

[Text]

One has again been reminded of the distressing paradox that this country, living as it does with widespread under-nourishment and still struggling to do away with its dependence on food imports, allows about one-fifth of its own precious produce to be destroyed by lack of adequate storage facilities, crop insects and diseases. The damage, in terms of money, is worth above Rs 136 crore on account of lack of storage facilities and as much more for other reasons. It cannot be said, though, that our agricultural planners and executives have all been sitting there twiddling their thumbs. Impressive figures are flashed in the face of the critic every now and then.

Why then does the real picture still seem so depressing? It is estimated by experts that annual wheat losses due to lack of storage would be sufficient to feed the existing population of Karachi which is not less than 70 lakh. The plain fact is that no serious thought

was given to creation of more storage facilities. The planners failed to comprehend that with increased production of agricultural produce more space for storage of foodgrains would be required. Perhaps they are under the impression that drawing a project means half the job is done and things will take care of themselves.

The position is that Government-built godowns are concentrated in the port and some other major cities. In the actual centres of crop production they remain unaccountably scarce. There have been even allegations that some godowns shown in official records as existing, were actually never built. Who is to be held responsible for this colossal national loss? Pakistan is a poor country. It is under-fed and under-nourished. It cannot afford to be deficient in food items for ever nor can it indulge in this kind of man-made wastage. The nation is paying through its nose to achieve self-sufficiency in agricultural pro-

duction. It is subsidising major inputs in the hope of a better future. It should not be taken for a ride because no nation has an inexhaustible fund of patience.

About a year back, the total storage requirements for some of our major commodities including wheat, rice, cotton, sugar, fertilisers and other items were 16,212,000 tonnes while total storage facility available was 3,169,000 tonnes. Of this capacity 91 per cent was in public sector and the rest in private. Out of the public sector storage capacity 65 per cent was under the Provincial Governments and 35 per cent belonged to Federal Government, which was mainly concentrated in Karachi where only exportable commodities like rice or cotton meant to be shipped abroad, were kept. Most of this capacity had grown on ad hoc basis so it lacked other technical requirements for safe storage of commodities. They had no proper fire fighting equipment, maintenance and

fumigation arrangements.

The problem is a gigantic one, no doubt, but we cannot plead helplessness. At least the enormous size of the waste should be reduced to much smaller proportions. Apart from what the Government can do, and it can certainly do better than it has done so far, the answer lies in co-operative effort. Small landholders should be encouraged and given all facilities such as easy credits, to build common godowns according to modern standards. Private enterprise should also be associated in this task in a planned way. They should be encouraged to build modern silos in big cities and godowns in towns. There should be a chain of silos and godowns throughout the country. It is to be realised that mere storage is not enough; preservation of foodgrains on scientific lines is necessary. To keep them immune from fungus and pests is necessary so that it is not rendered unfit for human consumption.

CSO: 4220/217

JINNAH BRIDGE OPENED, CALLED A 'LANDMARK' FOR KARACHI PORT

Karachi BUSINESS RECORDER in English 9 Jun 82 p 8

[Text]

The Sind Governor, Lt-Gen S. M. Abbasi, yesterday, inaugurated the Jinnah Bridge connecting the island of Keamari and the City.

Speaking at the occasion, he said that the construction of Jinnah Bridge to replace the Napier Mole Bridge was a landmark for the Karachi Port and a welcome addition to the communication infrastructure of the City.

Jinnah Bridge has been constructed by the National Construction Company in 6 years and 9 months, while according to the contract awarded by the KPT it was to be completed in 2 years and 6 months.

The delay in the project resulted in obvious cost escalation--from Rs 120 million it went up to Rs 210 million.

The Sind Governor said that the Jinnah Bridge was a part of the scheme to connect the Karachi Port with the national highways and industrial areas through express ways and roads.

He said that the Bridge is a feat of engineering and reliance on undigeneous material.

Abbasi lauded the performance of Karachi Port Trust and its collaboration with National Logistic Cell, which he said has eliminated the waiting period of ships, saving the country shipping surcharges.

He commended the development

work being carried out by the KPT.

APP adds:

In this regard, he referred to increase in oil handling capacity, deepening of approach channel from 30 to 40 feet, increase in the size of tankers visiting the port from 32,000 to 75,000 DWT and expansion of container handling capacity from 5,000 teus in 1977 to 60,000 teus in 1982.

The Governor said that it was encouraging to note that dry cargo handling capacity will be increased by 20 per cent by December this year with the completion of four Juna Bandar berths, 50 per cent increase, in rail handling capacity on the completion of west railway's yard scheme by September this year and further increase of 100 per cent in container handling capacity during 1983.

TIMELY STEP

The Governor observed that the 50 year prospective master plan, prepared by the Karachi port, indicate that the west bay of the harbour has the potential for accommodating a hundred shipping berths. Right-of-way reservations have consequently been made in the Karachi metropolitan master plan, to link future port development with land communication

arteries and highway system. This has been major and timely step in the right direction, the Governor said.

Earlier presenting the welcome address the Chairman KPT, Rear-Admiral M. I. Arshad, gave a detailed description of the new six lane dual carriageway 1400 feet long and 96 feet wide bridge which, he said, was designed for the heaviest class of highway loading, in accordance with the international standards and checked for abnormal loading requirements.

ONE-MONTH BONUS

The Federal Minister for Communication Mohyuddin Baluch, announced one month bonus as reward for the officials and men of the KPT's Planning and Development Division.

Making important announcement in this regard after the inaugural address of the Governor of Sind Lt-Gen S. M. Abbasi, on the occasion of formal inauguration of the newly constructed Jinnah Bridge at Chinna Creek, Mohyuddin said that the bonus will be given in recognition to the hard and dedicated efforts made by the officials and men of the Planning Division of KPT in the accomplishment of the project.

CSO: 4220/217

FAUJI FERTILIZER PLANT INAUGURATED

Islamabad THE MUSLIM in English 7 Jun 82 p 8

[Text]

GOTH MACHI, June 6: The Punjab Governor, Lt. Gen Ghulam Jilani Khan said today that the policy of the government was to maximise agricultural production through the promotion of agricultural technology, extensive use of modern machinery and fair application of fertilisers. He was formally inaugurating the Rs.319 crore urea plant of the Fauji Fertiliser Company at Goth Machi near Sadiqabad.

He said it was gratifying to note that a plant having an installed capacity of over five lakh tons of fertiliser annually would make the country self sufficient in nitrogenous fertiliser.

Emphasising the vital role which the fertiliser played in increasing the agricultural produce, the Governor said its extensive application was needed to increase yield per acre. The plant would enable the country to achieve self sufficiency in this field, he said.

The credit for this, the Governor said, went to the Fauji Foundation which was doing remarkable job for the welfare of country, ex-servicemen and their families.

He said the completion of such a gigantic project could not be possible without total dedication, untiring efforts and comprehensive planning which was evident right from the planning stage to the completion of the project by the Fauji Foundation management and all those concerned with the project.

The Governor said the purpose of creation of Fauji Foundation was to build such an organisation which may establish a network of industries through its own resources and also utilise the profits for the

welfare of dependents of the defenders of the geographical as well as ideological frontiers of the country.

The Governor said the Fauji Foundation not only provided facilities for technical training, medical care and job opportunities but also gave stipends to the children of ex-servicemen for studies. It has also established modern centres for the production of artificial limbs for the disabled ex-servicemen.

About the urea plant the Governor said with its establishment the Foundation had attained a unique position in the industrial history of the country. This would help accelerate agricultural production of the country.

He said if Pakistan was to become one of the leading nations of the world it had to achieve self sufficiency in food for which concerted efforts and careful planning had to be made.

The factory is one of the six such factories producing urea fertiliser which has helped the country become self sufficient in urea requirements.

Later the governor went round the factory.

Earlier welcoming the governor the Chairman, Fauji Foundation, Maj. Gen. (Retd) Rao Farman Ali, said here today that the urea plant set up by the Fauji Foundation would play a vital role in meeting entire national requirements of urea and help the foundation to further step up its efforts for the welfare of ex-servicemen, their dependents and wives and children of 'shaheeds'.

He said that five and a half lakh tons per yearly capacity urea plant of Fauji Fertilizer company was going to be in operation with the collaboration of the world renowned Denish company Hal-

dor Topse. With the going into production of this major plant which would help achieve self-sufficiency of urea fertilizer, he said, the turning point in the history of our agriculture had reached and the goal of realizing the long cherished dream of green revolution and food autarky would not be far off. He said those on whose shoulders lay the responsibility of manning the plant should remember that dedication alone bore sweet fruit.

Rao Farman Ali said that out of 82 million dollars equity of the Fauji Fertilizer Company, Haldor Topse had 6.4 per cent share, Fauji Foundation 39.2 per cent, Pakistan Government two per cent, Pakistan-Kuwait Investment Company six per cent, Denish Industrialisation Fund for Developing Countries 6.4 per cent and Pakistan Consortium of Commercial Banks and Financial Institutions 39.5 per cent.

He also mentioned the details of loan provided by the World Bank, U.S. Government, Federal Republic of Germany, Kuwait Fund for Arab Economic Development, Government of Denmark and Italian Government apart from the basic capital. He said Rs. 41.5 crore had been provided by Pakistani Consortium of Banks and Financial Institutions. He also mentioned a project undertaken by the Foundation since its inception in 1954 which included three textile mills, three sugar mills and several other big projects.

So far the foundation had spent Rs.28 crore on welfare programmes designed to help ex-servicemen, their dependents and wives and children of Shaheeds. This year the foundation had allocated Rs.6.50 crore while the next year's allocation would be more than Rs. seven crore.

DECISION ON SAINDAK MINERAL PROJECT SOON

Karachi BUSINESS RECORDER in English 30 Jun 82 p 1

[Article by Anwar Rajani]

[Text]

The Saindak Integrated Mineral Project is now on the take-off stage and final decision by the Government to launch it as a "Joint Venture Project" with foreign assistance is expected within about a month, it is reliably learnt.

Foreign consultants — Messrs Charter House — of U.K. engaged by the Bankers Equity Ltd. to re-evaluate the project, has recently submitted its report to the BEL.

The report is to be considered soon by the Federal Cabinet and final decision in this behalf is expected within about a month.

Informed sources told "Business Recorder" yesterday that all is set to go ahead with the project and that there was no reason to delay it further. The total cost of the project is 400 million dollars with foreign exchange component of about 240 million dollars.

The sources said that rupee finances would be provided by

local financing agencies like Bankers Equity, Pakistan Banking Council etc. The local currency component will be equal to about 150 million dollars.

According to official sources, 25 per cent of the equity may be given to foreign partners. As such the foreign share of equity will amount to 100 million dollars in the joint venture.

The Saindak project is located in Chagai District of Baluchistan where the copper deposits were first discovered in 1962. Extensive studies and investigations have been made abroad since 1974 under the UNDP programme.

Total reserves of 412 million tons of minerals have been estimated at the site.

In the first instance, according to recommendations made by Messrs Seltrust Engineering Ltd. of England, the mineral reserves of 72 millions tons of copper and substantial quantities of gold, silver, pyrite and magnetite are to be developed as an integrated project at the mining-milling rate of 12,000 tons per day.

The project is sponsored by the Resource Development Cor-

poration.

While a concentrator will be established at the mine site for producing concentrates of copper, pyrite, magnetite and molybdenite, these would then be transported to a suitable location for manufacturing the following (annual averages):-

- (i) Blister Copper—17,857 tons per year.
- (ii) Sulphuric acid—234,285 tons per year.
- (iii) Steel billets—100,000 tons per year.
- (iv) Molybdenite concentrates will not be treated further and exported as such.

Further pilot tests and detailed laboratory tests abroad have confirmed the technical and economic viability of the project.

Subsequently, on the basis of bids invited from seven International Consulting Companies, M/s. Mountain States Mineral Enterprises (MSME) of Tucson, Arizona, U.S.A., were selected to prepare Bankable documents and detailed Feasibility Study of the project with the object of raising finance for its implementation. This work was completed with basic engineering designs in May 1980.

CSO: 4220/220

PAKISTAN

BRIEFS

SUBSIDY ON SOLAR ENERGY PUMPS--Islamabad, June 6--The Federal Government has decided to give more than 50 percent subsidy on Solar Energy Pumps to small farmers of the country, it was officially stated here today. The agriculture Development Bank of Pakistan (ADBP) has also announced to give 80 percent loan for these pumps while the farmer will have to invest only about eight percent of the total cost of the imported Solar Pumps. The step has been taken to introduce this latest technology for irrigation purposes particularly in the areas where the water level is 10 to 20 feet below the surface. The Solar Pump with works on the radiant energy of the sun operates automatically and require no fuel. It needs little maintenance and is non-polluting and produces water at much lesser recurring cost than other sources of energy. To stimulate the widespread adoption of the technology by the farmers throughout the country the ADBP would allow a loan Rupees 16,000 per set, repayable in seven years while the Federal Government would grant subsidy of Rupees 124,000 per set out of total price of Rupees 44,000 as an incentive to popularise solar technology among the farmers. APP [Text] [Quetta BALUCHISTAN TIMES in English 7 Jun 82 p 4]

EXTENSIVE OIL SEARCH LAUNCHED--Sadiqabad, May 5--The oil production in the country is expected to go up to 16,000 barrels a day by the end of this month the Federal Minister for Petroleum and Natural Resources, Major-General (rtd) Rao Farman Ali said today. Talking to newsmen at Goth Machhi near here the minister said last year the daily oil production was 9,000 barrels. He said an extensive geological survey was being conducted for oil prospecting in Sind. The Pakistani survey teams conducting oil exploration were of the international standards and were hopeful of finding more oil, he said. He said oil found in Khashkheli in Badin district of the Sind province has raised hopes of finding more oil in the area. The minister was of the view that oil prospecting in Sind was and availability of soft loans on very nominal interest the foundation has been able to save from Rs. 10 to 11 crore. He said the loans would be repaid over the period of 40 years with 10 years as grace period. Talking about the activities of the Foundation the minister said the organisation has spent about Rs. 28 crore since its inception in 1954 on welfare programmes. From an initial capital of Rs. 1.80 crore with which it started its first project the Foundation now has three textile mills, three sugar factories, a fertilizer factory and serial complex and host of other industrial units.--APP [Text] [Karachi BUSINESS RECORDER in English 6 Jun 82 p 1]

PRESS TRUST DEPUTY CHAIRMAN--Islamabad, June 8--Former Joint Secretary and Director-General in the Ministry of Information and Broadcasting Mr Abdul Aziz Khan has been appointed Deputy Chairman of the National Press Trust. He took over the charge today. Mr Abdul Aziz Khan, who comes from a prominent family of Dera Ismael Khan, was presently Secretary-General of the All-Pakistan Newspaper Society.--APP [Text] [Lahore THE PAKISTAN TIMES in English 9 Jun 82 p 7]

NIAZI PML (QAYYUM) CHIEF--Lahore, June 10--Lt-Gen (Rtd) Amir Abdullah Khan Niazi has unanimously been nominated as the President of defunct Pakistan Muslim League (Qayyum Group) says a PML Press release. The nomination was made at a joint meeting of the Working Committee and PML workers held here recently. The meeting also appointed Khan Amanullah Khan as Senior Vice-President and Malik Sarwar Awan as Central Secretary-General. The name of the other office bearers will be announced later. [Text] [Karachi DAWN in English 11 Jun 82 p 20]

AMBASSADORS FROM PUNJAB--Raja Zafarul Haq told Agha Sadruddin Durrani that 59 ambassadors and 135 diplomats were posted abroad in Pakistani missions. Of 59 ambassadors, 35 belonged to Punjab and Federal Area 13 Sind, nine NWFP and two Baluchistan. Among other diplomats 64 belonged to Punjab, 38 Sind, 25 NWFP, four Baluchistan, one Tribal Area and three Azad Kashmir. Minister for Production, Lt-Gen Saeed Qadir told Mr Zain Noorani that the state owned [words missing] [Karachi MORNING NEWS in English 28 Jun 82 p 3]

CENSUS BULLETINS ISSUED--The Population Census Organisation has issued census bulletins No. two, three, four and five containing provisional tables for Sind, Punjab, NWFP and Baluchistan. These bulletins contain detailed data up to tehsil and subdivision level by sex and rural and urban distribution.--PPI [Text] [Karachi BUSINESS RECORDER in English 26 Jun 82 p 6]

LAHORE DIVIDED INTO UNITS--Lahore, June 27--The Punjab Government has divided the district of Lahore into two units: the City and the Cantonment. Each unit has been placed under an Additional Deputy Commissioner (General) who besides having the powers of the Additional District Magistrate shall enjoy the authority of the Collector in his respective unit. Each unit has been further divided into two Sub-Divisions. Accordingly, the City unit will consist of the City Sub-Division and the Saddar Sub-Division and both the Sub-Divisions include 21 Police Stations. Similarly, Cantonment unit will include Cantonment Sub-Division and Model Town Sub-Division. Each Sub-Division will be headed by an Assistant Commissioner. Keeping in view the considerations of revenue administration a new Tehsil to be known as Lahore Cantonment has also been carved out. Thus, Lahore will, in future have two Tehsils that is the City and the Cantonment. These decisions will take effect from July 1.--PPI [Text] [Karachi MORNING NEWS in English 28 Jun 82 p 8]

CSO: 4220/220

PAKISTANI VIEWS MORO PROBLEM

Islamabad THE MUSLIM in English 18 Jun 82 p 5

[Article by A.S. Lingga]

[Text]

THE westernisation of Filipino culture is an unfortunate phenomenon. However, in the case of the Filipinos, it is a sort of poetic justice that their westernisation is part of the price they have to pay for their earlier acquiescence to American colonialists in addition to more than 300 years of Spanish vassalage. It is a totally different case with respect to the Moros for they bravely withstood both Spanish and American colonial encroachments. Given their incontrovertible status as unconquered people against two colonial powers, the Moros, just the same, became the unwilling victims of a new kind of colonialism, i.e., cultural colonialism, by America and later the Philippines.

