

126032

JPRS-SEA-87-036

13 MARCH 1987

# Southeast Asia Report

DISTRIBUTION STATEMENT A

Approved for public release;  
Distribution Unlimited

19980616 025

**FBIS**

FOREIGN BROADCAST INFORMATION SERVICE

REPRODUCED BY  
U.S. DEPARTMENT OF COMMERCE  
NATIONAL TECHNICAL  
INFORMATION SERVICE  
SPRINGFIELD, VA. 22161

DTIC QUALITY INSPECTED 6

6  
123  
A06

#### NOTE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

#### PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports Announcements issued semi-monthly by the National Technical Information Service, and are listed in the Monthly Catalog of U.S. Government Publications issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Service, 1000 North Glebe Road, Arlington, Virginia 22201.

13 MARCH 1987

## SOUTHEAST ASIA REPORT

## CONTENTS

## INDONESIA

BPC Reports on Trade Deficit With PRC (BUSINESS NEWS, 23 Jan 87) .....	1
Australian Envoy on Relations With Indonesia (ANTARA NEWS BULLETIN, 24 Jan 87) .....	2
Proposed Privatization of State Corporations Viewed (BUSINESS NEWS, 21 Jan 87) .....	4
PDI Efforts To Recruit GMNI Members Defended (PELITA, 26 Dec 86) .....	6
Murdani Discourages Mass Rally in Election Campaign (ANTARA NEWS BULLETIN, 21 Jan 87) .....	8
Muhammadiyah Reaffirms Stipulations on General Election (TEMPO, 27 Dec 86) .....	9
GOLKAR-PDI 'Poll Agreement' Viewed (TEMPO, 27 Dec 86) .....	11
Cut in Rice Consumption Recommended (SUARA KARYA, 30 Dec 86) .....	13
Urea, Ammonia Production, Requirements (ANTARA NEWS BULLETIN, 26 Jan 87) .....	15
1987 Cement Export Projection (BUSINESS NEWS, 28 Jan 87) .....	17

## LAOS

Cooperation Protocol With USSR Specifies Aid Sectors (KHAOSAN PATHET LAO, 20 Dec 86) .....	18
---	----

General Thonglai: Thailand Still Enemy Base (Thonglai Kommasit; PASASON, 11 Nov 86) .....	20
Xieng Khouang Development, Security Problems Described (PASASON, 11 Nov 86) .....	22
Economic, Infrastructural Progress	22
Security Problems Blamed on U.S.	23
USSR Agricultural Aid Project	24
Data Box	25
Vientiane District PSS Operations, Training Described (PASASON, 24 Dec 86) .....	27
Briefs	
Savannakhet Party Membership, Growth	29
PRK-Thai Border Security, Production	29
Saravane Party Growth	30
Khammouane District Road Work	30
Sayaboury Military Recruitment	30
Champassak Electricity Production, Earnings	30

#### PHILIPPINES

Coalition Says U.S. Bases Jeopardize Peace Efforts (ANG PAHAYAGANG MALAYA, 20 Jan 87) .....	31
Columnist Analyzes Aquino Ideology as Right of Center (Renato Constantino; ANG PAHAYAGANG MALAYA, 23 Jan 87)	33
MIA Customs Office Investigation Reported (Angel Calso; ANG PAHAYAGANG MALAYA, 23 Jan 87) .....	35
Ministry Details Gold Haul, Smuggling Losses (Benjie Guevarra; ANG PAHAYAGANG MALAYA, 23 Jan 87) .....	36
Ministry Dismisses Shahani Kin, Other OIC's (Butch Fernandez; ANG PAHAYAGANG MALAYA, 20 Jan 87) .....	37
Ongpin Brother, Fernandez Role in Binondo CB Analyzed (Jake Macasaet; ANG PAHAYAGANG MALAYA, 23 Jan 87) .....	38
NAFP, Fraternity, Splinter Roles Analyzed in Coup Bid (Editorial; ANG PAHAYAGANG MALAYA, 20 Jan 87) .....	40
Government Treasury Bills Oversubscribed (ANG PAHAYAGANG MALAYA, 20 Jan 87) .....	42
Exchange Commission Blocks Cocobank Bid To Buy Rurals (Freddie Cleto; ANG PAHAYAGANG MALAYA, 20 Jan 87) .....	43

BPI Agribank Capital Growth Approved (ANG PAHAYAGANG MALAYA, 23 Jan 87) .....	44
Oil Corporation Presses Power-Generation Bid (Freddie Cleto; ANG PAHAYAGANG MALAYA, 23 Jan 87) .....	45
Manila Cleanup Praised, Concern for Vendors Expressed (Editorial; ANG PAHAYAGANG MALAYA, 23 Jan 87) .....	46
Lopez Empire Consolidation Reported (ANG PAHAYAGANG MALAYA, 23 Jan 87) .....	47

#### THAILAND

ASEAN Protests UNESCO Invitation to Phnom Penh (Bangkok Voice of Free Asia, 6 Feb 87) .....	48
Official Says Laos Victim of Transportation Overcharging (NAEO NA, 31 Jan 87) .....	49
Radio Feature Views Refugee Center Closing (Bangkok Domestic Service, 3 Feb 87) .....	50
Commander on CGDK Disunity, War, Domestic Politics (San Siphon Interview; KHAO PHISET, 7-13 Jan 87) .....	51
Deputy Finance Minister Suphachai Comments on Bank Issues (Suphachai Phanitchaphak; NAM THANG, 12-18 Jan 87) .....	60
Finance Minister Interviewed on Commercial Bank Problems (Suthi Singsane Interview; SIAM RAT SAPDA WICHAN, 25- 31 Jan 87) .....	64
Siam City Bank Problems, Government Response Viewed (SIAM RAT SAPDA WICHAN, 25-31 Jan 87) .....	69
Prasong, Interior Officials View Rice Purchase Programs (SIAM RAT, 14 Jan 87) .....	74
Wrap-Up Analysis on Phichai Party Win (SIAM RAT SAPDA WICHAN, 18-24 Jan 87) .....	76
Defense Source Says Supreme Commander Post To Stay (NAEO NA, 2 Feb 87) .....	79
Columnist on Chawalit's Coup Statement (Kosum Hakthongkhwang; MATICHON, 30 Jan 87) .....	81
Leftist Faces Old Charges Brought by Southern Governor (KHAO PHISET, 7-13 Jan 87) .....	83

Briefs	
Prem Congratulates Aquino	86
Communist Camp Captured	86
Soldiers Wounded	86

#### COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

Correspondent Views Thai Support To Resistance (Francis Deron; LE MONDE, 25 Dec 86) .....	88
Sihanouk Discusses Nonaligned Movement Rejection of CGDK (Norodum Sihanouk Interview; BORBA, 23 Jan 87) .....	90
Correspondent on Overview of Military Situation (Jean-Claude Pomonti; LE MONDE, 25 Dec 86) .....	92

#### VIETNAM

##### MILITARY AFFAIRS AND PUBLIC SECURITY

Regulations on Arrest, Detention of Criminals Explained (Hoang Trung Tieu; SAIGON GIAI PHONG, 4, 11 Dec 86) .....	95
--	----

##### PARTY ACTIVITIES AND GOVERNMENT

Nationals Living Abroad Suggest Policies, Procedures (SAIGON GIAI PHONG, 19 Nov 86) .....	101
Situation After Party Congress Discussed (Tran Bach Dang; SAIGON GIAI PHONG, 21 Dec 86) .....	106
New Readers' Forum Column Announced (SAIGON GIAI PHONG, 25 Dec 86) .....	110

##### ECONOMIC PLANNING, TRADE, AND FINANCE

Annual Statistics for Municipal Industry, Handicrafts Reported (SAIGON GIAI PHONG, 11 Dec 86) .....	112
--	-----

##### BIOGRAPHIC

Information on Vietnamese Personalities .....	113
---	-----

/9987

BPC REPORTS ON TRADE DEFICIT WITH PRC

Jakarta BUSINESS NEWS in English 23 Jan 87 p 6

[Text]

Indonesia's exports to China, according to data collected by the Central Bureau of Statistics (BPS), were worth US\$ 104 million from January to September 1986, while Indonesia's imports from that most populous country in the world stood at US\$ 263 million in the same period. Thus Indonesia sustained a deficit of US\$ 159 million during that period.

