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19 July 1982

SOUTH AND EAST ASIA REPORT

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UNRELIEVED POVERTY DULLS ASEAN ECONOMIC SUCCESS

Islamabad THE MUSLIM in English 20 Jun 82 p 5

[Article by Suchin Preecha]

[Text]

BANGKOK: Wealth and income in the five countries comprising the Association of Southeast Asian Nations continue to be unevenly distributed, explaining the glaring poverty problem confronting the ASEAN governments.

The problem somehow dulls the glitter of the economic achievements of the ASEAN members - Indonesia, Malaysia, Philippines, Singapore and Thailand - in the past five years.

It also indicates that the governments concerned must do more for the poor through new or revised public policies that will help them break the shackles of poverty, suggested the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP).

In its survey of ASEAN economic conditions, ESCAP found that high growth rates of per capita income notched by the member countries "do not seem to have had more than a slow trickle-down effect in relieving poverty, and still less in reducing inequalities".

Singapore, whose per capita gross national product (GNP) has reached US \$ 4,323, is the only ASEAN member with a negligible poverty problem, ESCAP said. Per capita GNP of Indonesia in 1980 was computed at US\$428; that of Malaysia, US\$1,669; Philippines, US\$750; and Thailand, US\$682.

ESCAP noted that the ASEAN population as of 1980 stood at 259 million or a tenth of the total Asian population, and that the World Bank had classified the members, except Indonesia, as middle-income developing countries.

In its survey, ESCAP reported that:

*** An estimated 41 per cent of the Philippine rural population

exists below a poverty line of US\$200 per capita and 32 per cent of the urban population below a poverty line of US\$266.

*** In Indonesia's densely populated island of Java, income of 51 per cent of rural residents was below the poverty line pegged at US\$98; 28 per cent of the urban population was below the poverty line of US\$119.

***Thirty-eight per cent of Malaysia's rural folk and 13 per cent of urban households were estimated to have incomes below the official poverty line.

*** Thailand's poverty problem is reflected by 34 per cent of the rural population being below the poverty line of U.S. \$ 110 and 15 per cent of the urban population below US\$115.

The latest estimates of income distribution in four ASEAN members show the poorest 40 per cent of the population accounting only for 15 to 20 per cent of the total national income, ESCAP said.

It reported that the richest 20 per cent of the Indonesian and Thai populations corner from 42 to 44 per cent of the total household income. That of Malaysia and the Philippines is "no less than 54-56 per cent."

This uneven and lopsided income distribution in the ASEAN resembles that obtaining in the South Asian countries of India, Bangladesh, Pakistan, Sri Lanka, Nepal, Afghanistan and Iran, according to ESCAP.

However, it added that latest national economic plans being implemented by the ASEAN governments give greater emphasis to correcting anomalies in national income distribution. The corrective measures are beamed largely on the rural population where the most abject examples of ASEAN poverty are found.

HENG SAMRIN INTERVIEW PUBLISHED IN BUDAPEST

Budapest NEPSZABADSAG in Hungarian 12 Jun 82 p 5

[Text] Heng Samrin, first secretary of the Cambodian People's Revolutionary Party, received the correspondent of NEPSZABADSAG, Peter Dunai, in Phnom Penh, in the Chamcat Mon presidential palace, and answered his questions.

[Question] What are the most important tasks before the Cambodian party and state?

[Answer] After destroying the genocidal regime of the Pol Potists the key question is laying and strengthening the foundations of a new, people's power. We are working on this now, following our double strategic goal--on the one hand to build our country and society and on the other hand to strengthen our defensive capabilities to ward off the external pressure and threat. Concretely, we are concentrating on building up the organs of the people's power, on the bases therein--we are striving to consolidate the local organs. If we are to meet the requirements we will need a suitable guiding guard in every area--in the army, the security forces, state administration, economic guidance and in every area of social life. The Pol Potists killed a large part of the cadres faithful to the people, the leaders, so we must educate new guides and activists from those ready for this because the most important thing in every organization, in every leading body, is man.

[Question] We know that in Cambodia today much depends on agriculture, on providing sufficient food. How are you progressing in restoring this, and in collectivization?

[Answer] We regard the organization of effective work in agriculture as a key question, keeping in mind our goal, collectivization, strengthening the socialist sector. The government, the leadership and the state organs, are guiding this work. Solidarity production groups (agricultural cooperatives) working jointly and signifying the beginning of collectivization have been formed everywhere. In these everyone is rewarded for the work he does. We had to struggle with no small difficulties in this area. One is reminded in this connection of the "agricultural policy" of the Pol Potists, based on

forced labor, on starvation, on the murder of the weaker and of those who offended against the senseless regulations and on the grim conditions of the slave camps. They fabricated a sort of "socialist" theory for this. But this has nothing in common with true socialism. In 1979, after the liberation, we had to begin from zero, getting rid of extraordinarily many prejudices in this area also. We had no seed; the surviving part of the population, almost worked to death, was liberated from the camps and tried to return to their native fields and begin agricultural work on the land. The urgent aid of Vietnam, the Soviet Union and the socialist countries and the support of international organizations proved our salvation in the literal sense of the word, providing a basis for the Cambodians to begin a new life. Only small, local, primitive irrigation systems remained from the time of the Pol Potists and many of these had been blown up and destroyed. Much work had to be done on the larger canal systems, working by hand in the absence of machines, restoring the destroyed dikes and setting up pumping stations. We used what we had and did what we could. This is still true today, we are still sowing, plowing, reaping and irrigating with the simplest possible production methods, but we have in view the creation of a modern agriculture worked out with modern, scientific methods. Because of the difficulties mentioned our agricultural production at present still depends greatly on the natural conditions, on the amount and distribution of precipitation, on droughts. Realizing a secure self-supply of food is still a long-range task for us.

Question What is the crop outlook this year?

Answer A precise forecast is not yet possible; on the whole we expect average results. In regard to sowing area and yields our plan for this year aims in general at achieving the level of 1980, the highest so far; that is, we will produce on 1.3 million hectares with irrigation and we will produce dry rice on 100,000 hectares. In regard to the latter, the dry rice sowing area, I can say that we fulfilled the plan, since we are at the end of the dry season. We expect average yields in grains and industrial plants. Nevertheless, in 1982 we must still reckon with a shortage of food of 1-2 months between the two harvest seasons, and we would like to make this up from aid.

Question What determines your industrial policy?

Answer For the foreseeable future we are prescribing a moderate, unhurried pace of development, with restoration work in the first phase. We will rebuild those factories and enterprises, possibly creating new ones, which satisfy basic needs, primarily the needs of agriculture. We will manufacture agricultural hand tools, cultivating tools, iron shoes for the wooden plows, simple machines, rice huskers, fodder grinders and parts for existing machines and equipment. Nor should we forget the tasks in connection with repairing transportation devices and vehicles, nor the production of the textile industry and consumer articles industry, the manufacture of simpler housekeeping tools, and we cannot give up a development of the pharmaceutical industry in keeping with our possibilities. In addition to the larger enterprises and factories we are turning attention to the artisan and handicraft

industries. In the enterprises we are encouraging use of elements of the planned economy, the introduction of a guidance system based on management methods and a balance of receipts and expenditures.

Question How will trade and the monetary system work?

Answer Today our state trade network practically covers the entire country. It consists of marketing and purchasing centers which receive rice, corn, fish and other agricultural products, the peasants receiving in exchange clothing, petroleum, tools and industrial articles. All this takes place in connection with the riel, the new money introduced in 1980, making its role more general; in addition we are making efforts to broaden the base of our monetary exchange, primarily in the provinces, in the agricultural areas, in the knowledge that the functioning of an effective monetary system is inseparable from the existence of a sufficient supply of goods, inseparable from commercial activity. The local state administrative organs, the people's revolutionary committees, are receiving all support from the center so that they can carry out their industry and trade organizing tasks.

Question How do the three sectors relate to one another in the economy?

Answer We draw a clear line between the most important branches under central guidance and control, that is, industry, energy services, air, water and land transportation, foreign trade and wholesale domestic trade--in these areas the state definitely enjoys a monopoly situation--and the other economic spheres which are not of primary importance. In our country the state guides economic activity, this is the basis of our economical policy. As for the collective sector, the producer cooperatives working in agriculture (cooperation groups) play a role here. In addition to the private traders and shop owners the cooperative members also get household plots which are owned by the state. But we also give land for private use to those who contribute to easing the supply problems; they can produce food plants freely, can keep animals, and sell them on the market without restrictions.

Question After the liberation, in January 1979, wandering masses took to the roads to return to their homes, after the two waves of resettlement, in 1975 and 1977, forced by the Khmer "Rouge." Is this still going on?

Answer The return settlement of the populace has been completed; the only ones who have not returned home are those who fled to Thailand with the fleeing Pol Potists, or who were forced to do so by them. The surviving members of families have been able to find one another, have been able to start life again in their old homes, have built houses. Anyone can go where he likes. There is no limit or force. We have now solved the problems which piled up in the course of the 1979 spontaneous movement. More returned to some areas, primarily Phnom Penh and a few cities, than could be supported or provided with jobs. These are now moving to other areas, voluntarily and with the support of official organs, where the conditions for supporting them exist.

Question How do the elected representative bodies work?

Answer In 1981 the people of the country elected the members of the local people's revolutionary committees (councils) and the national assembly, the supreme legislative body. So far the new national assembly has held two sessions, adopted, among other things, the new constitution of the country and this year's plan, and a state council has been formed. It is a significant achievement that elected regional, district, city and village councils, organs of popular representation, function throughout the country.

Question Have the health and public education systems, completely destroyed by the Pol Potists, been rebuilt?

Answer I can say that our progress in this direction has been significant. There is a health house in every district and settlement. Hospitals are in operation in the provinces and cities, although our difficulties in this area are not small ones. We have started a campaign to overcome serious, infectious diseases, malaria, TB and cholera. We have turned great care to training health specialists also. To illustrate the results we have achieved in public education let me note one item: one million are participating in some sort of instruction in school year 1981-1982, most of them in primary education. This year there are 16,000 in secondary education and 1,000 in higher education. The number of students in nursery or child care training courses is 20,000. We have made much progress in carrying out one of our central tasks--eliminating illiteracy.

Question How has the return to normal living conditions, from the horrors of the Pol Pot period, been reflected in the thinking of people?

Answer Our people have turned to the building of a new society with great joy and confidence after the indescribable tests they suffered. They can exercise their rights, can move freely, can go and come, and again enjoy the fruits of their labor in family bonds. Understanding our problems and difficulties, they have joined in and are participating in collectively laying the foundations of a new society, are building hospitals and schools with social effort, are joining the struggle against illiteracy. They support the policy of the Cambodian People's Revolutionary Party and have expressed their agreement with the goals and actions of the Cambodian People's Republic, the only, legal representative of the Cambodian people. They are helping in our steps to strengthen the social order and public security and stand solidly for the new system, guided by their profound patriotic feelings.

Question What results have you achieved in party building, in the work of the local party organizations, the primary organizations?

Answer As was expressed in the resolutions of the 4th congress of our party, held in 1981, we place very great weight on an organizational strengthening of the party, especially on the foundations, the enterprise, institutional, agricultural cooperative and local party organizations. In the factories and institutions we are building activists groups around the more experienced party members; these will play an important role in setting up later primary organizations, in educating future party members and bringing

them into party work. They offer aid in carrying out ideological, political tasks and support the work of the factory leadership. In the period since the congress we have further strengthened the local party organs--together with the central and provincial ones. In regard to the work of the trade union and women's and youth organizations, recognizing their role in the political-ideological education of the masses and their contribution to the practical realization of party policy, the party is offering aid to expand their activity. The increase in the number of army primary organizations and activists groups, the solution of theoretical-practical problems of party policy and the ideological training of the fighters show gratifying progress.

Question Why did it become necessary, at the end of 1981, to separate the posts of party first secretary and prime minister?

Answer This was done in the spirit of the congress documents of the Cambodian People's Revolutionary Party, with the purpose of a further organizational-ideological strengthening of the party.

Question What is your opinion about the activity of the reactionary Khmer groups supported by the Peking leaders and the United States, about the maneuvers aimed at creating a so-called coalition government?

Answer I can definitely say that the foundations of our regime are strong, the Khmer reactionaries and their supporters mentioned by you have no way to hinder our people in attaining their goals. Their attempts to reverse the course of events and deprive the Cambodian people of their revolutionary achievements are doomed to failure. As for the attempts made thus far to improvise a so-called coalition government, these have not thus far gotten beyond the fighting of wild animals locked in a cage fighting for a bone, for power. The groups supported by the Americans, the Chinese, the ASEAN countries and other reactionary forces, the followers of Sihanouk and Son Sann, do not serve the interests of the Khmer people; they really serve alien goals opposed to these interests with their selfish aspirations for power, and in no respect do they represent the Cambodians.

Question What is the relationship of Cambodia and the ASEAN?

Answer Our people and government have always strived to develop good contacts with the ASEAN, including one member thereof, our western neighbor, Thailand. We have voiced this on a number of occasions; at conferences of the foreign ministers of the three Indochinese countries--Laos, Vietnam and Cambodia--held in Phnom Penh and Vientiane we made constructive proposals for the normalization of relations. Thus far, however, these initiatives, reflecting our good intentions, have been rejected by the ASEAN and by Thailand. In connection with this latter state I would like to emphasize that the leaders of the United States and China, with the active cooperation of Bangkok, are doing everything to break the spirit of our people building a new society.

Question What is the military situation in the western border area of Cambodia? After the attrition actions carried out in recent months by

Cambodian government troops and Vietnamese units against the reactionary groups, do the Pol Potists and their allies represent any considerable force?

Answer After the actions of the Cambodian and Vietnamese military units the armed bands have been broken up, the remnants have retreated to Thailand, to the border, and they do not represent any significant military force. But with the aid of the Thai army the reactionary groups try to break into our country from time to time. Their penetration attempts are covered by 105 millimeter shells and rockets fired onto our territory by the Thai artillery. It is worthy of note that recently there has been a disturbing increase in the number of provocations by Thai military aircraft flying deeply into the air space of the Cambodian People's Republic.

Question What do the support of the socialist community and the close cooperation and special solidarity of the three Indochinese countries mean for Cambodia?

Answer At present, and in the future also, the cooperation of the three Indochinese countries and the socialist community is a guarantee of determining significance for the Cambodian revolution progressing toward socialism. This solidarity, of extraordinary significance, extends to the building of the country and to action against the common enemy, the Chinese leadership, the United States and other forces opposed to us. As part of the revolutionary process struggling for the victory of socialist ideals we are contributing--in measure with our strength--to the success of the struggle waged for the common cause.

Question Comrade First Secretary, in 1980 you visited our homeland, met with our party and state leaders and signed a bilateral agreement. How are these agreements being realized in practice?

Answer Our bilateral relations are developing continually in every area; we are at the stage where what has been achieved in political contacts is bearing fruit in economic cooperation. Our inter-party contacts have become closer also, a Cambodian party worker delegation has visited Budapest and modalities for further steps have been fixed in an agreement. In connection with the economy, we have delivered crude rubber in exchange for Hungarian textiles, we are making good use of the aid and commodity credits received from Hungary. Last year, for the first time, Cambodia participated in the Budapest International Fair; our trade minister recently visited you. At the initiative of the Hungarian Peace Council an orphanage for 1,000 is being built near Phnom Penh. On the basis of an agreement we can develop our trade union, cultural, health affairs and technical-scientific contacts. In conclusion I would like to take this occasion to express in the name of the Cambodian people, my most sincere gratitude for the valuable moral and material aid of the Hungarian Socialist Workers' Party and of the Hungarian government offered to the Cambodian People's Republic. We are very grateful for the solidarity of your people, appearing in deeds, and for the support given to our difficult struggle.

I wish good health and good work to the fraternal Hungarian people and personally to Comrade Janos Kadar, and the leaders of your party and government.

MALDIVIAN GOVERNMENT TAKES OVER FISH CANNING FACTORY

Colombo DAILY NEWS in English 16 Jun 82 p 15

[Article by G.M. Wickremasingha]

[Text]

The only fish canning factory of the Maldives situated on Felivaru Island in Faadhippolhu Atoll came under the management of the Maldives Fisheries Corporation (MFC) recently, with all the local technical, operational and managerial staff, the labourers and minor employees retaining their jobs without any change, official reports said.

This change of administration of the factory was a sequel to the decision taken earlier by the Japanese collaborators of this joint venture, (started four years ago) to stop production and withdraw their investment shares.

The Japanese firm, Nippon Kaisha Limited, has decided to cease operations there saying that there is a drop in demand in the world market for varieties of fish in Maldives.

Depending on self-reliance, the government earlier announced that it would operate the factory with the local staff and

continue production and go in search of new markets and buyers.

A press release issued on this situation by the government stated that boat-owners and fishermen have been informed that the normal business of selling fuel and buying raw fish by the factory, would continue without interruption.

The Japanese personnel who have been there were expected to leave the country soon, the press release added.

CSO: 4220/100

PLO AMBASSADOR'S PLEA FOR ACTIVE PAKISTANI HELP

Karachi DAWN in English 30 Jun 82 p 12

[Text]

ISLAMABAD, June 29: The Palestinian Liberation Organisation's Ambassador to Pakistan, Mr Abdur Rehman, today expressed the hope that the great deal of sympathy shown recently by Pakistanis towards the PLO cause would be transformed into action soon. He said it was the duty of every Muslim to condemn the Israeli aggression on Lebanon which resulted in massacre and heavy financial loss to Muslims.

Mr Abdur Rehman told a gathering at the Rawalpindi Press Club that despite heavy human and material losses during the past 20 days suffered by the Palestinians, the Israelis, had failed to break the heroic PLO resistance. He brushed aside all speculations about PLO's defeat. So far not a single Palestinian has left Beirut, Mr Abdur Rehman said.

He accused some foreign news agencies of circulating provocative news items. The PLO Am-

bassador asked Pakistan media to avoid giving such news based on foreign agencies any space as it created confusion among the Muslims.

He said that some Muslim countries whom the PLO had asked to withdraw their ambassadors from the United States had "disappointed us".

He, however, said that the PLO men were quite competent to defend their sacred lands.

The PLO Ambassador said that their movement against Israel will continue till the last PLO child. "We do not depend on anyone but on our own people", he said.

"At the moment what we terribly need is sophisticated arms against the Israel, he added.

The envoy said that if all Palestinians were crushed to death a new PLO generation will continue to march towards Al-Aqsa and Al Quds, he added.

He strongly criticised the US Administration for its role in the present crisis.

CSO: 4220/190

ISRAELIS TERMED 'HITLER'S LEGATEES'

Karachi DAWN in English 25 Jun 82 p 7

[Text]

IT WOULD appear that what the Jews suffered at the hands of Adolf Hitler is now being taken out on the Arabs. The past thirty years are replete with Zionist atrocities towards the Arabs, not only in Palestine where Muslim and Jew lived in peace for centuries, but also towards Arabs of other countries. Drawing a parallel with Hitler's actions may seem exaggerated but the Israelis are practising the same genocide in Lebanon with guns which Hitler did with gas chambers in Germany or occupied territories. There is also the analogy between Hitler's technique of mounting a lightning military attack upon his victims after a propaganda campaign accusing the latter of hostile deeds and Israel's similar conduct towards the Arabs. Israel may deny that its forces are killing Palestinians and civilians alike in a wanton manner, and Western media and governments may look the other way or support its assertion, but it is gradually becoming clear despite this cover-up that the Israeli aim is to wipe out

the Palestinians as a fighting unit, and it does not care how many innocent lives are taken in the process. Independent sources are now confirming that this is a fact, among which are eyewitness accounts by two Norwegian doctors of the brutal treatment of Palestinians by Israeli soldiers. The continued bombing of civilian areas alone has resulted in enormous loss of life. At one time it had seemed that Israel would restrict itself to whatever territory it had gained in Lebanon, and withdraw after a settlement favourable to it had been achieved. But repeated violations of cease-fires by Israel, and continued occupation of territory has made the war a wait-and-see-game to find out what the future brings, and how far Israel is going to go.

Amidst all the condemnation of Israel's aggression no country seems to be willing to examine its own motives and behaviour during the short war which has already wreaked such havoc, and showed up the Islamic countries in such a pathetic light. In its drive to Beirut

Israel went far beyond the pretence of retaliation to PLO shelling, or what may be considered reasonable support to Mr. Begin's slogan of 'peace for Galilee'. The drive was quite obviously aimed at annihilating the present structure of Lebanon and imposing one favourable to Israel, removing for quite some time to come the PLO threat, and forcing Syria to withdraw. And while the Israelis advanced ruthlessly towards Beirut, mindlessly killing Palestinians and civilians in the process, the world stood by and watched helplessly. The question is: was the world really so helpless or, more specifically, was the Muslim world incapable of taking action which would have prevented or minimised the tragedy?

The West can be condemned for its inaction or complicity, but the reality is that the concepts of morality or justice have no part to play when it comes to international jockeying for power. Ultimately Israel's decision was based on a reading of America's mind and the mood of the Islamic nations, and it is quite obvious that its assessment was chillingly accurate. If there had been real danger of re-

solute military support from Islamic nations, the decision to invade Lebanon would not have been so easy to take. Warnings had been given several times that Israel was planning to attack Lebanon; in fact, so certain was this that it was really only a matter of judging the time it would choose. Yet there was little response from the Islamic countries. Two front-line States, Egypt and Jordan, had already been neutralised. Sabre-rattling by one particular Arab State came too late in the day, and even then it was just that. The warnings by some other States were similarly late. Syria, the only Arab State having a military presence in Lebanon, assessed that at the moment it did not have the necessary support to take on the burden of war. Ahmed Ben Bella summarised the whole affair when he said that the indifference of Arab Governments and their failure to react to Israeli aggression was another proof of their powerlessness to confront the international Zionist plot for total domination of the entire region.

Strong words, but borne out by the events of the past

weeks. Egypt was condemned for its talks and 'peace' with Israel. How that affair is judged is up to individual nations' perception. But in the light of the tragic bloodshed of the last few weeks, it does appear that there is a flaw in the reasoning of the so-called hard-line nations. If they are not prepared to make peace, they should be prepared to make war: Israel has shown repeatedly that as far as it is concerned, there can be no question of any Arab country taking a non-committal stand. But events in Lebanon have shown conclusively that this is precisely what the Arab and Islamic countries are trying to do, that is, unless commitment means only verbal support. In the face of the horrendous bloodshed in Lebanon, which largely went unreported by the Western media, and keeping in mind the atrocities of Sidon, one can legitimately ask the Arab and Islamic countries whether they think the limit of Israel's ambitions has been reached and whether they are willing to accept an Israeli peace being imposed upon a large part of the Islamic region.

ISLAMIC EVIDENCE LAW TO BE ENFORCED

Karachi DAWN in English 27 Jun 82 p 1

[Text]

ISLAMABAD, June 26: The Federal Minister for Information and Broadcasting, Raja Mohammad Zafarul Haq, has said that the Islamic Law of Evidence would soon be placed before the Majlis-i-Shoora and enforced through an Ordinance after its finalisation.

Speaking in the Majlis-i-Shoora today during the general debate on the Federal Budget, the Minister emphasised that the Council of Islamic Ideology has already completed its recommendations.

Raja Zafarul Haq said if Pakistan has to maintain its identity as an independent Islamic state, it would have to introduce the Islamic judicial system. But before that, he continued, "we will have to eliminate corruption and bribery".

He added: strict measures are required to do away with this evil, since no system or reform could be successful unless corruption and bribery are uprooted from the society.

Eleven Councillors participated in the debate in which demand was made to use the media to inculcate among the younger generation the sense of patriotism and Islamic values so that the social ills are eliminated from the society. A member called for propagation over radio and television the utility of immunisation programme in order to save the lives of the children, particularly in the rural areas.

Some of the members called for curbing the activities of those who had opposed the creation of Pakistan and were still indulging in anti-State activities.

A member from tribal area

welcomed the special allocation for the uplift of FATA, but called for judicious and full utilisation of the funds allocated for development. He called for the abolition of the maintenance allowance to the ex-rulers of states merged with Pakistan.

The House will meet again on Sunday when it resumes discussion on budget.—PPI

CSO: 4220/198

WALI KHAN ON ELECTIONS, MRD, OTHER ISSUES

Karachi DAWN in English 27 Jun 82 p 1

[Text]

PESHAWAR, June 26: Khan Abdul Wali Khan, leader of defunct NDP, who left here for London last evening told newsmen at the Peshawar Airport before his departure that he saw no other solution to the national problems except general elections under the 1973 Constitution, transfer of power to elected representatives of the people and restoration of all democratic institutions.

Replying to a question, he said that in his opinion referendum on national issues will not work as establishment of Majlis-i-Shoora has proved a "a failure."

He said: "If we claim that the Holy Quran is our only guide, we should follow it in letter and spirit. It does not have the institution of a regular military and every individual of the Muslim society was a mujahid and a soldier."

Regarding MRD's ineffectiveness, Mr Wali Khan said when the leaders of its component parties were not allowed to enter other provinces how could it play any positive role.

He, however, admitted that it was only a movement and some parties had agreed upon certain points which could lead to restoration of democracy and it was not a permanent political collaboration.

Replying to a question, he said if Zakat and Ushr were the pillars of Islam, what is the necessity of imposing other taxes in the country as in an Islamic State there exists no such taxes.

He stressed that there was no class system in Islam and Quran teaches complete equality and parity among the various sections of the Muslim Ummah.—PPI.