The Moros were able to surmount direct Western colonialism but now they are being threatened by cultural colonialism and they may eventually succumb to this new menace inspite of their having earlier succeeded against colonialism.

The Moros were unjustly and arbitrarily incorporated into the Philippine territory through the notorious 1898 Treaty of Paris wherein Spain 'sold' the Philippines to the United States. In this dubious deal, the entire ancestral

homeland of the Bangsa Moro people encompassing Mindanao, Basilan, Sulu, Tawi-Tawi and Palawan was included in the 'sale' despite the fact that neither Spain nor the United States had any legitimate basis to annex the Moro territories under the international law. The Moros were never a party to such a deal. The Philippine government consequently became the successor-in-interest to the illegal deal. As such, the exercise of sovereignty by the Philippine government over the Bangsa Moro homeland since 1946 should be regarded as another colonial usurpation. It is within this context that the Bangsa Moro people should never be labelled as Muslim 'Filipinos' since the term is colonially inspired to perpetuate the myth that the Bangsa Moro people are 'Filipinos' so they could become an integral part of the colonialist Filipino nation.

On account of the fact that the Moro people fell within the jurisdiction of the Philippines since the installation of the Philippine Republic in 1946, the Moros inevitably became innocent recipients of Western, specifically American, colonial offensive through the cultural infiltration of their much-cherished society and value system.

The Moros have been nurtured in the Islamic and Asian cultural matrix since 1310 without a significant western penetration, while the Filipinos of the north were already westernised under Spain for 300 years with the Americans merely continuing the process in a

more sophisticated fashion. In effect, the cultural colonisation of the Moros by the Americans is filtered through the conduit of Filipino culture. This makes the cultural debasement of the Moros more pronounced because in addition to the imperialistic American scheme, it is channelled through the Filipinos who have been antagonistic to the Moros since the Spanish period when they collaborated with the Spaniard colonialists.

The longer this colonial process operates, the more profound the cultural alienation of the Moros will be.

Cultural colonialism operates through the two methods: the educational system and the mass media (print, radio and television). The first was pursued by the Americans at the turn of the century through the public school system and has been carried to this day with some modifications and variations by the Philippine government. The American modelled school curriculum made mandatory the teaching of such subjects as American and Filipino history, English and Filipino grammar and language and more substantially, the incorporation of the American ethics of capitalism with its pure profit motive and materialistic orientation.

The effect of this kind of curriculum on the Bangsa Moro people is that they become afflicted with 'cultural amnesia' wherein they virtually become ignorant about their own culture and adopt

an alien culture. No wonder, present-day generation of Moros are more familiar with Washington and Rizal than Sultan Qudarat, Rajah Bongsu and Ampuan a Gaus, their very own heroes. They read and speak English and Filipino more fluently than Arabic, the language of the Holy Qur'an. They become more materialistic and individualistic (traits that are imparted by capitalism) rather than spiritual and communal (qualities that are taught in Islam). The net result of this process is the strengthening of American control over a culturally colonised people since the latter's tendency is to accept the Americans as benevolent people rather than knowing them as usurpers and exploiters. Thus, Moro submissiveness, resignation and docility to American and Filipino designs is engendered and nurtured at the cost of freedom, dignity and resistance.

This is not to ignore the fact that Filipino sub-colonialism is also a repressive factor to contend with. The fact that the Philippines has become the relay station between American colonialism and Moro subservience makes the cultural dislocation of the Moros more grave. In as much as both the Americans and Filipinos are Christians, they would not care if Moro school children would imbibe such textbook lessons as 'Maria must eat protein-rich foods like pork to stay healthy' even though eating meat of swine among Muslims is absolutely prohibited (haram). And yet on top of this, the myth that the Filipinos and the Moros are brothers and therefore one people is always stressed and cultivated although the two peoples are distinct in culture, aspirations and history. The Filipinos have collaborated with the Spaniards and Americans in annihilating Islam in general and the Moros in particular.

To add insult to injury, the Western oriented educational system even glorified the colonialists by inculcating the notion that the only essential element of Filipino national identity is Christianity. On the other end of the colonial equation are the deliberate efforts to make the Bangsa Moro people perceive themselves as Filipinos. One thing which is certain is that the Moros are regarded as Filipinos but never treated as Filipinos. If the Moros are regarded as Filipinos, it is only in pursuance of the colonialist design to do away with their Islamic and national identity. On the other hand, if they are not treated as Filipinos it is because the Filipinos do not want the Moros to share with their economic and

political rights. In short, the Moros are accepted as members of the Filipino house on account of their physical presence but they do not share the home. They do not belong, they do not enjoy security and they are not at home.

The emphasis on Christianity as the principal element in the Filipino *integridad nacional* is the clearest proof of how Islam in the Philippines is being downgraded and belittled in the conceptualisation of the Filipino national philosophy. This is even allowed to flow into the grassroot level when Moro school children are required by the Filipino teachers to observe and celebrate Christmas in utter defiance of the Islamic tenet not to deify Jesus Christ for he was only a messenger of God, peace be upon him. History books abound with such epithets as 'the Philippines is the only Christian country in Asia' and that 'the Filipino revolution of 1872 is the starting point of Filipino revolution and nationalism'. This illustrates the wanton disregard for the Bangsa Moro struggles and nationhood which antedated the much heralded Filipino revolutionary struggle for 300 years. Moreover, Filipino struggle pales into insignificance when compared with the Moro struggle because the former was waged by an already conquered people while the latter was fought precisely to preserve their freedom and independence.

The several decades of American and Filipino cultural conditioning through the public school system was followed later by a sustained effort through the vehicle of the mass media. The radio aired programmes that exalted every thing American and Filipino. Newspapers, magazines and comics featured articles that elevated Western culture on a pedestal. More recently, television channels and stations have sprouted in Muslim dominated areas in south Philippines to beam programmes that would further bombard the Moro viewers and listeners with such Western decadent trends as pop musics, disco dances, homosexuality and consumerist fads and many other trivialities. What these programmes imbibe are the mere glamourisation of these counter-social and regressive vogues.

Moro children who are in their formative years internalise most of the cultural bombardments that they receive from the media. What in turn have these media to offer? Most of them totally denigrate the Islamic and Asian roots and base of the Bangsa Moro people.

At no other point in time have the effects of this cultural colonialism been visible than today. Young Moros worship Western pop culture instead of devoting their time reading the Holy Qur'an. Moro women are more adept at disco rituals than the rituals of Islamic prayers. Premarital sex is on the rise in spite of the Islamic values. To enumerate them seems endless. However, these are enough to show how grave is the Moro 'cultural amnesia'.

If this cultural colonialism will go unabated, the Bangsa Moro people may roll themselves on the way to a cultural genocide, a possibility that is harder to contemplate than physical genocide because the latter is concrete and therefore can easily be warded off while the former is difficult to discern because it is abstract. Nonetheless, both physical and cultural genocide will yield the same desired effect—the superimposition of a foreign value system and ideology over a hapless people to facilitate their perpetual servitude.

Casting the Bangsa Moro people into the western cultural mould is nothing but a subtle and systematic extermination of Islam in the Bangsa Moro homeland. For as long as the present situation continues in the Philippines, the future generation of Moros will totally forget and even denounce Islam.

Today, the so-called 'autonomous governments' exist in Central and Western Mindanao. This is a showpiece of the Philippine government in order to smokescreen the oppression, exploitation and the extermination of the Moros. This regional set-up is nothing but an adjunct of the Filipino colonial government. It is being used by the Manila government to further fortify the Filipino colonisation of the Bangsa Moro people and homeland.

Television stations were installed in the Muslim areas ostensibly to 'bring the Muslims into the stream of national development' but were actually designed to wean them away from their

cultural upbringing by continually hammering western culture into the Moro mind.

This further reinforces the already tacit stratagem that dominates the aitudes of the Moro communities. The title of the radio programme is the *Tinig ng Kawal Pilipino* (Voice of the Filipino

Soldier), which was conceptualised by the Armed Forces of the Philippines. It is aired every night in the South.

The *Tinig ng Kawal Pilipino* is a modernised version of the Spanish Moro-Moro plays. The plot of this radio drama is the encounter between the Bangsa Moro Army and the Armed Forces of the Philippines. The former is always depicted as the villain and the latter the hero. In the Moro-Moro plays, the Moro 'pirate' was the villain and the Christian soldier the hero. The Bangsa Moro Army has merely replaced the Moro 'pirates'.

What is worse is the 'romantic flavour' of the story wherein the Muslim woman eventually falls in love with the Filipino soldier and in the process, she leaves her parents. Because of her 'love' for the Filipino soldier, the Muslim woman consequently forsakes her faith and value system.

The impact of this wanton brainwashing of the Bangsa Moro people is so effective that the number of Moro women living with or marrying Filipino soldiers is on the rise.

This is a programme that is targetted for long-range objectives. Decades from now, children who are born out of Moro-Filipino union, be they legitimate or not, will be totally cut off from their Islamic base. This is a manifest case of cultural colonialism designed to weave the future generation of Moros into the fabric of Filipino and therefore, western Christian way of life.

Unless a radical change in the status quo is brought about, the Bangsa Moro people are destined to become a lost people in the western-Filipino cultural quagmire.

- *Impact International*

WORLD BANK VOWS AID TO PHILIPPINES

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 82 p 6

[Article by Dionisio L. Pelayo]

[Text]

TOKYO, June 30 — The World Bank expressed full support yesterday to the Philippines' energy development program.

Shahid Hussein, regional vice president for East Asia and Pacific of the Bank, said the five year energy program of the Philippines is being launched "under exceptionally difficult circumstances."

Hussein noted that the Philippines had experienced a sharp deterioration in its external terms of trade and substantially higher interest rates on its external debts.

"In common with the other oil importing countries, growth had decelerated since the oil crisis of 1979 — in the case of the Philippines, growth had decelerated from 6 percent per annum in the 1970s to 4 percent per annum in 1980 to 1981," he said.

The WB consultative group met here yesterday and today with the Philippine delegation headed by Prime Minister Cesar E. A. Virata.

VIRATA noted that the Philippines energy program has resulted in the decrease in the use of imported crude oil from 95 percent of its total needs in 1974 to only 78 percent in 1981.

By 1987, he said, the Philippines will be using 55-percent domestic energy sources and only 45-percent imported energy.

Figures released by the Ministry of Energy show that at 1982 prices, a total of P66.57 billion will be needed to finance the program. Of the total amount, P42.22 billion will come from foreign sources.

The consultative meeting noted that in the past 10 years the Philippines has:

- Achieved and maintained self-sufficiency in rice.
- Developed non-traditional manufactured exports from \$100 million in 1972 to \$2.6 billion in 1981.
- Reduced dependence on imported energy from 95 percent of energy consumption in the early 70s to 78 percent in 1981.
- Increased public investment from 1.5 percent of the gross national product in the early 70s to more than 7 percent of GNP in 1980-1981.

The World Bank also said it would be reasonable for the Philippines to seek from it official development assistance commitments of about \$1.2 billion in 1983 on the first year of the new plan period.

WORLD BANK DEVELOPMENT LOANS SIGNED

Manila PHILIPPINES DAILY EXPRESS in English 2 Jul 82 pp 1, 6

[Text]

WASHINGTON, D.C. — Three loans totalling \$360.5 million to push Philippine development programs were signed Wednesday between the World Bank and the Philippines at the bank's headquarters.

Ambassador Benjamin T. Romualdez, the new Philippine envoy to the United States, and Syed Slar Kirmani, World Bank acting vice president for East Asia and the Pacific, signed the agreements.

Romualdez said the signing was a continuation of the World Bank's support for Philippine development as well as a reflection of the good credit standing the Philippines enjoys among international lending institutions.

THE THREE loans are for small and medium-scale industries, textile plants and communal irrigation projects.

The loans carry an interest rate of 11.6 percent per annum, payable in 20 years with a grace period of five years.

In remarks after the signing, Krimani said the bank was proud of its association with the Philippines, which he called one of the most important countries in the East Asia and the Pacific region.

He said the \$71.1 million communal irrigation loan is a shift in

the bank's lending policies. Previously, he said, the bank had given out only loans for large irrigation projects.

"Obviously, we learned from your experience," he told Romualdez.

ROMUALDEZ noted that the loans will help the Philippines attain a "faster sustainable economic growth" in the coming years.

"They involve projects that will have a direct bearing on the lives of countless numbers of people in many sectors of our economy, raising incomes and creating new jobs in our cities, countryside and farms," he said.

The first loan, for \$132 million, will finance foreign exchange costs of small and medium industrial projects.

The amount will be relent through the Central Bank Industrial Guarantee and Loan Fund which will relend \$63 million to end-users or through accredited institutions; the Ministry of Trade and Industry which will receive \$8.55 million for pilot cottage projects, payments to consultants, and the training of personnel; and the Development Bank of the Philippines which will relend \$21 million to accredited private development banks and another \$27 million to medium-scale industries.

PHILIPPINES

LOAN FORECAST FOR 1982 GIVEN

Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 82 p 10

[Article by George Nervez]

[Text] A huge \$2.2 billion deficit in the country's merchandise and invisible trade transactions (current account) is expected this year mainly because of the depressed world prices for exports and the increasing cost of imports.

It means that in 1982 the country will have to generate about \$2.3 billion worth of medium-and long-term loans and direct foreign equity investments to finance the current account deficit and meet loan repayments during the year.

Bruce Jones of the Philippine Programs Division of the World Bank said that in 1981 the current account deficit in the balance of payments (BOP) was \$2.3 billion.

He said that the current account gap is expected to be \$2.2 billion in 1982 and \$2 billion in 1983.