In 1985, Indonesia's exports to and imports from China respectively stood at US\$ 84 million and US\$ 249 million. Thus Indonesia recorded a deficit of US\$ 165 million. China's total imports from various countries were worth US\$ 42,526 million in the same year.

Indonesia's exports to that country consisted of only coffee worth US\$ 8,295,000 in 1981, coffee and pepper worth US\$ 14,174,000 in 1982, coffee and plywood worth US\$ 26,945,000 in 1983, and only coffee worth US\$ 7,667,000 in 1984.

Indonesian commodities supplied to China in 1985 reached 280,671,000 kg valued at US\$ 84,188,000, composed of coffee, pepper, plywood, palm oil, coconut oil, urea fertilizer, rubber, timber/wood products, textile, steel bar/rod and unwrought aluminium.

The value of Indonesia's imports from China rose from US\$ 224 million in 1984 to US\$ 249 million in 1985. The increase

of imports from China has stepped up the China's market share in Indonesia from 1.6% in 1984 to 2.4% in 1985.

China ranked tenth among countries that supplied goods to Indonesia in 1985. China's commodities supplied to Indonesia mainly consist of fresh/preserved vegetables, animal feeds, oil seeds used for extraction of soft fixed vegetable oils and cotton.

/12828

CSO: 4200/336

AUSTRALIAN ENVOY ON RELATIONS WITH INDONESIA

Jakarta ANTARA NEWS BULLETIN in English 24 Jan 87 p A1

[Text] Australian Ambassador Bill Morrison has seen the defence cooperation between the armed forces of Indonesia and Australia as an important part of relations between the two neighbouring countries.

In a message delivered in the anticipation of the Australian Day due on January 26, Morrison said "as neighbours, Australia and Indonesia share an interest in the security of the part of the world in which we live."

He said "defence cooperation between the armed forces of our two countries has been an important part of our relations."

Morrison regarded Indonesian archipelago as strategically important to Australia so that it was important to Australia to have good working relations with a friendly government of Indonesia.

On the other hand he considered important for Indonesia to have a government friendly to it on its southern flank.

Morrison noted that trade between Australia and Indonesia have been seriously affected by the world-wide drop in commodity prices and face serious foreign exchange difficulties.

Nevertheless, the trade between us, although small, is useful and there is some potential for expansion, he said.

Indonesia exports oil, tin, rubber and coffee to Australia and imports minerals and agricultural products from its southern neighbour.

Australian companies are playing a leading role in the development of gold and coal mining in Indonesia. Substantial investment has already taken place and the prospects for increased investment in the future are good, Morrison said.

Australia was a foundation member of the Inter-Governmental Group on Indonesia (IGGI) which has continued to support Indonesia's economic development.



According to Morrison, Indonesia was the largest recipient of project aid from Australia.

In the field of education and culture, Morrison referred to many thousands of Indonesians who have received training in Australia and hundreds of Aussie experts who have worked in Indonesia, passing on their skills to their Indonesian colleagues.

The Indonesian language is taught in many high schools and most universities in Australia have departments of Indonesian language and history.

Morrison said that both of his daughters have studied the Indonesian language and history at university in Australia.

He said that although history has made Australia and Indonesia strangers but as nations living in the same part of the world "we have many interests in common and the test of our neighbourliness is to develop these to our mutual advantage."

He added, this is the continuing task of the relations between our two countries.

/12828  
CSO: 4200/336

# PROPOSED PRIVATIZATION OF STATE CORPORATIONS VIEWED

Jakarta BUSINESS NEWS in English 21 Jan 87 p 2

[Text]

The President at the plenary cabinet session end last year assigned the Coordinator Minister for Economic, Financial and Industrial Affairs to examine state corporations that have always suffered losses and consider their sales to the private sector.

This policy is important and should be warmly welcomed. It marks a shift of orientation from the government role as the motor and leader of development to the recognition that the private sector deserves a share in this burden.

But politically the private sector in Indonesia is not homogeneous. There are domestic private, foreign private, big/strong private, small/weak private companies, with different roles. Some people have the presumption that a concentration of ownership is growing. They do not want to see several state enterprises (BUMN) falling into the hands of certain parties now already regarded as controlling very huge wealth. They are disturbed by the spectre of monopolies.

Among the "private circles", who is wealthy enough to buy and own large ex-BUMN? Individually, or by company, most Indonesian private circles do not have big assets, but collectively the private potential is far greater. The same thing is also the reality abroad.

In Japan for instance, most of the shares of large companies are owned by insurance firms and banks. Members of boards of directors or other individuals do not constitute significant shareholders. In many developing countries, such as in Thailand, the Philippines, Malaysia etc., the capital market is very active, where ordinary people can buy shares from a good number of companies, not all being safe or stable. The stock market is the place where people speculate about the operation of certain companies. In Indonesia the government wants to protect its people too much so

that they are not allowed to speculate. Therefore the stock market in Indonesia does not function. Cooperatives can also accumulate very huge funds and assets, which can be invested in various firms. Pension funds and insurance companies are also growing in Indonesia and amassing a great deal of wealth. Such resources constitute potential alternatives for the (share) ownership of large corporations.

There frequently are problems of less effective management behind BUMN that suffer losses. Hence the question of such BUMN should be viewed as a matter of how to improve their system of management, rather than a matter of selling the state companies in the first place.

BUMN that must be sold to the public are not those continuously registering losses, but those engaged in less vital operations, or those whose market structures are not competitive.

Privatization of PLN (state electricity corporation), PJKA (state railways corporation) and Telkom (state telephone company) is indeed possible, such as that in several other countries, but in Indonesia this at the moment is not acceptable yet. The reason is that such corporations are "natural monopolies" (naturally one company for each field is more efficient) and it is not so good to leave such monopolies to the private sector.

However, in certain areas where no companies as natural monopolies are required, the private sector can play a competitive role and such competition will induce the qualitative promotion of service. A concrete example is inter-city bus service. So in fact air communication does not need a sole company without competition. Private firms can also join the competition to enhance the quality of service.

The most important factor is to improve the management of BUMN. A lot of BUMN have experienced staff and boards of directors comprising educated personnel, not inferior to those of private companies. The quality of BUMN staff is frequently better. But their "culture" of management does not induce efficiency, because the "departmental bureaucratic culture" remains prevalent. Many BUMN are actually managed as an extension of departments, and the authority is in the hands of department leaders instead of boards of directors. Another example is more outstanding: if BUMN want to buy equipment, their boards of directors cannot determine such purchases by themselves, but all such things must be example and approved by central government agencies. Though this is

well intended as a means of control and a procedure for economy, the directors cannot execute their tasks effectively with such reduction of power.

At the outset of the New Order there was the slogan of "de-etatism" and "de-bureaucratization". However, after twenty years of the New Order, the old disease (of the Old Order) relapses.

We may consider offering part of BUMN shares to the public. This private/public element gets into boards or directors and commissioners, and the management of BUMN more follows the method of management of private owned limited liability companies.