CSO: 4220/198

CAMPUS CONFRONTATION DEPLORED; FIRM, DECISIVE ACTION RECOMMENDED

Karachi DAWN in English 27 Jun 82 p 10

[Text]

HARDLY had classes resumed in earnest at the University of Karachi after the summer break when the Campus was thrown again in the lap of violence. Rival groups clashed last Wednesday, resulting in injuries to two students. The dreaded spectre of firearms came to haunt the Campus once again as bullets were fired in the air. As would be expected, the police returned to the Campus and the situation became tense. Now the Discipline Committee is reported to be issuing show cause notices to more than a dozen students believed to be involved in the clash. According to published reports, the Discipline Committee has approached both groups in its investigations and notices will be served on top leaders of the rival factions. One would expect any disciplinary action to be completely impartial and objective so that one faction is not emboldened to take the law into its own hands and the other is not put in a position where it begins to nurse a sense of grievance. Let not the university authorities show that they have exhausted their powers of persuasion or forceful

intervention in what has become a perpetual state of confrontation at the Campus. After Wednesday's clash, shots were said to have been fired in the boys' hostel and activists on both sides were seen to be attending the Campus with "hockey sticks and other weapons". The seriousness of this situation can only be gauged if put in the perspective of the pre-summer break turmoil. After firearms were used to disrupt the early December elections to the students' union, and after two students had died of bullet wounds in the clashes, the Campus was virtually handed over to the civil administration. It remained in a virtual state of siege for a three full months and the trouble never did really die down. Sten-guns and other lethal weapons were recovered from the students' possession and there was talk of scores that had to be settled. Against this background the future looks scary, and one does not know when the Campus will resume its normal functions to which an overwhelming majority of its students feel committed. It is the silent

majority of the student community which will suffer if the university authorities fail to deal firmly with a small band of rabble-rousers. How can armed groups continue to enjoy the freedom of the Campus is beyond one's comprehension.

We have commented on the nature and meaning of the Campus unrest, which affects Karachi rather more intensely, on a number of occasions. It has been our belief that constant erosion of the autonomy of the universities and excessive bureaucratic control have subverted the academic atmosphere and impaired the authority and sense of responsibility of the teachers. Unfortunately, the long-term impact of this situation on our national life is not being appreciated. Teachers, who should be the pivot in this system, have almost been made redundant. What is

even more disturbing is that the university authorities have tended to develop a defensive outlook and often get cold-feet in dealing with problems that are within their power to resolve. If calm has to return to the Campus, the authorities will have to show that they can act firmly and decisively and that they can enforce and maintain discipline in a spirit of manifest impartiality and with ruthless efficiency. If the authorities display the ability to assert themselves without fear or favour they will have on their side the bulk of the student community who are interested in prosecuting their studies in an atmosphere free from terror and intimidation. Besides, they will be able to command the confidence and earn the respect of both the rival groups. This is a challenge which must be met if the new academic session is to progress smoothly.

CSO: 4220/198

SHOORA COMMENTARY--ECONOMIC POLICIES SLATED

Karachi DAWN in English 27 Jun 82 p 10

[Article by Anis Mirza]

[Text]

ISLAMABAD, June 26: Speaking with ease and composure, Abdul Hameed Dadabhoy, textile millowner and former Chairman of the Karachi Cotton Exchange, pounded at Finance Minister Ghulam Ishaq Khan's new Budget and the country's economic policies. On the termination of his 25-minute address, member of the Majlis-e-Shoora gave the Karachi industrialist a warm and spontaneous applause.

It was refreshing to hear the businessman's point of view, in the Budget debate after the endless cascade of speeches on agriculture, the Pakistan ideology and democratic politics versus bureaucratic control.

At the outset, Mr. Dadabhoy called the Budget "revenue and consumption-oriented and not production or investment-oriented". The 54-year-old Surat-born businessman said 100 billion rupees investment yearly was needed to provide for eight lakh jobs. He asked aloud "what will happen when the emigrants return home, for which no provisions has been made?"

Calling the delinking of the rupee a devaluation up to 22 per cent, Mr. Dadabhoy said that without the five per cent surcharge, the Government would realise Rs.400 crores more. Since actual revenues would be higher, there was no need for the five per cent surcharge. Refuting the argument that inflation was an imported phenomenon, the ex-chairman of the All-Pakistan Textile Mills Association said the

main reason for inflation was high taxes, high agricultural prices, low production versus higher salaries and wages. The imports worth 60 billion, he argued, were only 20 per cent of the GNP, and hence the contribution to the inflation rate could not be more than 20 per cent.

The sharpest swipe of Mr. Dadabhoy was reserved for administrative expenditure and the denationalisation mess. Administration expenditure, with the provision of Rs. 236 crore, was 16 times higher, he observed.

Referring to the disconcerting lack of harmony between word and action, he put it plainly: "About 2,200 technocrats had replaced 22 families and every year new companies were being opened. Accounts were not disclosed and 80 per cent industry was in the public sector."

The Karachi industrialist referred to the Budget's silence on the groaning textile industry, especially the tragic closure of 18 per cent spindles and 15 per cent of loomage. Instead of restarting closed capacity, he said, at 25 per cent of the cost of new mills the Government was going into new factories.

He wanted to know why the monopoly and restrictive trade practices order was not applicable to the public sector.

Young Karachi lawyer, Syed Muzzafar Hussain Shah, speaking around noon in the Budget debate, pointed out that Sind generated about 60 per cent of federal taxes, but

received only about 22.5 per cent from the federal pool under the provisions of the Revenue and Grants-in-Aid Order, 1975. Very little was left for development, he said. More funds should be released for Sind's annual development budget, he suggested.

Mr Muzaffar said agriculture had virtually sustained the economy. The cost of inputs, like seeds, fertiliser etc, had gone up and Ushr payer was liable to pay five per cent on his produce. He suggested that the 25 per cent concession on cost of production allowance should be increased to 60 per cent of the cost of production. He warned that Ushr collection might be beset with many problems due to local friction, and recommended the setting up of a committee under the Finance Minister to re-examine the collection issue.

While the men picked up the economic issues, woman member Dr. Nasreen Maqbul Memon turned to the human issues. She asked the Health Minister to take a humanistic view of the doctors' strike. She pleaded for hospitals in tehsils instead of big towns, and gave a graphic account of how rural women died on village roads before reaching hospitals. Dr Nasreen Memon regretted the absence of any allocation for tuberculosis control, and said since malnutrition was rampant, disease was common among poor village women. She was appreciative of the provision of immunization, but said the high cost of drugs and their price fluctu-

ation was beyond the reach of Sind's poverty-stricken villagers.

So far, the Shoorah member from Hyderabad has been the only member to point out that the 60 million rupees earmarked in the 1982-83 ADP for women's welfare were wholly inadequate since women constituted half the population. She wanted to know how the priorities and urban-rural ratio would be decided regarding women's programmes.

The tone and tenor of Dir's Behrawar Saeed was harsh and loud. The Muslim Leaguer's extended speech was primarily political. Turning to Mr. Ghulam Ishaq, Behrawar Saeed said: "Vazir Sahib, facts and figures are alright, but go and see the price spiral in the Bazaar after your Budget announcement." Warning that the rise in sugar price was responsible for the downfall of Ayub Khan, the member from Dir said the five per cent increase would be exploited by the present regime's political opponents.

Behrawar Saeed lashed out at Khan Abdul Ghaffar Khan and Abdul Wali Khan, and asked why the Government was being lenient to them. The Dir member also wanted to know why Maryam Jaswant Singh, a niece of Wali Khan, was able to travel between India and Pakistan so often. Raising his voice, the Muslim League member said: "As soldiers of the Quaid, we know how to deal with them. Only the government is not supporting us."

SHOORA COMMENTARY--POLITICAL STRUCTURE ISSUES RAISED

Karachi DAWN in English 29 Jun 82 p 12

[Article by Anis Mirza]

[Text]

ISLAMABAD, June 28: In the Majlis-i-Shoora it was a day of diminishing numbers and powerful voices. The attendance was poor since most of the members, after speaking in the Budget debate, had gone home because of Ramazan. The ministerial front benches today were empty because of the Cabinet meeting presided over by President Zia-ul-Haq. But the chorus of voices in the Shoora auditorium emerged loud and clear. Almost all the speakers wanted President Zia to identify the mandate of the Majlis-i-Shoora and give it a distinct form and function.

Besides demanding a positive mandate, speaker after speaker rose from his seat, and launched a tirade on the bureaucracy for turning a deaf ear to problems of the people. Many of the speakers demanded that the current "colonial inherited pattern" of the administration be changed radically. Or else, they argued, the tide of time would not only sweep away decadent institutions but would envelop the mightiest of the mighty.

Mumtaz Ahmed Tarrar spoke at length on the "historical arrogance of the bureaucrats." Despite the orders of President Zia he said the administration was making things difficult for the Shoora members. Pointing to the empty seat of the Finance Minister, Mr Tarrar said Mr Ghulam Ishaq, in earlier sessions, had cast aspersions on the Shoora and ventured to present the Budget outside the Shoora. The member from Gujrat asked: "What mandate has the Finance Minister to make and present a budget for the people of Pakistan?"

The member added: "Turn this council into a parliament. It is in the interests of this Government to give this Majlis relevance." Mr Tarrar said the success of the Majlis-i-Shoora was linked to success of the Zia regime.

Mohammad Shafiq Ahmad Butt of Faisalabad, a long time

Muslim Leaguer, spoke with considerable zest and animation. He said the power of the bureaucrats emanated from the system in which decision-making was focused in Islamabad and not the federating units. A local councillor and a member of the Shoora were both powerless before the Deputy Commissioner and the array of district officials. Recaptulating the patience and forbearance of the people, Mr Butt warned that they had, despite the excesses of Ayub Khan, Yahya Khan and "the man who said nobody could remove him," accepted their leaders for the love of the country. Raising his voice, Mr Butt remarked: "If President Zia-ul-Haq does not fulfil the aspirations of the common man then he, too, would have to make an exit like his predecessors."

Claps resounded in the Majlis-i-Shoora when Mr Butt, former chairman of the Punjab Bar Council, said that those who questioned the basis of Pakistan and its ideology and were preoccupied in tarnishing the image of the Quaid, should be turned out of the country. Calling the new Budget "Non-Islamic and non-Awami" the Faisalabad member said Mr Ghulam Ishaq's "inteqami Budget" should be put to 8 crore

Pakistanis on the basis of a referendum. "If the 8 crore people reject the Budget the Finance Minister should resign."

Sahibzada Noor Hassan from Bahawalpur repeated the same refrain: that the Shoora be given a pragmatic, realistic image and not a transitory advisory one. "The public is disappointed and worried. Take a decision today and don't wait till tomorrow," he said.

Speaking in Urdu, Syed Nusrat Ali Shah, a former member of the defunct Tehrik-i-Isulai, observed that the new Budget was neither benign nor just nor fair to the people. Relaxed in style but categorical in tone and tenor the 40-year-old ex-politician whose family has patronised the Muslim League for a long years, said that since the Government was propagating an Islamic social order it was time to ask what relevance "big cars, big bungalows, and good living of those in power" had with the Quranic injunctions.

The former Gray's Inn law student, in his poised enunciation, said the Head of State in an Islamic order was a custodian of the rights of the people. The current expenditure on maintaining a whole paraphernalia of bureaucrats and security staff had no meaning in an Islamic social and economic order. Turning to the defence allocation in the Budget, Mr Nusrat said that in Islam there was only the concept of a Jihad and a Mujahid. He suggested that the professional army be reduced and its qualified nucleus train Mujahids for the future.

Lashing out at the Ministry of Finance, Commerce and the Central Board of Revenue, Mr Nusrat argued that there was a deliberate attempt to discourage the private sector, and added: "There should be no curbs and

no red-tapism for investors. They know how to put their money to good use. Referring to the "black sahibs in the Government", he said they should be made to walk in the sun, board a bus and live like the common people.

Speaking about the status of working women, Mr Nusrat said they should be given job orientation and equal pay for equal work along with the men. He is perhaps the first male member to have spoken on the rights of working women.

Silence set over the Shoora when Bilquis Fatima, a blind member and a patron as well as a protagonist of rehabilitation of the disabled, told the House that 10 per cent of the country's population consisted of the disabled. She made a powerful plea for the 80 lakh disabled persons and urged that funds from Zakat and Ushr be used for community and income-generating centres for the disabled. She was grateful to President Zia for his interest in the disabled.

Yet another good oration came from Syed Moeenuddin, an advocate of Lahore. He put the blame on the high incidence of crime, dacoities, bank robberies and murders on an "inefficient, corrupt and power-hungry bureaucracy." He said the Shoora members should have been consulted in framing economic policies.

He warned that high prices were creating an unrest among the people and in Ramazan the spiral had gone up by at least 50 per cent. "Now when I look back the private sector which was blamed by the officials, looks like angels in comparison," Syed Moeenuddin added. Calling the Law Ministry the centre of injustice, he bemoaned the unfortunate state of the judiciary.

SHOORA DEBATE ON THE BUDGET--AUSTERITY URGED

Karachi DAWN in English 30 Jun 82 p 1

[Text]

ISLAMABAD, June 29: The Majlis-i-Shoora on Tuesday continued discussion on National Budget with most of the members emphasizing that the nation should learn to live within its means and dependence on foreign aid be reduced to a minimum.

The members welcomed enforcement of Ushr and demanded that Islamic way of austere and simple life be enforced in every field.

Some members took exception to statements by certain politicians and urged that government should take steps to safeguard ideological frontiers of the country and prevent anti-Pakistan elements from distorting the history of Pakistan Movement or maligning its leadership.

Participating in the discussion, the Minister for Water and Power, Raja Sikandar Zaman, said 3,000 villages would be electrified every year. He said the present Government has electrified 7,000 villages during the last five years as against a total of 8,000 electrified during first 30 years of Independence.

Mr Fida Mohammad Khan voiced his sense of outrage and indignation over recent state-

ments by certain political leaders, including Khan Ghaffar Khan and observed that the elements who had not reconciled to the ideology of Pakistan were out to undermine it.

He called upon the government to be watchful of the activities of these elements. Another member Pir Mohammad Khan said certain political parties had joined hands in the Frontier and Baluchistan provinces to sabotage the struggle of Afghan freedom fighters and were misleading the public by describing the whole issue as Super Power conflict.

Mr Hussain Haroon thought that the Budget was of status quo and failed to realise basic aspiration of progress. He said it was time to cash in 15 years of austerity and patience of the people by giving them hope, progress and development instead of maintaining status quo. He lamented that in Social sector our performance is below that of many less developed countries.

Ch. Nisar Ali Khan appreciated that overall impact of the Budget was one of comparatively tax-free, but demanded that taxable income limit be raised from Rs 12,000 to Rs 20,000.

Eighteen speakers took part in the discussion.—APP

SHOORA COMMENTARY--BUDGET CRITICIZED

Karachi DAWN in English 30 Jun 82 p 12

[Article by Anis Mirza]

[Text]

ISLAMABAD, June 29: About a hundred Majlis-i-Shoora members have so far participated in the general discussion on the Budget. But only a handful have really taken the new Budget by the horns. Among the emerging young speakers who did their budgetary home-work was 32-year-old Hussain Haroon, a former Chairman of the Finance and Budgetary Control Committee of the Karachi Port Trust. Mr Haroon was, perhaps, one of the few members who commented on the reduced allocations for social sectors.

Mr Haroon, a member of the National Finance Advisory Council, at the very outset, called the Budget "primarily a Budget of status quo in which even after the consolidation period of five years the Government had failed to realise the basic aspirations of progress." He said the Finance Minister had glossed over the priorities of mobilisation of resources, but the figures of domestic savings, production and investment and export performance proved to the contrary, what the Government hoped to achieve.

The bearded young member from Karachi argued that the low 13 per cent savings rate was a dismal performance, and would force the Government to lean heavily on external aid and deficit financing. The largest single item of receipts, he said, was customs, in which the Finance Minister had listed a shortfall of Rs. 3120 million or about 17 per cent of the Budget estimates and the reason offered was reduction of imports due to domestic recession.

According to Mr Haroon, the truth was that excluding fertilizer, imports had increased over the previous year which suggested that some reduction in customs duty might be due to inefficiency in collection. About the poor performance in 81-82, of public corporations and autonomous bodies, Mr Haroon pointed out that the shortfall in 81-82, excluding WAPDA, was 91 per cent.

Charging Mr Ghulam Ishaq of wielding his Budget axe in "true Reaganesque form on the social sector", Mr Haroon, gesturing emphatically with his hands, remarked: "Education is down by 25 million rupees, culture and sports by 61 million, health by 48 million, rural development by eight million and special programmes for women by eight million.

Despite the time limitation, Mr Haroon spoke about production and investment being 90 per cent in the public sector. He reflected on the huge squandering and inefficiency of the Steel Mill project and the Chashma Right Bank Scheme. He hoped that cost efficiency would be strictly maintained in defence spending.

Mr Haroon's concluding remarks were bold and hard-hitting. He said the main reason why private investment and savings were not forthcoming was "the uncertainty of the Government's continuity." As regards constitutional guarantees to the private sector, he said that with the Constitution in abeyance, the credibility factor was non-existing. He said the only way to institutionalise cre-

dibility was "through that great governmental process called democracy." Applause swept across the hall.

Karach lawyer Syed Saeed Hassan called the Budget "a Budget by the bureaucracy for all sorts of bureaucracy". He said it was not a "people's budget" and many of the statistics published were questionable.

There was much talk about increasing industrial and agricultural production, but in reality, he said the basic infrastructure was not even established. The province of Sind, with the largest mass of industries, was bogged down by shortages of electricity, water and roads. There was enthusiasm over sanctioning of new industrial undertakings, but no basic inputs were available. As regards agriculture, Mr Saeed said the big landowners had prospered as compared to the small farmers who had been denied the inputs and forced into fragmentation. Justice and assistance to the small cultivator would only come, he added, through the restructuring of the feudal land system.

The speeches of Fida Mohammad Khan from Peshawar and Pir Mohammad Khan from Mardan were primarily personalised attacks on the Khudai Khidmat leader, Khan Abdul Ghaffar Khan, and his son Abdul Wali Khan. On an average, at least two to three members daily take time off to attack the Red Shirt leader. Today, Mr Fida, a former Federal and Provincial Minister, accused the Ghaffar Khan of "being anti-Pakistan".

He recapitulated the NWFP leader's role during the referendum, and said he never saluted the Pakistan flag. Mr Fida said that even today Ghaffar Khan called Pakistan "a slave nation."

Pir Mohammad Khan of Mardan said the defunct National Awami Party, National Democratic Party and the Jamiatul Ulama-i-Islam had joined hands and were creating discord among the Afghan refugees. He said the members of these parties were equipped with sophisticated arms. Pir Mohammad wanted to know whether Wali Khan had gone to England to launch another London plan.

The Question Hour was an interlude of lively exchanges. In reply to Zain Noorani's question, Housing Minister Air Marshal Inamul Haq said in 1980-81, the Federal Government had given Rs. 70 million to the Punjab and Rs. 2 million to Sind for low-cost housing. Mr Noorani wanted to know why "poor Sind had been given such a poor allocation." The Minister replied that Sind had only asked for Rs. 2 million.

Replying to Baluchistan's Jam Ghulam Qadir Khan's supplementary question, Mr Inamul Haq said since the Baluchistan Government had not asked for assistance no allocation had been made for low-cost housing. Chairman Khwaja Mohammad Safdar interjected: "Jam Sahib, bin mangey koi nahin daita."

Jumping to his feet, Mr Noorani thrust a quick repartee: "Yahan to mang mang kar thak gaye, koi nahin daita."

Laughter echoed in the Shooru auditorium.

SHOORA COMMENTARY, CRITICISM ON BUDGET, ISLAMIZATION VOICED

Karachi DAWN in English 25 Jun 82 p 14

[Article by Anis Mirza]

[Text]

ISLAMABAD, June 24: The slowing down process, generally evident during the holy month of Ramazan, was distinctly visible in the Federal Council proceedings today. The attendance was limited and around midday on Thursday. The over-worked Secretariat staff and the Press corps were yawning or sleeping in the corridors. Some of the Shoora members took time off to catch a midday snooze in the auditorium itself.

Outside the Federal Council building Security Police and chauffeurs were sweltering in the June heat. One driver grumbled: "While these members shout and argue in air-conditioned comfort, we junior staff have to roast in the heat during Ramazan." The general consensus in the lobbies was: "The Shoora should terminate its debate because of Ramazan."

Bearded Maulana Mohammad Hussain Qadri of Sukkur set the ball rolling with the resumption of the general debate on the budget. He said every Government that had come into power had talked about ushering in an Islamic system, but in fact it had succeeded in postponing it. Mufti Mohammad Hussain Sahib saw no signs of Islam anywhere in Pakistan.

The clergyman from Sind said the argument, put forward was that first society had to be cleansed and then Islamic laws imposed. The fact that there were social evils, he said, indicated that Hudood

should be imposed simultaneously and with severity. For thefts, hands should be cut off, for adultery stoning should be carried out and so on.

Minister of State for Minorities M. P. Bhandhara and Karachi's woman member Yasmin Lari spoke at length on the budget. Mr Bhandhara congratulated the "custodians of our economy and the managers of our finance" for the country's sustained economic efforts. He said the 6 per cent GDP increase, the significant 4 per cent increase in agriculture plus industrial expansion at the rate of 8 per cent were commendable strides by a Third World country like Pakistan.

While these statistics, he said had no meaning for the worker and the peasant, there was another side to the coin. Today an excess of the population of Pindi and Islamabad was sleeping on the pavements of Bombay and Calcutta.

Turning to savings the Minister of State for Minorities said it should be indexed to inflation. The marketing of the savings scheme should be improved and if Government wanted to promote public enterprise then the savings scheme should offer at least 4 per cent over and above the inflation rate.

Mr M. P. Bhandhara drew a graphic picture of the Ranche Lines sweepers colony and slaughter house in Karachi. "I have never come across such slums in my life." He said, "it

is a blot on the fair name of Pakistan". The sweepers being either scheduled castes or Christians lived in these areas. Mr Bhandara wanted the Finance Minister to give 100 million rupees for slum clearance.

The Minorities Minister also spoke about infant mortality being the highest in NWFP and argued that regional disparities in education in Baluchistan and NWFP should be removed. Speaking about the rapid increase in population, Mr Bhandara said by the turn of the century the country's population would be 120 million some social engineering was needed.

Just as the Minister of State finished, ex-politician Aslam Khattak of NWFP rose from his seat, on a point of order and wanted to know why Mr Bhandara had been permitted to speak since he was a Minister in the Zia-ul-Haq Government. The Chairman presiding ruled. "This is no point of order. Please sit down".

In her 30-minute address in Urdu, architect Yasmin Lari welcomed the imposition of Ushr and said from 3 lakh rupees the increase would go up to one million rupees. Calling the 1982-83 budget a "bureaucrats budget" the member from Karachi hurled a powerful tirade against the taxation structure and said it discouraged hard work, intelligence and

talent.

A great part of Yasmin's speech was devoted to insufficient allocations for housing. She warned that by the year 2000 at least 60 per cent of the population would move to the urban areas and Government should prepare for this massive movement from now.

The woman member from Karachi proposed exemption from wealth tax to jewellery and also referred to Karachi's water problems and the unhappy state of the 2 million inhabitants living in Kutchi Abadis.

The Majlis-i-Shoora compared to previous elected assemblies has about 35 members from the Ulema group. They represent various regions of the country and owe allegiance to different schools of thought. In the current debate on the budget several Maulanas were given ample time to aerate their views. Other than a generalised sermon on the need of accelerating the pace of Islamisation none of them have come forward with concrete reflections on the budget. From the point of view of oratory, repartee and rhetoric their standard is far below that of the late Mufti Mahmood of the Jamiatul Ulema-i-Islam and Maulana Shah Ahmed Noorani of the Jamiatul Ulema-i-Pakistan.

CSO: 4220/197

FEDERAL BUDGET: HARD REALITIES DISCUSSED

Karachi DAWN in English 24 Jun 82 pp 7, 9

[Article by Sultan Ahmed]

[Text] These are times for superlatives when reporting the budget whether that be the Federal Budget or the provincial presentations. Newspapers and the official media exult over the record budgets, the largest allocation for the Annual Development Plan or the provincial development schemes, and the highest allocation for rural areas, education, health etc. It is a lasting euphoria.

In reality it is like reporting the age of a child. One can only say on every birthday that he is growing up and his age is higher than on his last birthday. Similarly, in a developing country unless there are terrible calamities the budgets have to become larger, allocations for annual development plans higher and budgetary sanctions for health, education, etc. liberal.

Such a tendency is all the more assured in countries where the government has most of the controls in its hands and hence the capacity for initiatives. Adding to their resources always is the foreign aid which keeps on increasing in terms of local currency as they keep on devaluing their currencies. In Pakistan, for example, if one dollar of foreign aid in the early 1950s meant Rs 3.30 to the government, it means Rs 11.83 today. So the Annual Development Plan has to be larger.

If the estimated revenue in the next year is not enough to meet the estimated needs or demands the government can always resort to additional taxation. And if that is not enough which is often in countries like ours with their vast defence outlays, they can always resort to deficit budgeting and virtually printing of notes to cover the gap. In Pakistan, for example, deficit financing in the current year is to the extent of Rs. 5,440 million, and in the next year it is to be Rs. 5,700 million.

Safe Limit?

Substantial deficit financing in highly inflationary conditions is acknowledged to aggravate the inflation; but Finance Minister Ghulam Ishaq Khan does not accept that. He regards deficit financing within safe limits is wholesome, and even imperative; but what is a safe limit for him is an economic excess for others.

So our Finance Ministers, Federal and provincial, are record holders for a year in the fiscal arena and the developmental sector. Writing in the same euphoric strain, I can mention another record created by Mr Ghulam Ishaq Khan--the additional taxes of Rs. 4,920 million he has levied is a record for Federal taxation in Pakistan.

In fact, he did try to improve that record in 1979-80 when he proposed additional taxation for Rs. 5,100 million; but there was mighty uproar in the country and President Mohammad Zai-ul-Haq was forced to reduce the additional burden by Rs. 1,350 million, and leave the net additional burden at Rs. 375. Since then he has been careful not to exceed the hazardous Rs. 5 billion figure and has now touched only Rs. 4,920 million.

He has, instead, relied more on creating revenue through deficit financing which has risen from Rs. 3,860 million in 1977-78 to Rs. 5,700 after shooting up once--in the bad 1978-79 when the crops failed--to Rs. 8,020 million.