WB and International Monetary Fund (IMF) officials also said that the government will have to increase tax collections, improve the administration of direct taxes, reform the fiscal incentive system and increase indirect taxes to offset revenue losses caused by the tariff reduction program.

They suggested the measures during the recently concluded meeting in Japan of the consultative group of the country's major creditors.

Ranji Salgado, IMF representative to the Tokyo meeting said that improvements in both government savings and in the profitability of public enterprises would contribute significantly in the reliance on foreign loans.

He said that there is little room for further cuts in government expenses because these have already been reduced sharply in recent years.

Salgado added that there is also a need to strengthen the financial position of public enterprises through improvements in pricing policy and efficiency.

The suggested measures, they added, will help increase domestic savings and reduce the reliance on foreign savings and prevent the foreign debt burden from becoming onerous.

They pointed out that in 1982 the ratio of medium-and long-term debt service to export earnings is expected to be 23 percent. The country has a self-imposed debt service ceiling of 20 percent.

The country's outstanding foreign debt as of March 1982 amounted to about \$15.75 billion. This includes the fixed-term and revolving credits.

However, the IMF and WB officials noted that the country is carefully managed and foreign debt of both the public and private sectors is subject to global ceilings.

CSO: 4220/224

NPA, MNLF KILLINGS REPORTED

Manila PHILIPPINES DAILY EXPRESS in English 6 Jul 82 pp 1, 6

[Text]

SIXTEEN persons — including two barangay officials and four soldiers — were killed in separate ambushes and executions carried out the past few days by armed men identified with rebels.

The first killings took place in the vicinity of Matictic bridge in Norzagaray, Bulacan, where a former barangay councilman, his wife and their three-year-old granddaughter were killed by armed men believed to be NPA members. The victims were asleep in their house when the killers attacked.

The former barangay councilman was identified as Felix Cruz. His wife and his granddaughter were not identified.

Motive for the massacre was not established.

FOUR ARMY soldiers who were on a mission to recover the bodies of two barangay officials kidnaped and killed the day before by dissidents were themselves ambushed and killed Saturday by a band of terrorists in the hills of Kanao-kanao, Bonifacio.

Misamis Occidental.

The soldiers were identified as Corporal Abelardo Guerrero and Fernando Sian. Pfc. Samuel Blanca and Trainee Leonardo Ebilario, all of the army 9th infantry battalion.

Four other soldiers in the ambushed platoon were wounded. They were listed as Corporal Edgardo Castaneda, Pfc. Delfin Labina, and Trainees Leon Elezer and Teresito Lozano.

THE SLAIN barangay officials supposed to be rescued by the soldiers were identified as barangay captain Sinfonso Berioso, 54, and barangay treasurer Nicomedes Sabijon, both of barangay Sibuyan in Bonifacio town.

Berioso and Sabijon were killed for refusing to cooperate with dissidents operating in the area, according to information gathered by investigators.

The army regional command sent a team to pursue the killers.

FOUR OTHER civilians were killed

and six others seriously wounded when a band of terrorists identified with the MNLF ambushed a school principal and his companions in Sulu over the weekend.

Those killed were identified as Kulayan Halipa, a schoolteacher; Narruja Jawali, Imam Omar Umba, and Ibrahim Ibani, a barangay captain in Sulu.

The leader of the attackers was identified as one Commander Arula Sulaiman of the MNLF.

Those wounded were listed as Hamsali Jawali, the school principal; Julhari Jawali, Tanjilol Shirol, Hajihil Tuttoh, Assa Tagayan, and Abduhasan Ajulan.

The victims were aboard a Toyota jeep bound for Paranga from Jolo when attacked in the vicinity of Uba-uba, Silangkan in Paranga town.

ALSO LAST Saturday, three employees of the Ministry of Public Highways working at Kabawian bridge in Matanog, Maguindanao, were massacred by still unidentified armed men.

The victims, who were riddled with bullets, were identified as Kadir Ogto, Hadji Akmad and a certain Dali.

A fourth worker, Matas Pacmand, managed to escape.

Motive for the killing was not known.

OUSTED NEWSPAPER STAFFERS PROTEST

Manila PHILIPPINES DAILY EXPRESS in English 6 Jul 82 p 6

[Article by Vina Paredes]

[Text]

OUSTED staffers of the *Philippines Collegian*, weekly student newspaper of the University of the Philippines, yesterday branded as "arbitrary" their dismissal by the editor.

Collegian editor Napoleon J. Poblador dismissed two weeks ago 12 of his staffers for alleged "betrayal of confidence." He reportedly protested the publication of an article on "committed journalism" in his term's maiden issue last June 21.

The ousted staffers contended there cannot be a "breach of agreement" because, they said, Poblador or his authorized representative approved every page proof before it was printed.

"Had there been anything objectionable, . . . the editor or his representative would have disapproved it, and the press would not have printed the copies," they said.

A MEMBER of the editorial board said the ousted staffers found it hard to adapt to Poblador's policy of "neutral journalism." The 12 ousted staffers were former members of the previous *Collegian*.

Poblador had asked William Chua, the ousted managing editor, to return as associate editor. Chua reportedly recommended the 11 others to Poblador when the latter was named editor last April.

The *Collegian* will come out with its third issue tomorrow with practically a new staff. Four student organizations at the Institute of Mass Communication — the IMC Student Council, Tinig ng Plaridel staff, Samahan ng mga Mag-aaral sa Komunikasyon and the UP Journalism Club — have urged the new *Collegian* staff to rise up to its "role of writing for the students." — *Vina Paredes*

FIRST LADY VISITS LEYTE

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 82 pp 1, 6

[Excerpt]

TACLOBAN CITY, June 30 --

The First Lady, Imelda R. Marcos, distributed today gasifiers for bancas to 11 fishermen of Tanauan, Leyte.

Mrs. Marcos also inaugurated a pilot development center in Jaro, Leyte, to benefit 160 farmers. The P1.2-million project will provide them with five threshers and 29 sprayers and assistance for rice and vegetable seed production and swine breeding.

She also opened a rice cooperative for 2,031 farmers, who are members of 61 integrated services associations in poblacion Bairan, Leyte. The project will provide a warehouse capable of storing 10,000 cavans per ricemill, a rice hulled-grain dryer and a truck.

Through it, farmers tilling some 6,804 hectares in San Miguel will be able to get government funding to buy equipment for drying, milling, storage and draining. Total cost of the project is P2.3 million, most of which will be loans from the Farm

Systems Development Corp.

MRS. MARCOS said Samar and Leyte will develop faster and have new industries.

"Apart from the geothermal power plant in Tongonan, Leyte, two sources of volcanic power have been discovered in Piliran," she said. She cited recent discoveries of rich deposits of phosphates, which can be used in fertilizer production, in Isabel and Tongonan.

She announced that the President has allocated almost P1 billion for the development of Samar and that the construction of a copper smelter in Leyte will open jobs and spur regional development.

She announced programs for children to be developed jointly by the government, church, civic and educational leaders. She told local officials that "much of the work has to be done by you."

CSO: 4220/221

LAND LACKING TO RELOCATE SQUATTERS

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 82 pp 1, 6

[Text]

METRO MANILA mayors are having serious problems in relocating thousands of squatters whose shanties were demolished by government teams.

Paranaque Mayor Florencio Bernabe said yesterday his town's most serious problem is where to relocate its 7,000 squatter families.

The rainy season, he said, also prevents them to undertake a massive relocation program.

IN PASAY CITY, Mayor Pablo Cuneta said it would take some time before their relocation program could be completed.

Aside from relocation, Cuneta said Metro Manila officials must also adopt measures to stop the squatters from coming back.

In Las Pinas, Mayor Felimon Aguilar said they are still drawing the list of families who will qualify for government relocation assistance.

VICE GOV. Ismael Mathay Jr. said he will ask owners of big factories to provide low-cost housing units for their workers who are squatting on public lands near their

place of work.

This would help ease the lack of relocation areas in Metro Manila, Mathay said.

Mathay also said work on 40 project sites, where 41,311 squatter families are living, is in full-blast.

He said the government will spend P877 million to upgrade these sites which cover a land area of 22.85 hectares.

The sites will be turned over to the local governments once they are fully developed, Mathay said.

BERNABE said there are no adequate facilities or space at the National Housing Authority relocation sites in Dasmarinas and Carmona, Cavite.

He said that based on the initial findings by barangay officials, more than half of the 7,000 squatter families could not avail themselves of government help.

He said these squatters were relocated several years ago, but returned to Paranaque later.

Since Monday, they have relocated some 300 families living near the Manila International Airport.

IN MANILA, the anti-squatting drive was delayed when demolition teams from the City Hall found out that 21 families occupying the bank of Estero de San Lazaro in Sta. Cruz have land titles granted by the NHA.

Acting Mayor James Barbers, who heads the City Hall's anti-squatting committee, said he will bring the issue to NHA Gen. Manager Gaudencio Tobias.

An NHA record signed by Tobias showed that 341 square meters of the estero's bank have been awarded to the families at P19.60 per square meter.

Estero de San Lazaro is behind the Arellano High School and parallel to the Jose Reyes Memorial Hospital.

The lot sizes awarded range from eight to 52 sqm. Most of the families, however, received about 12 sqm.

MATHAY said his office will ask the help of the World Bank to provide loans for the construction of workers' housing units.

Since an average worker receives about P900 a month, or P31 daily, the affordable amortization for a unit will be P150 a month, he said. This is about one-fourth of his salary, which he can well afford," he said.

LAND TURNED OVER TO FARMERS

Manila PHILIPPINES DAILY EXPRESS in English 3 Jul 82 p 2

[Text]

THE TWO estates of the Compana General de Tabacos de Filipinas (Tabacalera) in Iligan, Isabela, have been turned over by the government to some 5,000 former tenant-farmers, the Ministry of Agrarian Reform said yesterday.

Agrarian Reform Minister Conrado F. Estrella said the haciendas, Sta. Isabel and San Antonio, were given to farmers in simple rites held in Hacienda San Antonio last week.

The ceremonies also marked the turnover to the government of the 12,000-hectare properties by their former owner, Anca, Inc. The government bought the land from the latter in 1981 for some P80 million.

AN INTER-AGENCY committee, headed by the MAR regional director, has been formed to expedite the transfer of land ownership to the farmers, who are "deemed owners" of the land, Estrella said.

Under MAR rules, the farmers have to pay 15 equal annual

amortizations to become full owners of the land.

ESTRELLA said the event "brings to a close years of social unrest over the 100-year-old landholdings."

He explained that the government bought the land from Anca after reports of alleged abuses by company security men on the farmers. The farmers also complained of being relocated to less fertile and less productive areas of the estates.

A petition to President Marcos filed by the farmers gave way to Executive Order No. 778, ordering the Land Bank of the Philippines to buy the lands for resale to farmers.

Anca, Inc., a multi-million firm engaged in the diversified crop production aside from tobacco, acquired the estate from Tabacalera in 1980. Its organizers, Antonio Carag and Eduardo Cojuangco, bought the properties nine years after the Tabacalera offered the land for sale to the government for subsequent distribution to farmers.

LABOR LAWS TO BE ENFORCED

Manila BULLETIN TODAY in English 8 Jul 82 pp 1, 8

[Text]

Labor Minister Blas F. Ople assured management people yesterday that all labor laws will be enforced without compromise.

He warned management and labor, however, against shifting the burden of maintaining fair and just industrial relations to the government.

He told employers not to create such situation under the illusion that enterprises are excused from making an honest effort to manage and solve industrial conflicts within their own companies.

Ople made the assurances in an open forum following his speech to members of the Employers Confederation of the Philippines (ECOP) at the Hotel Intercontinental in Makati, Metro Manila.

Management people said that in the past, some unions defied return-to-work orders issued by the Labor Ministry, such as in the strike at Inter-Asia in the Bataan export processing zone last month.

In spite of the return-to-work order, the strikers continued to picket the premises of the firm, prompting the guards to arrest the workers, they said.

The labor chief, however, pointed out that non-compliance with return-to-work orders is very minimal.

He warned unions and their members to be aware of the penalties for those who violate the order, including possible loss of employment.

Minister Ople also told participants in the conference that the new labor relations law was created to achieve a stable industrial relation policy that can serve the country in the coming decades.

Ople said the government achieved in BP 227 and its companion law, BP 130, a framework law on industrial relations that can stand the turbulence of the coming years.

He said the law fulfilled the criteria discussed in the tripartite conference held in Puerto Azul following the lifting of martial law on Jan. 17, 1981.

Following the lifting of martial law, he said, it was no longer possible to maintain the legal restraints on the workers' ultimate weapon, the right to strike.

Ople said that the new industrial relations law, when being deliberated on, called into play certain insights that gave rise to some conditions and safeguards. One feature that was absent in the old law was that a two-thirds vote of all members of a union is necessary before a strike can be declared.

He said the new law likewise requires the boards of directors to vote on a lockout decision before it can be carried out.

Ople also said he does not agree that the strike vote provision is anti-labor.

CHARGES FILED IN LABOR MASSACRE

Manila PHILIPPINES DAILY EXPRESS in English 3 Jul 82 p 2

[Text]

SIX persons -- including three soldiers -- implicated in the massacre of a barangay captain and four other civilians in Camarines Norte were charged Wednesday with multiple murder before the Labo municipal court.

Named principal respondents in the mass slaying were Private First Class Edwin Carmen, Leon Amulong and Oscar Sibonga, all of the 45th Army Infantry Battalion. The three other co-accused were not identified. They are at-large.

Brig. Gen. Rene Cruz, PC Recon 5 commander, ordered the filing of the cases based on the testimony of two witnesses.

Records showed that the victims, identified as barangay captain Eduardo Bayani of Lugui, barangay councilmen Dionisio Villaluz, and Manolo Lausin, Louie Cama and Carlos Hermogino, were slain last June 23 while being escorted by the suspects to the army detachment at

Mabilo, Labo

TWO WITNESSES, identified as Alfred Quibral and Romeo Tagala, pointed to the three soldiers as principal killers.

Other witnesses indicated the soldiers were apparently drunk.

The accused soldiers, on the other hand, claimed in a counter-statement that the victims provoked them.

The suspects said one of the civilians they were escorting punched Pfc. Amulong while another grabbed Carmen's M-16 rifle when they were on the provincial road leading to barangay Tulay na Lupa.

Carmen alleged that when a suspect grabbed his rifle, three other members of the party they were escorting rushed toward him.

He said he fired warning shots but that this was ignored.

He said it was at that point that he fired his armalite at the five civilians. They were killed on the spot.

CSO: 4220/221

SEMICONDUCTOR 1985 EARNINGS FORECAST

Manila PHILIPPINES DAILY EXPRESS in English 6 Jul 82 p 10

[Article by Rosario Liquicial]

[Text] Electronics exports, the country's top dollar earner last year, is expected to generate export sales exceeding \$1 billion in 1985, according to government projections.

This forecast is based on the export performance of the industry and the growth opportunities open to electronics firms, according to the Ministry of Trade and Industry (MTI). MTI said the industry may also attract new foreign investments of about \$150 million by 1985.

Central Bank statistics show that semi-conductor exports totalled \$636.2 million last year, accounting for 11.1 percent of total 1981 exports.

The non-traditional export product moved up from fourth to first position because of a 27.4 percent increase value. The strong performance of electronics products, the CB said, was largely due to the boom in demand particularly in the US and Japan.

The growth opportunities for the electronics industry, the MTI said, are brought by the continuing technological inventions, automation, and integration of production operations and improved manpower skills.

The ministry further said that about 10 American electronics companies are eyeing the Philippines as a possible area for future operations.

There are now a number of foreign electronic firms operating in the export processing zones.

President Marcos late last week issued Executive Order 815 granting additional incentives and declaring the semi-conductor industry a vital industry.