PDI EFFORTS TO RECRUIT GMNI MEMBERS DEFENDED

Jakarta PELITA in Indonesian 26 Dec 86 pp 1, 6

[Article: "PDI Does Not Object to GMNI's Independence"]

[Text] Jakarta (PELITA)--Drs Soeryadi, general chairman of the Indonesian Democratic Party (PDI) DPP [central executive committee], said he is not concerned that certain people are opposed to using the Indonesian National Students Movement (GMNI) as a source for recruiting PDI cadre. "We must respect each others' opinions" he said in a conversation with PELITA yesterday.

One who objects to the GMNI being used as a source of PDI cadre is Kristiya Kartika, S.H. [master of laws], chairman of this organization's presidium. Nevertheless, Soeryadi said, those who object to this must respect the views of others. "I do not think that anyone can deny us the right to feel that the GMNI can be used as a source of PDI cadre," he said sharply.

Moreover, Soeryadi said, the PDI is open to cadre from any organization, be it the PMII [Indonesian Islamic Students Movement], the HMI [Indonesian Islamic Students Association], the PMKRI [Republic of Indonesia Catholic Students Association], the GKMI [Indonesian Christian Students Movement], the GMNI, or any other organization. "I think than an organization that dedicates itself to training cadre and subsequently finds a political force putting this cadre to a good use should be grateful that others can benefit from the services of its cadre."

Cadre Organization

On the other hand, Soeryadi said, if some object to their cadre being put to a good use by a socio-political force, questions should be raised about the functions of the organization involved. "Is the organization that calls itself a cadre organization still an effectual cadre organization," he asked.

He then added, a good cadre organization will mold its cadre in the best possible way so that they can be absorbed into existing political forces. The goal is to have the cadre leave their mark on the organization that takes them in.

According to Soeryadi, the fact is that GMNI cadre have been supporting the PDI in droves. "I do not know precisely how those who object to our recruitment can shut their eyes to this fact," he said.

He declared that the GMNI was not the only organization that supported the PDI front. "No little support comes from the PMKRI, the GMKI, and even the HMI spheres," he said.

Meanwhile, Engineer Daryatmo, currently chairman of the KNPI's [Indonesian National Youth Committee] DPP and GMNI's presidium chairman from 1979 to 1983, said it was the GMNI's independence that made it a good source of national cadre.

Anyone who wants to take advantage of the GMNI as a source of cadre can recruit GMNI alumni who are no longer bound to any of the socio-political forces.

According to Daryatmo, who currently is busier with various Golongan Karya [Functional Group] activities such as upgrading its campaigners and similar activities, the GMNI's independence should be interrupted broadly rather than narrowly in the sense that the GMNI must really set itself up as a national resource. "So that everyone can benefit from the GMNI," he said recently.

Meanwhile, Djeniharso, S.H., a GMNI member who has been fielded as a candidate by the PDI, in viewing the GMNI's independence, traces the organization's old ties. "If we look at its historical background, the GMNI is closer to the PDI," he said.

Originally, the GMNI was a student mass organization affiliated with the Indonesian National Party (PNI). When the PNI merged with the PDI in 1973, the GMNI announced it was an independent mass organization.

6804/12859  
CSO: 4213/39

MURDANI DISCOURAGES MASS RALLY IN ELECTION CAMPAIGN

Jakarta ANTARA NEWS BULLETIN in English 21 Jan 87 pp A3, A4

[Text] Armed Forces Commander in-chief General L. B. Moerdani has suggested that the large scale mass rally which is only intended to discourage the morale of the voters and show off the power should not be carried out again at the forthcoming general elections campaigns.

Addressing the governors' working meeting here Tuesday, the four-star general stated that the Armed Forces was supporting various concepts advocating that general elections should be used as an infrastructure for political education.

This could only be realized if the organizing of the General Elections starting from the campaign period, ballot casting and the installation of new legislative members would take place in an orderly and secured condition, without any rift and libel, Moerdani said.

He also hoped the win of the New Order in the coming elections should represent a genuine democratic process and not resulted from an elections carried out against the direct, open, free and secret principles.

Referring to the wish for more perfect regulations and mechanism regarding general elections, the commander was of the view that the 1987 elections could be carried out in a more tranquil condition compared to that of preceeding elections.

In this respect the Armed Forces guaranteed that physical threat in whatever form would be prevented or be overcome in a short time.

He hoped the old style practises in general elections should not be applied in the 1987 elections.

The old style practises include campaigns with large scale mass rally that could ignite the public to do anarchy, he explained.

/12828

CSO: 4200/336

# MUHAMMADIYAH REAFFIRMS STIPULATIONS ON GENERAL ELECTION

Jakarta TEMPO in Indonesian 27 Dec 86 p 24

[Article: "General Election Stipulations of the Yogya Tanwir"]

[Text] The Muhammadiyah recommends that its members not be part of the GOLPUT [White Group, group refusing to vote]. A hundred members have been nominated by the three contesting parties. Most have been nominated by the GOLKAR [Functional Group].

Campaign, no; vote, yes. This latest Muhammadiyah instruction was reaffirmed at the "tanwir" (conference) attended by central and regional directors of this organization in Yogyakarta last week. The instruction ordered that the Muhammadiyah "jacket" should not be worn by campaigners. Nevertheless, voting was deemed a legal obligation. "We call on members of the Muhammadiyah to use their voting rights and not be members of the GOLPUT," said Haji A.R. Fakhruddin, general chairman of the Muhammadiyah, 70 years old.

In regard to the campaign, the Yogya "tanwir" merely reaffirmed earlier decisions, namely, the decisions that were made at the Muhammadiyah's 38th congress held in Ujungpandang prior to the 1971 general election. The Ujungpandang congress decided that the Muhammadiyah would not enter the campaign arena on behalf of any contestant whatsoever, "because the Muhammadiyah is not an 'onderbouw' [subordinate organization] of any political group," commented Haji Fakhruddin, called Pak A.R. by his close friends.

The Muhammadiyah's participation in campaigns is viewed as inviting disaster as well as being inconsistent with its principle of independence. It could happen that by campaigning for different contestants, the Muhammadiyah community would be split because of individuals' varied political leanings. So, by "not campaigning, the organization remains intact, is not readily split," said Lukman Harun, second chairman of this old organization. To achieve the organization's mission, "the Muhammadiyah must build good communication and autonomous organizations subordinate to it are not permitted to align themselves or pledge their support to any of the contestants in the campaign in behalf of the organizations they head. Nevertheless, this does not mean the Muhammadiyah bans its members from entering the political arena.

Muhammadiyah functionaries, of course, may be nominated as candidates for the DPR [Parliament] or the DPRD [regional legislatures] for any contesting party.

"It is not necessary to request permission from the central board to be a candidate," Lukman Harun said. Nevertheless, if such candidates want to campaign for a contesting party, they are requested to remove their Muhammadiyah "jack-ets" first by submitting a request for nonactive status to the managing organization. Should they obtain seats in the DPR or the DPRD, they must relinquish their management positions in the organization. Organization directors are not permitted to hold concurrent government positions.

For the coming election, Pak A.R. said, 100 members of the Muhammadiyah have been nominated as candidates for legislatures by the three contestants. "The majority represent the GOLKAR," he disclosed. Permission to campaign was not only granted to those who are candidates for legislatures. Muhammadiyah board members who must participate in the campaign because such activities are part of their duties, will also be granted permission to do so. "They will obtain a dispensation," Lukman Harun said. Of course, they must first submit a request to do this to the board. "However, they may not act in behalf of the organization," Lukman added.