As I have been stressing in these columns, while the direct taxation is specific, indirect taxation places a final load on the consumers far in excess of that proposed by the Finance Minister. The manufacturer, importer, wholesaler, distributor and retailers presume that with every nominal increase in customs duty, excise duty or sales tax each one of them has obtained a special licence to increase prices at will. And each one tends to behave as if he is paying the enhanced taxes in full by himself and not the first person in the long production and distribution chain.

Initial Rise

But the Finance Minister takes such public protests lightly, and is often content with issuing feeble appeals to the traders not to increase prices unconscionably. The reply to the Finance Minister has now come from the hotel, cafe and restaurant owners who say that the effect of the five per cent increase in import duties, the increase of 25 paise on aerated water with foreign brand names and the 40-paise increase in the price of petrol per litre will push up their sale prices by 43 percent. A subsequent Press report said that they will rise by 63 percent. And they have given us a sample of what is to come by immediately raising the prices of 'nan' from 30 to 35 paise to 50 paise.

An agency report from Lahore says that immediately after the Budget, the price of cigarettes shot up by 50 to 70 percent. But the increase in cigarette tax is only by 10 paise on a packet of 10 and 20 paise on a packet of 20. Of course, the prices will come down after the initial sharp rise, though in the mofussil areas the pattern is quite different from what is visible in the big cities.

But what this abnormal price rise spotlights is that the traders are willing to make full use of any increase in indirect taxation for profiteering. Hence between the modest estimates of price increase in the cloisters of the Finance Ministry and the ugly realities of the open market there is a vast difference. Wiser budget-makers accept this reality and formulate

their proposals in a more pragmatic manner, but unfortunately this has not been the case in Pakistan.

Even without additional taxation the Finance Minister would be getting next year Rs. 6,290 million more than in the current year. But his revenue expenditure alone, not to talk of the ADP, will be increasing next year by Rs. 8,820 million. In addition, he had to increase the dearness allowance of the government employees and the pensioners by Rs. 2,482 million. Hence the additional taxation of Rs. 4,920 million.

A reason given by the Finance Minister for additional taxation is the fall in customs revenues and sales tax collection in the current year by Rs. 3,330 million. How the fall could be to this extent is not clear when imports by May had exceeded the imports of last year by one percent. So the actual fall to which the drop in export duties and increase in export rebates, too, have contributed, will not be known until after the actual figures up to June 30 become available.

But even if the fall in revenues he has estimated is correct, has that been covered up by the fall in the ADP outlay which dropped from the estimated Rs. 28.85 billion to Rs. 27 billion in the current year? The rest of the budgetary gap has been covered by the deficit financing of Rs. 5,447 million as estimated in the current year.

In proposing heavy additional taxation, does he expect a substantial fall in imports and exports next year too? Future projection in this regard could provide some clarification to make the taxation proposals more understandable and less unacceptable.

President Zia has said that the increase in defence spending of Rs. 2,500 million next year would only make up for the inflation and higher prices, and hence the real spending next year would be the same as in the current year.

The same would hold good for the Annual Development Plan with its increased allocation of Rs. 4,465 million, particularly when the import content of the Plan would cost 20 percent more because of the depreciation in the external value of the rupees.

Clearly, we want more and more money, and higher taxation to achieve the same scale as the end result. And yet the government denies there is large-scale inflation in the country and the Finance Minister maintains that wholesale prices went up by only 6.3 percent up to the end of April.

Intimation

It may be discreet for a doctor not to tell a patient that he has a terminal disease soon after he is struck down; but if it is lasting illness he has to be taken into confidence so that he may make the necessary adjustments in his life and his approach to the disease.

The same is the case with inflation in Pakistan. After money supply in the country increased by 300 percent in seven years and the increase in GNP in the same period, at the constant prices of 1959-60, was only 57 percent, leaving behind an average inflation rate of 35 percent per year, we cannot take the monster of inflation lightly or hide it with a thin official curtain or an archaic statistical smokescreen.

The Finance Secretary, Mr H.U. Beg, says that taxation in Pakistan is savings, and the government has to resort to that as the rate of domestic savings in the country is too low. He can be right if most of the additional taxation was going into development. But the pattern next year is to be, while Rs. 46,907 million are to be spent on the current expenditure, only Rs. 31,465 million will be spent on the ADP. Fifty percent of the ADP will be financed by foreign aid, largely loans, and Rs. 1,600 million will go off as fertiliser subsidy for the next year's crops. So our own real developmental outlay is small. We just cannot afford to sing the song "taxation is savings" too loudly or too often.

Hopeful Sign

The success in mobilising higher savings during this year shows what can be achieved through the right approach. As a result of the higher returns on savings schemes, particularly Khas Certificates, the National Savings Organisation mobilised Rs. 5,380 million compared to Rs. 1,490 million last year. Because of the relatively high yield from the Profit and Loss System deposits under this scheme is expected to touch Rs. 10,000 million by June 30. And because of the higher interest rates the time deposits in the commercial banks are now far ahead of the demand deposits.

The nation has shown it will respond to proper economic incentives in the economic sphere. If this much can be achieved through higher interest rates or return on savings alone, far more can be achieved through giving investment relief at the taxation level. But the Finance Minister does not want to do that. So it is getting to be a cricket with only one wicket and not two. If he finds the game dull or disappointing, he cannot blame the taxpayers.

He is certainly well advised to have a wholesome and realistic approach to savings and get larger results instead of levying heavier taxation in the name of savings and spend more of that as enhanced allowances to government employees after grossly understating the extent of inflation in the country. It is time we had more of a fair game.

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NWFP BUDGET PRESENTED--DEVELOPMENT AND SOCIAL WELFARE STRESSED

Karachi DAWN in English 21 Jun 82 pp 1, 12

[Text]

PESHAWAR, June 20: A record Rs 4030 million N W F P budget for the year 1982-83 with a development outlay of Rs 122.80 crore was today announced by the Provincial Finance Minister, Mr Salim Saifullah Khan.

The social welfare-oriented budget, envisages expenditure of over Rs 1600 million on education, health, and communication sectors, both on the development and non-development sides, reflecting the provincial Government's special thrust on the promotion of social services.

Educational claimed the lion's share of over 830 million, following by health with an allocation of about Rs 380 million. Over Rs 340 million have been provided for the promotion of communication sector.

The provincial Government will also undertake a special social welfare plan in addition to the development and non-development programmes, at a cost of Rs 136 million, under which health, education, rural development and drinking water facilities will be promoted in the province.

The Rs 1228 million provincial Annual Development Programme for 1982-83, registering about 25 per cent increase over the current year's ADP, will be entirely financed by the Federal Government.

On the non-development side, the total revenue receipts have been estimated at Rs 2704 million as against the expenditure of Rs 2802 million showing a shortfall of Rs 97.4 million. A sum of Rs 87.4 million will, however, be met through application of five per cent cut on administrative and non-productive ex-

penditure, during the next financial year, leaving a gap of Rs 10 million, which will be adjusted with certain financial measures.

SCHOOL TEACHERS

The provincial Finance Minister said that about Rs 8.2 million would be incurred on the grant

of recently announced concessions for the school teachers in the province. The overall resource gap would thus swell by Rs 18 million.

Mr Salim Saifullah, however, announced some financial measures to generate about Rs 18.9 million, which would render the budget surplus by Rs 8.63 lakh.

The resource mobilisation measures, proposed by the Finance Minister, included increase in the motor vehicles tax in Malakand Division, enhancement in the motor vehicles registration fee, enhancement in toll tax at Nowshera and Khairabad bridges, enhancement in contractors registration fee in irrigation, public health engineering and communication and works sectors, enhancement in the sale price of tender forms and increase in health service charges etc.

He, however, announced a concession for the hotels in Hazara and Malakand divisions, excluding Haripur and Havelian, by granting 50 per cent rebate in the excise duty.

Mr Salim Saifullah also announced levying of aerial spray surcharge in Peshawar and Mardan districts and Malakand Agency for sugarcane crops at the rate of Rs 2.50 per maund. Hund-

red per cent enhancement of sugarcane cess has, however, been effected in Peshawar and Mardan districts. The measure, he said, had been adopted to meet the expenditure of over Rs 14 million, required for aerial spray.

NON-DEVELOPMENT SIDE

In the non-development budget, top priority has been accorded to education, with an allocation of Rs 565 million claiming about 20 per cent of the total budget. This also marks 27 per cent increase over current year's allocation of 448 million.

Health received the second priority with provision of Rs 210 million, followed by communication and civil works with allocation of Rs 173 million. Irrigation and agriculture/veterinary/fisheries/forests received allocations of Rs 142 million and Rs 137 million respectively.

Explaining the special priority to the education sector, the provincial Finance Minister, said in his budget speech, that the provincial government was convinced of the compulsion to promote education for socio-economic progress. Banishment of illiteracy was, therefore, the cornerstone of the government's strategy and it was for this reason that liberal allocations were being made for this sector, both in development and non-development sectors.

He stated that improvement of teacher student proportion, and provision of better facilities for them was the aim of the government in its development strategy in the education sector.

About Rs. 10 million have been provided for science equipment for schools and colleges. Rs. 10 million furniture, and Rs. 26 million for upgradation of schools.

The Provincial Finance Minister

announced that 1,029 new posts of teachers were being created during the next financial year.

Allocation for the health sector has also registered an increase of 22 per cent over the current year's provision, with Rs. 209.9 million.

He stated that Rs. 25.4 million had been provided for provision of medicines at the basic health units and rural health centres, during the next financial year. Rs. 7.6 million will be spent on provision of X-Ray plants and other equipment, while Rs. 10.2 million have been provided for the repair of hospital and dispensary buildings.

Mr. Salim Saifullah said that out of Rs. 173 million allocated for the communication sector, about Rs. 90 million would be spent on the improvement of roads in the province.

He reiterated government's special emphasis on the improvement facilities, through construction and improvement of roads and bridges.

In the irrigation sector, Rs. 40.7 million will be spent on maintenance of canal system, Rs. 24.2 million on maintenance of tubewells, Rs. 13.4 million for repair of bunds, and Rs. 3.6 million for the Rodkoi irrigation system.

The Finance Minister also spoke of the importance of local bodies for the democratic and political system in the country, and reiterated government's continued policy to provide technical and financial help to these institutions for their success.

He revealed that a sum of Rs. one crore had been allocated for financial assistance to the town committees, to improve their financial condition.

FEDERAL GOVT AID

The Minister said that the Federal Government will spend about Rs. 30 million on the three

major projects of NWFP, namely Chashma Right Bank Canal, Mardan Scarp and Khanpur Dam during the next financial year.

He said that the Federal Government had allocated Rs. 333 million for the Chashma Right Bank Canal, Rs. 2.75 million for the Khanpur Dam and Rs. 191 million for the Mardan Scarp.

Expressing gratitude to the Federal Government for its liberal allocations for the projects in the province, Mr. Salim Saifullah noted that in addition to the financing of various projects of socio-economic importance for the people of this province, the Federal Government had funded several schemes in the industries sector. Hazara urea fertilizer project, Mustehkam cement project, Tarbela spinning mills, Dir Forest Industries Complex and Kohat cement project were some of the other industrial units, which had either been completed or were nearing completion with the Federal government's financial assistance, he said.

Similarly, he said, the Khairabad bridge, over Indus River, had already been completed, with the Federal financial help, while Rs. 15 crore had also been spent on the construction of the D. I. Khan-Darya Khan bridge.

The Finance Minister said that the Federal Government was also financing the expansion of Khairabad-Nowshera and Peshawar-Charsadda Roads. An airport was also being constructed at Bannu with the Federal assistance. The airport would be completed during the next financial year.

The Minister hoped that the Kohat cement factory would be completed during the next year, yielding annual production of about three lakh tons of cement. -APP.

AGREEMENT ON LIFE INSURANCE FOR WORKERS ABROAD SIGNED

Karachi DAWN in English 21 Jun 82 p 12

[Text]

ISLAMABAD, June 20: The Bureau of Immigration and Overseas Employment on Sunday signed an agreement providing life insurance cover to the overseas Pakistani workers from July 1 this year.

The Director-General of the Bureau told a Press conference that the agreement, signed with the State Life Insurance Corporation had been brought in the light of the earlier directive of President, Mohammad Zia-ul-Haq that workers abroad should be provided with life insurance cover.

He said that under the agreement, the worker would pay a premium of Rs. 250 on going abroad, which would cover him for one year and the next year also he would not have to pay the premium and could be covered with the same amount

He said hitherto the private companies were covering the Pakistani workers abroad, charging them from Rs. 135 to 700 as insurance premium and issued them dubious cheques for covering accidents only. But, he said, the present cover would bring them Rs. 50,000 in case of death or loss of two limbs. In case the worker lost one limb he would be paid 50 per cent. If he lost one eye or vision in it, permanent or total deafness in two ears, and 35 per cent for losing arm below elbow or leg below knee. For functional stoppage of any limb, the worker would be paid from ten to 50 per cent.

He also said that a total of 397 Pakistanis died in Abu Dhabi (114), Dubai (96), Saudi Arabia (82), Muscat (54), Kuwait (25) and Libya (10) last year.—APP.

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SOCIO-ECONOMIC TRENDS IN HEARTLAND ANALYZED

Karachi DAWN in English 27 Jun 82 Supplement pp 1, IV

[Article by A.T. Chaudhri]

[Text]

WITH ITS massive size and population straddling the map of the fertile Indus Basin, the Panjab occupies a pivotal position in the national economy. Since this super-unit if this heartland may be so called, produces over 66 per cent of the country's major crops, supplies the bulk of exports — of which two-thirds are manufactures — and absorbs over 50 per cent of total imports, any upturn, or downturn, in its production indices makes a visible impact on the national economic scene and even affects the Federal budgetary projections.

It is in this context that the economic fortunes of the Panjab reflected in the 1982-83 budgetary proposals and planning targets should be viewed. In the late Seventies, the economy of this Province was under severe strains, internal and external, owing to periodic shortfalls in rice, cotton or sugarcane output, the sluggishness of the private sector in industry, and several other factors, such as oil price hike, global cost push inflation and arbitrary cuts in foreign aid. But now in the early Eighties, the economic landscape of the Panjab has undergone a steady transformation. It is generally on the upswing.

FARM TARGETS

Though the output of wheat, which touched the record level of 83.5 lac tons, last year, has been slightly affected this year by untimely rains, the production of rice has gone up from 13.62 lac tons to 14.51 lac tons and that of sugarcane from 237.33 lac tons to 250.21 lac tons; the output of cotton has registered an increase of 29,000 bales and risen to 28.2 lac bales, during 1981-82. The targets for 1982-83 have been pitched at: wheat 89 lac tons, rice 16.8 lac tons, cotton 31.7 lac bales, and maize 4.52 lac tons.

Here it is worth mentioning that the Panjab's share in the country's agricultural produce comes to 80 per cent of wheat, 75 per cent of cotton, 73 per cent of sugarcane, 52 per cent of rice and 30 per cent of maize. The Province's contribution to the Gross Domestic Product of the nation was Rs.2,638 million in 1959-60, Rs.5,008 million in 1969-70 and over Rs.7,000 million in 1979-80. Lately, it has taken bigger strides forward.

4,000 ENTERPRISES

In the field of industry, the Panjab with its 4,000 large-scale manufacturing units, accounts for 45 per cent of the cotton yarn produced in the country, 50 per cent cotton cloth, 44 per cent sugar, 50 per cent vegetable ghee, 75 per cent fertiliser, 40 per cent cement and 52 per cent paper and board. Now it is also making a breakthrough in oil exploration, mineral development and heavy industry.

The expanding provincial economy has had a wholesome impact on revenue receipts. These are expected to rise from Rs.7,955.6 million in the revised estimates of 1981-82 to Rs.8,432.4 million in the Budget estimates of 1982-83. So, there would be a total surplus of Rs.494.4 million — including net capital receipts of Rs.93.6 million — in the non-development account of the Budget.

Five years ago, that is in the 1976-77 Budget the revenue receipts were estimated at Rs.3,380 million and the development outlay was fixed at Rs.2,290 million. There is thus a twofold increase now in the size of the Budget and the APD and this has been achieved in half a decade — and without broadening the taxation base this year — which should inspire a measure of confidence in the financial housekeeping of this major Province.

ADMINISTRATIVE COSTS

However, critics might say that along with the spurt in general revenue receipts, the non-development revenue expenditure, notably the cost of administration, continues to rise. It registered an increase of Rs.865.1 million — from Rs.6,534.7 million to Rs.7,399.8 million in the revised estimates of current financial year. Consequently, the revenue surplus declines and with it the resource mobilisation for development outlay. And since the Province continues to depend on the Federal government to finance the bulk of its development programme — a feature common to all provinces — its goal of economic autonomy or self reliance remains elusive.

MATTER OF SEMANTICS

The Provincial Finance Minister has anticipated and tried to answer this criticism in his Budget speech by redefining the terminology of non-development expenditure, which as he points out, includes expenditure on the maintenance of law and order, administration of justice, provision of school buildings not covered by the ADP and the "intimate relationship" between the expenditures on the non-development and development side.

PROLIFERATION

Yet, the fact remains that the administrative expenditure can be drastically slashed by curbing the proliferation of jobs and departments. (The present strength of the Secretariat in the Panjab is more than that of the One Unit administration) What is ironical is that the non-development revenue expenditure on law and order has risen from Rs.618 million in the revised estimates of 1981-82 to Rs.656 million in the 1982-83 budgetary proposals, while that on health services is pegged at Rs.502 million. Clearly, a more judicious balance could be struck between the demands of administration and dictates of social service.

This is not to suggest that the social service sector suffers from neglect. In the non-development revenue expenditure a solid chunk of Rs.2,596 million is earmarked for social services — Rs.1,935 million for education and Rs.1,731 for economic services. In the ADP of 1982-83 its gross size has been fixed at Rs.4,050 million as against Rs.3,351 million in 1981-82 — the chief thrust is towards agriculture, education and health which together account for 52 per cent of the development outlay. Rural and urban development and the sectors of water and communications constitute 30 per cent of the Programme. This is, a sound order of priorities.

PROVINCIAL CONTRIBUTION

Nevertheless, it is worth noting that there is a sharp decrease in the Provincial contribution to the ADP, which is barely Rs.860.5 million. The Federal assistance — cash grants and loans — comes to Rs.2,640 million, while foreign assistance stands at Rs.302.7 million. The gap between the available resources, Rs.381.3 million and the gross size of the Programme, Rs.4,050 million, is expected to be met by "a likely operational shortfall in the implementation of the Programme, to quote the framers of the Budget. This is disturbing, to put it rather mildly.

Unless the implementation machinery makes efficient use of the investible resources, there may be further delay in the completion of hundreds of ongoing projects. Development funds would con-

tinue to lapse, and the "operational shortfalls" would inevitably involve cost escalation and uncertain returns. Again, there is little room for complacency in the face of declining Provincial contribution to the ADP. New resources have to be mobilised for instance, by soaking the opulent feudal lords whose unearned incomes remain untaxed, though they are the chief beneficiaries of major inputs and government subsidies. They must

make an adequate contribution to the Provincial receipts to reduce dependence on the Federal assistance and external credit.

A redeeming feature of the Panjab's ADP, however, is that there is a new focus on "regional planning". Since the methodology of sectoral allocation has not provided a solution of the problems of backward areas, substantial resources are now being diverted to neglected districts through selective programming. The newly created Districts of Dera Ghazi Khan, Rajanpur and the tribal belt are the recipients of a special allocation designed to lift them from "abject misery".

SERIOUS DISPARITIES

Some recent studies by economic experts have revealed that in the Panjab half the Districts account for 94 per cent of industrial production; the other half remain neglected. Likewise, only one-third of the Districts are the beneficiaries of agricultural inputs and technology. This has important policy implications for the stewards of the economy who are committed to reducing inter-regional and intra-regional inequalities. The start just taken by the Panjab is worthy of emulation by the other Provinces.

Another chronic problem common to all Provinces is the backlog of unemployment. According to a sample survey, conducted some time ago, the rate of unemployment in the Panjab is 22 per cent; some 40 per cent of the graduates and post-graduates are jobless. The new Budget provides for 19,000 new jobs under various schemes during the next fiscal year. This should help reduce partly at least, income disparities and stem the tide of social unrest. But an essential pre-requisite for the success of any scheme geared to socio-economic uplift is popular participation in the development endeavour. That alone can help raise the quality of life and overcome the lag of ages.

QUESTIONS ON RURAL DEVELOPMENT ANSWERED

Karachi DAWN in English 27 Jun 82 Supplement p IV

[Text]

MR. SHOAB SULTAN KHAN, an internationally recognised U.N. expert on Rural Development, described as a "rare man, a generalist," by an American news magazine, was in Karachi for a couple of days recently. DAWN Economic & Business Review talked to him about rural development in Pakistan, in the light of his experiences.

Some excerpts:

Q. How do you think rural development can really take off in Pakistan?

A. Pakistan had been experimenting with rural development projects in the past, especially at Comilla (now in Bangladesh) and at Daudzai, near Peshawar. The concepts are the same. You have to develop the physical infrastructure, the administrative infrastructure and most importantly the social and economic infrastructure. For the first two, funds are needed but for social infrastructure only hard work and imagination have to be used.

Q. Could you elaborate how this can be put into practice?

A. People have to be trained. If a person has a two-acre land, you have to think what type of assistance he needs to produce so much

that he can meet his ends and also save. In Japan and Taiwan farmers have 2 to 2.5 acres holdings but they produce so much that from subsistence farmers they have become commercial farmers. Unless you can emulate this example, nothing much will be achieved.

Q. How will that be possible?

A. For a two-acre farmer, buying a pair of bullocks would be too costly. A pair of bullocks can plough 12.5 acres of land. You could say a farmer can keep a pair and rent it out to others when his own land is tilled. But then he becomes an exploiter. Tractors are a distant thought. In Egypt, Taiwan, Japan, they have tried to overcome this handicap by uniting the resources of farmers. Lands remain separate but resources are pooled. Ten farmers buy a tractor collectively and use it, turn by turn, giving birth to what is called the "economy of scale." For 25 to 40 acres of land you can benefit from this economy of scale.

Q. Is anything being done in Pakistan in this sector?

A. When I was in Daudzai Rural Development Project in early 70's, a plan was made to launch the

scheme in 33 thanas. The base of operations, various infrastructures, extension programmes, credit programmes and all necessary arrangements were made. The scheme was to extend the project to 110 thanas. I do not know the progress after I left.

Q. What alternatives are there to quickly transform rural areas?

A. There are no alternatives. You have to look at the successful projects and programmes in the world and main features of these programmes have to be incorporated in our context. You have to follow the fundamental laws. Like the Law of Gravity, you cannot build a tilted wall, if you do it will fall down. There are no short cuts.

Q. Does the bureaucratic set-up in Pakistan appear conducive to such efforts?

A. This has to be done by dedicated people. In Sri Lanka where I have to look after a two billion dollar UN project to transform forests into cultivable lands, we have to live mostly in the jungles, without electricity, water and other facilities. You have to talk to villagers to identify their immediate problems.

—S.S.

NEW IMPORT POLICY ANNOUNCED

Karachi DAWN in English 29 Jun 82 pp 1, 12

[Text]

ISLAMABAD, June 28: Adding 90 new items to the Free List, the Federal Commerce Secretary, Mr. Izharul Haq, today announced the import policy for 1982-83 which largely caters to the need of the private industrial sector and aims at stimulating "greater import substitution" and "export expansion".

While caustic soda and soda ash have been transferred from Part "C" to Part "A" of the Free List, 18 items have been shifted from the tied list to Part "A".

Licensable value restriction has been lifted from six consumer items, including drugs, medicines, electric bulbs, razors, blades, razor sets, spices and tamarind. Jute goods importers have also been allowed similar facility.

In keeping with the delegation programme drawn up by the Government for achieving integration of local components in the manufacture of various products, it has been decided to issue industrial licences only for six components to the manufacturers/assemblers of refrigerators/deep-freezers and air-conditioners. Similarly assemblers of TV will be allowed licences for import of only eight items.

Likewise, sassemblers/manufacturers of motorcycles and scooters will be issued industrial licenses for only those components which are permissible under the delegation programme applicable to them.

In order to break the monopoly of existing importers of 22 consumer goods on which licensable value restriction will continue, it has been decided to induct new-comers and adopt the following measures:

(1) Licensing to existing importers will be made at the same rate at which they have been licensed during 1981-82.

(2) Allocation equivalent to 25 per cent of value licensed during the current fiscal year will be earmarked for newcomers. Licenses with minimum value of Rs 10,000 will be issued to new parties on pro rata basis. However, if applications received are in excess of earmarked funds lots will be drawn for the purpose of licensing.

IMPORT CAPABILITY

To enhance export capability, allowable limit for import of banned machinery items has been raised from Rs three million to Rs five million.

Import of these items will be allowed subject to submission of a bank guarantee to export products (over and above the average three years' export of the unit) for a value equal to double the amount of value licensed.

Explaining this measure, Mr Haq said that an exporting unit can import machinery under BMR upto Rs ten million with machinery under ordinary condition worth Rs five million and banned machinery worth Rs five million under bank guarantee for export performance.

In view of the escalation in the prices of machinery items, the existing unit monetary ceiling of Rs 100,000 applicable to import of items of machinery and millwork under Part "A" has been raised to Rs 250,000.

To provide a boost to the local clock-industry, import of clock movement has been made importable. To further help this industry, it has been decided to disallow import of any clock below the C and F value of Rs 75 per piece.

The 90 new items added to the free list already containing 406 items include various types of industrial machinery, tools and workshop equipment like silk filature machinery, rolling and calendaring machinery for textiles, metal working machine tools operated by electro-erosion, ultra-sonic machine-tools, collar marking machine, pre-cleaning and lint cleaning equipment, sun-flower seed and colza oils, silicon of certain types, lead and zinc alloys, metallised and coated plastic films, spare parts for traction batteries and cotton yarn.

Explaining the reason for allowing import of cotton yarn of counts not permissible so far Mr Haq said that this step was expected to enhance our export ability and help us to market abroad a new range of high quality goods manufactured out of imported yarn.