The order made the industry "a more stable area" in the sense that industrial disputes are expected to be resolved immediately.

The presidential directive further stated that it will be government policy to maintain an investment climate conducive to the growth and development of the semi-conductor electronics industry.

The local semi-conductor industry accounts for some 20 percent volume-wise of the world's semiconductor assembly production, according to government reports.

CSO: 4220/224

EDITORIAL URGES JAPAN TO IMPROVE IMAGE

Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 82 p 4

[Text]

JAPAN is worried by increasing foreign criticism of her trade policy that she has decided to send a nine-man mission of scholars and business leaders to seek out the views and advice of opinion leaders of other countries.

The main mission of the team is to improve the international image of Japan. The nine members will split into three groups for Europe, the US and the Southeast Asian nations.

Japan has every reason to be concerned with her image. Despite several measures already adopted to appease her trading partners, Japan is still being accused of not opening her domestic market sufficiently enough to allow the entry of the products of other countries.

The complaint of developing nations was aptly voiced by Prime Minister Cesar Virata in his recent visit to Tokyo. In a meeting with Japanese Prime Minister Zenko Suzuki, Virata said that Japan should open her market wider to developing nations. He said that the measures so far adopted by Japan benefit only the developed countries.

On the other hand, Japanese cars, watches and household appliances can be found in almost all countries. Both the developed and the developing countries have reason to complain. It would seem that trading with Japan is becoming a one-way traffic in favor of Japan.

The economic success of Japan has rubbed off on its citizens. The Japanese may be among the most disciplined and patriotic peoples in the world but they are beginning to exude an air of superiority. Even Japanese tourists think they can get away with almost everything. In Manila, Japanese tourists do things they cannot do in Japan.

There have been a number of incidents which have become sources of irritant in Philippine-Japanese relations. One of these incidents is the reported indecent treatment and degradation of Filipino women entertainers by Japanese businessmen in the nightclub industry. Another source of irritant concerns the limited visa for a Filipino businessman visiting Japan. Japanese

businessmen can stay up to one year in the Philippines while Filipino businessmen can only get 15-day or 30-day visas to Japan.

Both the Philippine and Japanese governments should look into these irritants. The Filipino is well known for his hospitality and friendship, but for other nationals to enjoy such friendship, there must be reciprocity. They should respect and deserve the friendship.

The fact that Japan has become an economic giant gives her a big responsibility. This has apparently been realized by the Japanese government. The nine-man mission is being sent to improve Japan's public relations activities. It is hoped they don't miss out on their immediate neighbors.

CSO: 4220/224

PHILIPPINES

SOLDIER-LED CATTLE-RUSTLING GANG CAPTURED

Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 82 p 3

[Text] Baras (Rizal) police busted a 15-man cattle-rustling gang reportedly headed by a PC officer with the arrest of all suspects while loading five cows stolen from a general's ranch Monday night.

Capt Fortunato Malabanan, Baras police chief identified the alleged mastermind as Maj Fernando Eslava of the PC headquarters in Camp Olivas, Pampanga.

Another military officer, identified as S/Sgt Edward Guevarra of the US Air Force in Angeles City and Eslava's driver, Benigno Suarez, were also arrested with the PC officer.

Also arrested by a Baras police team led by Cpl Conrado Fullante were Alfonso David, 20, Dominador Indita, 39, Resty Pamintuan, 23, Benjamin Gervacio, 60, Basilio Baso, 38, all of Angeles City; Cesar Alcaraz, 35, Virgilio Bernardino, 32, Arnold Bernardino, 19, of Balagtas, Bulacan; Jimmy Bernardino, 19, of Calumpit, Bulacan; Buenaventura Puno, 25, Benjamin Fernandez, 19 and Alfonso Rase, 39, also of Angeles City.

Police recovered from the suspects the cargo truck (with plate No. TH-403 GQ) owned by a certain Pedro Fernandez, and the five cows allegedly stolen from the ranch of Brig Gen Sinforoso Duque, GHQ adjutant general.

Malabanan said the suspects, headed by Eslava, forcibly entered Duque's ranch at Sitio Malalim in Barangay Rizal, Baras, and took the animals after threatening to harm Duque.

The suspects, who had reportedly victimized the ranch at least twice in the past, were tipped off to police just after they entered the ranch.

CSO: 4220/224

PHILIPPINES

STUDENTS OPPOSE INCREASED SCHOOL SECURITY

Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 82 p 3

[Text] Student representatives said yesterday the move of private schools to beef up their security units to brace for student rallies is inconsistent with the agreements and assurances made to students by the Ministry of National Defense and the Ministry of Education and Culture.

The League of Filipino Students made this statement in an open letter to Brig Gen Narciso Cabrera, Western Police District superintendent and the Philippine Association of Colleges and Universities.

The PACU earlier said its member schools were strengthening their security forces following the advice of Cabrera who reported moves of some student groups to agitate the studentry.

Cabrera reportedly advised educators to hire the services of "well-known retirees from the military and police services and other technocrats."

The LFS, in its letter, said the agreement entered into by the students with the MND was brought about by the protest against militarization in the campuses.

"To beef up security guard units and to hire the services of well-known retirees from the military and police services constitute a palpable disregard of the spirit behind the agreement," the LFS said.

The student group added that the move of the private schools is a clear case of circumvention because it renders meaningless the provision of the MND agreement with students.

The LFS said the growing student unrest this school year is due to the inability of many educators to comply with the MND and MEC agreements with students.

CSO: 4220/224

CENTRAL LUZON FLOOD CONTROL NEEDS REPORTED

Manila BULLETIN TODAY in English 8 Jul 82 p 6

[Article by Jerry J. Lacuarta]

[Text]

SAN FERNANDO, Pampanga, July 7 — About P1 billion is needed to control floods in Central Luzon, it was learned here yesterday.

Sources said the money is needed to put up dikes and levees, to improve the Pampanga river basin, and other flood control projects.

Renato R. Tinio, manager of the Pampanga River Control System (PRCS) in Apalit town, disclosed yesterday that 14 more dams will be built in the Zambales mountains to protect waterways leading to the Manila bay.

Tinio said the Japanese technology will be used in constructing the dams because it was found effective in controlling the silt and sand flowing into the rivers from the mountain ranges.

The PRCS completed the country's first "sabu dam" in the northwestern part of Porac town, with a total cost of P5 million.

The technology, Tinio said, was borrowed from "sabu-sabu," a Japanese construction technique used in controlling erosion from the mountain slopes.

Central Luzon, which is always hard hit by floods during the rainy seasons, has flooded areas of about 220,000 hectares, half of which is protected only by dikes, levees, and other small flood control systems.

The region, sources said, will continue to suffer further destruction from typhoons and floods unless the government allocate sufficient funds for flood control projects.

Meanwhile, the gov-

ernment also has yet to decide whether to "disturb or not" the Candaba and the San Antonio swamps in Candaba, this province, and Nueva Ecija, respectively.

The Candaba, which was the object of a study of both the Philippine and the Japanese governments, and the San Antonio swamps can hold waters of about 1.5 billion cubic meters during rainy season.

The delay in the implementation of flood control projects in the two swamps, which were described as "natural reservoirs," earlier were caused by the conflicting results of studies conducted by the Ministry of Public Works and Highways and the Japanese International Cooperation agency (JICA). (Jerry J. Lacuarta)

ENERGY PLAN APPROVED

Manila PHILIPPINES DAILY EXPRESS in English 2 Jul 82 pp 1, 6

[Text]

PRESIDENT MARCOS approved yesterday a 10-year power expansion program to meet the growing power needs in the country, particularly in industries and new commercial enterprises.

The program, submitted by the Cabinet through Prime Minister Cesar E. A. Virata, involves investments in power plants and transmission systems totalling P46.6 billion.

Malacanang said that the program was formulated to fulfill the projected increase in power consumption from 14.9 billion kilowatt hours in 1980 to 31.7 billion kilowatt hours in 1990.

THE PROGRAM will complete the transmission grids in Luzon, Mindanao, Samar, Leyte, Bohol, Negros and Panay Islands.

It is also intended to reduce the share of oil-based power plants in the country from 65 percent of total electricity output in 1980 to only 18 percent by 1990 through greater use of geothermal, hydro-electric and other non-oil sources of power. This would save much foreign exchange which would otherwise have been used for crude oil payments

The projects envisioned under the 10-year program will reduce oil consumption in 1990 by about 160 million barrels equivalent to an estimated saving of US\$5.44 billion calculated at the current oil price of \$34 a barrel.

BROKEN DOWN, the power program entails an outlay of P16.5 billion in 15 projects ongoing as of the end of 1980 and P31.1 billion for 12 new projects authorized after 1980.

Of the P31.1 billion for the new projects, P11.1 billion in investments had already been authorized as of April 15, 1982, leaving only P20 billion to be authorized of which P10.2 billion will be appropriated for the San Roque multi-purpose hydro project in Pangasinan. The San Roque project, which will provide not only power but also irrigation, flood control and anti-pollution services, has already attracted the interest of foreign investors from Sweden and international institutions such as the Asian Development Bank.

The National Power Corp. said that under the expansion program, its installed capacity of 4,159 mega-

watts nationwide as of June, 1982, will increase to 8,264 megawatts or 34.6 billion kilowatt hours by 1990 as against the projected requirement of 31.7 billion kilowatt hours by that time.

* * *

THE ONGOING power projects include the Kalayaan power plant complex in Caliraya, Laguna, which became operational last Sunday. A second Kalayaan plant will start operating by August, increasing its total capacity to 300 megawatts or 300,000 kilowatts daily. The Magat hydro-electric power plant in Isabela will likewise become operational next year adding an additional output of 360 megawatts or 360,000 kilowatts.

The other power projects already underway are Tiwi geothermal plants 5 and 6 in Albay, the nuclear power plant in Bataan; Agus 7 hydroelectric plant in Iligan; Agus 1 hydroelectric plant in

Marawi; Agus 4 and 5 hydroelectric plants in Lanao del Sur; Aplaya 2 diesel plant in Misamis Oriental; power barge diesel power units in Isabel, Leyte and Bacolod; Cebu diesel in Naga, Cebu; Panay diesel in Dingle, Iloilo; Cebu coal plant in Naga, Cebu, and Tongonan geothermal power units 1-3 in Leyte, and Palimpinon geothermal power units 1-3 in Negros Oriental.

The new power projects are Mak-Ban geothermal power units 5 and 6 in Bay, Laguna; Batangas coal plant 1 in Calaca, Batangas; Naga-Kalayaan-San Jose Jose transmission lines from Camarines Sur to Bulacan; direct current line from Naga to Tongonan; Pulangi 4 hydroelectric plant in Bukidnon; Tiwi geothermal units 7-8; Tongonan geothermal units 4-5; Tongonan geothermal units 6-7; Tongonan geothermal units 8-11; Batangas coal 2 plant; San Roque hydroelectric plant in Pangasinan and Cebu Coal 2 plant in Naga, Cebu.

CSO: 4220/221

GOVERNMENT TO PRODUCE MORE DIESEL FUEL

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 82 p 1

[Article by Rosario Liquicia]

[Text]

THE government — through the Bataan Refining Corp. — will increase production of diesel fuel to meet the increasing local demand for the product.

BRC operator of the country's largest oil refinery in Limay, Bataan, has reactivated a cracker unit to be able to produce more diesel fuel.

The cracker used to produce more gasoline but has been converted to produce more diesel.

BRC also said it has completed the modernization of two furnaces as part of its energy conservation program. The program, costing P58 million, will result in fuel savings equivalent to P30.1 million annually.

The unit, called the thermofor catalytic cracker unit (TCCU), was originally intended to increase gasoline yield from the different types of oil processed at the refinery.

IN 1979, however, there was a marked drop in gasoline consumption and the plant had to be shut down. Studies were then made to determine the feasibility of operating the unit to yield more diesel instead of gasoline.

Regular gasoline consumption continues to decline steeply, according to the ministry of energy, while premium gasoline appears to be tapering, down only by 2.8 percent last year compared to the previous year.

On the other hand, diesel fuel consumption increased 2.1 percent in 1981, the energy ministry said.

Studies were conducted by the state-owned Philippine National Oil Co. (PNOC) and Mobil, and new processes were put into use to achieve higher diesel yield.

Operation of the TCCU will increase the refinery's diesel production by 1.23 million barrels a year.

The products refined at the Bataan refinery are sold to the public through Petrophil and Mobil gasoline stations. For the past three years, however, the refinery has not been able to fully meet the diesel requirements of the two oil companies.

With the commissioning of the TCCU, diesel requirements of these two companies will be filled.

TIN IMPORT SUBSIDIES APPROVED

Manila PHILIPPINES DAILY EXPRESS in English 1 Jul 82 p 1

[Text]

PRESIDENT MARCOS allowed yesterday the subsidized importation of tinplates, tinmill blackplates and tin ingots.

Industry sources said that some 8,471 metric tons of tinplates, 6,360 metric tons of tinmill blackplates and 64 metric tons of tin ingots will be initially imported by the government through the National Steel Corp.

Tinplates are used in making tin cans.

The President also directed the Ministry of the Budget to set aside a government subsidy equivalent to the taxes and duties which will have been collected from the importations by the government-controlled steel company.

A similar subsidy was ordered set aside for subsequent importations of tin products whose volume will be determined by an executive committee of the National Economic and Development Authority board composed of Prime Minister Cesar E. A. Virata, Trade and Industry Minister Roberto Ongpin and NEDA Director-General Placido Mapa Jr.

The imported tinplates will be distributed to local milk processors by the NSC on recommendation of the NEDA and under the supervision of the Iron and Steel Authority.

CSO: 4220/221

PHILIPPINES

BRIEFS

POPULATION GROWTH RATE--Prime Minister Cesar E.A. Virata said yesterday the government will review its population planning policies to further cut down the rate of population growth from the present rate of 2.4 percent to 2 percent by 1987. Virata, who presided over the regular Cabinet meeting at the Executive House, said he expected the population to stabilize at 115 million which is a level predicted to be "economically viable" for the country taking into account its conditions in the future. Unofficial statistics said the country's population is now 50 million. He said population was among the issues taken up during the consultative group meeting of the World Bank in Tokyo last month where he led a Philippine panel to get support for the government's development plans. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 82 p 1]

FOREIGN EXCHANGE DEFERRAL--The government may defer measures to further relax foreign exchange restriction and call off additional cuts in import duties if the balance of payments (BOP) performance deteriorates further. Prime Minister Cesar E.A. Virata hinted at this recently in a speech before the World Bank-sponsored consultative group meeting in Tokyo. Adoption of the twin measures, he said, is designed to contain a further deterioration in the BOP. In fact, Virata added, the BOP problem has prompted the government recently to entertain the idea of whether to "persevere in its program to promote higher efficiency of our country's industrial firms by liberalizing foreign exchange restrictions and reducing import duties." This was one approach, he added, in solving the problem of "reconciling short-term adjustments called for by recent external adversities with structural adjustments for long-term growth." The same BOP problem forced the government to also think of "whether to bring about rapid adjustment in the external accounts by adopting emergency measures or to allow a gradual adjustment process," Virata added. In the meantime, Virata said, the government is sticking with its industrial restructuring programs reform. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 7 Jul 82 p 10]

CSO: 4220/224

GOVERNMENT WARNS OF HARDER TIMES AHEAD

Kuala Lumpur BUSINESS TIMES in English 29 May 82 p 9

[Article by Francis Daniel in Singapore]

[Text]

AFTER years of uninterrupted economic growth and prosperity, Singapore is preparing itself for harder times ahead.

For the first time in five years, the growth of the economy fell sharply below expectations in the first quarter of this year, with all indications pointing to the slowdown continuing into the 1980s.

Government leaders have called on their people, accustomed to a good life, to tighten their belts and set their sights a little lower in the coming years.