According to a tanwir decision, no one may campaign for any of the contestants in any Muhammadiyah building or on their grounds. However, these sites may be borrowed for use as polling places (TPS). "If they are to be used as TPS, we welcome them with open arms," Lukman Harun said seriously.

At the Yogya tanwir, the spotlight was also thrown on the question of quoting verses of the Koran and the Prophet's Hadits [traditional account of the actions and sayings of the Prophet]. Verses of the Koran or the Hadits cannot be used for ridicule. "We want to avoid a war of verses and call each other infidel," remarked Lukman. In the past election for instance, a portion of verse 35 of the Epistle of Al Baqarah was often used to try to sway voters away from the GOLKAR. "Walaa taqroba hadzihisysyajaroh" (do not get too close to that tree) was often turned into, "do not get too close to the banyan tree [the GOLKAR election symbol]." This verse contains a demand that Eve, Adam's wife, control her passions. While this was done for amusement, it is not expected to happen again.

Religion, which involves deeply ingrained beliefs, would create concern if it were used for amusement in the campaign. So, Pak A.R. had to warn, "Do not mix religion with the interests of the contestants."

6804/12859  
CSO: 4213/39



GOLKAR-PDI 'POLL AGREEMENT' VIEWED

Jakarta TEMPO in Indonesian 27 Dec 86 p 22

[Article: "Stembus Accoord: Who Profits?"]

[Text] What are the advantages to the PDI [Indonesian Democratic Party] and the GOLKAR [Functional Group] in agreeing to merge their residual votes? It is uncertain whether the less powerful party will be the lucky one.

The East Kalimantan GOLKAR is averse to joining the central GOLKAR with respect to agreeing to merge residual votes cast in the coming general election. The East Kalimantan GOLKAR DPD [provincial executive committee] reportedly feels the agreement, known as the "stembus accoord" [poll agreement], will reduce its victory target by 70 percent.

The agreement, entered into on 20 September, was signed by Sarwono Kusumaatmadja, secretary general of the GOLKAR DPP [central executive committee], and Soerjadi, general chairman of the PDI DPP. It states that if the PDI receives fewer remaining votes in an election district than the GOLKAR, those votes will be turned over to the GOLKAR. Conversely, if the GOLKAR has fewer remaining votes, they will be turned over to the PDI. So, the agreement to give each other the smaller number of remaining (undivisible) votes is national rather than regional in nature. This means it will be done only for seats contested for the Indonesian Parliament and not for seats in the Level I and II DPRD's [regional legislatures]. This arrangement is limited to candidates from the North Sumatra, West Sumatra, South Sumatra, West Nusa Tenggara, East Kalimantan, South Kalimantan, and Maluku Election Districts.

"So, the regions have the right to reject or accept the stembus accoord," Sarwono Kusumaatmadja said.

However, some people feel the poll agreement "undermines" the voters' confidence in selecting a symbol for a certain political party because, under the stembus accoord, their votes may be turned over later to another contestant. Actually, they have not voted for that contestant.

According to Soerjadi, this agreement ensures that all votes in the election will be effective, "so no vote will be unused, moreover, if there is a large number of remaining votes." If there were no agreement, the residual votes

would be wasted. For example, in 1982 in the North Sumatra Election District, 68,000 PDI votes were wasted because they were too small to be divided by the assigned denominator. "Under such an agreement," Soerjadi said, "we would have had a chance to obtain additional seats."

The GOLKAR-PDI agreement was made at the request of the PDI. How would the GOLKAR feel if the PPP [United Development Party] requested the same arrangement? "We would enter into an agreement just as we did with the PDI," responded Sarwono.

Mardinsyah, secretary general of the PPP DPP, said, "The agreement indicates GOLKAR's tolerance of the PDI." However, we must wait for the election to get the facts because it is not certain that the PDI will obtain the GOLKAR's residual votes. "Anyhow, the stembus accoord creates no problems for the PPP; the PPP does not need such an agreement because we want to be independent," he added.

The stembus accoord, said P. Goenardo, deputy secretary general of the General Election Institute (LPU), is, of course, permitted under the law. "The agreement is regulated by the organizations that enter into it. Full competence to do this rests with those involved. The LPU does not interfere in this matter," he said.

Actually, poll agreements are nothing new in the history of the general election. In the 1971 election, for instance, votes of four Islamic parties (the PSII [Indonesian Islamic Union Party], the NU [Muslim Scholars Party], the MI, and the PERTI [Islamic Education Union] were pooled. Does the stembus accoord have an impact on the voters? Dr Alfian, chief of the LIPI [Indonesian Institute of Sciences] Cultural and Political Development and Research Center, says of the agreement between the PDI and GOLKAR, "The stembus accoord could make it immaterial for PDI and GOLKAR voters to vote for either party. So, it does have an impact on the voters."

Aside from that, this political scientist said, in the coming election educated voters will pay more attention to the candidates who appear on the candidate list rather than to the party symbols. They tend to vote on the basis of a candidate's personality and his political deportment rather than for an organization. So, along with a stembus accoord, we must "develop a democratic mechanism that is sound for all political organizations," said Alfian. "A criterion for this is, how are members of Parliament and the DPRD's nominated?"

6804/12859  
CSO: 4213/39

# CUT IN RICE CONSUMPTION RECOMMENDED

Jakarta SUARA KARYA in Indonesian 30 Dec 86 p 6

[Article: "Per Capita Rice Consumption Must Be Cut by 6 Percent a Year"]

[Text] Solo (SUARA KARYA)--The development of Indonesia's agriculture is expected to face serious challenges in the next 14 years. One way of maintaining self-sufficiency in rice, in particular, is to cut annual per capita rice consumption by 6 percent, keeping in mind that signs of optimization have appeared for INSUS [special intensification program] paddy as indicated by the meager additional harvest achieved per hectare.

This is the gist of what was said by Engineer Wardoyo at the All-Indonesia Agronomy Students National Seminar, which was held by the Surakarta Tunas Pembangunan University Agriculture Faculty on Monday evening (28 December).

According to the vice minister responsible for increasing food production, the data show that arable land lost to the expansion of cities averages 20,000 hectares per year. In addition, post-harvest losses, ranging from crop losses to consumption, amount to an alarming 12 to 21 percent. "Since population is estimated to surge to 222.7 million by the year 2000, there will be a markedly large 'dependency ratio' because of the unequal distribution of the age groups," he said.

A population as large as this requires the production of 32.3 million tons of rice per year, or an annual increase of 4 percent. This, Engineer Wardoyo said, requires additional harvest areas of 2.5 percent a year on the average, which, in 14 years' time, means an addition of almost 4 million hectares of land that can produce two harvests each planting season. Current rice production approaches 26.7 million tons from a harvest area of 15.5 million hectares.

With the increasingly limited additional production obtained under the INSUS program, which now covers 90 percent of the wet ricefield acreage in Indonesia, rice production, the minister said, must be increased through extensification. "Actually, we can no longer expand harvest areas in Java, which already is too densely populated. This means that we must look outside Java for food resources," he added.

For this purpose, the Department of Agriculture currently is beginning to develop fertilizer that contains elements of macrochemicals for use on soil outside Java which generally is full of peat, lacks lime, and has a high acid

content. Adding such fertilizer, Engineer Wardoyo said, is expected to be an alternative for transmigration land which, in general, has yet to be cultivated to the maximum extent.

To give some idea of the situation there, the vice minister said of some 800,000 hectares of dry and tidal land at transmigration sites, only 515,000 hectares were planted, and only 360,000 tons of rice, 70,000 tons of corn, and 700,000 tons of cassava were produced in fiscal 1986.

Based on these considerations, Engineer Wardoyo added, per capita rice consumption, currently 133 kg per year, must be cut to 125 kg per year. To compensate for the cut in rice consumption, it is recommended that the consumption of non-rice foodstuffs be increased.