He said: as we are one of the leading exporters of yarn having internationally competitive prices, there should not be any apprehension that this measure will affect our industry.

At present cotton yarn of 80 counts and above and of Peruvian variety in 36, 40 and 50 counts is importable.

The 18 items which have been shifted from tied list to Part "A" of the Free List include abrasive bricks, abrasive grain/emery grain, electric welding machines, for lift truck, saw for saw-gins, self-centring / independent drill chucks, wire-drawing machines and equipment.

According to Mr Haq these items have been shifted to Part "A" in response to persistent demand of the industry that their efficiency and economic operation were being affected either due to non-availability of these items of acceptable quality or time lag in their supply from tied sources.

However, as a measure of protection to the domestic industry cash licenses will be issued only for those of the above mentioned items which are not locally manufactured.

The new import policy raises the monetary limit for import of bonafide samples which does not involve country's foreign exchange) from Rs 1000 to Rs 2000.

Further, the existing limit for import of reading material including Quranic records for an individual's personal use has been raised from Rs. 1,600 to Rs 5,000 per annum, out of which subscription to newspapers is not to exceed Rs 2,500.

Annual limit for books of specialised nature required by professionals and specialised organisations has been raised from Rs. 3,000 to Rs 6,000.

Agency reports add: the import policy aims at stimulating industrial activity greater import substitution, an increased availability of raw materials, and keeping the domestic price line in check through larger industrial production.

The policy was approved here today by the Cabinet, which met under the chairmanship of President Mohammed Zia-ul-Haq. Details of the policy were announced over radio and television by Mr Izharul Haq, Secretary, Ministry of Commerce.

Some of the items which have been put on the free list include: various types in industrial machinery, tools and workshop equipment like silk filature machinery, rolling and calendaring machinery for textiles, metal working machine-tools operated by electro-erosion, ultra-sonic machine-tools, collar marking machine, pre-cleaning and lint cleaning equipment, sun-flower seed and cloza oils, silicone of certain types, lead and zinc alloys, metallic and coated plastic films, silver and rovings of glass fibre, articles of artificial four of a kind used in machinery, clock movement, unserviceable barges for breaking up and cotton yarn of counts not permissible till present.

Again, in order to step up export capability, the allowable limit for import of banned machinery items by units has been raised from Rs. three million to Rs five million. As a result of this facility, an exporting unit can import machinery under balancing, modernisation and replenishment (BMR) plan for up to Rs. 10 million-including Rs five million the new facility for import of banned machinery, through bank guarantee for export performance.

In order to encourage maximum local production of components industrial licences will be issued only for import of six components to the manufacturers and assemblers of refrigerators, deep freezers and airconditioners. Similarly, the assemblers of television sets will be allowed industrial licences for import of only seven components.

Spare Parts

The assemblers and manufacturers of motorcycles and scooters will be issued industrial licences for only those components which are permissible under the deletion programme applicable to them.

To ensure successful implementation of the deletion programmes further industrial licensing for components will not be made to any assembler and manufacturer who would fail to adhere to the deletion schedule.

CSO: 4220/199

HIGHLIGHTS OF NEW IMPORT POLICY GIVEN

Karachi DAWN in English 29 Jun 82 p 11, 12

[Text]

ISLAMABAD, June 28: Following are the highlights of the import policy for 1982-83 announced here today.

Ninety items of raw materials and capital goods will be importable under the free list.

Caustic soda will be importable by the private sector, through of the Trading Corporation of Pakistan.

Eighteen items of essential tools and workshop equipment have been shifted from the tied to the free list.

The ceiling of value for import of banned machinery has been raised from Rs. three million to Rs. five million.

Industrial licences will be issued only for import of six components to the manufacturers and assemblers of refrigerators, deep-freezers and air conditioners, and seven components to the manufacturers and assemblers of television sets. The steps is aimed at encouraging larger

domestic production of these components.

The assemblers and manufacturers of motor-cycle and scooters will be given industrial licences for only those components which are permissible under the deletion programme applicable to them.

Import of any clock below the C and F (cost and freight) value of Rs. 75 will be disallowed, in order to encourage the local clock-making industry.

Licensable value restriction has been lifted from six consumer goods items, including drugs and medicines, electric bulbs, razor blades, razor sets, spices and Tamarind.

Restrictions on licensable value on 22 consumer goods items will continue, but new importers will be allowed, in order to break the monopoly of the existing ones.

The licensable value restrictions have also been removed from jute goods. APP

CSO: 4220/199

BORDER TRADE AGREEMENT WITH CHINA SIGNED

Karachi DAWN in English 29 Jun 82 p 12

[Text]

GILGIT, June 28: The 14th border trade agreement between Pakistan and China for 1982-83 was signed at Gilgit yesterday.

Haji Yefu, incharge of the Foreign Trade Bureau of Sinkiang higher autonomous region signed from the Chinese side.

Border trade agreements which are aimed at promoting trade ties between the bordering regions of the Northern areas and the Sinkiang autonomous regions have been effective since 1969 and are symbolic of the close fraternal relations between the two countries.

This year's agreement envisages exchange of goods worth Rs 41 lakh from each side denoting an increase of about five per cent over last year.

Main items of exports from Pakistan are cotton textiles, dry fruits, medical herbs, cigarettes and razor blades, while printed cloth, woollen blankets, quilts and quilt covers, agricultural power tillers, agricultural implements, hardware and farm tools etc will constitute important items of import from China.

The samples of these articles are being displayed today in Gilgit in Rakkajoshi Hotel and the negotiation for price fixation would continue for a couple of days.

The final commodity exchange border trade agreement will be signed on July 1, 1982 at Gilgit.—PPI

VESSEL HANDED OVER TO CHINA

Karachi DAWN in English 29 Jun 82 p 12

[Text]

Mr Wang Disan, Consul-General of China, said yesterday that the three cargo vessels, built by Pakistan for China, were symbols of the Sino-Pak friendship.

He was speaking at the ceremony marking the handing over of 4,500-ton mini-bulk carrier 'You Yi 12' at Karachi Shipyard and Engineering Works.

Mr Wang said the building of three vessels for China, namely 'Hetian', 'You Yi 11' and 'You Yi 12' had not only demonstrated the quality of work but also made a positive contribution to the friendship and cooperation between China and Pakistan.

He said the members of the Chinese supervisory team had worked together with the engineers and technicians of the Shipyard for more than 2 years and a profound friendship had been forged among them. He thanked the shipyard for the facilities provided to the members of the supervisory team.

The Chinese Consul-General wished the Shipyard new successes and increased cooperation between the two countries.

Transfer documents of the newly built ship were signed by the Managing Director, Mr Habib Ghani, on behalf of KSEW; and by Mr Yu Wen Zai on behalf of China National Machinery Import and Export Corporation.

The newly build ship is provided with air conditioned accommodation and has attained trial speeds of 13 knots in fully loaded condition.

The vessel can carry iron ore or bulk cargo and timber in the holds as well as on the deck.

The KSEW has so far built and delivered 162 vessels of different types and sizes for both local and foreign customers.--
PPI/APP

CSO: 4220/199

IMPACT OF USSR-AFGHAN ROAD, RAIL LINKS ON SECURITY VIEWED

Karachi DAWN in English 30 Jun 82 p 1

[Text]

LONDON, June 29: The Soviet Union is steadily integrating Afghanistan road and rail net work with its own. The latest step is the signing of a railway accord between the two governments.

Afghanistan is one of the few countries that do not have a railway. Before the 1978 Marxist revolution, the Shah of Iran was preparing to lend Afghanistan 1.2 billion dollars to build a railway linking Kabul with Iranian ports of the Persian Gulf. However, it did not materialise.

The new accord gives the Russians permission to build a railway from the important Soviet town of Tirmiz in south Uzbekistan to the Afghan town of Pul-i-Khumri well inside the Afghan border.

Tirmiz is one of the main supply depots for the 80,000 Soviet troops in Afghanistan and a railway line crossing the Oxus River which divides the two countries, will greatly ease the Russians' supply problems.

Observers here believe that if the Afghan freedom fighters are sufficiently subdued, the railway line will be extended to Kabul and south to Kandhar, which lies just 200 miles from the warm waters of the Gulf.

BRITISH OBJECTIONS

British objections to such a railway line in the 19th century led to two Afghan Wars, when Britain invaded the country to replace the Afghan rulers, who were tilting towards the Czarist Russia.

Czarist Russia was always keen thereby to extend its Trans-Siberian railway into Afghanistan, posing a direct threat to the British grip on the Indian sub-continent.

Such a railway now would be

looked at with extreme concern by both Pakistan and Iran, which are sheltering four million refugees from the war in Afghanistan.

Poor communication through the rugged Hindu Kush mountains have always been a factor in Pakistan security and a railway line heading straight back

to the Soviet Union from Pakistan's border region, would not be a welcome prospect. Similarly, Iran would be concerned if the line were extended south to Kandahar and west to Herat.

ANOTHER AGREEMENT

Although such extensions are not likely in the immediate future, given that neither the Soviets nor the Afghans have the troops to protect such a railway from commando attacks, the political implications for the whole region remain profound.

Another agreement signed between Moscow and Kabul gives the Soviet equal rights to protect, maintain and use the highway and now bridge across the River Oxus between Tirmiz and the Afghan border town of Hariatan.

The Russians started building a new road and rail bridge across the Oxus the same month that they invaded the country in December, 1979. And it was completed last month.

The provision for joint Soviet-Afghan maintenance of the strategic bridge and the routes leading to and from it have set a precedent for similar types of arrangements for military bases, airfields and even housing complexes used by Soviet troops.

These could prove yet another stumbling block towards any settlement over Afghanistan and a withdrawal of Soviet troops.—
FPI

INQUIRY INTO PASSCO AFFAIRS ENDS

Karachi DAWN in English 30 Jun 82 p 1

[Text]

LAHORE, June 29: The Federal Investigation Agency has completed its inquiry into the affairs of Pakistan Agricultural Supply and Storage Corporation, and a report in this regard will be released soon.

This was stated here today by the Managing Director of PASSCO, Chaudhry Ghulam Rabbani, at a Press conference to clarify the situation regarding the prices of pulses fixed by the Corporation.

Chaudhry Rabbani said the FIA had taken full three months to investigate allegations against PASSCO and finalise a report.

He challenged that if any other agency in the public or private sector offered pulses on cheaper rates than those done by the PASSCO, the Corporation would stop dealing in pulses. He alleged that the scarcity of pulses was an artificial one and had been created by hoarders and profiteers.

He claimed that the PASSCO had not increased the prices of pulses. Despite the bad harvest of gram this year, the PASSCO would continue selling this commodity at a Rs. 8 per kg during Ramazan, he added.

Chaudhry Rabbani said the PASSCO had also plans to enter the wholesale business of pulses for which a formula had already been finalised and was under the consideration of the Federal Government.

CSO: 4220/190

CALL TO BANISH OBSCENITY FROM SOCIETY

Karachi DAWN in English 21 Jun 82 p 8

[Text]

Movement for the Eradication of Obscenity was launched last evening by a group of people belonging to all walks of life.

The movement began with a largely attended meeting at the historic Khaliqdina Hall which was addressed among others by Mr Abdul Sattar Afghani, Mayor of Karachi; Prof. Ghafoor Ahmad, Mr Mahmood Azam Farooqui, Mr Pervez Iqbal Khalil, a student leader, Chaudhri Abdul Ghafoor, President of the Advertising Association of Pakistan; Mr Mahmood Ghaznavi, former President of the Karachi University Students Union; Mr Mohammad Salahuddin, Editor of "Jasarat"; Mr Sikandar Hayat, newly elected President of the KMC Sanitary Workers Union; Mr Zia Shahid, Resident Editor of Nawa-i-Waqt, Karachi; Mr Mahmood Ahmad Madani, Executive Editor of "Jung", Karachi; Mr Junaid Farooqui and Syed Munnawar Hassan.

The meeting, which was held on schedule at 8 p.m., continued till past 11 p.m. The crowd was orderly and disciplined and jam-packed in the big historical hall.

The speakers demanded that the authorities should act in doing away with obscene sign boards, neon signs, posters in shops, restaurants, hotels and in public places etc.

The speakers stressed the need for improving the morality of the people particularly the younger generation by eradicating obscenity from the society which

is perpetrating the society in various forms such as literary mental and verbal etc.

The reasons for people going for obscenity, according to Mr Abdul Ghafoor was due to lack of understanding of Islam among the masses, lack of self-accountability and these could be checked by re-launching Islam and its teachings.

The Advertising Association chief said that he fully supports the movement, but added that in the field of communication big technological advancement has taken place and as many as 2,100 satellites have been launched in the space and 33 are for communication purposes for television, radio, and telephones.

This technological advancement, he said, would naturally affect the morality of the people who are using various methods to view the television programmes of other countries.

The Mayor of Karachi said that Pakistan was created on the basis of Islam and our religion doesn't permit obscenity in any form.

Mr Afghani said that "your slogan is my slogan and we all have to fight unitedly".

He said the other day, IBA organised a dance and music show at its auditorium in Karachi University in the presence of a Federal Minister.

The Mayor said that the so-called cultural shows being organised at the Pakistan Arts Council should be banned as the place is being used for demonstrating obscenity and other social evils.

PAKISTAN MOVEMENT RECORD AVAILABLE FOR RESEARCH

Karachi DAWN in English 30 Jun 82 p 3

[Text]

LAHORE, June 29: All the record relating to the Pakistan Movement, the Quaid-i-Azam and Independence struggle has been compiled by the National Documentation Centre and is available for research and reference purposes.

This was stated by Dr S.M. Zaman, chief of the centre and Joint Secretary, Cabinet Division, at a radio Press conference here on Monday.

He said the centre had collected copies of all the record pertaining to the Pakistan Movement and State documentation of the provincial governments.

So far it has collected 600 rolls of the copies of the historic record from the India Office Library. Each microfilm roll consists of 100 pages.

The centre has also with it 46 guide-books which the India Office Library published for its record and for the help of research scholars. The centre has prepared 134 catalogues of the record and is regularly receiving newsletters from the library in London on the subject.

Under an agreement signed between the centre and the India Of-

fice Library, the centre could get microfilms of the record on request and without cost from the library.

In return, the centre would send to the library on request anything it required to complete its holdings about Pakistan with the help of Lahore Archives.

The centre has so far supplied 74 rolls of the microfilms to the library.

The centre has constituted a committee for scanning and fixing priorities of the existing record. Dr M.A. Baluch, Vice-Chancellor of the Islamic University, Islamabad, is the chairman of the committee while Mr Aqeel, Director, Lahore Archives; Dr Ateeq Zafar of the national Archives; Prof Sharif Mujahid, Director, Quaid-i-Azam Academy; and Mian Saadullah, a former incharge of the centre, are its members.

In reply to a question, Dr Zaman said the centre had published a brochure having all the details of the record. It had supplied the copies of the brochure to the Departments of History, Journalism and Political Science in all the universities of the country for research purposes.—APP

ALLOCATION FOR CHASHMA RIGHT BANK CANAL

Karachi DAWN in English 30 Jun 82 p 3

[Text]

LAHORE, June 29: A sum of Rs 280 million, including a foreign exchange component of Rs 67.105 million under the ADP 1982-83, has been allocated for civil engineering works at the WAPDA's Chashma Right Bank Canal project in NWFP.

The project includes earthwork and lining in about 25-mile long reach of the main canal extending to Chashma Barrage, re-modelling of the Paharpur Canal and construction of canal structures and bridges.

Meanwhile, earthwork of 10 miles reach of the main canal which was taken in hand two years back is being completed whereas lining of the canal is in progress.

The project envisages construction of a canal with discharge capacity of 4879 cusecs off-taking from Chashma Barrage on River Indus.

The main canal will be 169 miles long with 375 miles of distributary channels.

Other works to be constructed included service roads with a total length of 554 miles and 81 bridges of various types.

On completion, the project will provide irrigation facilities to 3,50,000 acres in Dera Ismail Khan and 2,20,000 acres in the D. G. Khan.

The project is estimated to cost Rs3477.554 million including a foreign exchange of Rs 503.373 million.—PPI

CSO: 4220/190

DRIVE TO EXPLORE MINERALS LAUNCHED

Karachi DAWN in English 25 Jun 82 p 14

[Text]

LAHORE, June 24: The Geological Survey of Pakistan has launched a vigorous drive to explore gold, tin, tungsten, zinc, lead and other placer minerals from Potowar and Salt Range comprising districts of Jhelum, Sargodha and Mianwali, PPI officially learnt here today.

These areas are said to have potential for these minerals but the quantum of deposits, exact location and economic feasibility of their extraction will be determined after a comprehensive geological survey of these areas.

If found economically feasible, the mining job would be entrusted to the provincial Minerals department.

Meanwhile, the GSP has also completed preliminary investigations on Gonwana coal deposits and identified some promising

areas in Punjab where they might occur.

Gonwana coal is of high quality, like the one found in India, and may prove to be a valuable find for Pakistan.

Other fields in which the GSP is working at present is the exploration of limestone, silica and other geo-thermal resources in the country.

Kala Chitta, comprising over 500 square miles in southwest of Rawalpindi is the area under study for this purpose.

Geological mapping of this area has been completed and the geological report about it will be published during the next financial year (1982-83).

After detailed survey of this area the GSP will divert its attention to other less developed areas like D.G. Khan to find minerals.—PPL

CSO: 4220/197

CRISIS IN TEXTILE INDUSTRY PROBED

Karachi DAWN in English 27 Jun 82 Supplement pp 1, IV

[Article by Rafique Jabir]

[Text]

PAKISTAN'S cotton textile industry, now facing a crisis of a serious magnitude, enjoys a pre-eminent position in the national economy. In 1980-81, while raw cotton exports were valued at 525 million dollars, those of cotton yarn, cloth and other made-ups were worth over 700 million dollars.

Extensive cultivation of cotton in the country provided a basis for the early growth of textile manufacturing as a viable industry. Starting as an exporter of raw cotton at the time of independence in 1947, Pakistan soon emerged as a major exporter of textiles in the world. It is no wonder that raw cotton production has registered an almost four-fold increase from 1.1 million bales in 1948 to 4.3 million bales in 1980-81, about 60 per cent of this is consumed locally.

While raw cotton has provided a base for the growth of the textile industry, the latter's growth has provided the underpinning for the rise in the production of raw cotton as a cash crop for both home consumption and exports.

As a premier national industry, textile manufacturing is not only saving on cloth imports but is also providing employment to a sizeable part of the labour force and supporting several allied industries based on cotton yarn and

cloth such as towels, knitwear, canvas and tents and readymade garments. These industries are producing value-added products, thus contributing more and more to the national economy through increased exports.

DELINKING

The textile industry which grew phenomenally during the fifties and the sixties now faces an uncertain future. Even the Federal Finance Minister admitted in his Budget speech that the export performance of this premier industry was far from satisfactory this year owing to recession in world trade a slump in overseas cotton prices due to glut of supplies and a hardening of the US dollar in the first six months of the year which rendered our prices uncompetitive. He, however, observed that the delinking of the Pakistan rupee from the dollar had brought about a distinct improvement in exports and hoped that the industry's performance would be much better next year. It may be mentioned here that restrictive trade practices and imposition of the quota system in Western Europe and North America are also hampering export of cotton textiles and made-ups.

While the industry has welcomed the delinking as a positive step towards boosting textile exports, it feels that the crisis is too deep-seated to be solved by this single measure. Its spokesmen maintain

that the problems that cropped up in the wake of this decision still remain untackled, although these were foreseen. Lack of a prompt response has created uncertainty in the minds of the foreign buyers who are waiting on the sidelines with unhappy consequences for the industry in these days of tight liquidity. These circles regret the conspicuous absence of follow-up measures in the budget to offset the inflationary impact of delinking. They invite attention to the urgent need for reducing import duties on industrial raw materials, spare parts, components and machinery in order to counteract the cost-push inflationary impact of devaluation.

Other steps canvassed include further liberalisation of the Export Refinancing Scheme to make provision for credit sales of cotton yarn and fabrics and continuation of the balancing, modernisation and replacement scheme in its original shape as envisaged by the Government in 1977-78. These circles say that while the industry responded enthusiastically to the support given by the Federal Government by way of the BMR programme for filling the technological gap that had developed over the past decade, extremely important items were removed from the concession list. One order after another saw the erosion of the BMR programme rendering it totally ineffective.

MODERNISATION

The textile magnates maintain that modernisation is a continuous process because the industry has to keep pace with rapid technological developments in the textile sector. This clearly underlines the need to import more sophisticated equipment to meet the requirements of quality-conscious textile markets. While welcoming the manufacture of textile machinery in the country, these circles emphasise that such manufacture should be undertaken in collaboration with the recognised international manufacturers whose technology has been tested rather than with those who have failed to make a mark. They describe it as most unfortunate that even before producing a single unit, the import of certain items has been subjected to prohibitive rates of duty and removed from the list of the BMR concession. Another anomaly, they say, is that

while the need for modernisation is urgent, the Government allows replacement of machinery only if it is older than 18 years. They stress that in a world of rapid technological change, 10-year-old machinery should qualify for replacement.

Industry sources, however, note with satisfaction the recent arrangement under which the future programme for the manufacture of textile machinery in the country would be drawn up in close consultation with the All Pakistan Textile Mills Association.

COTTON PRICES

Textile owners are concerned over the prices and supply of raw cotton. They accuse the Cotton Export Corporation of charging higher prices for raw cotton from the local mills while selling it to the foreign competitors at comparatively cheap rates. Not only this, they allege that the cotton requirements of the domestic industry were not being fully met, thus causing the industry to lose its competitive edge. The Cotton Export Corporation Chairman recently denied the charge that the local in-

dustry was getting raw cotton at a price higher than that being charged from the foreign buyers. While CEC was selling cotton to foreign buyers at Rs.600 per maund, the local buyers were getting it at Rs.500 per maund or less depending on the quality. This price was even lower than the spot rate of Rs.525 quoted by the Karachi Cotton Association. He also assured the Pakistan textile industry that its requirements would be fully met. Cotton stocks had already been earmarked for the industry on the basis of reservation money paid by the manufacturers.

EXPORTS

The fluctuations in the fortunes of the domestic textile industry during the last five years are clearly reflected in the following export figures. Exports of cotton yarn had slumped to below, 60 million kgs. and those of cloth to 453 million square meters in 1977-78. These improved to almost 100m/kgs and 545m/sq meters in 1979-80. But from 1980-81, the trend has been reversed and the export of cotton yarn declined to 95m/kgs and those of cloth were down to 500m/sq meters. The down-

ward trend was further accelerated in the first half of 1981-82, being at a level 50 per cent lower than the one prevailing in the earlier half year. According to economic survey cotton yarn and cotton cloth exports during July-March 1981-82 were estimated at Rs.1,3590 million and Rs.2,193 million respectively as against Rs.1,465.1 million and Rs.1,711.2 million in the corresponding period a year ago.

The industrial circles express surprise over the absence of any specific measures in the budget to pull the premier national industry out of the morass. The duty-free import of machinery and spare parts under the BMR Scheme continues but the legitimate grievances in this regard have not been removed.

No new spinning unit is being sanctioned in custom duty areas like Karachi. Even in zero duty areas, the pace of fresh sanctioning is very slow and scores of applications have been pending for many years. It is also common knowledge that further expansion of existing units is allowed only under the pay-as-you-earn scheme.

GOVERNMENTAL HELP

While the textile magnates complain that the industry is engulfed in a sea of problems, the Government sources maintain that a number of measures have been taken to reactivate the industry, which include abolition of import duty on textile machinery for balancing, modernisation and replacement and compensatory rebates on exports at the rate of 7.5 per cent in the case of cotton yarn and 10 per cent in the case of cloth. Above all, the delinking of the rupee has restored the industry's competitive position.

The fact remains, however, that textile exports are not picking up at the desired pace. The competitors like Taiwan, South Korea and Turkey which have recently emerged as major textile exporters have elbowed us out of the world market. This is attributed to the installation of the latest equipment in those countries.

Until the separation of the East Wing, the industry depended too heavily on the sheltered local market. It flourished in the 1950s and 1960s due to a cheap and abundant supply of cotton and labour. But it started flagging since the seventies. Labour indiscipline and the ill-conceived policies of the Government played their part in the decline. It showed signs of recovery during 1977-1980, but has again relapsed into a serious crisis. The weaving sector which had increased to 30,000 looms in 1970s has shrunk to 22,000 looms, while the installed spinning capacity is placed at 4 million spindles and 22,000 rotors.

According to management experts, the grievous lack of management expertise is a major cause of the present ills. In the first two decades the entrepreneur was operating under extremely favourable conditions. But in the present adverse circumstances, he will have to readjust himself to the emerging realities and brace himself up to meet the new challenges. The significance of an industry which accounts for 8 per cent of the GNP and is a big employer of labour can hardly be over-emphasised. The early restoration of its fortunes is devoutly to be wished for.