Workers have been told that the days of high wage increases and carefree work attitudes are over, and that unless they improve their skills and increase productivity, Singapore will not survive the current world economic recession.

Prepared

The official gloom follows a decline in the growth rate from a high of 10 per cent last year to an annual rate of 7.3 per cent in the first three months of this year.

The manufacturing sector, one of the important indicators of this small island nation's economic health, grew by only 1.6 per cent, the lowest since 1975 when Singapore had its worst recession year after the first oil crisis.

Financial and business services, the leading growth sectors of the island's economy, showed only a 12 per cent annual-rate increase compared to an average of 18 per cent in 1981.

Singapore's trade growth slowed in the first quarter to 5.5 per cent annually, less than half the rate in the same period last year. Tourism and shipping services also were affected.

Only the construction industry, transport and communication showed a significantly higher rate of growth since the beginning of this year.

However, economists say Singapore's 7.3 per cent growth in the first quarter is no mean achievement, when many industrial nations are expecting very little growth, if any, this year.

Singapore could not hope to maintain double-figure growth all the time, particularly as it is bereft of natural resources and is constantly buffeted by world economic trends, they said.

But Minister for Trade and Industry Dr Tony Tan warned Singaporeans that they would be lulling themselves into a false sense of complacency if they ignored the danger signals and did not brace themselves to withstand the chill winds of recession.

"We must be prepared to face rough weather. To avoid sinking we must

tighten up the hatches. We must cut out unnecessary spending and avoid wastage," he said.

Dr Tan urged Singapore workers to accept lower pay increases compared to the past three years when wages were allowed to rise by 20 per cent a year as part of an economic restructuring.

Singapore would price itself out of world markets and damage its investment climate if it allowed the costs of its services and labour to rise too steeply, he said.

However, many foreign and local businessmen appear less pessimistic than the government, and hope there will be an upturn in business conditions in the second half of this year.

Thriving

The latest survey by the US Embassy here said that Singapore's growth rate would slow this year, but not by much.

"It is always dangerous to predict a decline in the growth rate of Singapore. Though the economy's health is unquestionably tied to international economic developments, Singapore has proven itself better able than might be expected to weather recessions in its industrialised trading partners," it said.

Because Singapore had diversified its export markets, only a simulta-

neous downturn in the major Western economies would severely reduce its economic growth, the embassy said.

Once largely an entrepot, Singapore has become a thriving metropolis and an industrial hub for the region with a standard of living second only to Japan in Asia.

The republic, with a population of 2.4 million people, managed to keep its inflation rate down to seven per cent in the first quarter of this year, compared with eight per cent in 1981. There is also no unemployment problem here.

Dr Tan said Singapore had full employment because multinational companies found it profitable to operate here. Singapore workers should strive to keep it that way.

Some economists believed that Dr Tan's bleak words were partly aimed at preparing workers for forthcoming national wage increases that might well fall short of their expectations.

The National Wages Council (NWC), a tripartite body representing the government, employers and unions, announces wage increases in June every year.

Official sources said that the labour unions had been seeking increases of up to 14 per cent, while the government wanted to keep them well below eight per cent. — **Reuter**

BANDARANAIKE RECONCILIATION IMPROVES OPPOSITION'S CHANCES

Kuala Lumpur BUSINESS TIMES in English 28 May 82 p 21

[Article by Dalton De Silva in Colombo]

[Text]

FORMER Sri Lankan Prime Minister Sirimavo Bandaranaike and her son, Anura, appeared together at a rally here recently for the first time in more than 10 months and the crowd burst into cheers.

The occasion signalled the end of political differences that had forced mother and son into rival camps and threatened the election prospects of their party.

Anura, 32, a Member of Parliament, left his mother's Sri Lanka Freedom Party (SLFP) last August with a group of dissidents, splitting the major opposition party.

The group, led by Mrs Bandaranaike's former deputy, Maitripala Senanayake, elected its own office bearers and called itself the Genuine SLFP.

Anura, who was being groomed by his mother as a future leader of the country, was elected deputy president of the rebel

group.

"My action was based on a matter of democratic principle," he said. Anura's group opposed Mrs Bandaranaike for wanting the authority to appoint election candidates and demanded that they be elected from village level upwards.

A factor behind their reconciliation is the general election scheduled for next year.

"If the rift had gone on for another six months the ruling United National Party (UNP) would have definitely won the next elections," he said. "Now the SLFP has an excellent chance of winning," he added.

Anura, whose late father was also Prime Minister, will have to do most of the campaigning for the party. Mrs Bandaranaike has no civic rights and is barred from electioneering.

"I will have to carry my mother's message to

the masses at the next election, which could take place very soon," he said.

Before the SLFP break-up, Anura had been widely expected to follow his parents and take over the leadership of the party. He was a member of the SLFP's powerful central committee (political bureau) and the chief of its youth organisations.

"Anura has been misled by schemers who were manoeuvring to create a rift in our family," Mrs Bandaranaike said at the height of their quarrel.

Quoting the title of a Sinhala film, Amme Mata Samawanne (Mother Forgive Me) running in Colombo at that time, Mrs Bandaranaike predicted her son would return to her.

The mother and son, who live in adjoining houses did not, however, allow political differences to mar their close family relationship.

Party supporters, concerned about the rift, including some Buddhist monks, tried unsuccessfully to bring the two factions together.

With growing speculation among politicians of an early general election, Anura began what he called "unity talks" with his mother.

After the discussions, a resolution was moved at a central committee meeting of the dissident group proposing that the two factions should unite

under Mrs Bandaranaike's leadership.

But Mr Senanayake, the rebel leader, and his followers opposed the move. They said Mrs Bandaranaike would create legal problems for the party and its candidates at an election as her civic rights had been removed for alleged abuse of power when she was Prime Minister.

Instead, they proposed Mr Senanayake as the new president. Anura and his followers, who were in a majority, opposed this and rejoined Mrs Bandaranaike's party.

Mr Senanayake said later it was "a conspiracy hatched by Mrs Bandaranaike and her son to retain leadership of the SLFP."

In the past five years Anura had become a national figure and his return to his mother's party would deprive the dissident group of a lot of support at the general election, political observers said.

They said if the SLFP returned to power Anura could get an important Cabinet post, and could even be a strong contender for the presidency in the absence of his mother.

But Anura realises that he could face opposition within the party. "There were some who were against unity because they feared my return would threaten their own positions," he said.

Reuter

BANDARANAIKE LEADERSHIP OF SLFP QUESTIONED

Colombo THE ISLAND in English 29 Jun 82 p 6

[Article by Gamini A. Caldera]

[Text]

THE present divisive tendencies of the Sri Lanka Freedom Party brings to mind the cynical retort that politics is the last refuge of the scoundrel. The founding of the Sri Lanka Freedom Party though done in a fit of pique by the late Mr. S. W. R. D. Bandaranaike, was a signal service rendered to the cause of parliamentary democracy in Sri Lanka. If parliamentary democracy is to survive, it needs a strong and dedicated Opposition. Unless the Opposition, even though weak in numbers, acts as the watchdog of the citizens the party in power is likely to become autocratic.

The single-minded dedication of Mr. Bandaranaike who sacrificed wealth and prestige enabled him to forge a party which has stood the test of time. It wasn't the bookish politics of the Left but an organic, relationship with the masses.

Grassroots

Mr. Bandaranaike stuck to his principle of going to the grassroot levels to pick his candidates rather than relying on blood-ties and class distinctions. The fact that the present leadership prefers family bandyism to integrity is the cause of the present ludicrous situation. One can well understand Mrs. Bandaranaike's position when she was literally pitchforked into the driving seat of the Sri Lanka Freedom Party bandwagon. Naturally she chose to have some of her near and dear ones round her

The aura of the Bandaranaike name does not necessarily confer the cloak of political acceptability or suitability on family members. Mr. Anura Bandaranaike has still to win his spurs on the floor of the House before he could be considered fit to lead a party backed by millions of supporters. Neither does marriage to a Bandaranaike confer political prestige.

The Sri Lanka Freedom Party does not belong to a family junta. It is the common banding together of a host of people drawn from the not-so-affluent classes of society who were literally given a place in the sun by the late Mr. Bandaranaike. The Party cannot be made the plaything of power hungry politicians kicking their heels in the political wilderness.

Nor is the Sri Lanka Freedom Party the plaything of any particular group. It is a vehicle for popular and national aspirations left by its founder to the down-trodden masses.

Hence the party must not only be just and fair. It should mature into a position of trust.

It is an unquestionable fact that the appointment of Mrs. Bandaranaike under her present disabilities, as party president jeopardises the validity of candidates contesting and winning seats under Sri Lanka Freedom

Party nomination at the next general elections. This has led to a large section of the party hierarchy refusing to accept Mrs. Bandaranaike as president and leader of the party. What Mrs. Bandaranaike and her advisers have failed to realise is the fact that she should remain the de facto leader of the party while keeping to the background until such time as she is able to regain her lost rights.

As a matter of fact the present disabilities imposed on her will redound to her credit and the party. Furthermore the present political climate guarantees Mrs. Bandaranaike the unswerving loyalty of the masses. The question of who will lead the party in the meantime is negligible in so far as it is the party and the party alone that matters. Any aspiration that Mr. Anura Bandaranaike has of stepping into his father's shoes has to be ratified by the supporters of the party.

Maithri

The position of Mr. Maithripala Senanayake is particularly unfortunate. A senior parliamentarian who has held the Medawachchiya seat for over thirty-five years, Mr. Senanayake has been caught in a web of intrigue. A little right thinking by Maithri and the SLFP will enable the party to come into political reckoning.

The fate that befell the Leftist parties at the last general elections should serve as a lesson to the fleeing members of the Sri Lanka Freedom Party.

The debacle of the Sri Lanka Freedom Party has brought a dark horse into the reckoning. The Janatha Vimukthi Peramuna led by a group of radicals are in a position to fill the political vacuum left by the Marxist and the SLFP.

Hence the duty of the genuine stalwarts of the Sri Lanka Freedom Party must be to close ranks.

Or else it is a moot point whether democracy can survive in Sri Lanka.

CSO: 4220/225

BRIEFS

SQUATTERS TO RECEIVE LAND--650,000 families will be given land with outright deeds before Parliament is dissolved next year. This has been decided by Mr Gamini Dissanayake, Minister of Lands, Land Development and Mahaveli Development following a survey conducted by his Ministry on squatters occupying state land throughout the island. The survey has revealed that nearly a million acres are occupied by squatters. A senior official of the Ministry told "The Island" that each family would receive a maximum of two and a half acres of land under the "Swarnabhoomi" programme. He said that about 200,000 acres of land would be reserved for reforestation of occupied by squatters reservoirs and their government projects. Those ejected would be provided with land elsewhere, the same source said. Mr Dissanayake has instructed his officials that top priority should be given to preparing the deed with plan of the lands to be distributed.

[Text] [Colombo THE ISLAND in English 26 Jun 82 p 1]

CSO: 4220/225

LEFTIST PARTIES SAID TO FACE UNCERTAIN FUTURE

Bangkok SIAM MAI in Thai 12 Jun 82 pp 18, 19

[Article: "Will the Socialists In Thailand Unite Or Split Apart?"]

[Text] It is fairly certain that the 1982 revised draft constitution of Thailand will be presented to parliament in the next few days. If things proceed as expected, the form of Thailand's political party system and Thailand's parliament will definitely change. This is because Article 95 of this revised constitution states that "in a general election, those political parties whose members have the right to run for election must be political parties that have fielded candidates numbering at least one-half the total number of MPs to be elected." And the election law that will be in effect during the 1983 election stipulates that MPs must be elected as a party.

Thailand's political parties that are social democrat parties, of which there are very few at present, will probably not be able to continue barely struggling along like they have been. All groups are interested in what these parties will do in order to find a way out so that they can struggle in a parliamentary way. Can the Social Democrat Party, the New Force Party, the Revolutionary Party and others unite in order to mobilize forces to fight in parliament or is this just a fading dream?

Concerning the build up of the Socialist Party of Thailand, the New Force Party and the Socialist Front Party, after the events of 14 October 1973, amidst the high tide of the democratic forces, these political parties found themselves in a strong position. But after 6 October 1976, a large element of the Socialist Party of Thailand fled into the jungle. Those who were left joined the Socialist Front Party and it became the Social Democrat Party. But the New Force Party and the Social Democrat Party, which have continued on the path of parliamentary politics, have fallen into a dismal situation, just as the democratic forces have gotten weaker and weaker.

Is There Unity or Diversity?

"I am very much in favor of uniting," said Mr Khlaeo Narapadi, the secretary-general of the Social Democrat Party, emphatically to SIAM MAI. He said that he favors this because, in the 1983 election, the various restrictive factors

will force the small political parties, including these leftist parties, to encounter problems on several fronts, including problems concerning money and people. "The small parties should unite in order to have broad forces. If we are not really secure, things will be difficult. As for the Social Democrat Party, we are ready. This is being discussed. At present, two parties may join the Social Democrat Party. But this does not include the New Force Party. It has already refused," said Mr Khlaeo.

A former MP has confirmed that an attempt has been made to compel three political parties, that is, the Social Democrat Party, the New Force Party and the Revolutionary Party of Mr Uthai Phimchaichon, to join together to form a single large party in order to serve as the representative of the democratic forces in parliament. This effort has been made by the members and young people in these parties. At present, the Revolutionary Party absolutely refuses. After discussing things, the New Force Party too refused to join with the Social Democrat Party. It is thought that this was because the New Force Party had differences with them concerning the policies for carrying out things and that it did not feel that it would gain anything by joining.

Mr Somwang Sichai, the leader of the New Force Party, told SIAM MAI that "this matter has been discussed by some members. But it must first be asked whether [this party] will really be large if we join together. Our party has concluded that we will not join with any other party since this would amount to dissolving the party. Regardless of what happens, we must hold to our principles. We believe that the ideals and principles of our party are correct. If we join together with some other party, even if the various differences are not too great, there must be a mutual adjustment of the policies and the name of the party must be changed. We do not want to do this."

Similarly, Mr Suthep Wongkamhaeng, an MP who belongs to the New Force Party, said that "this would be difficult. We have always fought honestly in a parliamentary way. We do not have any history of wrongdoing. We have never taken up arms to fight in the jungle. We are different from them. They are much more violent."

Mr Bunruong Thawonsawat, an MP who belongs to the New Force Party, stated that "our present problem is not members but money. The Social Democrat Party has financial problems too. If we join together, things will just be even worse."

However, Mr Somwang added that another reason is that there should be many forms. There should not be a single target that can be destroyed easily.

The SPT, From the Jungles to the Cities

The Socialist Party of Thailand (SPT) is another political party that is being watched to see what role it will play since some of the members, including the party leader, Colonel somkhit Sisangkhom, who became the leader of the Social Democrat Party, [have become party leaders]. The idea that those members of the SPT who have returned to the cities will join these political parties can be forgotten since all of the parties, and even they themselves, realize that

this would further tarnish the image [of the parties]. Mr Chamni Sakset, who is thought to play an important role in this part of the SPT, told SIAM MAI that, in this period, we will not be able to join together to form a party. But concerning having a political role, for the SPT, this group will definitely play a role in the future. What kind of role is now being discussed.

A Decline Amidst a Low Tide

It can be said that the fact that the political parties in the social democrat camp are presently shrinking cannot be separated from the political situation in which the tide of the democratic forces is ebbing. Thus, it is urgent that an effort be made to create a democratic base among the people and that an effort be made to join together with the democratic forces in the various spheres in order to exert pressure on the democratic tide and raise the banner of democracy.

At the same time, concerning the immediate problems, the differences between the parties is interesting. Conclusions should be arrived at quickly otherwise the parties will continue to become weaker and weaker.