6804/12859

CSO: 4213/39

UREA, AMMONIA PRODUCTION, REQUIREMENTS

Jakarta ANTARA NEWS BULLETIN in English 26 Jan 87 pp A6, A7

[Text] Two production units of urea fertilizer have suspended operation since 1986, respectively a 100,00 ton-per-year capacity Fusri I and a 45,000 ton-per-year Fetrokimia Gresik, the ministry of industry disclosed Monday.

With the suspension of the operation of the two units judged as "uneconomical, the total installed capacity of urea fertilizer plants in the country now stands at 4,370,000 tons annually.

In return, another Urea fertilizer project dubbed Kalimantan III is now under construction with a designed capacity of 570,000 tons annually. In the national scale, the total installed capacity is expected to reach 4,940,000 tons annually in 1989.

In 1985/1986 only 82.55 per cent of the total capacity was utilized. The percentage is hoped to increase to 90 per cent in 1986/1987.

The domestic needs for Urea fertilizer are estimated to stay at 3,530,000 tons in 1988/1989, and up to 740,000 tons in 1989/1990.

Ammonia

Most of the Urea fertilizer plants have units producing ammonia with a capacity just sufficient for the making of Urea.

But the Pupuk Kaltim plant has two units producing ammonia with a total surplus of 165,000 tons annually.

The production surplus was partly processed into ZA fertilizer and the rest was designed for exports.

In a bid to support the supply of ZA fertilizer, two more plants will be built for the production of ammonia CO2 and ammonia urea.

In the national scale, the installed capacity of ZA fertilizer now stands at some 650,000 tons annually, particularly by the completion of the expanded Unit of ZA III.

With a capacity of 650,000 tons annually, it is considered unnecessary any more to import ZA fertilizer. Meanwhile the Caprolaktam project will also be developed to yield ZA fertilizer to support the supply of ZA fertilizer.

/12828

CSO: 4200/336

## 1987 CEMENT EXPORT PROJECTION

Jakarta BUSINESS NEWS in English 28 Jan 87 p 10

[Text]

Indonesia's cement exports and domestic consumption had been targeted at 11.9 million tons, respectively consisting of 2.1 million tons and 9.8 million tons.

Chairman of the Indonesian Cement Association (ASI) Setiadi Dirgo said he is confident that the targeted domestic consumption would be met despite the fact that the current year's development budget had been decreased compared to last year's.

In 1987, he added, the cement needs of the government sectors will reach 30% only, and the remaining 70% is expected to be supplied by the private sector. In the last several years the government sector had a greater need compared to that of the private sector.

The 1986 cement exports totalled 1,741,944 tons, while domestic consumption 9.4 million tons.

The present FOB lowest price of export cement ranges from 27 to 29 US dollars per ton, and the strongest competitors came from the Philippines, South Korea and Taiwan.

Indonesia exports her cement to Bangladesh, Sri Lanka, Singapore and Brunei.

The potential output of the 10 cement plants in Indonesia totals 14.7 million tons, while domestic consumption reaches only 11.9 million tons, leaving a surplus of 2.8 million tons.

Within the context of the installed cement production capacity of the ASEAN countries from 1974 through 1986, Indonesia's capacity rose sharply from 0.95 to 17.41 million tons. The Philippines dropped from 6.7 million tons in 1974 to 5.78 million tons in 1986. Thailand's capacity increased from 4.1 to 9.5 million tons, Malaysia from 2 to 6.98 million tons, and Singapore from 1.7 to 5.3 million tons.

At present only two cement plants in Indonesia are not using coal as their fuel. The need for coal was estimated at 1.5 million tons.

There had been no cement imports from 1985 to 1986, and it was predicted there will likewise be no such imports in 1987.

While the 1974 cement imports reached 1.7 million tons, the 1984 figure stood at 23,500 tons.

The value of cement exports from 1984 through 1986 continued to rise. While the 1984 cement exports reached US\$ 12.245 million, the 1985 performance reached US\$ 21.222 million, and US\$ 41.586 million in 1986.

The ASI chairman, meanwhile predicted that the 1987 cement price would not be increased.

/12828

CSO: 4200/336

COOPERATION PROTOCOL WITH USSR SPECIFIES AID SECTORS

Vientiane KHAOSAN PATHET LAO in Lao 20 Dec 86 pp A1, A2

[Article: "Economic, Scientific, and Technological Cooperation Protocol Signed Between LPRD and USSR"]

[Text] Protocols for the Seventh and Eighth Conference of the Intergovernmental Commission for Economic, Scientific, and Technological Cooperation and for the exchange of goods and payments between Laos and the Soviet Union for 1987 were signed the evening of 19 December in Vientiane Capital.

In signing these protocols, both sides stipulated in detail all the measures needed for implementing the tasks of economic, trade, and scientific and technological cooperation between the two countries, based on the 5-year treaty signed between the governments.

Both sides are concentrating on unsolved economic problems, primarily on researching highly effective forms of cooperation in the areas of exports, forestry, mining, finished agricultural products, and other sectors.

Officials stated in the protocols that during 1987-90, both sides will concentrate capital and their efforts on construction projects and transportation, particularly on the construction of Route 9, Sedone Bridge on Route 13, and the Nam Theune River Bridge on Route 8 and on other construction materials for bridges and roads.

In order to complete these construction projects as planned, both sides have researched a detailed plan, which covers deadlines, the number of construction projects, and close cooperation on all projects.

The USSR will continue to give aid to Laos in the next 5-year plan to improve survey data and designs for such construction projects as housing and bridges.

In the area of trade, the USSR will continue to send conveyances for transportation, construction materials, petroleum, parts, and important consumer goods required by Laos during the upcoming 1987. Laos will increase its exports to the USSR of wood products, tin, coffee, cardamum, and other agricultural products, while the Soviet Union will provide assistance in training to increase the skills of Lao workers in various sectors. The Soviet



Union will also provide necessary equipment for research in soil science and technology. Also, both sides will conduct joint research in science in the agricultural area, such as soil analysis and the selection of agricultural varieties. In soil science, the Soviet Union will cooperate with Laos in drawing up a natural resources map, with a scale of 1:500,000, using aerial photography. Both sides feel that this task must be tied in with solving Laos' economic problems.

The Eighth Conference in its protocol set the date, time, and location for the Ninth Conference, which the USSR will host in Moscow sometime during the 4th quarter of 1987. Laos was invited to participate in the conference.

The Eighth Conference was conducted in a friendly, intimate, and warm atmosphere and filled with unity and mutual understanding on every issue that each side brought up for discussion and negotiation.

Signers of these protocols were: Mr Saly Vongkhamsao, deputy chairman of the Council of Ministers and chairman of the Intergovernmental Commission for Lao-Soviet Economic, Scientific, and Technological Cooperation, and Mr Kuchev Valadimir Kusmis, deputy chairman of the Council of Ministers and chairman of the intergovernmental Commission for Soviet-Lao Economic, Scientific, and Technological Cooperation, signed the protocol for the Eighth Conference. Mr Souli Nanthanvong, chairman of the LPRP Science and Technology Board, and Mr Yuri Michelef, the USSR's extraordinary plenipotentiary ambassador to Laos, also signed the protocol for the Seventh Conference of this commission. Mr Sompadit Vorasarn, deputy minister of commerce, and Mr Baorin Yewkerni Yavlit, deputy minister of commerce of the USSR, also signed the protocol for the exchange of goods and payments for the two countries for 1987 on behalf of the present Lao-Soviet Commission of Cooperation.