BRIEFS

ON HIGHER STUDIES ABROAD--The Federal Education Ministry has asked all the educational institutions to send the cases for issuance of no objection certificates at least 30 days in advance in cases of higher studies abroad, and 15 to 20 days in advance for participation in conferences, seminars, workshops and training programmes. Any case received in contravention of the above period will not be entertained, it was stated. [Text] [Karachi DAWN in English 21 Jun 82 p 8]

KASURI FOR TREATMENT ABROAD--Since Mian Mahmud Ali Kasuri has been ill for sometime and is proceeding abroad for treatment, Syed Munir Shah, Chairman of Defunct Tehrik-i-Istiqal, NWFP, will act as Party chief, and will nominate his successor to act as Chairman for N.W.P.F., Mr Musheer Ahmed Pesh Imam, Secretary-General said in a Press release. [Text] [Karachi DAWN in English 27 Jun 82 p 6]

THAI-PAKISTAN FOOD VENTURE--Lahore, June 28--Thailand is very keen to export canned food to Saudi Arabia in collaboration with Pakistan. This was stated by Thai ambassador to Pakistan, Mr Pranom Kongsamut while addressing a meeting of the Executive Committee of the Lahore Chamber of Commerce and Industry here on Sunday. He asked the Pakistani business community to inform him of their interest in this regard. Replying to a question about the exchange of technology in the field of agriculture, the Thai Ambassador said Pakistan Ambassador in Thailand was already making efforts in that direction. Ambassador Pranom said Thailand would be pleased to receive a Pakistan delegation to his country in September to see the agricultural development in his country.--PPI [Text] [Karachi DAWN in English 29 Jun 82 p 10]

INDIAN TROOPS CONCENTRATION DENIED--Islamabad, June 26--Defence Minister Ali Ahmad Taipur today informed the Majlis-i-Shoora that was a fact that a fairly large number of Indian troops are normally located close to our borders. "The government," he said, "is, however, not aware of any recent large-scale concentration of troops on our borders." Replying to a question from Chaudhri Nisar Ali Khan, the Minister said that Government was alive to its responsibilities with regard to the security of the country and there was no cause for undue alarm. In his question, Chaudhri Nisar Ali Khan had asked whether it was a fact that India had amassed 25 Divisions of its Armed Forces on Pakistan's borders and if so what steps were being taken to meet this threat.--PPI [Text] [Karachi MORNING NEWS in English 27 Jun 82 p 1]

JUTE PURCHASE FROM BANGLADESH--Dacca, June 28--Pakistan is likely to increase its purchases of jute from Bangladesh. Officials of the Jute Ministry here said that during the next financial year beginning in July demand for jute will be rising. Thailand which imports 16 000 tons in the previous fiscal year has also indicated its desire to buy 15,000 tons. Meanwhile production of raw jute in 1982 may be at least one billion bales less than the target of 5.5 billion bales. Severe drought in May and early June this year has reduced crop prospects. With carry-over the total availability of raw jute for the next fiscal year will be between 5.5 and six billion bales about two million of which are for export.--PPI [Text] [Karachi MORNING NEWS in English 29 Jun 82 p 10]

STATEMENT ON CEMENT PRICE--Lahore, June 29--The State Cement Corporation of Pakistan had no plan, whatsoever, to increase the price of cement, a spokesman of the SCCP announced here today. He said that the Federal Finance Minister in his budget speech had made it clear that there would be no increase in the price of cement. As such, he added, the public should rest assured that cement was available in adequate quantities and that there should be no misgivings about any increase in the price of cement. [Text] [Karachi MORNING NEWS in English 30 Jun 82 p 1]

AID FOR REFUGEES--Rome, June 29--The World Food Programme (WFP) has announced it will send additional emergency food aid worth 40.8 million dollars for Afghan refugees in Pakistan. The allocation consists of 75,000 tons of wheat, 15,000 tons of cooking oil and 8,700 tons of milk powder from the United States, 10,000 tons of wheat from Australia and 7,000 tons of wheat from France.--IINA [Text] [Karachi MORNING NEWS in English 30 Jun 82 p 8]

STUDENTS CLASH ON CAMPUS--Two students--Mr Hasil Khan Baluch, President of the United Students' Movement, University of Karachi and son of Mr Ghous Bukhsh Bizenjo and Mr Ghulam Hussain were injured in a clash between two groups at the University Campus on Wednesday. They were allegedly attacked when passing in a procession by the Mosque where their rivals were holding a meeting. According to the police, seven to eight rounds were fired. The USM held a meeting to condemn the action taken by the Police against Tuesday's demonstrators in Saddar. When they formed into a procession to go round the Campus and reached the Mosque where the Islami Jamiati-i-Tulaba was holding its Adabi Adalat "to try APWA" for its activities, the clash took place. After a few minutes the police force, headed by SDM Central, entered the University Campus to restore order. The Police have registered a case against the 'unknown accused persons' and started investigations. Meanwhile, the "caretaker President of Karachi University Students Union" Mr Mahmood Ghaznavi, has condemned the "armed attack" against the Jamiat workers, says a KUSU Press release. In a statement, he said that first the group tried to disturb the programme held under the auspices of the union and later they opened fire against "unarmed Jamiat workers," he said. He demanded action against those responsible for the yesterday's incident. [Text] [Karachi DAWN in English 24 Jun 82 p 8]

UNEASY CALM ON CAMPUS--An uneasy calm prevailed at the University Campus yesterday following a clash between two rival groups on Wednesday. Some students were seen carrying sticks and other weapons. However, no ugly incident took place. The Gulshan police continued investigations into the clash in which two students received injuries with 'hard and blunt objects.' The police have made no arrest so far, not the victims reported to the police about the incident. [Text] [Karachi DAWN in English 25 Jun 82 p 14]

KARACHI--SPECIAL STATUS DEMANDED--Demand for 'special status' for Karachi echoed when the KMC Councillors met yesterday to discuss Karachi Metropolitan Corporation's 1982-83 budget. Mayor Abdul Sattar Afghani was in the chair. Opening the budget discussion, Councillor Akhlaq Ahmad gave a catalogue of setbacks, which crippled Karachi saying that 'these will destroy the coveted position of this city.' He called for measures to restore its position, image and status by seeking special grants from Islamabad to set things right. He also said that if Karachi was not granted 'Special Status' the Shoora members from Karachi should resign in protest. He also demanded that there should be 'correct population estimates' and listed events to claim that the "Anti-Karachi" approach of the bureaucracy had finally brought misery to this city with water crisis heading the list and closely followed by gas and electricity shortages. No new educational institutions are being added resulting in serious admission problems in schools, colleges and professional institutions. The situation on transport front is "simply hopeless," he said, adding that hospitals and health centres, instead of providing relief, were adding to the misery of the suffering humanity. [Excerpt] [Karachi DAWN in English 21 Jun 82 p 6]

APPEAL AGAINST AMPUTATION REJECTED--Islamabad, June 29--The Federal Shariat Court today dismissed a criminal appeal filed by one Ghulam Ali of Okara and confirmed the punishment of amputation of his right hand from the joint of his wrist awarded by the Additional Sessions Judge, Sahiwal, on Oct 13, 1981. A Press release of the Shariat court issued here today said Ghulam Ali, aged 25 years, filed a criminal appeal from the jail against his conviction under Section 9 of the Offence Against proper Enforcement of Hudood Ordinance for stealing a clock on Aug 25 from Mubarak Masjid, Lalazar Colony, Okara. The court consisted of Mr Justice Aftab Hussain, Chief Justice, Mr Justice Zahoorul Haq, Mr Justice Ch. Muhammad Siddiq, Mr Justice Maulana Ghulam Ali and Mr Justice Pir Mohammad Karam Shah.--APP [Text] [Karachi DAWN in English 30 Jun 82 p 82]

PAGARO CONFERS WITH GHAFOOR--Pir Pagaro, President of the defunct Pakistan Muslim League (Pagaro group), had a meeting with Prof Ghafoor Ahmad of the defunct Jamaat-i-Islami, in Karachi yesterday. The meeting, which lasted about one hour, was held at Pir Sahib's initiative at his residence. Discussions between the two leaders centred round the situation in the country as well as the latest international developments, particularly those affecting the Muslim world. Both Pir Pagaro and Prof Ghafoor, when contacted late last night, gave little credence to the speculation about a possible 'rightist alliance.' Pir Sahib said: "The politicians meet, as they should, to exchange notes and develop an understanding. Apart from this, there was nothing unusual to speculate about." Prof Ghafoor brushed aside all talks about the leftist and the rightist alliances. However, he added, the door to a dialogue between the politicians should not be closed. [Text] [Karachi DAWN in English 30 Jun 82 p 1]

ELECTIONS--PAGARO WANTS DATE--Multan, June 29--Pir of Pagaro President of defunct Pakistan Muslim League has said that President General Mohammad Ziaul-Haq should immediately announce the date for holding general elections in the country. Replying to a question at a reception given in his honour by Mr Ghulam Yasin Khan in Taunsa tehsil of D.G. Khan Pir Sahb said that it was vital for the Army to go back to the barracks to perform its real task

of defending the country. He said it appeared that the present Government was not in favour of holding general elections nor are there any indications that they would be held in the near future. He said it was a matter of surprise and sorrow that the Government was not giving any attention towards the Chashma Right Bank Canal. He said if his party came to power, due attention would be given to Chashma Right Bank Canal and mills and industrial units would be set up in the area to solve the problem of unemployment. [Text] [Karachi DAWN in English 30 Jun 82 p 12]

BAN ON NDP LEADER--Lahore, June 26--The Government of Baluchistan has banned the entry of Rao Mehroz Akhtar, President of the defunct NDP, Punjab, into the province for a period of three months. The order, which has been issued under Section V of the West Pakistan Maintenance of Public Order Ordinance, came into force with effect from June 12. [Text] [Karachi DAWN in English 27 Jun 82 p 11]

CASES REGISTERED AGAINST 12--Rawalpindi, June 26--The Police has registered a case against 12 persons including 7 students and attempting to disturb peace here yesterday. According to details, the accused persons including students Munir Butt, Mushtaq Hashmi, Jaafar Ali, Khalid Masood, Nasir Afridi, Shakil and Fayaz Rabbani allegedly came out of a mosque after Juma prayers near the Cloth Market, Saddar, and started raising anti-Israel slogans publicly. Later they burnt an Israeli flag. The cantonment police have registered a case and were investigating in this regard.--PPI [Text] [Karachi DAWN in English 27 Jun 82 p 10]

'UNDUE IMPORTANCE TO ASGHAR'--Muzaffargarh, June 26--The chief of Pakistan Muslim League, Pir Pagara, has alleged that the Government was giving undue importance to Air Marshal (Retd.) Asghar Khan by keeping him detained for a long time as he (Aghar Khan) was a well wisher of Martial Law and he had invited the armed forces to rule the country. Talking to newsmen at Taunsa during his brief stay, he said the Government disliked all types of alliance and for this purpose, it had detained Nawabzada Nasrullah Khan as he was the only politician expert on alliance formation. The PML/chief said that if people gathered under the flag of PML the present political deadlock would end. Lashing out on ML (Khairuddin group) Pir Pagara said that it did not represent the Leaguers as only five percent members of PML belonged to that faction.--PPI [Text] [Karachi DAWN in English 27 Jun 82 p 10]

CASES AGAINST MRD LEADERS--Lahore, June 26--Cases under MLR-13 and 37 were registered against 11 leaders and workers of the MRD on the charge of delivering objectionable speeches at a meeting held on Thursday at the Kissan Hall in connection with Israeli aggression on Lebanon, a local daily reported on Saturday. Those against whom cases have been registered: Rao Mehroze Akhtar, President of the defunct NDP, Punjab; Sheikh Rafiq Ahmed, President of the defunct Pakistan People's Party, Punjab; Mr Abdul Rashid Qureshi, Secretary Information of the defunct PDP and Mr Riaz Lone of the defunct Quami Mahas Azadi who also presided over the meeting. Cases against Hafiz Abdul Wadood, Shaukat Umar Pirzada, Syed Israr Hussain Shah, Hafiz Abdul Ghafoor, Mehmood But, Haji Ziauddin, Ahmed Butt, Haji Ziauddin Butt and Mr Iftikhar Shah were also registered.--PPI [Text] [Karachi DAWN in English 27 Jun 82 p 10]

JAMMU KASHMIR LIBERATION FRONT--Rawalpindi, June 20--The Jammu Kashmir Liberation Front will open its offices in Pakistan and Azad Kashmir in continuance of its aim to liberate Kashmir for making it an independent state. The President of the Front, Mr Amanullah Khan, told a press conference here this afternoon they have demonstrated through different, international forums in this regard. He said there are three ways by which they can conduct their liberation movement, namely, through political platforms, secondly through arms struggle and thirdly through diplomatic channels. He said, for the time being, they are in a phase to strengthen themselves and to promote their cause. They will concentrate on achieving their goals through political platforms. He said, in this connection, they will uphold their aim of restoring democracy in Azad Kashmir. [Text] [Karachi DAWN in English 21 Jun 82 p 12]

STEEL MILLS' BILLET PLANT--Islamabad, June 20--The Federal Minister for Production, Lt.-Gen Saeed Qadir, informed the Majlis-i-Shoora today that the Billet plant of the Pakistan Steel Mill is almost ready and steel making plant is expected to be commissioned by September this year. The Minister was replying to a question in the Majlis-i-Shoora. The Minister said that the hot strip mill will be completed by June 1984 when the plant will be completed for achieving full production. The Minister said that the products of Pakistan Steel conform to international standards. The coke and pig iron being produced at the Pakistan Steel have not only found ready market in the country but are also being exported to Romania and India. The Minister of State for Food and Agriculture, Mir Zafarullah Jamali, in reply to a question informed the House that aerial spray was provided to 1,38,000 acres of sugarcane crop in NWFP and 88,000 acres of sugarcane crop in Punjab, during 1980-81. He said in Baluchistan 140,000 acres of paddy and 150,000 acres of orchards were also sprayed free of cost. The Department of Plant Protection was keeping constant pest surveillance in certain areas of the country. Watch was also being kept in the locust breeding areas in the deserts. [Text] [Karachi DAWN in English 21 Jun 82 p 10]

CSO: 4220/198

PREPARING PEOPLE FOR RECESSION URGED

Manila BULLETIN TODAY in English 24 Jun 82 p 6

[Editorial: "Economics of Scarcity"]

[Text] As the weeks pass, our people will increasingly feel the pinch of the "economics of scarcity." For the most part this consists in the difficulty of many firms to stay in operation. That difficulty is the result of depressed markets for a number of commodities and manufactured products. The tendency of firms under the circumstances is to lay off people.

On account of poor business conditions, the revenue take of the government has become smaller. Hence, the government has to cut down spending. When the government does that it affects the incomes of firms which provide the government with goods and services. And the tendency of these firms too will be to either lay off personnel or hold down wages.

The primary challenge to the economy is not what it plans to do when the recovery shall have started, probably by next year, but what it must do now to minimize the dislocations and avert unrest.

That may sound like a simple thing to do, but it is not, because the kind of recession we are going through is rare. A rare experience implies difficulty of adjustment.

An adjustment to the economics of scarcity would require as an initial prescription the proper conditioning of minds.

The people should be told the harsh facts, the better to make them bear up the difficulties.

It would be highly inadvisable at present to sugarcoat the facts or to raise expectations, for the result would likely be disillusionment.

CSO: 4220/99

PHILIPPINES

LABOR PRESSES FOR WAGE HIKE

Manila PHILIPPINES DAILY EXPRESS in English 26 Jun 82 pp 1, 6

[Text] The Trade Union Congress of the Philippines said yesterday it will not abandon its demand for a P3 a day across-the-board increase for all workers despite an agreement allowing workers to buy government rice at P2.85 per kilo.

Ernesto Herrera, acting TUCP secretary-general, said the wage increase is necessary for workers to cope with the increasing cost of living.

Citing statistics, he said the country's inflation rate was 11 percent.

He said wages grew by 152 percent from 1957 to 1980 while the consumer price index rose by 324 percent during the period.

The old rice price was made possible yesterday as a result of an agreement signed by Acting Labor Minister Vicente Leogardo Jr. and Food Minister Jesus Tanchanco. Herrera signed in behalf of labor.

The price of rice was recently increased by 25 centavos from P2.85 a kilo to P3.10.

Under the agreement, workers will buy cereals and other foodstuff from the National Food Authority at the lowest possible selling prices.

The agreement provides that the NFA will sell grains to TUCP members at their provincial offices on a specified date.

Herrera said earlier that existing wages have become unrealistic with the increase in the cost of living and that even the additional P2 daily emergency living allowance granted in March last year is not enough to cope with the increase in the prices of other commodities.

Industrial workers in Metro Manila now get P18 daily minimum wage in contrast with the P17 daily of their counterparts outside Metro Manila.

The NFA move to assist union members by granting them the right to buy rice and other grains at government prices or at old prices, was meant to cushion the impact of the increases on the workers.

CSO: 4220/192

REVENUE-RAISING TAX MEASURES DEFERRED

Manila BULLETIN TODAY in English 25 Jun 82 p 23

[Text]

An estimated P900 million in additional taxes which were earlier expected to be generated from the various tax measures contained in the 1982 budget message may no longer be realized this year.

The tax measures introduced in support of the budget for the present calendar year included the adoption of the modified gross income taxation system, the imposition of a value-added tax on the second sale of articles, the standardization of franchise utility rates, and restrictions on the use of the tax credit method for the calculation of the sales tax.

According to the report issued by the International Monetary Fund, only the modified gross income taxation scheme of these tax measures which were estimated to generate an additional revenue of P900 million, had been implemented so far, and it is not even expected to have "any significant impact to revenue in 1982."

The rest of the tax measures, while already legislated, have been either deferred or shelved, partly because the system of indirect taxation and the schemes of fiscal incentives are currently under review.

This review of fiscal incentives comprises the second phase of industrial policy reforms which, according to the IMF, would center around removing the bias toward capital-intensive production.

The new system, it stressed, would compensate for market imperfections, and be more directly related to the government's objectives on employment, export and regional dispersal.

Implementation of the tax increases on liquors and beverages, which took effect last April, was expected to provide P90 million in additional revenues, but this gain is expected to be offset by an estimated loss in import duties of P180 million arising from the reduction in tariff

rates starting January 1982.

The IMF reported that revenue performance in 1981 was already adversely affected by the slow-down in activity in most domestic sectors and sharp declines in import and export growth.

Tax revenue grew by only 4.0 per cent last year while non-tax revenues declined marginally. It said that while problems of tax administration contributed to the weak performance, discretionary measures did not, on balance, lead to a loss of revenue.

Receipts from taxes

on income and profits increased by 9.5 per cent, compared with an estimated growth rate of 15.8 per cent in nominal GNP.

The tax relief granted in January 1981 by the government to individual taxpayers in the form of increased personal exemption meant P300 million in tax revenues foregone.

However, the loss from this action was more than compensated for by a revenue gain of P400 million from the tax amnesty in September 1981, providing for payment of taxes on undeclared income or wealth during 1974-1980.

CSO: 4220/193

PRESIDENT FREEZES REALTY TAXES

Manila PHILIPPINES DAILY EXPRESS in English 25 Jun 82 pp 1, 6

[Text]

PRESIDENT MARCOS froze yesterday real property reassessments and the corresponding taxes until Jan. 1, 1985.

Responding to the appeals of property owners, particularly in Metro Manila, the President issued Executive Order No. 812 extending the start of the 1981-82 revision of real property assessment from June 30, 1982, to June 30, 1984.

The same order also deferred the effectivity of the payment of the accrual property tax from Jan. 1, 1983, to Jan. 1, 1985.

Until the new order of the President, the revision of assessments under Presidential Decree No. 1621 would have started next month and increased payments would have taken effect Jan. 1, 1983.

DANTE Veloria, assistant assessor of Quezon City, said that the increase in real property tax in Quezon City ranges from 20.09 percent of the assessed value in residential areas and 27.4 percent in commercial areas or an average of 23.77 percent increase.

The President issued EO 812 upon strong representation made by property owners to extend the effectivity of the Real Property Tax Code.

The property owners cited financial difficulties due to losses from calamities, inflation and economic recession.

Some property owners said that as they reel from the hard times and find it difficult paying realty taxes, plus the mounting interest, they run the risk of losing their hard-earned properties unless the government adopt a more understanding attitude.

The President said he considered that local governments are in the midst of an intensified campaign to collect back taxes.

The President directed the Ministry of Finance to issue the rules and regulations to carry out his order.

CSO: 4220/192

COLUMNIST EXAMINES CAUSES OF POPULAR UNREST

Manila BULLETIN TODAY in English 25 Jun 82 p 6

[Comment by Ninez Cacho Olivares: "No Laughing Matter"]

[Text]

FOR years, the country has been finding ways and means to pump in more dollars. It has tried, and is still trying, to attract tourists of all sorts (and never mind if the neighborhood goes) by offering a 21-day visa-free stay. Filipinos, however, do not get equal treatment. We go through a normal process of lining up for our visas — but that is another matter. Filipinos do not bring in the crisp green money. Tourists do, raucous or refined, seedy or sex-oriented.

On the longer dollar-earning scheme, the country tries to lure multi-nationals and other foreign investors to do business in our island paradise. We attract investors by giving them a palatable taste of liberal terms and incentives. In exchange, these investors set up their regional offices and factories. It has been figured out this way: With additional business enterprises set up in the country, crisp green dollars will be pouring in — dollars which will hopefully be of help in paying off our big loans to the World Bank and the International Monetary Fund.

But that's not all we, as a country

and as a people, offer the businessmen. Other alluring benefits are offered on the side. To the businessman, it is cheap labor. To the sex-oriented tourist, it is a cheap flounce in the feathers.

Outside of the notion that labor, both at work and in bed, comes cheap, we lure tourists and businessmen to come to our shores for a taste of the warmth of the Filipinos. This, at least, is truthful advertising. Not only multinationalals but even local businesses are certainly experiencing that special warmth that only Filipinos can offer. Our regular, hit-and-miss brown-out schedules provide them with the warmest warmth possible, thanks to the very efficient quick-drying electric service from both the National Power corporation and the Manila Electric company. Business is offered a unique electrifying shocker: a daily four-five hour dose of warmth and darkness. These power corporations seem to have that uncanny knack of switching off the power at a time when factories and offices and their workers need it most.

Are we a smiling people? The brochures say so, but lately, we have lost all our winning smiles. Instead, we find ourselves facing grouchy, ill-tempered people. And can we blame them for being so irritable?

If there seems to be less food on the table these days, it's probably because prices have gone sky-high. With half-empty stomachs, we travel to work and are greeted by toxic fumes from trucks and buses. But we are a passive people, so we accept the daily poison that is forced into our lungs and bloodstreams.

The traffic is monstrous. It takes us longer to reach our destinations because of all the diggings and road constructions that lack planning. But keep the smile on your faces, folks! Various sectors of government will tell you that progress is forthcoming.

We arrive at work. The brownouts have upset our schedules. Secretaries cannot type, factory machines do not hum, and oh my Lord, it takes forever to get your party on the telephone. We are grouchy but so are our bosses.

The businessmen cannot send out telex messages since the machine operates on power. He cannot meet production deadlines because of power interruptions. He cannot maintain his prices because he has to pay his workers a full day's pay when in fact only a half day's work was done — and the blame lies on power interruptions.

And we say labor comes cheap? And we also say business conditions in this country are ideal? That all the electric interruptions, road constructions, traffic snarls, poor telephone services and telecommunications are part of the price of progress?

Poor naive souls, don't believe everything you hear or read.

CSO: 4220/193

OPPOSITION GROUPS SAID BECOMING TOO RADICAL

Manila BULLETIN TODAY in English 26 Jun 82 pp 1, 10

[Text]

The United Nationalist Democratic Organization (Unido) expressed concern yesterday over what it called "worsening radicalization" of various opposition groups in the country and called on the authorities to take immediate steps to restore the people's faith in a democratic government.

This apprehension came after a briefing of the group's executive committee by its seven national vice presidents on the overall peace and

order situation in their respective areas, according to a press statement.

The Unido regional leaders reported to the executive committee that about 70 per cent of the active opposition throughout the country "are not radicalized" and have joined the New People's Army, Moro National Liberation Front, and urban guerrillas or have resorted to violent means, the statement said.

Former Senator Salva-

dor H. Laurel, Unido president, and former Senator Eva Estrada Kalaw, executive vice president, attributed the peace of radicalization across the country, except in Metro Manila and Batangas, to the following factors:

1. Failure of the administration to ensure clean, orderly, and honest elections.

2. Economic difficulties in the provinces due to rising cost of prime commodities, medicine, and education.

3. Abuse of authority committed by the military on the civilian population.

4. Failure to restore the basic rights of the people, including freedom of the press, despite the lifting of martial law.

5. Graft and corruption in high places of government.

"We are fast reaching the point of no return and the administration must act before it is too late," Laurel said.

Reports to the Unido executive committee on the rate of radicalization of the opposition showed: Eastern Visayas, particularly in Northern, Eastern and Western Samar, 75 percent; Bicol and Mindanao, 72 percent; Ilocos, 70 percent; Quezon 70 percent; Central Luzon, 68 percent, and Laguna, 55 percent.

Batangas has the lowest rate of radicalization of the people at two percent, the report said. Only 16 out of 1,087 barrios in the province were reported infiltrated by radical and other extremist groups, it pointed out.

Among the Unido national vice presidents who briefed the executive committee were lawyer Pablito V. Sanidad, Northern and Central Luzon; former Rep. Neptali Gonzales, Metro Manila; lawyer Wilson Gamboa, representing former Vice President Fernando Lopez, Western Visayas; lawyer Andres C. Garhalza, representing former Senator Decoroso Rosales, Eastern Visayas; and Gov. Homobono Adaza, Mindanao.

CSO: 4220/194

EDITORIAL PROVIDES DIFFERENT PERSPECTIVE ON TROUBLE IN MOUNTAINS

Cebu City VISAYAN HERALD in English 29-30 May 82 p 4

[Editorial: "Trouble in the Mountains--Another Side of Looking at it"]

[Text]

There seems to be more than meets the eye in the trouble that besets the mountains of Cebu, typified in the case of Asturias town. The problem may be more of ineffective government action and a case of winning the people's faith.

According to residents of the area who have come down to see the Governor of Cebu, they have not felt secure in person and property for quite a long time. Their chickens and farm animals get lost but no government agency could help them compensate for the loss effectively. When they report the matter to the police, no solution follows. In fact, what happens erodes their sense of justice when the next thing they know is that the suspected thieves or robbers are seen in a drinking spree with police authorities.

Then came these "Robinhoods," the name they call these "strangers," who successfully rid their barangays of the perpetrators and malefactors. They even went to the extent of re-uniting estranged couples, did this and that favor for the neighborhood, and other acts for the folks' good and satisfaction.

The troublesome ones are gone, they said. But then here comes the military authorities running after those who have rid the area of the troublesome ones. The trouble has re-kindled, where once there was already peace when the troublesome ones were gone.

This problem touches on Governor Eduardo Gullas' government. What do the people want? What is the real score in the mountain barangays? Who is afraid of whom? This is another side of looking at the problem which the Governor might direct his sight for whatever it is worth.