11943

CSO: 4207/113

IRAQ STOPS ISSUING VISAS TO 'GUARDS,' DEBATE ON MERCENARIES CONTINUES

Bangkok SU ANAKHOT in Thai 6-12 Jun 82 pp 8-12

[Article: "Exposing the Thai Mercenaries Movement"]

[Text] In a third-world society such as Thailand today, a period that the government has called an "era of brightness," a large number of Thai youths are experiencing great difficulties in earning a living. They are selling their labor in exchange for money with which they can purchase a little food so they can live to the next day and shoulder the heavy burdens of the next day.

Because of such a social situation, the young men, who are the important laborers in Thai society, have had to struggle to find a way to improve their lives. Many Thai laborers have struggled by borrowing from acquaintances. Sometimes they have had to mortgage their land and lost possessions to strangers in order to pay the fees to the employment agencies and to buy an airplane ticket to try their luck at finding work in Arab countries.

This golden age of young Thai adventurers began 4-5 years ago. The hundreds of thousands of Thai laborers in Arab countries, including Saudi Arabia, Kuwait, Libya and Iraq, earn a high monthly salary from selling their labor. These Thai laborers each earn an average income of 10,000 to 20,000 baht per month, and this does not include overtime, which amounts to approximately 5,000 to 6,000 baht per month.

But the golden age of Thai laborers in these countries has passed quickly. In just the last 2 years, the need for Thai laborers in the Arab countries has dropped and Thai workers are finding it increasingly difficult to find jobs in these countries.

Besides this, the once high labor wage rates have dropped rapidly. While laborers used to earn over 10,000 baht a month, they now earn only 6,000-7,000 baht a month and there is no longer any overtime pay.

Working As a Mercenary, the New Hope of Thai Laborers

Ever since the situation for Thai laborers in Arab countries became dismal, fewer and fewer Thai laborers have been hired to go work there. But at the same time, the fees of the employment agencies have more than doubled. Because of

this, some Thai laborers working in Arab countries have begun to return home and this has further disheartened those Thai laborers who had hoped to go find work in the Arab countries.

But all of a sudden, in the past 2-3 months, the Thai labor situation, which has been in a very dismal state for a full year, has begun to look brighter because of the work application leaflets for workers who want to go work as "guards," or "security officials in Iraq."

These applications for Thai guards began to be circulated for the first time in military camps, including regiments in Bangkok Municipality and in Lopburi, Prachinburi, Nakhon Sithammarat, Nakhon Ratchasima, Chiang Mai and Songkhla provinces, which is where Thai regional forces are based. Besides this, these leaflets have been disseminated widely elsewhere so that they reach demobilized soldiers as well. This means that the leaflets are aimed directly at Thai youths who have been in the military.

The way that the leaflets are distributed is for people to distribute these applications among their small circle of friends. No office to accept applications in an organized way has been opened like employment agencies in general.

The people who distribute the leaflets are the ones who accept the work applications. They leave applications with those who are interested in applying to work as Thai guards in Iraq. These people who give them the leaflets are the ones who contact the applicants once again so that the applicants can get passports and visas after their qualifications have been reviewed and they have been found to have the stipulated combat qualifications.

Everything starts with those who distribute the applications and the applications are accepted by these same people, with everything done "secretely." The applicant himself does not know which company he has applied for work with or whether this is the same employment agency that he applied for work with in the past.

Qualifications For Being a Mercenary

As for the qualifications that are mentioned in the applications that have been distributed, regardless of who has distributed them, the standards are all similar. The applicant must have the following qualifications: He must be a Thai male who has had military service. He must be between 26 and 36 years old. And he must not be a person who gets "homesick." The period of service is 1 year (each contract runs for 1 year).

An important factor about applicants that is considered first is that the applicant must have been in a "war," either in Laos or Vietnam.

As for wage rates for those who will travel to work as security officials, minimum incomes have been stipulated as follows: Those who have been selected and who will be sent to work as security officials will be paid at least

10,000 baht a month. This rate is for people who once served in the military with the rank of private.

Monthly wages are higher for applicants who were once sergeants or platoon leaders. Their monthly salaries will be 15,000 baht a month and they will receive a bonus of 150,000 baht. Those who were once company commanders will be paid 30,000 baht a month and they will receive a bonus of 300,000 baht.

In addition to these salaries and bonuses, the Iraqi government will also provide free round-trip airplane tickets, room and board and medicines.

These applications also state clearly that if a person is injured or wounded in the line of duty, the Iraqi government will provide treatment until he is well. In cases in which the person is disabled, the Iraqi government will provide artificial limbs free.

In cases in which a person is killed, the Iraqi government will make arrangements to return the body to Thailand and his relatives will receive 100,000 baht in compensation.

As for the payment of the salaries, the contract clearly states that officials who will go to work in Iraq will receive an advance payment equal to 10 times their monthly salary. This will be deposited in a commercial bank in Thailand. They will be able to withdraw this money after they have worked in Iraq for 3 months.

As for the payment of the monthly salaries, the Iraqi government will pay the salaries to the Thai officials by depositing 70 percent of the monthly salary in a commercial bank in Thailand. The other 30 percent will be paid to the officials in Iraq.

Besides this, the details of the contract clearly state that this contract has been made between the [Thai] officials and Iraqi commercial officials. The first 500 to 800 [Thai] officials to be selected will leave for work in Iraq in June.

Thai Guards Or Mercenaries?

After these leaflets had been circulating in and outside the military camps for at least 1-2 months, stories began to appear in the newspapers to the effect that these security officials were really mercenaries who had been hired to fight in Iraq since at present Iraq is at war with its neighbor Iran.

When these stories began to appear, Mr Wichit Saengthong, the director-general of the Labor Department, initially admitted that some Thais were involved in this and that they had been requested, through the newspapers, to stop engaging in such activities since this will definitely have an effect on international relations.

At the same time, Master Sergeant Songtham Panyadi, an MP from Chiang Rai, revealed that the Ithiphon and Friends Company, which has an office in Chiang Rai Province, has engaged in activities that show that it is really sending Thais to work as mercenaries in Iraq. He has called on the government to give attention to this problem since such activities may have an effect on international relations.

It seems that the stories about mercenaries will die down. Seri Pramot, a company consultant and the son of former prime minister Seni Pramot, strongly denied that company workers who have been sent to Iraq to serve as Thai guards are working as mercenaries.

"The reason why only former soldiers have been accepted is that Iraq is now at war and it needs Thais who have the ability to protect themselves in a war," he stated.

Mercenaries, Fact Or Fancy?

At present, everyone is confused about the matter of people being sent to serve as security officials in Iraq. People are not sure whether they have been sent to serve as security officials or to serve as mercenaries.

An internal news source who accepts applications from demobilized soldiers to serve as security officials talked with SU ANAKHOT about the details behind this. He said that "actually, past applicants have been accepted for one of two assignments. People really have been hired to serve as security officials to guard oil storage depots, oil wells and airfields in Iraq.

"But others have been accepted to serve as mercenaries and fight in the war between Iraq and Iran. But when the newspapers print these stories, they have not distinguished between the two cases. This has distorted the truth somewhat," said this news source to SU ANAKHOT.

A reliable report states that, around the end of last year, a royal heir to the throne in the present Iraqi cabinet (defense) paid a quiet visit to Thailand by posing as an ordinary tourist who was just passing through Thailand.

But the truth behind this visit by this heir to the throne in the Iraqi cabinet is that he wanted to come and meet an "old friend" with whom he had been friends while a student in the United States. This Thai friend is about his age, that is, about 40.

The purpose of this trip was to have his "old Thai friend" find Thais to go work as security officials in Iraq. It was agreed that the first group of Thais to be sent in June to work as guards would number approximately 500 to 800 men.

Both sides met together and reached a firm agreement at the end of last year. Thus, the movement to find men began in earnest at the beginning of this year. This quota was allotted to various colonels who are close associates of this general.

The aim in finding Thai workers to serve as security officials is to procure "Thai guards" to maintain security at the oil storage depots, oil refineries and airfields. This is because Iraq encountered a great shortage of security units after the Iraq-Iran war broke out.

The wages that the security officials will receive will be in accord with those stipulated in the contract.

"But after the newspapers printed stories concerning sending mercenaries to Iraq, my boss called me in and told me that everyone should cease operations for a period. At present, we are not accepting applications from anyone. Everything has stopped," said this same news source.

The Mercenaries and the CIA, Their Old Employer

"As for the mercenaries, that is a separate affair from the movement to procure Thai guards. Those hired to work as mercenaries receive higher salaries. They make approximately 25,000 baht a month, and if they are killed in battle, their families will be paid another 500,000 baht in compensation," said a military news source to SU ANAKHOT.

Another news source confirmed that, at present, it is true that at least 4,000 Thai soldiers have gone to fight in the Iraq-Iran war. These Thais do not hold Thai citizenship. They go as citizens of Kampuchea or Laos in order to keep this from having an effect on international relations.

"This movement to send Thai soldiers to fight in this Arab country is an affair of the CIA, a secret agency of the United States. It wants to procure approximately 20,000 mercenaries for Iraq with the hope of toppling the Khomeini regime," said this military news source concerning this ruse in sending mercenaries to Iraq.

As for sending mercenaries who have been accepted, things are done just as they were when mercenaries were sent to fight in Laos 10 years ago. The citizenship of these mercenaries is changed and they are sent to secret locations for combat training.

"From what I have heard, the mercenaries that will be sent to fight in Iraq will receive combat training at a base in one of the Asean countries that is particularly close to the United States (the Philippines). They will train for 1 to 2 months. The training camp for mercenaries in Europe is in Norway," said this news source.

"From what I have heard, the government of Iran once protested to the government of the Philippines about this matter of allowing bases in the country to be used to train people to fight in Iraq. But the matter died down. The Philippines did not respond to this news or say how much truth there was to it," added this military news source.

Reaction of the Iraqi Embassy

At a time when everything is uncertain and [people] are waiting for proof concerning the truth of what has been said or evidence that confirms or refutes the reports of mercenaries going to fight in the Iraq-Iran war, the thing that has happened now is that the Iraqi embassy, which has constantly feigned indifference, has now reacted by immediately ceasing to issue visas, for a temporary period, to temporary Thai workers. This includes work visas for construction workers and security workers. This action was taken, without any reasons being given, after the stories about mercenaries appeared in the newspapers.

Even though the issuance of visas to Thai workers going to work in Iraq has been temporarily halted, the Iraqi embassy still has a policy of "allowing things to proceed quietly." It refuses to either confirm or deny the truth of the reports. At present, officials of the Department of Labor, Ministry of Interior, have begun to have "second thoughts" about these reports and to show greater concern about this even though at first it was believed that this could not possibly be true.

Mercenaries and Benefits and Losses

It can definitely be stated that, if there are in fact mercenaries as the officer told SU ANAKHOT, the present group of mercenaries is receiving much better pay than 10 years ago when Thais served as mercenaries in Laos.

Ten years ago, the mercenaries employed by the CIA, their old boss, were paid only \$102, or 2,040 baht, a month. But at present, the mercenaries in Iraq are receiving a minimum of 25,000 baht a month. This is a great inducement for poor people who cannot easily find work in Thai society today to go work as mercenaries in this Arab country.

But the fact that Thai fighters are being paid great sums of money gambles the nation's reputation on the international political stage that we are standing on these days.

11943

CSO: 4207/114

'YOUNG TURK' OFFICERS PURSUING OTHER CAREERS

Bangkok SIAM MAI in Thai 26 Jun 82 pp 19-21

[Article: "What Are the Young Turks and Athit Thinking About Doing?"]

[Text] Even though it has now been over 1 year, it appears that the effects of the conflict between the generals, such as General Athit Kamlangek, and the young turks, a conflict that broke out on 1 April 1981, are still as severe as ever. Even though the warrant for the arrest of a young turk on charges concerning the bombing of General Athit's house has now been withdrawn and a warrant has been issued only on charges of possession of stolen property, the web of past events and future trends make this a matter worth watching.

Since the events of 1 April, the old ideological ties and friendships have remained intact. These young soldiers, who are today in the position of rebels and who have had to resign from government service, still confer with each other regularly on both professional and political matters.

And it is probably the fact that they form such a tight-knit group that has caused the General Athit faction to fear that the young turks will try to carry on some movement in order to restore the position of their group by relying on their friends who are still in the army. Thus, the young turks have constantly been watched closely. It was probably for similar reasons that, when two bombs were set off at the end of last October, the homes of some of the leaders of the young turks were searched. Similarly, the warrant for the arrest of Captain Chakraphong on charges of being involved in setting off the bomb in front of General Athit's house was probably issued for similar reasons.

Before news about these warrants began to appear in the press, such rumors began to circulate in military circles. The young turks have said that they knew about this before the newspapers began printing the stories. But they felt that the real purpose in releasing such stories was to destroy their image or threaten them. Thus, they maintained an attitude of indifference. But they also made preparations to flee and when these stories appeared in the press, Captain Chakraphong immediately went into hiding.

Officers in the young turk group have said that the stories that began to appear in the beginning said that a warrant for the arrest of Captain Chakraphong would be issued on charges that he was involved in the 5 May bombing in front of the home of General Athit. The stories said that he had been implicated because the license number of the car that was blown up was the same as that of Captain Chakraphong's old car that was seized at the New Imperial Hotel last March on charges that he had received stolen property, since this was a stolen car.

These young turks also said that Captain Chakraphong used to have a white Toyota liftback but about 7-8 months ago it was stolen by two hoodlums under suspicious circumstances. This took place in the Fangthon area. He reported this to the Bang Phlad Police Station. After that, Captain Chakraphong went to buy a new car and purchased a stolen vehicle, for which he was ordered arrested. There were stories that the license number of this vehicle was the same as that of the vehicle that was blown up in front of General Athit's house.

However, when the newspapers began to print these stories, the police and the Department of Public Prosecution confirmed that a warrant for the arrest of Captain Chakraphong had been issued only on the charge of purchasing stolen property.

As for the present condition of the young turks, as has been mentioned, the young turks are still bound together closely. They meet together frequently at the Raminthra Shell Station. A small building has now been built in that area to serve as the office of Colonel Prachak Sawangchit. It is here that these men meet almost every day. "But the meetings are held at a special place on a formal basis once a month. Everyone comes and on these days the talk centers on the situation in the country. Manun is the person who plays the main role in summarizing the situation."

As for their present occupations, they are engaged in various occupations. For example, Colonel Prachak Sawangchit is engaged in the "Sawangchit" rice trade and in oil trading activities. He has been given help by Mr Aram Krabuanrat, the president of the Oil Dealers Association. Mr Aram has provided much help to the young turks ever since the events of 1 April, including providing help with rice from his mills and help with oil and providing the present space that is being used as an office. And recently, Colonel Prachak has expanded his activities and become involved in the ore trade. He is also making preparations to sell used automobiles. Space at the Shell station will be used. The person who will be directly responsible for the car business will be Lieutenant Colonel Bunyang Bucha. This man is now operating a small automobile repair shop at his home and his wife runs a beauty shop.

Colonel Phanlop Pinmani, Colonel Wirayut Inwasa and Colonel Sombat Rotphothithong have pooled their money and invested in growing corn in Kanchanaburi and Saraburi. They have a total of about 1,000 rai. Besides this, Colonel Sombat is also involved with the Bangrak Condominium.

Colonel Sakhon Sitwiraya has a rubber plantation in Trat Province. Lieutenant Colonel Phaithun Nakrat is the manager at the Samut Prakan Transport Company. Lieutenant Colonel Suraphon Chinachit and Colonel Chuphong Mathawaphan are engaged in family business activities. Colonel Adunyadet Chakraphan has opened an antique shop, the "Bencharong" shop, on Sukhumwit Road.

Colonel Prap Chotiksathien has invested with friends in publishing the newspaper THAILAND TIME. He is presently serving as the chairman of the company. Colonel Pridi Ramsut is working in the trust business.