12597/7687

CSO: 4206/53

GENERAL THONGLAI: THAILAND STILL ENEMY BASE

Vientiane PASASON in Lao 11 Nov 86 p 2

[Article by Brigadier General Thonglai Kommasit: "Defending the Nation and the Peace Is the Primary Duty of All the People"]

[Excerpt] The policy for defending the nation and the peace adopted by the party is correct and is steadily receiving more support from the multiethnic people. Nevertheless the party continues to emphasize that defending the nation and the peace is the primary duty of the entire party, army, and people. If the defense of the nation and the peace is not assured, the construction of socialist economy and a socialist life will be limited. The enemies of our revolution always are looking for any opportunity to destroy the new system and to keep socialism from expanding further.

Everyone understands clearly that the world situation now is becoming very chaotic and tense. Imperialists, big-nation expansionists, hegemonists, and reactionaries continue to conspire to expand on their strategies to oppose the revolutions in Southeast Asia and the world. As concerns Indochina and Laos they are still using Thai territory as a support base for expatriot reactionaries who are sent in to disrupt the peaceful work of our people.

At present they are causing disruptions and destruction in many areas of our country; they are using every clever trick to change us peacefully. In the future they will make every effort to further these schemes vigorously with methods and tricks which are crueler and more heartless than before. They will sieze on our difficulties with the economy and the living standard of the people and on weaknesses in the economic and social administration of our economic base and will use propaganda to slander our new system in order to make the people mistrust the leadership of the party and to divide us, interfere, and destroy our hopes so that we rot within. What we should pay attention to in the future is the possibility that the enemy will take the opportunity during various important celebrations to disrupt the happy atmosphere for the people. For this reason we must always keep our revolutionary awareness high, and we must quickly educate everyone so that all people recognize clearly their personal obligation to defend the nation and the peace. We must mobilize the strength of all our people in improving our defense for the nation and the peace in all areas at the grassroots level. We must be determined to build up and raise the quality of the paramilitary forces and public security forces in all areas.

We must coordinate defense activities with economic construction so that organizations, offices, production units, and grassroots localities become real combat positions and so that we all master our own defense and defend our leadership, the party's policies, and the obligation of our people to work and build in peace.

8149/12951

CSO: 4206/43

# XIENG KHOUANG DEVELOPMENT, SECURITY PROBLEMS DESCRIBED

## Economic, Infrastructural Progress

Vientiane PASASON in Lao 11 Nov 86 p 3

[Article: "Ten Years of Economic Construction"]

[Excerpt] Xieng Khouang Province has an area of 17,000 sq km. It has common borders with Vientiane Province, Luang Prabang Province, Bolikhamsai Province, Houa Phan Province, and the SRV. It has 163,000 inhabitants and consists of 6 districts: Nong Het District, Kham District, Pek District, Khoun District, Mok District, and Mai District.

In the past Xieng Khouang Province suffered severe war damage. The high grasslands which make up the production area of the multiethnic people is covered with bomb craters. Some of the American bombs dropped were scatter cluster bombs which still threaten the lives of the people of Xieng Khouang Province every day now. Since the great of the national democratic revolution, more than 10,000 hectares of dry-field and wet-field riceland have been cleared. With land to transplant, the multiethnic people strove to increase rice production by putting into practice two new activities at the same time: increasing the area of wet-field rice each year and decreasing the area of dry-field rice. Because of these efforts in 1985 the area of wet-field rice cultivation throughout the province increased by 50 percent of the area of wet-field rice cultivation of 16,891 hectares in 1976. The area of cultivation of wet-field, rainy-season rice in 1976 was only 10,618 hectares, but in 1985 it had increased to 15,207 hectares. Production efficiency increased to 2.9 tons per hectare. Every year the province has enough rice to eat and to fulfill its obligation to the central authority.

The agricultural cooperatives in Xieng Khouang Province have expanded greatly, and this province was the first to have a drive to establish collective production in the form of cooperatives. In 1985 there were 241 agricultural cooperatives throughout the province, which is 20 times greater than in 1975.

A member of a cooperative receives an average of 500 kg of rice per year.

## Transportation

Since the war every aspect of the lives of the people of Xieng Khouang Province has been in the process of rebuilding. The roads especially have all been rebuilt, for example, Highway No 7, Highway No 6, and Highway No 4. In addition the water transportation routes have been expanded, for example, the San River from Tha Thome to Paksan, the Thoem River, and the Mo River. This was done to improve transportation between districts, between districts and villages, and between provinces.

## Trade

Trade relationships in distribution, requisitioning, and bartering were carried on with the central authority and the localities and between provinces. Trade provided items for sale and barter on a broad basis. The goods received from bartering were as follows: in 1985 the provincial trade unit requisitioned 24 tons of cardamam, 5 tons of benzoin, 5 tons of sticklac, and 100,000 strips of rattan.

Some of the forest products obtained by requisitioning and bartering fulfilled bartering agreements, and some became exports for the province. Two-thirds went to the central authority, and one-third fulfilled trade agreements with the provinces, which was bartered. In 1985 there were 14 state stores throughout the province, and there were 17 trading cooperatives, of which 4 were cooperatives supplying fish.

## Security Problems Blamed on U.S.

Vientiane PASASON in Lao 11 Nov 86 p 4

[Article: "The Heritage of the People of Pek District"]

[Excerpt] Pek District is one of six districts. It covers a total of 6,540 sq km. It is made up of 11 cantons and 101 villages. Of these, 10 cantons and 82 villages are of lowland Lao. It has a total of 40,000 inhabitants, and of these about one-sixth are Hmong.

This district is situated in the center of Xieng Khouang Province. It is a plateau. In the northwest it borders Phoukhoun District of Luang Prabang Province. In the south it borders Khoun District and Saisomboun District. In the north it borders Viang Thong District of Houa Phan Province. In the East it borders Kham District. It is a beautiful district and has plentiful natural resources. Highway No 7 and Highway No 5 are strategic arteries for transportation. In addition the Ngum River, the Kho River, and other beautiful streams flow through the district.

During the old regime, the enemy caused heavy destruction here, and many people were forced to emigrate to other areas by the soldiers of Vang Pao. They dropped many thousands of tons of bombs and shells, savagely destroying rice fields, houses, and villages as well as the property and lives of many people because at that time Pek District was the fiercest battlefield.

In Pek District most of the people were forced to emigrate to escape the danger of war. There were only 7,000 people who remained and defended their villages. For this reason, after the nation was liberated more than 30,000 people who had emigrated during the war returned home. This situation caused a great deal of difficulty. The first problem concerned the difficulty to the people in the old liberated area when each person had to take back five to six empty-handed people who had emigrated. The second problem was that when the people who had emigrated returned home, there were reactionaries who used this opportunity to slip in also. There were both puppet soldiers and spies of the American CIA. In order to deal with this situation the district party committee developed a plan for educating the people who had emigrated. In addition it set up a place where they could stay and then mobilized the people to destroy the more than 300 reactionaries who had slipped in with the people.

Pek District also demonstrated its mastery in searching out the plunderers in Buam Long and destroying them completely in that area. This was done by mobilizing the people and soldiers who had fled and were hiding in the forest; there were more than 100 families and 600 soldiers.

Pek District built up and improved the military network for the localities and the guerrilla patrols. Because of these accomplishments Pek District achieved peace for its economic base and thus facilitated the building up of the economy and steadily improved the living standard of the people.