CSO: 4220/191

MOUNTAIN RESIDENTS COMPLAIN OF CONSTABULARY INFORMANTS

Cebu City VISAYAN HERALD in English 4 Jun 82 pp 1, 11

[Text] A group of mountain residents of Asturias has enlisted the support of the provincial governor in the terrorist-connected problem the mountain residents of the town are presently confronted.

The group who was led by Eulalio Noval told the Cebu Tri-Media Association (CTMA) that their worst fears are no longer the so-called terrorists but the PC informers stationed with the PC detachment in sitio Camachueles in the Asturias-Balamban boundary.

According to Veronico de la Pena who hails from Tagamakan, the PC informer indiscriminately points to barangay residents branding them as NPA. "We are afraid to be mistakenly pointed to as such," Pena said.

According to Pena, the informer is masked and wears a hat, reminding the residents of the second world war when the Japanese Kempitac undercover agents lined up their helpless victims.

All those who were identified by the informers were brought by the PC to the headquarters and have never returned. Pena alleged they have been maltreated. "We are afraid of this to happen to us because we are innocent civilians," Pena stated.

Two examples were given: that of Ponciano Noval and a certain Supla-ag who were pointed to by the PC informers, tagged as NPAs, and were allegedly maltreated. This happened on May 19 this year.

According to Bonifacio Atamosa, those arrested by the PC are still detained among them: Tonio and his son (from Bay-ang), Cresing Torino, Jun Bacaron, Maximo Paquiao and Ponciano Noval.

Atamosa related the incident when the PC informers identified Maximo Paquiac. In the presence of a crowd of people he was given a hat and an armalite and ordered to run away. But he did not, because, as he pleaded, he was not guilty. This story was corroborated by the sister of Maximo who went to radio DYRB station manager Nita Cortes-Daluz for assistance. According to the sister, Maximo could have attempted to run and perhaps shot.

Meanwhile, the reported collection of P1.00 from every family in their bariro was denied. It is only P0.50 that it collected and "we do this for our own emergency fund" it was said. This pooled fund, it was explained, would be used for any member of the barangay who gets sick, or for any other emergency, without interest, and this is replenished by the family who is victim of the emergency. That this is collected as tong by the NPAs was denied.

The group revealed to CTMA that Gov Gullas who gave it audience yesterday said he would look into the matter. Sanggunian Panlalawigan member Regalado Maambong was advised by the provincial governor to draft a memo to this effect.

CSO: 4220/191

EDITORIAL, COLUMNIST EXAMINE UNREST IN CEBU MOUNTAINS

Cebu City VISAYAN HERALD in English 3 Jun 82 p 4

[Column by Danny M. Gonzales: "Criminality in Cebu]

[Text]

THREE nights ago, I was talking to a veteran newsmen. He bewailed the deterioration of peace and order condition in Cebu resulting from the rise in criminality. A very knowledgeable man, being still active in journalistic work, he ticked off facts and figures supporting his contention. "Well, Cebu has the reputation for being peaceful. But if you record the crimes committed throughout the province and cities of Cebu, you'll be alarmed — considering how rampant they are now compared to those of the yester-years," he said.

—oOo—

INADEQUACIES

WHY THE rise in criminality? We both agreed that this could be ascribed to the inadequacies of our law-enforcement authorities involving lack of facilities and equipment as well as lack of initiative on the part of the men who do the dirty and risky work of going after the criminal elements. Thus, due to these deficiencies, the criminally-inclined are having a field day. Undeterred by the presence of few — if any — law enforcers, they commit crime at will. After all, how

many are the law enforcers? Most of the time, they're not even around. So, why worry? The risk — thanks to police deficiencies — is minimized, even eliminated.

—cOo—

A SUGGESTION

MY NEWSMAN friend even suggested that I tell Al Alinsug, this paper's publisher, to organize a team of reporters to do in-depth reporting on Cebu's crime situation. The data gathered, he said, would be shocking. But it is only through such media exposure of the extent of the rise in criminality in our cities and towns can the authorities concerned be jolted into action, according to him.

—oOo—

ECONOMIC SITUATION

OF COURSE, aside from the inadequacies of our police organization, we should also consider the economic situation. It's a fact. Times are getting harder every day. Thus, some traditionally law-abiding citizens — finding the task of making both ends meet almost impossible if done according to law — have opted to make a livelihood outside the framework of

what is legal or moral. The word is survival. To survive, one sometimes does it at some other people's expense.

—oOo—

THE THING TO DO

THAT THERE is a rise in criminality hereabouts, this nobody can deny. However, in order to be able to come up with solutions, we must first ascertain the extent of the problem. Once determined, we must recognize that it is there. Not deny it. Or play indifferent to it. By grappling this problem by the horn, we are forced to seek solution to contain or totally stop the bullish attacks of crime. Otherwise — by being timid, neglectful, and careless — we might end up gored by the horns even shaken into

further disarray as victims of crime.

—oOo—

ON THE RISE

YES, CRIME is on the rise. Both recorded and unrecorded. The people know. Especially the victims and their relatives. Of course, the authorities whose job it is to arrest the rise in crime would, perhaps, deny this. Hence the need for an honest-to-goodness score card, so to speak. At any rate, even plain citizens can do it. Begin the tally now. You'll be surprised how fast the numbers of cases will grow — unless those entrusted with the job of minimizing criminality will act fast enough. They should. Or we'll all be victims — in the end.

CSO: 4220/191

CRIMINALITY IN CEBU DEPLORED

Cebu City VISAYAN HERALD in English 4 Jun 82 p 4

[Column by Danny Gonzales: "NPA Talk"]

[Text]

NPA members now in Cebu? A very naive question to the more knowledgeable in the community — especially the mountain barrio folks. For even during the martial law period, we kept hearing about their presence in the mountain areas. But no operations were undertaken by them. For they have made Cebu a rest and recreation area. Thus, to make even a ripple would make Cebu not a safe and relaxing place. So where else would the resting NPA members go to release their tensions?

—oOo—

THEY'RE HERE

NOW COMES the report that the NPAs are in the mountains of Cebu. A fact that even the PC authorities would now admit. How did the focus on NPA presence in Cebu come about? Well, blame it on the violence to life and limb perpetrated by some people — both military and civilian. The military, in justifying their acts, point to the victims as subversives — meaning, NPAs. On the other hand, the civilian perpetrators of crime are dubbed as plain criminals or NPAs.

ALWAYS LINKED

THUS, REPORTS of violence always brings into the picture the NPA image. They are either victims or perpetrators of the crime. In case of doubt, they still get linked in a matter of "either or" theory as to authorship of the crime — whether done by armed criminals or by the NPAs.

—oOo—

CONVENIENT EXCUSE

THE WORD NPA, to mean subversive elements, has thus become a convenient word to use. If they're not the perpetrators of the crime, they are the victims of the crime. Either way, nobody loses — only the NPAs. In cases where the NPAs are not involved — as criminals or victims — they end up as losers as individuals and as ideologues. As criminals they are pictured as violent and blood-thirsty. As victims, they are portrayed as clumsy losers — easily get caught, later stupidly exhibiting resistance or attempts to escape despite the obvious presence of tremendous odds towards success.

FAIRNESS' SAKE

FOR THE sake of fairness, it's not right to immediately conclude that any violence in the mountain areas is the making of the NPAs or involves NPAs. The thing to do, on the part of the military and even on the part of mediamen, is to ascertain the facts. I agree with radio commentator Migs Enriquez that we should not rely on second hand information but do some enterprise reporting by exerting efforts to do first-hand investigation.

—oOo—

AN INJUSTICE

THIS IS no brief for the NPA. However, by conveniently pinpointing them at once as culprit or victim in each violent case would be an act of injustice. For the NPA cannot always be the criminal or the victim. It could be somebody else. Either way,

the guilty often goes scot free. To say that the NPA did it — when it did not, means that the guilty would not be punished. To say that a victim is an NPA man — when actually he is not, means a justified killing of a subversive, especially if the man who killed him was a military man. Of course, if truth is brought to the fore, the result would be different. The criminal in either of the two

cases would have to account for his act — whether he's a military man or a civilian.

—oOo—

LAUDABLE GESTURE

THUS, the gesture of "delicadeza" shown by Col. Rafael Jote, Recon 7 officer-in-charge, in allowing other government agencies to conduct an investigation into the case involving the killing of a man by military men on the ground that he was a subversive is a laudable one. It indicates that sense of justice is not yet lost among our military officials.

—oOo—

A SERIOUS ONE

OF COURSE our griping over the making of the NPAs as convenient scapegoats for any outburst of violence in isolated mountain areas of Cebu should not detract from the seriousness of their presence. That they would now thrive in these places means they have gained inroads in their struggle to give the people of this republic an alternative. If those holding the reins of government want the people to discard the pleadings of the NPAs, they should take steps to initiate and enforce reforms. The people are not blind. Give them injustice — they will leave you; give them true justice — they will follow you, without being told.

PHILIPPINES

LOCAL FACT FINDING TEAM TO STUDY MOUNTAIN UNREST

Cebu City VISAYAN HERALD in English 4 Jun 82 pp 1, 11

[Article by Leo D. Fabular]

[Text] The Concerned Filipinos for Press Freedom meeting yesterday in a downtown restaurant passed a resolution creating a fact-finding team to look into the allegation of residents in areas in Cebu province where armed groups have been reportedly seen.

The fact-finding team whose composition is not immediately available is expected to visit Danao City on Monday.

Observers who have been in Mindanao at the outbreak of the trouble there confided that the present trouble in these areas here in Cebu has a semblance with that of Mindanao and Samar.

This trouble, they pointed out, is a prelude to the militarization of Cebu province, paving the way for the military to declare these areas as "no man's land."

However, some political opposition stalwarts here charge that the trouble in these mountain barangays was purposely created in order that people will start leaving their lands for fear of their lives and sell these lands at a lower price to the Philippine Tourism Administration (PTA) which is now putting a Tourism Complex there.

Still others believe that this is being instigated by private individuals with some vested interests who believe that these areas have vast mineral deposits and the only way to get these deposits is to own said lands.

CSO: 4220/191

DUAL LEADERSHIP IN BATASAN EXPLAINED

Manila BULLETIN TODAY in English 25 Jun 82 pp 1, 13

[Article by C. Valmoria, Jr.]

[Text] The dual leadership shared by the prime minister and the speaker in the Batasang Pambansa has introduced something new and different in the structure of the nation's legislative body.

This legislative novelty was clarified yesterday following a statement issued by President Marcos, stressing that the prime minister and the speaker are ranked second and third, respectively, in the official hierarchy of the national government.

A traditional understanding of a legislative setup is that the lawmaking body is under the leadership of the speaker. In the case of the Batasan, it is "in actuality" under Speaker Querube C. Makalintal.

"This is so administratively and for purposes of efficient staff servicing of its legislative work," Assemblyman Jose T. Tumbokon (KBL, Western Visaya), minister of state for public information and KBL Batasan spokesman, explained.

Under the present setup, the canopy of leadership assumes two sources of authority and responsibility. These are legislative authority and responsibility. The first is exercised by the prime minister and the second by the speaker.

As a party government under the present modified parliamentary system and in accordance with a constitutional provision, the prime minister and the cabinet which he heads shall be responsible to the Batasan for the program of government approved by the President.

This makes the prime minister assume actual leadership in pushing through vital legislation within the framework of the legislative program of the ruling party, Tumbokon said.

The authority of the prime minister which transcends ordinary legislative authority is also evident in Section 13, Article VIII of the Constitution, which empowers him to advise the President in writing to dissolve the

Batasan whenever the need arises for a popular vote of confidence on fundamental issues, except on matters involving his personal integrity, he added.

On the other hand, Tumbokon explained, the speaker who exercises administrative authority, presides over the sessions, preserves order and decorum, decides all questions of order, signs acts, resolutions, writs and warrants, issues subpoenas, appoints Batasan personnel, and disciplines them.

CSO: 4220/193

PRESIDENT SEES BIG CHANGES AHEAD

Manila BULLETIN TODAY in English 24 Jun 82 pp 1, 10

[Text]

President Marcos said yesterday that the 1978-1982 Plan — cited for its program on self-sufficiency in grain and its energy program by the World Bank — will be the basis for the structural transformation of the economy in the next five years.

In an interview appearing in the latest issue of Business Week, he said that in the 1983-1987 plan, industry will play a larger role.

He said he expects international business to help the country achieve more efficiency and higher productivity.

The President told Business Week that political stability characterized his first year following his election as President of the New Republic.

"Most important, we have negotiated the transformation from rule by decree back to the legislative process," he declared.

He said that a main feature of the past five-year plan was that the nation became self-sufficient in rice and corn, while building up over-

head capital and carrying out an energy development program.

He cited the diversification of trade, both in new products and markets. Non-traditional exports now make up half of all exports, he said.

In the coming years, the export program will concentrate on handicrafts, electronics, garments and textiles, footwear, construction material, processed food, and furniture, he said.

He also cited the "invisibles" working in the country's favor. "Our export of skilled manpower, both land-based and maritime, is already substantial," he said.

He said he would expect history to judge his performance on the basis of how well his government met the time's challenges of nation-building and economic development.

"History's verdict will not only be that of having survived a crisis, but also of having achieved progress in spite of crisis," he said.

PRESIDENT CITES CONTRIBUTIONS OF MULTINATIONALS

Manila PHILIPPINES DAILY EXPRESS in English 24 Jun 82 p 1

[Text]

INDUSTRY and multi-nationals will play pivotal roles in the effort towards greater efficiency and higher productivity in the next five years.

This assessment was made by President Marcos in an interview published in a special section in *Business Week*, an American magazine.

The President reviewed the country's economic performance the last five years and assessed the economy in the next five years. According to him, the 1983-87 plan for the structural transformation of the country's economy in the years ahead will be based on the achievements under the 1978-82 plan.

IN THE SAME interview, the President also cited the political stability that characterized his first year following his election as President of the New Republic.

"Most important," the President said, "we've negotiated the transition from rule by decree back to

legislative process." He said that the constitutional mechanisms for succession, for sharing political power and for building up representative institutions have been successfully set up.

LOOKING ahead, the President said the export program will focus on seven new types of exports all of whose products will be highly competitive. These are, he said, handicrafts, electronics, garments and textiles, footwear, construction material, processed foods and furniture. "These will all be highly competitive," he said, "either because of our resource endowments or the skills of our workers."

The President said that these "non-traditionals" have enjoyed growth rates of 33 percent in recent years, and that the World Bank projects that from a level of slightly over \$1 billion in 1978, they can reach \$5 billion (at 1977 prices) by the mid-1980's.

CSO: 4220/99

FIRST LADY, MAYORS MEET ON SQUATTERS

Manila PHILIPPINES DAILY EXPRESS in English 25 Jun 82 pp 1, 6

[Text]

THE FIRST LADY, Imelda R. Marcos, is expected to lay down today a tougher stand on professional squatters when she meets Metro Manila mayors at the Philippine International Convention Center.

Mrs. Marcos and the Metro officials will finalize during the meeting the guidelines for the anti-squatting campaign.

The meeting, which will start at 11 a.m., will also be attended by Vice Gov. Ismael A. Mathay, Jr., Maj.

Gen. Prospero Olivas, PC Metrocom commander; and all barangay captains in Metro Manila

OTHER developments:

- Crewmen from the Pasay City engineer's office started yesterday the demolition of some 7,000 squatter shanties on orders of Mayor Pablo Cuneta.

- Cardinal Sin admonished city officials to be sober in carrying out an intensified drive against squatters, while admitting that there really is a need to tackle the squatter problem.

In Olongapo City, demolition teams levelled a squatter-occupied lot near the main gate of the US Naval Base which city planners said has been a major headache for them.

The alleged seizure of vacant lots in Quezon City by Wilfredo S. Torres, president of Pinagkamaligan Indo-Agro Development Corp., is not sanctioned by the PIADECO board, a son of a deceased PIADECO board members said yesterday.

In a two-hour meeting last Monday with Metro Manila officials, the First Lady called on them to involve the citizens in the war against professional squatters.

She described the professional squatters as landgrabbers.

The First Lady called on the mayors to hold dialogues with their constituents and enlist their support in stamping out squatting.

Mayor Cuneta issued the order to demolish some 7,000 squatter shanties in river banks, public and private estates without exemption despite an injunction issued early this week by Pasay CFI Judge Manuel Valenzuela.

The mayor dared Judge Valenzuela to cite him for contempt in an apparent show of disgust over the judge's action on the complaint of at least 17 squatter families in barangay San Roque whose motion for preliminary injunction was granted by the latter.

Cuneta said the 17 squatter families were among the more than 100 families relocated earlier to barangay Molino, Bacoor, Cavite at a 4,000-square-meter lot the mayor purchased from his own money.

Cardinal Sin said: "Please don't get me wrong. I agree that something must be done with the squatter problem."

However, he cautioned against the indiscriminate use of force to evict them during demolitions.

In a mass he officiated at the City Hall grounds on the occasion of Manila's 411th founding anniversary, Cardinal Sin said the authorities should see to it that the squatters are relocated once ejected.

Demolition crews in Olongapo city, armed with a local court order denying squatters a right to stay in the area, tore down some 55 commercial shanties that had been occupying for years Lot 21, a prime lot in the city.

CFI Judge Domingo Panis ruled that the commercial structures were illegal aside from the fact, he said, that they are public hazards.

Earlier, the judge had restrained city authorities from demolishing the illegal structures upon petition of the lot occupants. Last Tuesday, Panis lifted the restraining order, paving the way for the demolition.

Panis said it was discovered that not one of the 55 occupants is indigent as what the squatters had earlier claimed in securing the restraining order.

Torres, who claims some 175,000 hectares of land covering Rizal, Bulacan and Quezon City on the strength of a Spanish land title, has been reported using force and professional squatters in seizing his claims.

Jose Libonao Jr., whose father was one of the five original PIADECO board members, said since his father's death in 1971, the PIADECO board has not met and hence Torres could not legally use PIADECO's name, if he ever does, in his transactions.

The Metro Mayors league, headed by Makati Mayor Nemesio I. Yabut, met last Tuesday at the Manila Peninsula hotel with judges from Metro Manila.

The mayors and judges threshed out mainly the relocation of squatters and court cases against them. Mathay presided over the meeting.

The First Lady will also take up in her meeting with Metro mayors the anti-drug abuse campaign, the livelihood program and the "greening" of the metropolis.

The Metro Manila Ladies Task Force submitted to the First Lady through Matha the program on the greening of the metropolis.--Perry Solis, Vic Endriga, Ruby Villavicencio, Ros Manlangit.

CSO:

ONE-QUARTER OF METRO MANILA RESIDENTS ARE SQUATTERS

Manila PHILIPPINES DAILY EXPRESS in English 25 Jun 82 pp 1, 6

[Article by Criselda Cerdena]

[Text]

ONE of every four Metro Manila residents is a squatter. Statistics from the National Housing Authority show that in 1981, about 1.64 million of the 6.45 million population of Metro Manila are squatters. Those squatters belong to 274,270 families, having an average of six members each. The figures show a 150-percent increase in the squatter population from 1970's estimates of 655,180 squatters. They also reveal a 14-percent annual population growth rate of slum dwellers, as compared to only 3-percent annual population growth rate of the metropolis.

An NHA study said that the number of squatters has risen at an alarming rate, despite various laws aimed at its control and abatement. Relocation for families has also been ineffectual against this increase, figures reveal.

An NHA study said that the number of squatters has risen at an alarming rate, despite various laws aimed at its control and abatement. Relocation for families has also been ineffectual against this increase, figures reveal.

Squatters are occupants of illegal constructions, including buildings, along esteros, river banks, and railroad tracks. They are also dwellers of houses built without permit on public and private property.

Why the alarming rate of growth? The study said that squatting and the slums are the inevitable result of imbalanced development between Metro Manila and the other regions.

It cited that in other areas there is an apparent lack of the vital services including opportunities for employment. People flock from these rural areas to the urban centers to find work and improve their living condition. This rural-to-urban migration is largely uncontrolled, and the subsequent population increase of the migrants is unchecked, it added.

As an example, squatter families are the most numerous in the three major urban centers: Manila, Quezon City and Caloocan City. In Manila alone, the number swells to more than half a million persons. Quezon City has more than 371,000 squatters; and Caloocan City, more than 130,000. Makati and Pasay follow, with 81,000 and 76,000 slum dwellers, respectively.

However, a tendency for squatters to proliferate in less congested areas has emerged within the last four years, the NHA said. In the most overcrowded city, Manila, the percentage of the squatter population relative to the city population has gone down from 33 percent to 31 percent.

In comparison, Navotas, Taguig, and Muntinlupa have the fastest growth of slum dwellers. In Navotas, for instance, the percentage of squatters increased from four to 43 percent of the total population within the period 1978 to 1981.

The tendency is due to the availability of more and more employment opportunities in these peripheral areas, the NHA said. Industries offering work for the largely unskilled squatter population are spreading to these regions attracting them. The presence of undeveloped public and private lands, including marginal and reclaimed areas, also attract squatters--notwithstanding low pays, it added.

Figures from the NHA also show that relocation measures for squatter families have been unable to cope with the increase. Of the 1.6 million squatters in 1981, only 20 percent have been relocated in the four resettlement areas of the NHA: Sapang Palay, Dasmarinas, Gen. Mariano Alvarez, and Dagat-Dagatan.

CSO:

SQUATTERS ARE SABOTEURS--MARCOS

Manila PHILIPPINES DAILY EXPRESS in English 26 Jun 82 pp 1, 6

[Article by Miguel Genovea]

[Text] President Marcos served notice yesterday that professional squatters not only sell their rights to land given them by the government but also "blackmail, coerce and intimidate" land owners and even those in power.

He said certain groups in the urban areas are "more criminal than the murderers and forgers that the authorities have fought."

"It may be possible that they are a greater threat to our economy than those who are engaged in mulcting big financing institutions and therefore they fall under the provision of the law which allows arrest of people engaged in economic sabotage," the President said.

"This (squatting) has to be stopped," the President stressed.

The President gave his stern warning against professional squatters in an interview with newsmen at the old Manila International Airport kiosk shortly after the departure of Hungarian President Pal Losonczi.

In the same interview, the First Lady and Metro Manila Governor Imelda R. Marcos said that steps have already been taken to ask the Supreme Court and the Ministry of Justice to hasten the resolution of cases involving land titles and squatters in Metro Manila.

She said that "we will be very, very firm but at the same time just on the squatter problem."

During her meeting with local officials Mrs Marcos also discussed foreign policy and added that she is leaving on July 4 for the Soviet Union and Mongolia for an official mission for the President.

The President explained that his warning covers only professional squatters whom he described as those actually making a living out of squatting by going from one land to another and selling their rights.

He said these professional squatters even go to the extent of using squatting as a tool for blackmail through somebody else lawyers and politicians.

REGARDING the poor people who come from the provinces and innocently build shanties on public lands for lack of a place to go, the President said they will be attended to by the government, perhaps transferred to resettlement areas like Dagat-Dagatan in Tondo or in Dasmariñas

When asked if it is necessary to impose stiffer sanctions against squatters, the President said that this is not necessary because there are enough laws to cover all situations.

For instance, the President said, there are laws which punish people

for entering private lands and there are laws that punish so-called "professional squatters"

There are existing laws and decrees that punish individuals or groups of individuals for offenses constituting economic sabotage.

IN URGING the early resolution of cases concerning squatters and land titles, the First Lady said sometimes justice delayed can bring about many problems "and this is giving us a lot of confusion."

The First Lady convened yesterday local officials and barangay captains in Metro Manila to lay down tougher anti-squatting policies. She acknowledged the fact that squatter areas are breeding places for crime, including drug addiction.

The President welcomed the meeting of the First Lady with local officials because it is necessary to study what is happening to the urban lands in the country.

CSO: 4220/192

CHURCH SUPPORT OF GOVERNMENT FAMILY PLANNING PROGRAM QUESTIONED

Cebu City VISAYAN HERALD in English 29-30 May 82 pp 1, 2

[Text] (*Note: The author, from Monday through Saturday, is heard over DYLA on "Braso Tersero" and "The Third Power," an editorial of current provocative issues. Both editorials are heard after major newscasts of the station.)

Times Journal and Bulletin Today, in their May 26, 1982 issues, reported that "the government's family planning program and the film board were lauded by the Catholic Bishops Conference of the Philippines (CBCP). During a call on President Marcos, the CBCP leaders, led by Archbishop Antonio Mabutas, said the government program on population control was vigorous. They said the Church also has a similar program but this is being handicapped by lack of funds and personnel."

The Third Power reads these reports with a barrel of salt on three grounds.

In the first place, we cannot believe that the Catholic Bishops Conference of the Philippines could possibly laud the population control program of the present government or that they had praises to convey to the President on the government's family planning program.

To cite one example, the Labor Code of the Philippines Title III, Chapter I, Article 133, Letter C reads: "The maternity leave provided in this article shall be paid by the employer only for the first four (4) deliveries by a woman employee."

The government calls this monetary incentive; the Third Power calls it moral coercion! The government calls it a vigorous program; the Third Power calls it a violent one and violative of one's enlightened conscience.

In fact, Pope John Paul II, in his Apostolic Exhortation on the Role of the Christian Family in the Modern World issued on November 22, 1981, paragraph 30 has said: "...the Church condemns as a grave offense against human dignity and justice all those activities of governments or other public authorities which attempt to limit in any way the freedom of couples in deciding about children. Consequently, any violence applied by such authorities in favor of contraception or still worse, of sterilization and procured abortion, must be altogether condemned and forcefully rejected."

Could our bishops afford to contradict that?

Secondly, our bishops know too well that the government's family planning program includes, though it is not limited to, the application or use of contraceptive pills and intrauterine devices.

Now, we all remember, don't we? because we all heard him, how Pope John Paul II, on February 19, 1981, during his homily at the Concelebrated Mass in Lahug airport, declared--"On my part, I owe it to my apostolic office to reaffirm as clearly and as strongly as possible what the church of Christ teaches in this respect, and to reiterate vigorously her condemnation of artificial contraception and abortion."