Lieutenant Colonel Sanchai Buntharisawat, a man who has written under the name "A Young Soldier," is preparing to go study for a Ph.D. in Singapore. Lieutenant Colonel Ronchai Sisuwonnan recently moved to Chumphon Province in order to become the general manager of a large hotel owned by General Chamnan Nilawiset.

Colonel Buan Ngamkasem is still working on his degree at Kesetsat University, just as is Colonel Manun Rupkhachon, who will soon graduate. Colonel Buan, Colonel Manun and Colonel Wirayut are the only three members of the group who are still serving as senators.

However, several of the other members of this group, such as Colonel Nansak Khumphairi and Colonel Chanbun Phentrakun, have dropped out of sight. Concerning these men, one newspaper recently printed a story saying that these men had been contacted by a Taiwanese political group and invited to travel to Taiwan as special guests. One member of the young turk group has stated that Colonel Chanbun has been pressured by his family, especially his father-in-law, Police General Prasoet Ruchirawong, to stay out of politics. He has been sent to study in the United States and so he is gradually becoming separated from the group.

However, concerning the fact that the group meets at the Raminthra Shell station, it seems that this has been watched by one high-ranking military officer who lives nearby since detailed reports of young turk movements, especially at the Raminthra station, are still being sent regularly to high-ranking officers.

One young turk officer said that his group is still being threatened regularly. He is sure that his group will be blamed for the explosion that occurred in front of General Athit's house. As a reason, he said that some officers or high-ranking people are really trying to bring up the matter of reinstating his group. However, as for returning to government service, the young turks have affirmed that if they must return without honor, they will not return. The important thing is that if people such as General Athit Kamlanget remain in power in the army, it would be better if the young turks continue to engage in business activities as at present.

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EDITORIAL REAFFIRMS NEED FOR THAI NEUTRALITY

Bangkok SU ANAKHOT in Thai 13-19 Jun 82 p 3

[Editorial: "The Lesson From the Middle East"]

[Text] The United Nations is a paper tiger that does not have any solutions. The people of the world have known this for a long time. The many examples that have been witnessed since the end of the Second World War prove the truth of this.

When a crisis arises somewhere, the countries concerned look to their own interests and do not follow the resolutions of the United Nations. What is more, whether the resolutions of the United Nations have any effect or not depends on the great powers.

Examples of this in 1982 are the invasion of the Falkland Islands by Argentina and the invasion of Lebanon by Israel. In both cases, the U.N. resolutions calling on both countries to withdraw their forces from these places were ineffective. And looking back 4 years ago, an example very close to our country was the invasion of Kampuchea by Vietnam, which it has occupied until today. Vietnam has not abided by the U.N. resolution.

Citing the latest example, Israel claims that it has both the legal and moral right to destroy the bases of the Palestine Liberation Organization (PLO), which Israel believes is just a terrorist group based in Lebanon.

"It is not Israel's task to consider whether Lebanon is waging war on or carrying on terrorist activities against Israel or whether it is just tolerating or not doing anything about the actions of the terrorists. In short, Lebanon must bear responsibility for the things that happen; it does not have the right to make any appeals if Israel takes action to defend itself. Because of this, Israel has both the legal and moral right to destroy these bases if the officials of Lebanon do not have the power to put a stop to the activities of the terrorists in their country...."

This was an official statement by Israel that disregarded the Security Council's resolution calling on Israel to withdraw its forces from Lebanon quickly and to cease operations immediately and unconditionally.

The country with the greatest role in this is the United States. The United States acted as if it was the moral guardian of the world in the cases of Vietnam's invasion of Kampuchea and Argentina's invasion of the Falkland Islands. But in the case of Israel, the United States has sat by idly. It did not veto (using its right to abstain) Spain's proposal, which was submitted to the U.N. Security Council, calling for Israel to be condemned.

The lesson from international politics at present is that, as for Thailand, the United States is indeed a friend. But it cannot be trusted absolutely. Argentina and the Latin American countries have been taught a lesson by the Falkland Islands case. And Israel's invasion of Lebanon shows that the United States is not the moral guardian of the world. Rather, it looks after its own interests.

Another thing is that the claim that Israel used in order to invade Lebanon seems to be very pertinent to the situation in Indochina. If Vietnam uses a claim similar to that used by Israel, it is entirely possible that Vietnam could claim that Thailand is supporting the opposition Khmer groups and then invade Thailand.

The lessons from the Middle East are good reminders for the government that "remaining neutral" and "standing on ones own legs" is the best foreign policy in this period, a period in which no standard that can serve as a universal principle can be found, except for "self-preservation."

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CSO: 4207/114

AIR FORCE CHIEF OF STAFF INTERVIEWED ON AIRCRAFT PROCUREMENT

Bangkok SU ANAKHOT in Thai 6-12 Jun 82 pp 28-30

[Interview with Air Chief Marshal Arun Phromthep, the Chief of Staff of the Air Force: "It Stems From the 'Nomad'"; interview conducted at the home of Air Chief Marshal Arun on 25 May 1982]

[Text] After he graduated from the Chulachomklao Royal Military Academy during the time that it was still known as the Technical Academy, Air Chief Marshal Arun Phromthep, the air force chief of staff who is 55 years old, went on to study aircraft engineering. At the time he graduated, the air force needed pilots. He applied and has been in the air force ever since. As for the positions that he has held, he advanced from the position of deputy director of the Directorate of Operations to the position of deputy chief of staff of the Tactical Air Command (a position he left several years ago). He then became the director of the Directorate of Operations. After that, he served as the assistant chief of staff for operations and as deputy chief of staff before advancing to his present position as chief of staff. At the end of last year, the air force decided to purchase 20 Australian "Nomad" aircraft, a small transport aircraft, for 766.6 million baht. During that period, several newspapers harshly attacked this as being improper. The air force finally had to send representatives, including Chief of Staff Arun, the chairman of the aircraft procurement committee, to explain the matter on television. However, the BANGKOK POST recently published a story concerning the announcement that the plants that produce the Nomad aircraft will cease production. Thus, the air force is being criticized once again. SU ANAKHOT interviewed the air force chief of staff at his home on the evening of 25 May.

[Question] Concerning the reports that Australia will stop producing the Nomad aircraft within the next 2 years, has the Hawker Pacific Company informed the Thai air force of this and what effect will this have on Thailand?

[Answer] Their company has not informed us of this. In fact, the Hawker Pacific Company is not the builder but the distributor. The company that builds this aircraft is the Government Aircraft Factory (GAF), a state enterprise of the Australian government.

As for their ceasing production, this will not have any effect on our air force. In a democratic country, they will always announce what the government is planning to do and what the plans of the state enterprises are. The minister for transport or for commerce who supervises this state enterprise has announced that they will cease production at the end of 1984. The final shipment of such aircraft to us will be completed in 1984. They have given two reasons for this. First, because the world economy is in a recession, orders for these aircraft have declined. But at the same time, the workers are demanding higher wages and so the aircraft are more expensive. They have thus had to cease regular production. They produce aircraft in accord with the number ordered. Competition is great and even sales of Boeing aircraft, which are said to sell very well, are down at present. This is because many airline companies are going bankrupt. Time periods for delivering aircraft have been extended. They have had to cut back production and personnel. This has happened at all the aircraft companies.

Another reason is that the Australian government has agreed to purchase F18 fighter aircraft. In purchasing such large aircraft, the developed countries do not purchase finished aircraft but do some of the work in the country. Thus, the GAF is responsible for producing some of the parts for the F18. Thus, it must close the production lines that are not showing a profit. Such closings are normal in aircraft construction. No one is overly excited about this. They do this all the time. For example, France and Germany, which produce the "Transon" aircraft, joined together about 10 years ago. After they had produced enough to supply the two countries, no one else ordered any and so they ceased production after 10 years. But 2 or 3 days ago, the French government needed another 25 "Transon" aircraft and so they started production again.

Or there is the example of the American C5, production of which ceased 10 years ago. The U.S. government needed more C5s. The Lockheed Company began producing them again and when the orders had been filled, they ceased production again. Whenever someone orders aircraft, they reopen production. I am talking about entire aircraft.

[Question] But won't there be problems concerning spare parts when we have to replace things?

[Answer] Concerning the matter of spare parts, we are presently using several types of aircraft that are no longer being produced. For example, production of the C47 ceased almost 40 years ago. C123s have not been produced for more than 30 years. Even the F5A and F5B, which we are using now, have been out of production for more than 10 years. But this does not mean that these companies will cease producing parts; this is a different matter. Aircraft production is not carried out by a single company. The company that produces an aircraft

produces only the fuselage, wings and tail, that is, construction that uses various metals. The engines, instruments, electrical equipment, communications equipment and radio equipment are all purchased elsewhere and then assembled. These are called vender items.

When we talk about parts, if it is a part for the fuselage, we can look for a company that produces this type of part. If it is an engine part, we can look for a company that produces engines. For example, at least 5,000-6,000 "Arisan" engines that are used in the Nomad aircraft have been produced and they are still being produced since there are still many helicopters that use this type of engine. It is the same for the various instruments and radio equipment. As for fuselages, when a plant ceases production, there will not be any parts. I must again talk about aircraft construction. There are two parts. First, small parts are produced in sheets and then joined to form larger pieces. These usually last a long time. If they break, they can be repaired. For example, if an aircraft is shot at and hit, the holes can be patched. But if the fuselage is twisted, the entire body must be sold. The wings and tail are removed and stored and used as spare parts for other aircraft. This is how the body is used.

When they say that they are ceasing production, what they mean is that they are no longer producing the complete aircraft. But they will continue to produce and sell small parts needed by buyers and keep them in stock at the warehouses. Whenever someone needs parts, they will sell them immediately. Or if a large quantity is involved, they may produce them as a special order. A group of four to five workers can be formed at any time to produce a complete aircraft. Thus, there is no problem concerning parts.

[Question] Would you please discuss once again why the air force decided to purchase the Nomad aircraft since some feel that this is an outmoded aircraft that many countries have stopped using?

[Answer] We must look at two things. Technology is moving very fast. Concerning fighter aircraft, whenever an aircraft is produced and put into service, it is already outmoded. This is a fact that is known in aircraft circles. The reason is that technology is making progress every day. This is especially true for fighter aircraft. For example, at present, the F16 is said to be the best. But the General Dynamics Company, which produces the F16, has an improved version of the F16 on the drawingboards. And the engineers are already working on a new project. Similarly, our F5As and Bs and F5Es and Fs are now outmoded. The F5G will soon be put into service.

But a transport aircraft does not become outmoded so quickly. Only the internal equipment has been modernized. You don't see anything on the outside changed. Take the C130s, for example. Since the start of the Vietnam war more than 10 years ago, nothing has been changed, but it is not outmoded. Internally, they have changed the engines and communications equipment. It is the same for the Nomad. The Nomad of 10 years ago and that of today are different internally but the outside construction is the same.

From the standpoint of the tasks to be carried out, it is not outmoded. We bought the F5E and F5F to fight Vietnam's Mig 21, which is still in use. Thus, our F5Es are not outmoded. We bought the Nomads to use them like a "Pleesemaker" (the nickname for a type of multipurpose cargo aircraft), which are no longer in production. From this standpoint, nothing is outmoded. The communications and flight equipment is all new. The Nomad can take off and land in a short space. We have modified the aircraft by mounting guns on it and we use it in communist suppression activities when the terrorists clash with soldiers. Since production has stopped, if we order only a couple of aircraft, who would build them for us? We have to order 20-30. We asked how much they would charge if we ordered 20 aircraft (Pleesemakers). They wanted \$2 million per aircraft. Since we can buy a Nomad for approximately \$1 million, why should we buy the other aircraft since the Nomad has greater capabilities?

[Question] What is the present situation like concerning our territorial airspace along the eastern border? Since the Andonoff affair, has there been any sign that the enemy will invade again?

[Answer] No. there has not been any sign of this. There was no sign of this when the Andonoff crossed over. Everything was normal. But we picked them up on radar when they were still a long way off. We waited to see how far they would go. When we saw that they were not going to change course, we sent fighter aircraft to intercept them. The air force has said from the very beginning that their aircraft was not lost. How could anyone say they were lost? If they had been lost, they would not have flown a straight course. AT the very least, the aircraft would have had to turn to the left and right in order to look for important geographical features to determine where they were. But this aircraft flew a straight course.

[Question] How likely do you think it is that there will be a war between us and Vietnam?

[Answer] This could happen but it is not very likely. It is more likely that there will be border clashes between military units and they will cross over in pursuit. But if they cross over, we will fire on them. We have even fired on some Khmer groups who have been transporting goods. Several times, we have engaged in clashes without knowing who the other group was. But these have not been Thai groups. If they are carrying weapons, we have to fire on them. If the Kampucheans want to cross over to request help, they must first lay down their weapons.

[Question] We have built an air defense system and held drills several times. How much protection will this system provide if a war really breaks out?

[Answer] Enough. But not full protection. The air forces are not strong enough to keep all the enemy out. There is no net to block them if they really throw in

their forces. They would get through. Take the Falklands, for example. England had a strong defense system. But when Argentina threw in large forces, they were able to get through and England suffered losses. I think a civilian defense system is necessary. The people must be encouraged to take responsibility. This will help reduce losses.

The people can provide important help by reducing the danger of disasters. Air defense includes both direct defense (active defense), in which it is the duty of the air force or other service branches to use AAA to intercept the enemy, and indirect defense (passive defense), which concerns the construction of shelters and the preparation of various civilian defense items. This requires a very large number of people. Thus, the supreme commander has stressed that the soldiers and civilians must work together.

[Question] What plans does the air force have for improving the capabilities of the combat forces this year and in the following years?

[Answer] We have such plans but I cannot discuss them. Our aim is to develop our national defense [capabilities]. Both radar and modern fighter aircraft are mentioned in the development plan. But to date, the government has not been able to provide money for these things. We are not able to make any large purchases but have carried out only small projects. Since we have been allotted a budget of 20 billion baht, we cannot purchase any large aircraft since there is not enough money. With the money that we receive every year, we have been able only to maintain the present combat readiness of these forces. We are wondering when the government will allot us a large sum so that we can make a large purchase.

[Question] How far along is the project to build an aircraft production plant in Thailand?

[Answer] We are making preparations. I may be criticized about this matter too. We are discussing matters. This will probably have to be done using co-production. We must purchase patent rights from them and buy some of the parts from them. We will produce what we can and increase things continually. But don't ask me to tell you what company we are negotiating with. Many people are trying to find out, especially the brokers. We are conducting the negotiations without using brokers. I think you will probably have to come interview me again in another 2-3 months. Several hundred million baht will be spent on this project, but over many years. No bids will be submitted. We must select an aircraft that we are satisfied with and that suits our tasks.

[Question] Concerning the Falklands engagement, which is still going on, has the Thai air force learned anything from this?

[Answer] Oh! This is really interesting. One thing of interest has been the use of rockets. Even though modern weapons were used, when a mass attack was launched, with attacks launched from all sides, the targets were reached. And the air weapons were powerful. They easily destroyed warships. Even those

[warships] armed with Seacat and Seawolf [missiles] (which can shoot down aircraft and missiles) could not prevent [the aircraft] from getting through. They came from all directions. While one was engaged, another came in and scored a hit. They did not have enough. If a full scale attack had been launched, they would not have had enough. England thus withdrew its two aircraft carriers outside the radius of fire because it did not dare risk losing them. Argentina still has tens of Skyhawk aircraft left.

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THAILAND

JAPAN ASSAILED OVER TRADE DEFICIT

Bangkok SIAM MAI in Thai 12 Jun 82 pp 39-41

[Article by Setthasamphan: "The Thai-Japanese Trade Balance, A Dark Future"]

[Text] It can be said that Japan is Thailand's most important trade partner. The value of trade (including both imports and exports) is 73,934 million baht, or 8.69 percent of Thailand's total foreign trade. Considering Thailand's balance of trade deficit with Japan, it appears that, in 1981, Thailand's trade deficit with Japan reached 30,406 million baht, or 22.86 percent of Thailand's total foreign trade deficit.