#### USSR Agricultural Aid Project

Vientiane PASASON in Lao 11 Nov 86 p 4

[Article: "The Latsen Settlement"]

[Excerpt] The Latsen settlement is located in the Latsen plains of Xieng Khouang Province. It is the fifth project in which the government of the Soviet Union has assisted in building an agricultural base for the LPDR, and it is the first project in which the Soviet Union has assisted in building an agricultural base in Xieng Khouang Province. They put into effect the treaty for mutual cooperation and assistance of 19 January 1977 between the governments of Laos and the Soviet Union in order to continue on with this treaty. The project to build the Latsen settlement began with surveying, adopting a plan, and collecting the shrapnel left from the war over an area of more than 4,700 hectares. This was completed by the end of 1979. The primary construction activities for the settlement began in early 1980 and lasted until 1984; these included bringing in the complete assistance equipment, building homes, places to stay, offices, repair shops, equipment garages, and stables, clearing some land for cultivation, etc. The plan was 100 percent complete on 25 April 1985, and there was an official presentation ceremony between the Lao and Soviet governments.

Comrade Onchan Bounnaphon, the administrative head of this settlement, said that in 1984-85 the settlement had begun trial production; there was a total of 641 cattle, of which 272 were breeding stock. In secondary production it

produced 234 tons of rice and 75 tons of hay in 1984. It produced 513 tons of green grass for the livestock and 420 tons of dry straw, and cleared more land for cultivation. It was able to supply the state with an income of 13.21 million kip.

When this settlement has built up and improved its system for supplying output so that it is a production base, it will be raising 2,451 beef animals and of these 800 will be breeding stock. It will produce 235 tons of beef per year for distribution and 175 calves. The secondary production will be 1,108 tons of rice, 172 tons of soybeans, and 515 tons of corn, and it will raise and prepare 256 tons of grass for animal feed, etc.

Until now the Latsen settlement has concentrated on production and increasing production and administrative efficiency.

#### Data Box

Vientiane PASASON in Lao 11 Nov 86 p 4

[Text] Accomplishemnts of Xieng Khouang Province in Some Areas

Rice:	1976	1985
- Cultivated area	16,891 hectares	28,028/hectares
- Production	17,623 tons	59,814/tons

All types of taro:

-Cultivated area	98/hectares
- Production	8,470/tons

Livestock:

- Buffalo	9,168 head	24,400
- Cattle	9,120 head	20,420
- Swine	29,171 head	52,500
- Sheep and goats	4,102 head	10,640
- Poultry	181,800	302,200

Education (1984-85):

- Primary schools	265
- Secondary Schools	26
- Schools of higher education	5

Public health:

- Provincial hospitals	1
- District hospitals	6
- Canton-village clinics	26
- Total number of doctors	114

8149/12951

CSO: 4206/43



VIENTIANE DISTRICT PSS OPERATIONS, TRAINING DESCRIBED

Vientiane PASASON in Lao 24 Dec 86 p 2

[Article: "Sisattanak District PSS Progressing Firmly"]

[Excerpts] During the past 10 years, the armed guerrilla defense unit of Sisattanak District has developed, and its quality has improved and strengthened continuously. The Sisattanak District guerilla unit has fulfilled its duty of maintaining the peace and security of its local area and is acknowledged to be a model and strong PSS by the highest level.

We learned through a talk with the district military chief that "with the growth of the staff and improvement in its quality, the Sisattanak District militia has improved in its tasks of defending and developing the country, which has made the area secure and stable. Enemy underground spies, who previously hid among the local people, have been totally eliminated. This is because the district administration has not let up in developing the political foundation and encouraging people of all classes in the district to absorb deeply the party and state's policies, especially those concerning national defense and security. Along with this, it has been concentrating on developing the armed forces and paramilitary units at the grassroots level so that they will become a formidable hammer for attacking antirevolutionaries. The deep absorption of party and state policies at the grassroots level has directly impacted enemy underground forces. They have been uncovered because they were cornered and had to surrender to authorities. This development confirms the people's awareness of true collective ownership. The national defense and security duties have become closely tied in with daily, routine life. Reporting to the administration about persons who come and settle or leave the district has become a conscientious and traditional responsibility of the people. Consequently, the administration is able to be informed in detail about every incident that occurs at any time. This has made it impossible for persons who instigate turmoil to escape punishment, and every kind of undesirable incident has been eliminated.

Each year the administration holds two training sessions for the comrades in the guerrilla unit. The training emphasizes political ideology and aims to develop a single public opinion, revolutionary culture, regulations, and plans for the armed forces. In addition, there are military exercises and a review of old lessons, and military science is also studied. As for the

study of politics, the guerrilla unit also studies party and state documents and measures with the cadres of various district administration sections; it sometimes goes to study with the local people.

One interesting problem is the work plan for coordinating the three sections of the armed forces, the district military and police, and the guerrilla unit. During emergencies they unanimously follow the orders of the same commander in order to concentrate on solving the situation quickly. After each job, there is a weekly summary, where lessons are studied, drawn, criticized, and commented upon. They also plan together what must be done the following week. There are monthly, biannual, and annual reviews, which are all executed well and as scheduled.

12597/7687

CSO: 4206/53

## BRIEFS

SAVANNAKHET PARTY MEMBERSHIP, GROWTH--Savannakhet Province has not let up on improving and developing the provincial party, which has a total of 242 chapters throughout the province, including 100 chapters in the rural areas. Since the Second and Third Party Congresses, membership has grown by 630 persons and 48 more party chapters have been formed, including 6 more in strategic areas of the province. Consequently, there are a total of 2,786 party members, including 193 women. Local administrations from the old regime have been eliminated in 28 more cantons, so that administrations from the old regime have been eliminated in 135 cantons, of which 15 have grassroots party committees and 107 have party chapters, and 105 more village administrations from the old regime have been eliminated so that a total of 646 village administrations from the old regime have been eliminated. [Excerpts] [Vientiane PASASON in Lao 20 Dec 86 p 2] 12597

PRK-THAI BORDER SECURITY, PRODUCTION--Soukhouma District, one of the rice basket districts of Champassak Province, is located in the very south of the country. It has an area of approximately 120,800 square meters [as published]. Its southern border abuts Kampuchea, while on the northwest it abuts Thailand and on the east it abuts the Mekong River and Champassak District. It has 6 cantons, 59 villages, and a population of 29,300. People of all ethnic groups are happy and united and have decided to overcome all obstacles and difficulties. They have been able to achieve victories in every area, such as the national defense and security movements. We have been able to develop conditions and assist the people in earning their living, even though our district is in the front line and in spite of the enemy's complex and cruel schemes for destroying many facets of the revolution. The armed forces and security forces have been growing stronger in personnel and in efficiency in every area. They have been able to defend the territory of the district all this time. In the agricultural production area, agricultural coops have improved and expanded. The area of collective ricefields was only 3,051 ha in 1983, but now it is 4,280 ha. The current yield is 2.94 tons per ha. Each person averaged 535 kg of paddy annually in 1984; in 1985, each averaged 706 kg of paddy annually. [Excerpt] [Vientiane PASASON in Lao 23 Dec 86 p 2] 12597

SARAVANE PARTY GROWTH--The people of Saravane have always been aware that they must exert their efforts to develop and strengthen their province. They have not waited to see "what the party and state are going to do," as they had done previously. The province currently has 200 or more party chapters, with nearly 2,000 members. During the past 10 years, the membership has grown by 59 percent and every canton administration from the old regime has been eliminated, and 25.6 percent of the agricultural coops are led by party chapters. In addition to promoting membership in the production areas, the party has also taken a special interest in developing party members in the national defense and security tasks by accelerating the improvement of local forces, national defense, the LPRYU, and various governmental offices in the plains and rural and mountainous areas. [Excerpts] [Vientiane PASASON in Lao 25 Dec 86 pp 2, 3] 12597