If the Pope has vigorously condemned artificial contraception, how could our bishops even think of praising the Philippines contraceptive family planning program?

Finally, the reports seem to make our bishop look like they were begging for funds. But how could they? Our bishops are aware of the fact that the Philippine government's population control program is well funded with foreign aid on condition that contraceptives are used.

Again, Pope John Paul II, in the same Apostolic Exhortation has made it clear: "Likewise to be denounced as gravely unjust are cases where, in international relations, economic help given for the advancement of peoples is made conditional on programmes of contraception, sterilization and procured abortion."

The bishops could not have said what they said as reported--the reporters only said what they were told to say--or so the Third Power believes!

CSO: 4220/191

GOVERNMENT EXTRAVAGANCE CRITICIZED

Cebu City VISAYAN HERALD in English 29-30 May 82 pp 1, 2

[Article by Mariano M. Florido, former CFI Judge]

[Text]

In a lifetime, we cannot recall a period in which our nation was economically well-off. We have been always poor; the symbols of wealth or abundance have not been our lot. There are few rich people in our society, but our government, according to Marcos, "was the acolyte of an oligarchy whose preeminence reached back to the colonial era"

Facing a bleak economic future, a future which reaches to eternity, Marcos has proposed a Caesarian operation or perish beneath the weight of our failures.

Our Prime Minister Virata, who is fond of painting a rosy outlook of our economy, has revealed that the country is facing a budget deficit of P10 billion for which he calls upon the private sector to help the problem. The economy is sinking everyday; our public indebtedness has now reached P18 billion; more billions are pumped into the system to make it survive by infrastructure investments.

Marcos, in his last inaugural, admitted that our government is helpless to cope with our national problems and its

inability to prosecute national purposes and goals. What is he going to do in the face of such problems?

"From such failure did we pass into the long night of crises and instability that required the extraordinary recourse to martial law and the establishment of crisis government." What a solution!

Another solution: Invent a budget expenditure that far outstrip actual revenues by billions of pesos. This coming June, for instance, President Marcos will submit to the Batasan a gargantuan budget of P27 billion pesos, overestimating the national income by about P10 billion. No problem: just send Virata or Laya to America to borrow billions of pesos from foreign banks. High finance in a cycle of borrowings that will end to eternity. We have been in rags long ago; we will always be in rags forever.

During the days of Macapagal, our national budget was only P2.2 billion and yet the critics said it was a "revolutionary budget", a budget of unprecedented magnitude. In 1948, our budget was only P250 million; in 1960, it was half a billion.

The late President Manuel L. Quezon had a more practical solution to his economic problems. For instance, in 1936, his financial experts were panicked by the discovery that they had overestimated the national income for that fiscal year. The expenditure had exceeded actual revenues by a few million pesos. To the harried Quezon experts it was a grievous fault entailing a grave national problem.

President Quezon, true to his vigorous leadership and boundless concern for the national welfare, ordered a 20% slash in the salaries of top government officials, starting with his own and the members of his cabinet. Minor officials were told to donate 15% of their salaries. He ordered a stop to all unnecessary government spending which, all in all, resulted in bailing out the country from the red. The following year saw a more comfortable financial position for the government.

What a contrast with our present government extravagance! While in Quezon's time, government officials

were willing to cut their own salaries during a financial stress, our present government officials are outsmarting each other in their spending spree. Think of so many cabinet men and other high-heeled officials going on missions abroad, attending conferences and seminars at huge government expense.

Mr. Marcos can be credited with his recent order abolishing 10 government corporations. Is he really serious about it? Let us wait until he bangs the gavel to implement said order for until now he has not named the ill-fated government corporations.

On the other hand the judicial revamp will entail billions more for the government because instead of only about 370 judges of the Courts of First Instance, under the revamp their number will be doubled.

Unless Mr. Marcos will really embark on retrenchment course truly his will, the Philippines will continue to travel the road from rags to eternity.

TRIBESMEN TORTURED BY CONSTABULARY

Manila BULLETIN TODAY in English 29 Jun 82 p 28

[Article by I.S. Chammag]

[Text]

BAGUIO CITY, June 28 — Ten elderly men and three women, including a 20-year-old girl, from Bugnay, Tinglayan, Kalinga-Apayao, who were arrested last June 13 were reportedly subjected to indignities and torture by the soldiers of Charlie company of the 17th battalion, 5th Infantry division of the Philippine Army assigned in Ampawilen, Sadanga, Mt. Province.

Arrested were Taba Hudlok, Agluk Paut, Tilap Dumayong, Max Cheklagun, Joe Gawang, Follis Fungis, Cheung Minagleg, Pedro Dangiwan, Chokis Chumpal, and Fayak Yaban. The names of the women were not immediately known.

Their arrest and torture were made known through a hand-carried letter dated June 21, which reached this correspondent last Thursday with the names of the tortured men as senders.

Attached to the letter was a typewritten copy prepared by the military containing the conditions for their release.

The torture victims said they want it to be known through the media about the brutalities allegedly committed on them and the other abuses being perpetrated by soldiers to village people along the Chico river valleys on mere suspicion that they are sympathizers of the New People's Army.

They said that on the day of their arrest, they were bound for Bitwagan, Sadanga, Mt. Province, to make some barter but were stopped along the way by the soldiers.

They were all made to strip naked, they said. While being questioned, the men were reportedly subjected to fist blows, some with rifle butts, while the women were subjected to indignities.

At the Ampawilen Army detachment

headquarters, they said, they were further maltreated when they continued to refuse to admit that they were NPA supporters. They were made to stay overnight under the rain and were not allowed to eat.

They said they were forced to sign their release papers with some conditions, most of them with their thumb marks.

Meanwhile, it was learned that there had been many instances of alleged human rights violations and other abuses committed on other Igorot farmers like forcibly taking of animals and other food items from the villagers by the soldiers without paying for them.

It will be recalled that there had been also several ambushes and encounters along the Sadanga-Kalinga road recently between the NPAs and the government authorities resulting in some casualties suffered by the military.

NPA SEEN AS CONVENIENT SCAPEGOAT

Manila BULLETIN TODAY in English 25 Jun 82 p 40

[Police News Roundup column by Ramon Tulfo: "Perennial Whipping Boys"]

[Text]

The military should stop the practice of blaming outright the New People's Army or the Moro National Liberation Front whenever big crimes like kidnaping, murder or robbery take place in dissident-infested areas. Initial reports on the killing of 12 civilians during a stabbing and hacking rampage in barangay Capacohan, Palapag, Northern Samar last June 16 heaped the blame on the NPA. It turned out later that the persons responsible for the mass slaying were "Rizalistas," who are religious fanatics. That blunder was a "plus sign for the NPA's in their propaganda war against the government.

CSO: 4220/193

CLASHES WITH NPA REPORTED

Manila BULLETIN TODAY in English 24 Jun 82 pp 1, 10

[Text]

Five members of the New People's Army were killed last Monday in an encounter at Pulo, San Rafael, Bulacan.

The Bulacan Constabulary reported this yesterday but did not give the identities of the slain NPAs.

The troopers of the 175th PC company led by Maj. Bartolome Baluyot and Capt. Danilo Mangila, recovered from the slain dissidents two carbines, one .45 caliber pistol, four grenades, several rounds of ammunition, and documents.

Meanwhile, Gen. Fabian C. Ver, Armed Forces chief of staff, said Army and PC troopers rounded up 191 suspected criminals, and seized 14 firearms and 1,400 bullets, in a raid in Zamboanga del Sur last Saturday.

According to Ver, 180 of those arrested were released but 11 members of the Batang Mindanao gang were detained for further checking.

The operation followed a tip by an informer that

in barangay Maguicay, Aurora, Zamboanga del Sur, guns and some grenades were being kept.

In Pagadian city, three firearms, a carbine and two Garand rifles, were seized by PC operatives in barangay Paglaum Uno and Dos.

In another operation, Ver said Army soldiers found four home-made shotguns in San Pablo, Zamboanga del Sur.

Ver also said that two NPAs were killed in a firefight with a PC trooper in Iloilo city over the weekend.

S / S g t . P e p e Dumayao of the Iloilo PC was about to go to sleep when two armed men believed to be NPAs sprayed his house with bullets.

The sergeant reportedly returned the fire, killing his attackers on the spot. Two .45 caliber pistols were recovered from the bodies.

NPA DEATH SQUADS KILL GOVERNMENT WORKERS

Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 82 pp 1, 6

[Text]

THREE barangay captains, a female school teacher, a policeman and a PC sergeant were killed by gunmen believed to be members of liquidation squads of the NPA. The killing took place in Metro Manila, Bicol, Negros Occidental and Davao del Sur during the week.

The latest victim was the barangay captain of barangay Pembo at the Fort Bonifacio military reservation in Taguig, Metro Manila.

The victim, identified as R. Milanan, was shot and killed by still unidentified gunmen after presiding at a meeting at the barangay hall about 9 p.m. the other night.

THE barangay captain of San Jose, Matanao, Davao del Sur, was killed by four armed men identified with the NPA Monday afternoon.

The victim, identified as Alfredo Eugenio Jr., was riddled with bullets by the killers who barged into his residence. Caught by surprise, Eduardo a ranking member of the civilian home defense force in the area, was unable to fight back. His Garand rifle was taken away by the attackers.

Troopers from the 434th PC company are pursuing the killers.

HOURS later, the barangay captain of Apad, Ragay, Camarines Sur, was also shot and killed by armed men believed to be NPA

members.

Brig. Gen. Rene Cruz, Region V PC commander, identified the victim as barangay captain Ernesto Sarit y Aban, a businessman.

Authorities believe that Sarit was in the death list of dissident liquidation squads because of his defiance of rebel warnings against supporting the government's counter-insurgency operation.

The counter-insurgency drive order intensified by Defense Minister Juan Ponce Enrile had resulted in the surrender of hundreds of dissidents in the area.

IN NEGROS OCCIDENTAL, a female school teacher who has been very vocal against atrocities of communist terrorists, was shot and killed by still unidentified gunmen

last Wednesday.

The victim was identified as Emma D. Jamoles, a school teacher at barangay San Pablo Elementary School in Manapla.

NUNS, LAY WORKERS ARRESTED

Manila BULLETIN TODAY in English 24 Jun 82 p 12

[Text]

Two nuns and three lay workers performing justice mission in Batangas were arrested Sunday, June 13 in Rosario, Batangas, by elements of the local Integrated Civilian Home Defense Force (ICHDF) led by a certain PC Sgt. Calalo.

The group was on its way back to Manila after investigating the alleged military involvement in the land conflict between the farmers of barrio Haybanga, Lobo, Batangas, and Dr. Palacio (the landlord) when the passenger jeepney they were riding in was blocked by six armed ICHDF men.

Those arrested were Sr. Zenaida Pineda and Sr. Pilar Verzosa of the Religious of the Good Shepherd (RGS); Editha Bravo, 23 and Arnel Salvador, 25, both Task Force Detainees (TFDP) workers assigned in Batangas, and Mario Aten-

tar, a catechist in Batangas city.

They were all detained at Camp Alan-gilan, the seat of the PC provincial command in Kumintang, Batangas city after having been searched and interrogated at the ICHDF office in Rosario.

Srs. Zenaida and Pilar were released on Monday evening, June 14, after Msgr. Madlangbayan, the parish priest of the city, vouched for them.

The group was arrested for being alleged NPA member operating in the area. The two sisters belong to the Rural Missionaries (RM), a religious organization doing missionary work in the remote barrios of the country.

Sr. Zenaida is authorized by the bishop to perform basic community organizing in the province.

Editha Bravo and Arnel Salvador, the TFD workers were

with the group to document the alleged land conflict and related military activities in Lobo. They were sent by TDF-Luzon office in Manila to perform documentation.

Sr. Pilar, who served as spokesman for the group, said in an interview that during the day of their arrest, food was not given them by their captors. They were also denied any means of communication with their superiors in the city. She also said that they were forced to admit association with the "subversives" in the area.

As of presstime, two lay workers are still detained in the same camp.

Summary preliminary investigation was scheduled on June 23, 9 a.m. at the municipal circuit court of Taysan-Lobo, Taysan, Batangas. Three of those arrested were charged with murder.

MURDER CHARGE FILED AGAINST NUNS

Manila PHILIPPINES DAILY EXPRESS in English 29 Jun 82 pp 1, 6

[Text]

THE CONSTABULARY has filed murder charges against eight suspected communist terrorists, including two nuns, for the killing of a civilian informer on April 8 in barangay San Nicolas, Lobo, Batangas.

PC spokesman Col. Luis San Andres identified the suspects as Zenaida P. Pineda alias sister Zeny, 35, a nun of the Good Shepherd Convent on Aurora blvd., Quezon City; Pilar Verqueza, alias sister Pilar or Laura, 37, also of the same convent; Editha A. Bravo, alias Ka Elsa, 24, single, a graduate of the University of the Philippines, Los Banos and a native of San Sebastian, Lipa City, Batangas; Arnel B. Salvador, alias ka Noli, 22, a resident of Tondo Manila; Marcelino J. Atentar, alias ka Mar, 24, a former seminarian and a native of barangay Miswa, Infanta, Quezon, but residing in Batangas City; and three others known only as Andoy, Ka Roger and Ka Roman.

Of the eight suspects, only the

last three are still at large, San Andres said citing a report of Col. Soliman G. Mendoza, Batangas PC commander, to PC chief Lt. Gen. Fidel V. Ramos.

Mendoza's report said the five principal suspects were intercepted and arrested at a PC checkpoint in barangay Namuco, Rosario, Batangas, at 9 a.m. on June 13.

THEY HAD just come from a meeting with communist leaders in Jaybanga, Lobo, Batangas, and were on their way to Manila when they were intercepted and arrested.

Mendoza's report said they seized subversive documents, personal notes, letters, films and photographs from the suspects.

Mendoza had set up a checkpoint in Rosario following reports that some terrorists had disguised themselves as priests and nuns "to mislead government troops and move freely in Batangas," San Andres stated.

When apprehended, one of the nuns was dressed in a nun's habit.

The murder charges were filed against them before the municipal court of Lobo-Taysan for the killing of one Generoso Anyayahan, alias Generoso Portugal, an alleged government informer

* * *

ANYAYAHAN was reported by the PC to have been liquidated by the NPAs on April 8 in barangay San Nicolas, Lobo, Batangas.

After conducting the preliminary investigation, judge Francisco Sulit of the Lobo-Taysan municipal circuit court issued an order for the arrest of the three suspects who are still at large

Judge Sulit also recommended no bail for those already in custody

Fr. Alfredo Madlangbayan, parish priest of Batangas City, confirmed that Verqueza and Pineda are nuns. Both nuns were placed under his custody. (PNA)

CSO: 4220/193

PHILIPPINES

TROOPER HELD IN SAMAR DOCTOR SLAYING

Manila PHILIPPINES DAILY EXPRESS in English 26 Jun 82 p 1

[Text] Government agents arrested yesterday a principal suspect in the murder of Dr Remberto dela Paz in Western Samar last April 23.

The military earlier blamed the New People's Army for De la Paz' slaying but the victim's wife, Sylvia, said this was unlikely. The military suspected Dr de la Paz of being "sympathetic" to the dissident movement, she said.

De la Paz, a popular countryside doctor who shunned a lucrative urban practice to serve in the rural areas of Samar, was gunned down in his clinic two months ago.

The suspect was identified as Sgt. Arsenio "Jun" Alcantara, an army trooper assigned at Lao-Ang, Northern Samar.

Eastern Command (Eascom) authorities turned over the suspect to the AFP military police brigade for custody.

The breakthrough in the much-publicized case came after Defense Minister Juan Ponce Enrile ordered a special committee to take over the investigation.

The defense ministry has ordered the giving of maximum protection to any witness and has put up a cash reward of P50,000 to anyone who can give information leading to the arrest and prosecution of the gunman.

De la Paz was shot dead in his clinic in the presence of some people. Those who saw the slaying, however, refused to testify for fear of their lives.

Before dying from the 22 gunshot wounds, De la Paz was able to describe his slayer.

The identity of the witness who gave information to authorities was withheld.

CSO: 4220/192

BUY PHILIPPINE POLICY FOR MINISTRY OF NATIONAL DEFENSE

Manila BULLETIN TODAY in English 9 Jul 82 p 1

[Article by Willie NG]

[Excerpt]

President Marcos announced yesterday the policy of the Ministry of National Defense to stop importing equipment which could be manufactured at home.

Speaking at the 84th anniversary rites of the Philippine Navy at Fort Bonifacio, he declared:

"The Office of the President and the Ministry of National Defense have adopted a policy that where we can buy locally, we will not buy from a foreign land."

He called this a special program of the entire government, not just of the armed forces.

"We must think in terms of producing our own equipment and armaments, if necessary," he said. "The days when we sent buying missions abroad are over. Today, the buying missions will be domestic."

DOMESTIC FUNDS FINANCE BUDGET DEFICIT

Manila BULLETIN TODAY in English 24 Jun 82 p 12

[Text] The national government has increasingly been turning to the domestic banking system for funds to finance a substantial portion of the budget deficit.

This was pointed out by the new report released by the International Monetary Fund on the recent developments in the Philippine economy.

In an earlier report, the IMF already criticized the government for its expenditure program and urged a corresponding "restraint" in public spending.

It said that the government recourse to the banking system expanded sharply in 1981 because of the widening of the fiscal deficit that year which reached ₱13 billion.

Funds raised by the national government from the banking system in 1981 rose to ₱5.277 billion, up by a whopping 326 per cent from the ₱1.238 billion in 1980.

The IMF report noted that the net credit requirements of the national government from the banking system almost totally accounted for the increase in net credit to the public sector of 53 per cent from ₱10.573 billion at the end of 1980 to ₱16.152 billion at the end of 1981.

About 20 per cent of the increase in net credit to the public sector in 1981 was extended by the commercial banks compared with approximately half in 1980.

Likewise, the national government resorted to advances from the Central Bank during the same period to cover part of the fiscal deficit.

The IMF reported the net credit needs of the national government and the financial rescue operation drastically altered the monetary policies during the year. Net claims of the CB on the national government, representing the former's advances to the latter, rose by ₱4.238 billion, 92 per cent more than that of the previous year.

For the current year, the ₱10.5 billion projected fiscal deficit is to be financed by the following: ₱5.3 billion external financing, ₱1.6 billion second

second structural adjustment loan (still under negotiations with the World Bank), and ₦4.5 billion net credit from the domestic banking system.

The report also said that the ₦2.6 billion in emergency advances extended by the CB to financial institutions during the financial rescue operation that year increased the CB claims on the banking system but did not augment credits to the traditional sectors.

As a consequence of the emergency operations, "the traditional allocative priorities underlying rediscounting and repurchase policies were not strictly adhered to."

By the end of 1981, loans extended to commercial banks by the CBM, other than for emergency credits, were virtually unchanged from their year-ago levels.

This contrasted with the 67 per cent increase in rediscounts and repurchases which occurred in 1980.

CSO: 4220/99

DEVELOPMENT BANK BODN ISSUE, YEN LOAN PLANNED

Manila BULLETIN TODAY in English 25 Jun 82 p 23

[Article by Loreto Cabanes]

[Text]

Yen financing equivalent to a total of \$70 million is being tapped by the Development Bank of the Philippines (DBP) to cap its foreign borrowing activities for the current year.

Rolando M. Zosa, DBP governor, said yesterday that the DBP has finalized a private placement in the Tokyo market of a 5.0 billion yen bond issue equivalent to \$20 million.

Proceeds of this offering will be used by the development bank for general lending purposes.

Underwritten by a syndicate of underwriters led by Yamaichi Securities Ltd., the DBP yen bond issue is the second private placement made by the bank in Tokyo. The first one was in 1979 when DBP raised 10 billion yen approximately \$45 million at that time).

Other underwriters included the Long-Term Credit Bank of Japan, Nippon Credit Bank, Taiyo Kobe Bank Ltd. and Nomura Securities.

Zosa said that the private placement this time was scaled down to half of what the DBP raised three years ago because the monetary authorities in Japan were tightening on the Tokyo capital market as a means of protecting the yen from the onslaught of the American dollar.

The issue has a final maturity of 10 years and carries an interest rate spread of 8.9 per cent at the face value of the bond.

By the latter part of September, the DBP

hopes to raise a yen loan of approximately \$50 million as co-financing for the textile industry rehabilitation and modernization program.

Also envisioned with a maturity of 10 years, the yen loan which will be provided by Japanese commercial banks will carry a fixed rate of 8.7 per cent. The mandate for syndication has been awarded to Nippon Credit Bank of Japan.

Zosa added that the second tranche of the DBP's proposed \$150 million commercial loans from the Eurodollar markets would no longer be raised because he expressed strong doubts the DBP would be able to get terms similar to the \$75 million loan it signed early this month with a syndicate headed by Long-Term Credit Bank of Japan, Lloyds Bank International and Nippon Credit Bank.

This particular loan was for a term of 10 years, including four year-grace period at an interest spread of 3/4 per cent over the London interbank offered rate.

The textile rehabilitation and modernization program covers 31 textile mills in the country. It is being financed by a \$150 million loan from the World Bank and suppliers credit estimated at about \$350 million.

Under the program, the textile companies selected are to acquire new equipment and machinery for the rehabilitation and expansion of their existing facilities.

The equipment include spindles, looms and finishing units.

PHILIPPINES SEEKS SOFT LOAN

Manila PHILIPPINES DAILY EXPRESS in English 29 Jun 82 p 10

[Text]

A TOP LEVEL Philippine delegation led by Prime Minister Cesar Virata yesterday started talks in Tokyo with representatives of the country's major creditor countries for \$1.2 billion worth of Official Development Assistance (ODA).

The meeting is sponsored by the World Bank, which together with the major creditors form the consultative group for the Philippines. Economic Planning Minister Placido Mapa, a member of the Philippine panel, said that since the Inter-

national Monetary Fund (IMF) will be represented in the Tokyo meet, the country may also seek a new credit line from the Fund.

Mapa said the Philippines is seeking a new standby line with the IMF, denying reports that the government wants an extension of the line which expired last year.

Central Bank Gov. Jaime C. Laya, also a member of the panel, said the Philippines is seeking a short-term loan from the IMF to cover non-expected deficit in its balance of payments this year. (PNA)

CSO: 4220/193

FOREIGN LOAN FOR COCOCHEMICAL PROJECT

Manila PHILIPPINES DAILY EXPRESS in English 29 Jun 82 p 10

[Text]

UNITED Coconut Chemicals Inc. (Unichem) recently got a \$42.2 million loan from a consortium of foreign banks for its cocochemical project in Bauan, Batangas.

The loan will finance the importation and installation of equipment at Unichem's cocochemical plant.

A spokesman of the Philippine National Bank (PNB) revealed that the terms and conditions of the loan are considerably less stringent than those given to new Philippine borrowers.

The PNB negotiated the loan, while its subsidiary, Hongkong-based PNB International Finance Ltd., helped arrange the package.

Citicorp International Group acting through Asia Pacific Corporation Ltd., Fuji International Finance (HK) Ltd., and the Chartered Bank led the loan

syndication. Other participants were the Bank of California, Manila OBU; Chemical Asia Ltd., Credit Lyonnais, Manila; CBC Finance (HK) Ltd.; Yasuda Trust and Finance (HK) Ltd.; First Pacific Finance Ltd. and Irving Trust Co.

* * *

UNDER the agreement, Unichem will repay the loan over a 10-year in 14 equal semi-annual installments starting from the date of the initial drawdown.

Initial drawdown started before June 14 at the rate of not less than P1 million.

A one-half percent commitment fee will be charged for undrawn portions of the loan, payable quarterly. Interest rate of the loan is at 7/8 percent over the six-month London Interbank Offered Rate (LIBOR).

To be completed in 1984 at a cost

of P1 billion, the Unichem plant is one of the country's 11 major industrial projects and a preferred pioneering industry.

The plant will be capable of producing 64,555 metric tons of fatty acids and 8,000 metric tons of glycerine annually from 69,400 metric tons of coconut oil. About 54 percent of the resulting fatty acids will be further processed into 30,000 metric tons of fatty alcohol.

The coco-chemical plants will employ 200 personnel at full capacity, expected to stabilize world market prices of coconut product and boost the country's export revenue and dollar savings.

The cocochemical project is a joint venture between Unichem and Lurgi Umwelt and Chemotechnik of West Germany, which will provide the technical expertise.

GOVERNMENT RICE PROCUREMENT FUNDS INCREASED

Manila BULLETIN TODAY in English 29 Jun 82 pp 1, 11

[Text]

Food Minister Jesus Tanchanco said yesterday that negotiations are underway for the funneling of an additional ₱500 million to the palay procurement program of the government.

He also said that the National Food Authority (NFA) is buying 300 more trucks this year in view of the big food procurement and distribution activities to start next month.

Tanchanco, administrator of the NFA, said the funding is now being arranged with the Central Bank in line with the President's order to intensify palay operations.

President Marcos ordered during the celebration of Farmers' Week last May the raising of the palay procurement volume of the government from 10 to 15 per

cent of farmers' total harvest.

Tanchanco said the intensified palay operations will compel rice traders to

buy palay or rice at reasonable prices.

The 300 new trucks — in addition to the present 400 — will be fielded in heavy production areas.

Tanchanco also called on private haulers to use more trucks.

"We will still rely heavily on private haulers," he told the Gintong Butil Haulers Association.

NFA Deputy Administrator Romeo Lacson said the NFA still needs the services of 3,000 privately owned trucks. He said the NFA paid ₱99.3 million in hauling fees last year alone. (A.M. Lobo)

CSO: 4220/194

AGRICULTURAL PRODUCTION DOWN

Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 82 p 13

[Text]

THE GLOBAL economic downturn is reflected by the government's 1981 crops statistics which show value of production dropping by P3.7 billion and volume increasing only by a marginal 410,778 metric tons.

The agriculture ministry's Bureau of Agricultural Economics (Baecon) computed production value on the all-crops basis tentatively at P33,886.7 million or about P3.7 billion lower than the P37,609.4 million recorded for 1980.