Thus, it can be seen that finding a way to solve the Thai-Japanese trade problem will help solve Thailand's international balance of trade deficit in general.

Concerning the attempt to rectify the trade imbalance between Thailand and Japan, it can be said that people have been trying to do this for almost 20 years, both at the private and at the governmental levels. The Thai side has resolutely attempted to negotiate trade targets in order to reduce the deficit.

It must be admitted that, up to now, the negotiations to set targets for exporting Thai goods to Japan have failed completely. The sale of goods between the two countries has not been conducted in accord with the gentleman's agreement that was made. In the years when sales have exceeded the targets, the reason was that Japan greatly needed Thai goods. This was because there was a world-wide shortage or because it was not convenient for Japan to purchase the goods from other sources.

As for Thai exports, sometimes it has not been possible to export goods in accord with the targets agreed on for two reasons. First, there have been droughts and the yields have not been large enough to support exports. Second, other markets have offered higher prices for Thai goods than Japan and so the Thai exporters have had to refuse the Japanese offers in accord with general trading principles.

In short, past trade agreements between Thailand and Japan have not been beneficial. In fact, the figures show that the deficit with Japan will continue to increase.

Thai-Japanese Trade Targets Are Not Normal Targets

On 24 May, trade experts from both countries held discussions to review the targets for exporting Thai goods to Japan during the first 2 months of 1982. The trade figures show that, for 14 major items such as para rubber, sugar and corn, Japan has made purchases in excess of the targets. Concerning the figures for the value of exports, during the first 2 months, the value of Japanese purchases totaled 3,484.5 million baht, as compared with the target of 15,619.0 baht.

But if particular items are considered, it appears that some items have not been ordered at all or only small quantities have been ordered. One example is sugar. During the first 2 months, Japan did not purchase any at all. But an encouraging piece of news is that, after February, Japan ordered 250,000 to 270,000 tons for shipment between March and June.

As for shredded squid, very little has been ordered. The value of the orders is only several tens of thousands of baht. Besides this, orders for other types of marine products are far below the targets. Such items will certainly not be delivered in accord with the targets and the fishermen will certainly experience difficulties.

A point worth noting is that Japan imports large quantities of marine products from Spain each year, even though the cost of transporting goods from Spain to Japan is higher than transporting goods from Thailand. Thus, they certainly have an advantage concerning the quality of the goods, which makes Japan more interested in importing marine products from Spain than in importing products from Thailand, which is closer to Japan.

Concerning this, the Fishing Association should conduct a study of the Japanese market to clarify what the preferences of the consumers are. This would help solve the problems with these types of goods in the future.

As for corn, Japan has informed the Foreign Trade Department that it would like to purchase an additional amount in excess of the amount agreed on. But it is expected that there will not be any sale since the Thai exporters will probably not agree to sell at the price Japan wants.

As for cassava flour, Thailand has been trying for several years to penetrate the Japanese market. But this is very difficult because Japan's agricultural protection measures make it necessary for Japan to limit the import of this item.

Besides this, there are another 25 new items of various sorts but, for 19 of the items, no orders have been placed or only small quantities have been purchased. Total sales for these goods is far off the targeted figure. That is, sales for the first 2 months totaled only 217.7 million baht as compared with the target of 2,565 million baht, which is only 8.5 percent of the sales target.

In summary, in 1982, the trade targets with Japan will probably depend mainly on the market situation. The gentleman's agreement that has been made will probably be worth very little, just as in every previous year.

The Thai-Japanese Balance of Trade -- Why Does There Have to Be a Deficit?

Based on the statistics concerning Thai-Japanese trade, it can be seen that the trade imbalance between Thailand and Japan is rapidly increasing. In particular, in the 1977-1981 period, the deficit almost doubled.

Considering the deficit in the future, this is something that is rather worrisome. Concerning the factors that have contributed to the trade imbalance in the past, the factors that have resulted in Thailand having a large trade deficit with Japan can be summarized as follows:

1. It is well known that Japan has been investing in industry in Thailand for a long time. By 1980, the value of investments promoted by the Investment Promotion Board totaled 27,506,440 million baht, or 40 percent of total foreign investments here. Since Japan has invested large sums, the import of raw materials, machinery and equipment from Japan has also increased since Japan's trade and investment systems are systematically related.

Thus, it can be said that as long as Japan continues to invest heavily, the import of machinery, equipment and raw materials from Japan will certainly continue to increase.

2. Japan can produce various types of capital goods such as machinery and equipment much cheaper than other developed industrial countries. Thus, as long as an underdeveloped country such as Thailand has development plans, plans one through five, and has to borrow money from Japan to carry on development in accord with the plans, it will be impossible to stop importing goods from Japan.

3. Another thing worth noting is that Japan is a country that has to purchase almost all types of goods and raw materials from abroad. Thus, Japan has to have a purchasing network that is highly efficient in purchasing low-cost goods whose quality meets the standards. This is to compensate for transportation costs in bringing these goods into the country.

But considering Thailand's production and distribution structure, it appears that production and distribution costs at all stages for almost all types of Thai goods are very high. A clear example is corn. Japan has turned to purchasing corn from Argentina and the United States, which are much farther away than Thailand.

It can be seen that it will be difficult to export Thai goods and sell them on Japanese markets if Thailand's production and distribution structure remains as it is and is not improved and developed.

<u>Year</u>	<u>Value of exports</u>	<u>Value of imports</u>	<u>Trade balance</u>
1977	14,029.37	30,469.33	-16,439.96
1978	16,096.82	33,460.65	-17,363.83
1979	22,906.66	37,635.99	-14,729.33
1980	20,098.40	39,984.31	-19,885.91
1981	21,764.69	52,170.72	-30,406.03

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CSO: 4207/133

CHINESE NEWSPAPER MAGNATES, THAI PATRONS DISCUSSED

Bangkok SIAM MAI in Thai 12 Jun 82 pp 29-32

[Article: "The Chinese Newspaper Mafia Campaign, Profits Above All Else"]

[Text] For a long time, the Chinese newspapers in Thailand have been viewed as being the affair of a group of Chinese. The daily circulation reaches at most 10,000 to 20,000 copies and there are not many stores that sell these Chinese newspapers. Usually, they are sold from mats in the Chinese areas of Yaowarat, Phahurat and Sampheng. The Chinese newspapers are mostly filled with stories about the activities of the businessmen, stories about what this and that family are doing and the times and locations of weddings and meetings.

The Chinese newspapers have made a great effort not to print stories concerning domestic politics, their attitude being that "I am very comfortable and do not want to cause any problems for myself." This is the usual way of businessmen in Thailand. It seems that they want to protect themselves. They simply print stories concerning domestic and foreign political events [without editorial comment].

This is probably one reason that many of the Chinese newspapers in Thailand are still in existence and will probably continue to exist for a long time to come. At the same time, when we look at the Thai newspapers, especially the weekly newspapers, we can see that they are in trouble and that they are failing in the present situation. For example, it seems that only a few of the daily newspapers will be able to survive. This is because the economic recession has resulted in fewer people buying newspapers and income from advertising has fallen. This has resulted in many Thai newspapers "going into the red."

But at the same time, many of the Chinese newspapers in Thailand have a secure position. There are presently nine daily Chinese newspapers in Thailand. These are the TONG HUA (CHONG HUA), the CHIN HUA (SIRI NAKHON), the SING CHONG IEN, the SIN SIEN YOE PAO, the TONG NAN (CHIA PAO), the TONG NGUAN YIT PO, the THAI SIENG YIT PO, the THAI CHONG YOE PAO and the SAKON (SIKAI YIT PO).

In general, the Chinese newspapers in Thailand, regardless of whether it is the CHONG HUA, the CHING HUA, the SONG CHONG IEN or the TONG NAN, belong to Chinese capitalists in Thailand whose main aim is trade. The stories that are printed try to please the market and they follow the wishes of the editor's

office. Their main source of income is the advertisements of the movie theaters and various businesses. At the same time, they try to promote good relations between Thais and Chinese at the highest levels. This reflects the desires of the wealthy Chinese readers in Thailand, who do not want the political stories of any side printed but who want to follow the desires of the government officials.

Chinese Newspapers In Thailand, How Do They Operate?

A high-level news source in Chinese newspaper circles told SIAM MAI that in publishing the Chinese newspapers in Thailand, few of the capitalists, or owners of the Chinese newspapers in Thailand, have any regular reporters or editorial staff who try to seek out news stories. In fact, at present, all the Chinese newspapers in Thailand employ only a few regular reporters. Of these, it seems that Mr Phusadi Khitaworanat, a reporter from THE NATION, is also working as a columnist for SING CHONG IEN. Mr Wirachai is one of the few reporters working directly for TONG HUA. This is because the owners of these newspapers do not have a policy of obtaining domestic news directly. They rely on purchasing stories from the reporters for the Thai-language newspapers. As for the reporters who work at the editorial office, their task is to translate stories from the Thai-language newspapers. Also, Thai reporters on the payroll supply stories. Or they send people to copy the daily headlines at the Public Relations Department or to obtain stories from the Thai Information Office and the Communications Authority of Thailand, which are then translated.

AS for the Chinese newspapermen, besides translating stories from the Thai-language newspapers into Chinese, they copy foreign news reports and take almost all their articles, commentaries, foreign news reports and feature sections from the newspapers in Hong Kong.

"As for the reporting of the Chinese newspapers in Thailand, they take stories from the daily Thai newspapers and translate them and they get their foreign news reports from the newspapers in Taiwan and Hong Kong. Stated simply, the tools used by the Chinese newspapers in Thailand to obtain stories are knives and scissors. The stories are cut out and pasted up," said a knowledgeable person humorously.

SIN SIEN YOE PAO, a War For Advertisements

Concerning the matter of the conflicts becoming major news stories that have appeared for several consecutive days in Thai newspapers:

"This is a war for power between business and trade giants and it involves high-ranking people with political power. That is, it is a war between Mr Li Santiphongchai (Yoe Sim Saeli), the owner of the newspaper SIN SIEN YOE PAO, and Mr Norarat Tangpakon (Si Hieng Saetang), the president of the Chinese Newspapermen's Welfare Association and a person who has great influence in Macao Casino Tours and in government circles. He is very close to the former (1975) director-general of the Police Department, Police General Phot Phekanan.

The Power of the Two Godfathers: Li Yoe Sim and Tang Si Hieng

The Thai name of Mr Li Yoe Sim, the owner of the newspaper SIN SIEN YOE PAO, is Mr Li Santiphongchai. He is a Chinese who was born in Burma. He gave up his Burmese citizenship and became a Thai citizen less than 10 years ago. Seventeen years ago, he came to Thailand to find work. He worked as an employee at the Tiger Brand drugstore that belonged to the granddaughter of Oh Bun Ho, a very wealthy person. Later on, he married this granddaughter of Oh Bun Ho. When Oh Bun Ho, the owner of SIN SIEN YOE PAO, died, Mr Li became the owner of this newspaper. After this, he had to go wage a court battle against the daughter of Oh Bun Ho in England. Following this, Mr Li carried on the business of selling Tiger Brand drugs and publishing the SIN SIEN YOE PAO. He has always been successful.

Mr Li is an arrogant person who does not like to associate with other Chinese. He does not speak Thai very well. He can speak English and can converse well with [English-speaking] foreigners. Of the owners of the nine Chinese newspapers in Thailand, only Mr Li can speak English. This gives him a great advantage and has resulted in his finding more advertising than the other newspapers. The normal rate for advertisements is 14,000 baht per page. Since each day's paper averages 32 pages, his income from advertisements is at least 10 million baht a month.

Mr Li feels that he is a high-level businessman who has been able to develop a close association with diplomats from various embassies in Thailand, such as the Japanese, South Korean, American, English, French, Malaysian and Israeli embassies, and with high-ranking officials in Thai government circles, including General Prachuap Suntharangkun and Mr Thanat Khoman. And even Mr Phot Sarasin, the former deputy prime minister, once hosted the wedding reception for Mr Li's daughter. Later on, Mr Li exerted pressure on his daughter to become his advertising manager and so the old manager had to be fired.

Mr Norarat Tangpakon, whose original name was Tang Si Hieng, is a Taichew Chinese who was born on the Chinese mainland before the revolution. He came to work in Thailand when he was a youth. He built up his social position and is now the owner of the Thai-Hong Kong Public Tour Company. He is very close to high-ranking government officials such as Police General Phot Phekanan, the former director-general of the Police Department, and high-ranking police officials in the Special Branch Division. He has a wide range of interests and is involved in activities concerning people entering the country and becoming naturalized citizens and in providing various services for Chinese refugees. Most recently, he has taken on a new role and has gained power over the Chinese merchants in Thailand by becoming powerful in newspaper circles in Thailand.

Something that has been talked about for a long time is the fact that Mr Tang Si Hieng has taken on a new role for himself by taking control of eight of the nine Chinese newspapers, with the one exception being the SIN SIEN YOE PAO of Mr Li. He has been able to do this because of his great financial power and he is the president of the Chinese Newspapermen's Association, which is

composed of the officials and newspapermen of the eight Chinese newspapers. It has a large fund and benefits are paid out to the people working for these newspapers.

How Did the War Between the Mafia Godfathers Begin?

The conflict between the godfather Li Yoe Sim, or Mr Li, and the godfather Tang Si Hieng, or Mr Norarat, began in 1980 when Mr Tang Si Hieng, using large sums of money, joined together all the Chinese newspapers, with the single exception of the newspaper belonging to Mr Li, which is the oldest Chinese newspaper in Thailand, having come into existence more than 30 years ago, in order to form the Newspapermen's Welfare Association. He was able to gather together members from all eight Chinese newspapers and he used them to gain power and influence over the Chinese merchants and businessmen in Thailand.

He did not want to let Mr Li, the owner of the SIN SIEN YOE PAO and a giant in Chinese newspaper circles in Thailand, grow even more powerful and so a conflict broke out. When Mr Tang Si Hieng made arrangements to exhibit Chinese imperial treasures on the occasion of the Rattanakosin celebrations at the Bangkok Center, he had stories about this published in the Chinese newspapers in order to help publicize the event.

He received cooperation from all the newspapers except the SIN SIEN YOE PAO, which refused to publicize the exhibition of Chinese treasures.

Mr Li feels that he inherited his present role from Oh Bun Ho, the former owner of the SIN SIEN YOE PAO. Since he became the owner of the SIN SIEN YOE PAO, Mr Li has constantly made changes in the newspaper's work, or administrative, section. He has fired around 50 of the original employees. For example, he fired the original head of the advertising department and replaced him with his daughter, Mrs Su Si. And he made his son, Mr Li Khong Ieng, who had just graduated from a school in Hong Kong, the manager of the newspaper.

Mr Li fired the original officials because he felt that they were the original workers, or people of Mr Oh Bun Ho, the former owner. This led to sensational stories being printed in the daily newspapers.

At the same time, Chinese newspaper circles themselves are discussing the question of whether the time hasn't come for these newspapers to show social responsibility as a mass medium and not be just a means of earning profits.

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THAILAND

BRIEFS

INCREASE IN SECRET POLICE STRENGTH -- On 6 May, Police Major General Ophat Rattanasin, the commander of the Special Branch Division, told the mass media that the Special Branch Division has sent a proposal to the Police Department requesting permission to increase the size of the force by another 600 men, including commissioned police officers and police privates. They will be used to guard embassies and high-ranking embassy officials and to conduct secret investigations in the provinces. [Text] [Bangkok SIAM MAI in Thai 19 Jun 82 p 8] 11943

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