Volume-wise, the production reached 29,976,964 metric tons, up by a meager 410,778 tons over the previous year's 29,566,186 tons, Baecon said.

Area planted also expanded by 64,190 hectares or from 12,123,400 has. to 12,187,590 has.

FOOD CROPS ac-

counted for 21,874,353 tons of the production volume, with commercial crops providing the remaining 8,102,611 tons, the bureau said.

Baecon attributed the value decline to depressed conditions in the commercial sector or those export crops which bring in much needed foreign exchange.

Preliminary statistics place at P7.8 billion value of the sector's outturn last year compared with the P14.4 billion recorded for 1980, or a drastic fall of P6.5 billion.

Leading products of the sector are coconut and coconut products, sugar and tobacco which are currently suffering depressed prices in the international commodity market due to a slump in demand, specially by the industrialized countries.

PRODUCTION vo-

lume of the sector, however, showed a slight increase of 220,952 metric tons to 8,102,611 tons as against 7,981,659 tons in 1980. Coconuts and sugarcane accounted for bulk of the production rise, Baecon added.

In the case of food crops, value of output rose by an estimated P2.8 billion to P26,001.5 million from the P23,133.3 million of 1980.

An increase of 289,826 metric tons was also managed by the food sector with an outturn of 21,874,353 tons. The 1980 production was 21,584,527 tons.

Baecon said the nation's production of rice continues to increase. Outturn last year was 7,722,748 metric tons, up by 218,391 tons from the previous output of 7,504,357 tons, thus further entrenching the

nation's position as a self-sufficient producer of the principal staple.

CORN harvest amounted to 3,247,210 metric tons, up by 71,055 tons from the 1980 production of 3,176,165 tons.

In the case of fruits and nuts (except citrus), output rose by 99,829 metric tons to 6,253,807 tons.

Analyzing its production statistics on the regional and all-crops basis, Baecon said Southern Mindanao was the top producer with an outturn of 4,340,269 metric tons, followed by Western Visayas with 4,261,070 tons, and Southern Tagalog as third with 3,667,006 tons.

PRODUCTION of the other regions in rank order:

Central Mindanao, 3,478,878 tons; Northern Mindanao, 2,199,192 tons; Central Luzon, 2,024,730 tons; Bicol, 1,998,749 tons; Eastern Visayas, 1,706,327 tons; Central Visayas, 1,577,088 tons; Western Mindanao, 1,437,958 tons; Ilocos, 1,380,002 tons, and Cagayan Valley, 1,185,695 tons.

From such production figures, Baecon suggested that Mindanao (except Western) has established itself as the top producer of agricultural products in the country in spite of the unrest gripping some of its areas.

DEPTHnews ,

CSO: 4220/193

TEXTILE FIRMS LACK MODERNIZATION FUNDS

Manila PHILIPPINES DAILY EXPRESS in English 25 Jun 82 p 11

[Article by Rosario Liquica]

[Text] Lack of funds may snag the implementation this year of the industry-wide \$450-million textile modernization and expansion program.

Industry sources said yesterday only about five of the 18 textile mills scheduled to implement their modernization projects this year may proceed with these ventures because of limited capital.

The textile modernization program will be jointly funded by the World Bank and foreign equipment suppliers who are to provide suppliers' credit to these local millers.

Textile firms, will, however, have to put up a certain amount of equity to get these projects going. In fact, without the equity, mills may be able to get their loans from the Development Bank of the Philippines (DBP).

Under the master plan for the industry prepared by the Board of Investments (BOI), 31 mills will either modernize, expand or rehabilitate their facilities between now and 1986.

For this year, 18 are scheduled to start with their modernization projects and the rest will follow either next year or the year after that.

Apparently, sources said, some firms are adopting a wait-and-see attitude while others just don't have the capital.

Some textile firms just don't want to take the lead, especially in a new program like this, sources said. They simply want others to "test the water" first before they do the same, they added.

But a majority of them just don't have the cash to support their projects and are still waiting for government to relax the equity requirement of the program, sources further said.

The BOI earlier said the relaxation of this equity requirement may be done on a case to case basis but insisted that firms would still have to put up cash to ensure success of their projects.

MINING PROJECT COSTS SOAR

Manila PHILIPPINES DAILY EXPRESS in English 25 Jun 82 pp 9, 11

[Article by Samuel V. Senoren]

[Text]

ATTEMPTS to develop the Batong Buhay copper and gold mining properties in Kalinga-Apayao have already cost the government a staggering P1.7 billion as of the first quarter of 1982.

The huge amount of financing involved makes the Batong Buhay venture one of the most expensive mining projects in the country today.

The total cost includes loans, interest charges and equity which the government provided since the project was undertaken in 1973.

W H E N the government took over control of BBGM in 1979 from its former owners, its exposure in the project had already reached P1 billion.

This means that after the government takeover, it spent an additional P700 million to put the mining project together.

Despite the large amount of government exposure, however, Batong Buhay's mining facilities are not yet operational.

The mill is ready to run but there is no adequate power to put it into commercial operation.

The National Power Corp. was scheduled this month to install the transmission towers which were ordered from Korea. They are to be set up on a 40 kilometer route leading to the BBGM minesite.

If the transmission lines are erected on schedule, the mill is expected to be in commercial production towards the end of the year.

AT PRESENT, the mill has diesel generators which were bought by BBGM four

years ago. But these are costly to operate because fuel consumption runs up to 40,000 liters of diesel per day.

Besides, because of the large amount of diesel requirement, it will be difficult to transport the fuel to the minesite.

BBGM is now operated by Philex Mining under a management contract signed in 1980.

When the mill becomes operational, BBGM will be operating at a loss, along with most mining companies, because of depressed copper and gold prices in the world market.

MARCOS ACTS TO END POWER BROWNOUTS

Manila PHILIPPINES DAILY EXPRESS in English 27 Jun 82 pp 1, 6

[Text]

PRESIDENT MARCOS, reacting to numerous complaints from the public, issued yesterday a series of directives to solve the problem of frequent power interruptions.

Among other things, the President asked Prime Minister Cesar Virata and the Executive Committee to immediately form a supervisory group to help make the operations of the National Power Corporation more efficient.

The primary task of this group, the President said, is to ensure the supply of electric requirements of industries and to coordinate and synchronize all government policies and projects involving power.

THE PRESIDENT'S other directives aimed at solving once and for all the power problem include:

- Immediate operation of the new Kalayaan pump storage facility in Caliraya Lake in Laguna for additional power.
- Dredging operations at the Ambuklao and Binga dams in Mountain Province to remove silting in these dams and thus utilize them to the fullest in providing additional sources of power.
- Listing by next week by the NPC of the specific times at night of the availability of surplus power so that factories can run during those times even if it entails extra expenses in overtime pay to enable them to catch up with production contracts.
- Maximum efficiency in the transmittal of electricity to Metropolitan Manila from the geothermal power plants in Tiwi, Albay and Mac-ban in Laguna.

THESE STEPS, the President said, were intended "to solve, once and for all, the problem of brownouts" which had touched off numerous complaints from the public, particularly industries and other commercial establishments.

The Chief Executive said he wanted no further excuses or any more delays in settling the problem.

The supervisory team's principal function is to ensure full and efficient supply of electricity to the public, particularly industries, and to coordinate and synchronize policies and projects of the government involving power requirements.

Told that Ambuklao and Binga dams could not be dredged because of the lack of dredging maintenance, the President ordered the transfer of dredges from the Ministry of Public Works and Highways, from the Philippine Ports Authority and other offices to these sites.

THE President had earlier said that one of the reasons for the brownouts was the faulty generating sets acquired by the government from the previous owners of Meralco. He said the government paid for these generating plants even at excessive prices to save Meralco from bankruptcy at the time and prevent paralyzation in the distribution of electricity to subscribers in Metro Manila.

BRIEFS

CASH INVESTMENTS DOWN--Cash investments made by foreign investors in Central Bank-approved Philippine securities during the first quarter of this year totaled only \$1.53 million, down by \$9.54 million or 620 per cent from levels during the comparable period last year, according to an investment analysis conducted by the Manila stock exchange. Foreign investments repatriated during the first three months of 1982 aggregated \$2.81 million, resulting in dollar outflow of \$248,000. MSE attributed the sharp decline in foreign investments in securities to political and economic factors, including the imposition of the capital gains tax. The same tax was withdrawn last March. Of the \$1.53 million invested, \$530,000 went into shares of stocks of companies belonging to the finance sector. Oil issues got \$474,000, while mining issues received \$398,000. Cash investments made by foreigners in securities for the whole year of 1981 stood at \$22.69 million, down by \$8.46 million from the investments poured in 1980. [Text] [Manila BULLETIN TODAY in English 24 Jun 82 p 12]

CSO: 4220/99

EXPECTED CHANGES IN DIPLOMATIC SERVICE

Colombo DAILY NEWS in English 16 Jun 82 p 1

[Article by Joe Seger]

[Text]

A number of far-reaching changes in regard to Sri Lanka's diplomatic representation abroad will take place shortly.

Sri Lanka's mission in Abu Dhabi will be raised to the status of an Embassy and a new Ambassador will be appointed in place of the present Charge D' Affaires, Mr. E. Jayasinghe.

This mission is being upgraded because of the large number of Sri Lankans working in that country. With an Ambassador at the helm, authoritative sources said it would be possible to exert more influence on behalf of Sri Lankan workers with the government in that oil-rich state.

A new Ambassador to the European Economic Community and Brussels will be appointed soon. A former Foreign Ministry staffer with wide experience in world trade and financial affairs will be the new appointee.

He is Mr. D. A. (Algy) de Silva who is giving

up a top job at the World Bank to take up the Brussels appointment. Mr. de Silva will succeed Dr. L. A. Jayawardena who is coming back to the Foreign Ministry. Dr. Jayawardena has now joined the ranks of the career diplomats, having joined the Sri Lanka Overseas Service.

There will also be a new Ambassador in Iraq shortly. Mr. P. M. D. Fernando of the Overseas Service will move on to Baghdad. He will succeed Major

General Richard Udugama who has completed his term as Ambassador and returned to the Island.

A new Ambassador is expected to be appointed soon to Sweden. The present Ambassador, Mr. B. Wickrematunga, is due back in Sri Lanka on the completion of his term.

There is also now a vacancy for a High Commissioner in Nairobi. A woman career diplomat is now acting as High Commissioner until a permanent ap-

pointment is made. Mr. M. S. A. Rahim, who was High Commissioner, has relinquished duties on the completion of his term.

Informed sources said that it was very likely that career diplomats with seniority of service would be appointed to the two vacant posts in Sweden and Nairobi.

Some of the senior career diplomats who are now working at the Foreign Ministry are Mr. Arthur Basnayake who has returned from Rangoon where he was Ambassador, Mr. Gamini Senewiratne, Mr. S. Kathiramanathan and Mr. K. Breckenridge.

Mr. Basnayake is tipped to take over the post of Director-General of Foreign Affairs from Mr. Bernard Tillekeratne who leaves for New Delhi next month to take up the post of Ambassador there.

Mr. Tillekeratne one of the most senior overseas service staffers has served earlier as Deputy High Commissioner in New Delhi.

SWEDISH FINANCING FOR HYDROPOWER PROJECT

Colombo DAILY NEWS in English 15 Jun 82 p 1

[Text]

The Swedish Parliament today approved a government bill regarding the financing of the Kotmale hydro-power project.

The decision, which was taken at the very end of Parliament's spring session, will provide grant assistance to Sri Lanka in a total amount of SEK 1.088 billion (approximately Rs. 3.72 billion) over a period of six financial years (1982/83 — 1987/88) in addition to the SEK 307 million (Rs. 1.05 billion) already provided under development co-operation between Sweden and Sri Lanka.

Furthermore, a subsidized credit of SEK 234 million (Rs. 800 million) will be provided for the electro-mechanical works of the project.

Under the terms of Parliament's decision, a team of independent consultants to be appointed by the Swedish International Development Authority (SIDA) will be visiting the project on a quarterly basis,

or more often if necessary, to follow cost developments and to assist in the identification of cost-effective solutions to technical questions which may arise during the remaining construction period.

The Kotmale project is expected to be completed about mid-1985.

The amount voted by Parliament represents the largest single commitment of funds made under Swedish development co-operation to any country.

The decision is unprecedented also in the sense that it constitutes a firm commitment over a period of six years. Normally, such commitments to recipient countries are made for planning purposes and limited to three years.

An agreement between Sweden and Sri Lanka regarding the financing of the Kotmale project will be signed in Colombo about mid-July. — (Swedish Embassy).

CSO: 4220/100

OIL IMPORTS EAT UP EXPORT EARNINGS

Colombo DAILY NEWS in English 17 Jun 82 p 6

[Text] Even if the oil prices remain at their 1980 level in real terms, 45 per cent of the country's projected export earnings and 10 per cent of the gross domestic product (GDP) will have to be reserved for oil imports in 1985, a World Bank mission has said.

This burden will be greater if oil prices rise in the next five years, they say.

The World Bank mission, which did a survey on the issues and options in the energy sector of the country, has told the government that a concerted national energy conservation program is needed initially in the industrial and commercial sectors. It could begin by immediately monitoring the efficiency with which these sectors currently use energy.

However energy consumption is measured, the industrial and commercial sector is a major user. It accounts for 60 per cent of electricity use, 27 per cent of petroleum consumption and a quarter of all fuelwood burned in the country.

Industrial energy consumption is also heavily concentrated. Eighteen large industrial organisations, all of them in the public sector, account for 35 per cent of total electricity sales. This heavy concentration of electricity use in a few large public sector corporations may well be one of the factors underlying the lack of power conservation despite higher tariffs, the report states.

Ten large companies account for over half of the private sector petrol consumption. The Cement Corporation alone accounts for 22 percent of total fuel oil consumption and six per cent of electricity sales.

The combination of a predominant share of total energy consumption and the high concentration of energy demand within these sectors makes industry and commerce the principal target for an energy conservation program.

CSO: 4220/100

BRIEFS

RICE SHIPMENT FROM PAKISTAN--A consignment of 9,500 m.t of Pakistani rice is now being unloaded in Colombo. Two more shipments bringing in a further 10,000 m.t. are on the way, a Food Department spokesman said. [Text] [Colombo DAILY NEWS in English 16 Jun 82 p 1]

NEW ENVOY TO USSR--Mr. Neville Kanakaratne, has been appointed Sri Lanka's Ambassador Extraordinary and Plenipotentiary to the USSR in succession to Dr. R. C. A. Johnpulle. [Text] Colombo DAILY NEWS in English 16 Jun 82 p 1]

HOME GUARD SECRETARIAT--Cabinet approved a recommendation by President Jayewardene as Minister of Defence for the establishment of a secretariat for the administration of the Home Guards scheme. In terms of a circular issued to District Secretaries Home Guard units are due to be established from May 1, 1982. The secretariat will be within the Ministry of Internal Security and headed by Brigadier L. J. I. Fernando who has been appointed secretary to the Ministry of Internal Security. [Text][Colombo DAILY NEWS in English 17 Jun 82 p 6]

CSO: 4220/100

ASEAN ECONOMIC COOPERATION DISCUSSED

Bangkok BANGKOK POST in English 17 Jun 82 p 8

[Article by Nongnuth Kimanonth]

[Text]

THE ASEAN foreign ministers meeting which concluded in Singapore yesterday once again concentrated on economic issues with regional politics taking the back seat.

ASEAN, according to its founding declaration in 1967 was created "to accelerate the economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership."

The 1976 ASEAN Concord further spelled out this direction, saying that member states shall take cooperative action in national and regional development programmes, and reaffirming the idea of collaborating to accelerate economic growth in the region.

The area has had economic growth, although it has varied from country to country within ASEAN. But one may doubt that ASEAN has essentially pursued its mutual objectives of regional economic development.

How much progress has ASEAN made toward economic cooperation? The answer is somewhat of a paradox.

Let's look at the reality.

Economy has always, supposedly, been ASEAN's *raison d'être*. Not only the foreign ministers have concentrated on it, but economic ministers of member countries have met 13 times since the 1976 Bali summit.

Almost 15 years have passed since the establishment of ASEAN. It has certainly made some progress toward economic cooperation in such areas as food security reserves, assistance in natural disasters, a submarine cable network, a region-wide satellite communication system, and initi-

ation of ASEAN industrial projects. ASEAN's GDP growth rate has also been speeding up, ranging between 6 and 8% annually in the 1970s. The individual breakdown is Indonesia and Malaysia 7.8%; the Philippines 6.3%, Singapore 8.5% and Thailand 7.6%.

KEY

But a closer look needs to be taken on four key areas of ASEAN economic cooperation. These are the ASEAN Industrial Projects (AIP); the ASEAN Industrial Complementation scheme (AIC); the ASEAN Industrial Joint Venture scheme, and the Preferential Trading Arrangements (PTA).

On AIP, it has been planned since 1976 to establish ASEAN industrial plants aiming to meet regional requirements in essential commodities.

Four projects have been started — two Ammonia-Urea Projects for Indonesia and Malaysia, one Rock Salt-Soda Ash Project for Thailand, and one Copper Fabrication Project for the Philippines. Singapore, whose proposed projects were rejected recently, has not yet decided on its project.

However, some people have argued that each industrial project is considered technologically uneconomical to operate within one country due to the small size of the market. But if the plant has access to a much larger market, the factory will be able to operate on a much lower marginal cost thereby bringing about economic advantages to participating countries.

AIC has enabled private circles to play a key role in ASEAN economic activities. The scheme was aimed at expanding inter-ASEAN trade in industrial products and gaining from the benefits of a combined market based on division of labour and specialisation of productions in the region.

The first package of the scheme started in "existing" products of automotive components with an initial 50% tariff cut on these items.

The shortcomings of AIC, however, may soon be exposed unless there is a rational evaluation of costs and benefits upon the allocative complementarity arrangements. Geographical distance among ASEAN countries may raise the costs of the scheme, while economic distance among them may create controversies due to measurements in an allocation of various complement industries in different countries. ASEAN officials should also be aware of the consequent erosion of the competitive position of individual countries or of ASEAN as a whole vis-a-vis other countries outside the region.

STAKES

ASEAN Industrial Joint Ventures has been an effort to promote inter-ASEAN investment by allowing private sectors to have stakes in ASEAN economic ventures. The drawback of the scheme, as was raised in a recent economic ministers meeting, was around the question of restrictions on non-ASEAN investors. Singapore, heavily depends on foreign investment and prefers no restrictions on non-ASEAN companies in joint ventures. But other countries insist that ASEAN states should keep a 51% holding, saying that to lift all restrictions would defy the main aim of ASEAN joint ventures.

On Preferential Trading Arrangements, it is expected that the lowering of regional trade barriers can make possible deflection of ASEAN imports from and exports to non-ASEAN sources. ASEAN now includes 8,500 items on the PTA list, entitling them to a 20-25% tariff cut. In fact, PTA still cannot effect large scale inter-ASEAN trade since most of the items listed in the PTA are not traded in substantial volumes within the region.

If one looks closely at the pattern of inter-ASEAN trade, it is apparent that the level of trade among ASEAN

countries themselves is still low. For more than a decade the range of inter-ASEAN trade has been around 10-18% of the total trade member countries have had with countries outside the region.

The poor trade relations among ASEAN countries might result from the structure of ASEAN economies which are basically not complementary to one another. With their agricultural-based economies, geographical proximity, and climatic homogeneity, ASEAN countries tend to export the same kind of products. A stage of industrialisation shared among ASEAN countries effects ASEAN heavy dependence on the industrial market economies in capital goods importation. Such economic structure has limited not only bilateral trade between ASEAN countries but also sustained competition among them for access in the world market.

The slow progress of inter-ASEAN trade relations may also result from diversity in individual countries' economic development and their perception of relative advantages in opening their economies too wide and too quickly. Singapore, with a large entrepot trade and the highest degree of industrialisation, prefers a free trade zone. On the other hand, Indonesia, less industrialised and troubled by illicit trade via Singapore's freeport still disagrees with liberalised trade across the board.

HIGHEST

Compared to other ASEAN countries, Singapore has the highest inter-ASEAN trade. Singapore-ASEAN trade is largely of an entrepot nature and Singapore has also depended on ASEAN markets for a variety of food products. Meanwhile, bilateral trade between some countries within ASEAN has remained small partly due to their historical ties with the metropolitan countries.

One problem, however, concerns illegal trade with ASEAN countries themselves. One may doubt whether illegal inter-ASEAN trade has expanded much more than legal inter-ASEAN trade.

The answer is unclear since the issue has never been investigated. Since illegal trade has been on a bilateral basis, it cannot be raised in ASEAN talks.

The fact is that two big items, tin and rubber, are smuggled via ASEAN countries' borders. Also

manufactured products such as radios, televisions, cameras and the like are smuggled mostly from Singapore to other ASEAN countries. To eliminate the problem, the issue needs to be talked about between the countries concerned.

Faced with both national and regional constraints — less developed economies, weak industrial bases, and heavy reliance on advanced technology from the West — ASEAN countries have difficulties in promoting inter-regional trade. To achieve ASEAN's long-term objective of establishing a free trade area is thus a difficult task. The free trade area, an initial stage of economic integration, does not entail a common external tariff for all member countries. It merely demands the abolition of tariff barriers between members, while leaving each of them in control of their commercial policies vis-a-vis non-member countries. At the moment, ASEAN movement to the PTA is still much less than a free trade area.

UNLIKELY

Other levels of economic integration are unlikely to occur to ASEAN in the near term. Insofar as the level of inter-regional trade remains low and great dependence upon imports from non-ASEAN countries still exists, a Custom union seems to be unreachable for ASEAN. The Custom union requires agreement between all member countries on the degree of protection against imports from non-member sources, which member countries will afford to one another in their several domestic markets. For ASEAN, the problems concern ensuring a source of supplies while most of the member countries are still in the low level of industrialisation. Direct foreign investment in ASEAN countries at the moment might create pressures through mar-

ket arrangements and a comparative process in which the Custom union cannot work out.

A common market is also obviously too high for ASEAN to achieve in the near future. The common market exists when member countries agree on having a common tariff wall against non-member countries and non-tariff barriers for the flow of goods within member countries. As for ASEAN countries where their economic policies and the degree of economic development are diversified, regional stability is absent, the member countries might not be ready to sacrifice their national concerns for the sake of the common market.

However, ASEAN countries have shown some willingness to develop their economic cooperation to a much higher level. But if ASEAN's long-term objective of establishing a free trade area is to be achieved, it seems that a more effective mechanism must be developed to help the member countries adjust their economic policies in accordance with such a purpose. Their development plans must be cooperative, not competitive; their cooperation must be of regional concern, not national concern; and their national interests must be compromised to a satisfactory level so mutual benefits can be gained by all member countries. The ASEAN elite seems to understand all this.

On ASEAN industrial cooperation, although some progress has been made gradually over the years, the benefits of the plans remain unseen. Anyhow, optimistic results may be anticipated toward such cooperation.

At the recent economic ministers meeting, some questions were left unanswered. A basic agreement on ASEAN industrial joint ventures toward a 51% holding on ASEAN members participation is still in doubt. An expansion of PTA lists on items likely to be traded within the region has not yet been discussed. And Singapore participation on AIP is still undecided.

SOLAR ENERGY ELECTRIFICATION PROJECT UNDERWAY IN NORTH

Bangkok THE NATION REVIEW in English 17 Jun 82 pp 13, 24

[Text] **AT LEAST THREE** companies, including a US subsidiary in Singapore, have expressed interest and readiness to jointly set up Thailand's first multi-million-baht factory to build "solar cells" for local consumption and export, a senior official in charge of solar energy development told *The Nation* yesterday.

Mr Ta-noo Vicharangsarn, Director of the Central Machinery Registration Office, Industry Ministry, said that the three companies were planning to conduct a joint feasibility study to set up a factory to produce solar cells here.

"If the project proves viable, the initial joint investment could be as high as 100 million baht," he said.

The three companies are Arco Solar (Far East) Ltd of Singapore (a subsidiary of Arco Solar of the US); Siam Phol Engineering Co Ltd and SEA Tech Corporation.

Ta-noo said: "If the demand comes to about 100 kilowatts for year, a 100-million-baht factory would be set up here."

He said solar cells produced in Thailand could also be exported to other ASEAN countries, India and Pakistan.

Asked about chances of such a factory being built here, the senior official added: "The chances are rated quite high since Thailand still has a large number of villages without access to electricity and some of them won't have power for another 20 years since EGAT has come to the conclusion that the cost of the expansion programmes would be too high."

The Industry Ministry, he said, had set up a new project to install solar energy facilities at all strategic villages to boost the country's security in conjunction with the military programmes.

"We have experimented with installing solar cells at Haisong Village in Amphoe Therng of Chiang Rai Province for the first time during June 9-13. And the result was very satisfactory," he said.

Ta-noo explained that Haisong Village has about 51 households which were given 28 panels of solar cells during the experiment.

"The panels were divided into four groups in

the villages placed on the roofs of the houses to generate power for the villages. They could get a 20-watt neon light on at each house for two and a half hours every day. Also, at various government offices including schools and public gathering centres, solar energy was able to provide power for them for the first time," the official said.

Ta-noo said that the total power in the village during the experiment came to about one kilowatt. The investment was about 300,000 baht.

Next year, the government is to allocate 1.5 million baht budget to offer solar energy to nine more villages, mostly in the North and Northeast.

The three private companies have been advised by the Ministry's Central Machinery Registration Office to initially start producing the solar cells as a joint venture.

"Should everything progress as planned, the factory could be set up within no more than three years," Ta-noo said.

He said that it had been estimated that the cost of production for each panel of solar cells to operate one TV set and a 20-watt light bulb would come to around 10,000 baht — or about 10 US dollars per watt.

"This is because the factory, once it is set up, would still have to import silicon crystal, which is an important and expensive raw material," Ta-noo said, adding: "But it has also been estimated that by 1990, the cost would be cut down to only one dollar per watt."

Each panel of solar cells could last 20 years on the average although Archo claims that it could produce panels lasting 30 years.

"Apart from the panel of cells and installation equipment, there would be no other costs for the consumers — except to replace batteries every five years," he added.