KHAMMOUANE DISTRICT ROAD WORK--A group of cadres, state employees, and people in Yommalat District, Khammouane Province, are currently repairing roads. They have completed some parts and are hurriedly continuing to repair incomplete sections. The group has been working since it started in mid-November. A 6-km section of Route 8-B from the Beng Bao junction to the Yommalat District Town Hall has been completely repaired. The district administration has done everything to encourage these repairs. A total of 130 km of Route 12 from Nam Phit Bridge to the outskirts of Boualapha District and Route 8-B from Beng Bao to the outskirts of Khamkeut District has been repaired. In addition to repairing all these roads, the group has also cleared brush on both sides of these roads, which now have shoulders of 4 to 8 meters on both sides. Potholes have been filled and water drainage ditches repaired and reinforced, so that communications for distributing merchandise are possible and easy in any season. [Text] [Vientiane KHAOSAN PATHET LAO in Lao 10 Dec 86 p A8] 12597

SAYABOURY MILITARY RECRUITMENT--In 1986, many young people from the seven cantons of Sayaboury Province have volunteered to meet their obligations to the country. They have done this because they know and see clearly their duties and their important role in strengthening and developing national defense and socialism. In short, more than 100 young people of this district have volunteered to serve the country. They have been placed primarily in the national armed forces and local security forces to defend their beloved country and maintain lasting peace in their local areas. [Text] [Vientiane KHAOSAN PATHET in Lao 19 Dec 86 p A6] 12597

CHAMPASSAK ELECTRICITY PRODUCTION, EARNINGS--In the midst of scoring achievements to commemorate the recently adjourned Fourth Party Congress of mid-November, all the cadres and workers of the Lao Electric Company in Champassak Province are concentrating on performing their special skills and working with enthusiasm and initiative. From August, when they started to score achievements, to the beginning of December, they have been able to generate 2,372,600 kilowatt-hours of electricity, 10.13 percent more than projected, and to distribute 1,892,600 kilowatt-hours, 9.23 percent more than projected. They have generated 14,104,00 kip, 3.29 percent more than projected. These achievements have made important contributions to the strong and continuous economic development of their province. [Text] Vientiane KHAOSAN PATHET LAO in Lao 18 Dec 86 p A4] 12597/7687

COALITION SAYS U.S. BASES JEOPARDIZE PEACE EFFORTS

Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 87 pp 1, 2

[Text]

Anti-bases advocates yesterday declared that the continued presence of US military facilities in the Philippines "jeopardizes" the Aquino government's efforts to attain lasting and meaningful peace.

In a press conference, the Campaign for a Sovereign Philippines (CSP), an alliance of 66 cause-oriented and sectoral organizations, said that the US bases in Clark and Subic Bay were among the "fundamental causes" of the country's insurgency problem.

"US military bases, US military aid and US intervention in the country's internal affairs are among the fundamental causes of the present armed political conflict which must be eradicated if the peace our people overwhelmingly desire is to be achieved," CSP spokesman lawyer JV Bautista said.

He added that the question of national sovereignty and survival "must be germane" to the ongoing peace initiatives of the government with Filipino rebel leaders.

Anti-Bases Coalition (ABC) secretary-general Ma. Socorro Diokno said that the US government was not interested in seeking peace in the country and urged the government to resist US pressures in its efforts to find an "independent and indigenous solution" to the country's basic problems.

"Crucial to the success of this (peace) endeavor is a recognition that US bases in the Philippines serve no interests but those of the US -- and US interests are contrary to our own," Diokno stressed.

The CSP also accused the US government of trying to "destroy" the government's peace efforts by the escalation of its counter-insurgency measures in the country, namely:

- The increase of 1986 US military aid to the Philippines to US\$104.7 million, more than double the military aid given to Marcos in 1985;

- The fielding, on a permanent basis, of the crack counter-insurgency force, Special Operations Forces in the bases;

- The Reagan administration's moves to seek US Congress approval for an increase of military aid to the country by

US\$50 million and US\$94.9 million to upgrade its bases in the Philippines.

The bases oppositors also blamed the continued presence of the US military facilities, established under the RP-US Military Bases Agreement set to expire in 1991, as responsible for the "moral and social degradation" of Filipino values and culture.

Actress Adul de Leon, Gabriela spokesperson, said that US military personnel stationed in Philippine bases were responsible for the transmission of the AIDS virus in the country.

The CSP proposed to the Aquino government a three-step plan for the government to initiate the dismantling of the bases in the country before the expiration of the 1991 agreement.

These included:

- Phase 1: banning of all nuclear weapons and arms in the Philippines;

- Phase 2: decrease in the land acreage covered by the US facilities in Clark (45,000 hectares) and Subic Bay (13,000 hectares), to be used for land reform and agricultural production.

- Phase 3: final transformation of these facilities into economic-commercial uses for "peaceful and development needs."

Dr. Frank Arcellana, Health Alliance for Democracy head, said "the process of dismantling the US bases should start now, not in 1988 or 1991."

The Aquino government has maintained that it "will keep its options open" on the bases issues and would honor the 1991 MBA expiry date.

/13046

CSO: 4200/348

COLUMNIST ANALYZES AQUINO IDEOLOGY AS RIGHT OF CENTER

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 p 4

[Column by Renato Constantino: "Socialist Aquino"]

[Text]

On December 13, 1986, Mrs. Aquino addressed the Congress of the Christian Democratic International at the Manila Hotel. In that gathering, Mrs. Aquino quoted her husband thus: "If I must be labeled, I think I will fit the label of Christian socialist best. My ideology flows from the mainstream of Christian Democratic Socialism as practiced in Austria, West Germany and the Scandinavian countries."

The President continued: "These were his convictions. They are mine and the Filipino people's as well. The revolution that restored freedom and dignity to our nation was both Christian and democratic, and in the brotherhood of danger that we all willingly shared, a measure of socialism had been attained. We had equally divided the risk and responsibility of democracy, to enjoy in equal measure the blessings of freedom."

Does this give us an insight into the President's ideological persuasion? No one seems really acquainted with the President's philosophical outlook. Analysts are hard put to discover ideological anchorages in her various platitudinous statements.

When she claimed that she, like her husband, is a Christian socialist, did she mean to give her audience a clue as to her world view?

But what does the term really mean? She did not give any definition save that the gathering at EDSA was already a form of socialism because of equal sharing of risk and responsibility.

EDSA was essentially a spontaneous gathering of civilians in support of a military revolt whose leaders early on declared themselves for Aquino. The one underlying motivation for all those massed around the military camps was hatred for a dictator. Did the President regard as socialist the commingling of members of the elite with sectors of the unwashed? If so, Enrile and the military might also be closet socialists since they obviously approved of people power, at least in the form that it took at the time.

But socialism is more than an occasional mingling of classes. To those who have studied the subject, socialism is an economic category which defines a social system that is the antithesis of capitalism.

Is this what Mrs. Aquino meant? Certainly, if this is what she meant, there would have been an uproar from the business sector and from foreign investors. The fact that her statement was not commented on by those who went after the scalp of Minister Sanchez for his advocacy of profit-sharing indicates that the President's socialism

is something safe and harmless. Her concept of socialism is probably as vague as Cardinal Sin's who once blithely defined it as "love without justice."

A fundamental feature of socialism is public ownership of the means of production. The IMF-WB free enterprise economy has no place in a socialist state. The ultimate goal is production for use and not for profit. Capitalists in the Western sense do not exist, private enterprise is peripheral. Is this the socialism envisioned by Mrs. Aquino? Certainly not, if one goes by her economic program.

Was the President's concept of socialism something without any economic parameters? Was it just an abstraction intended to propagate the Christian ethic? One may get an inkling of her idea of Christian socialism by looking at the examples she mentioned.

The President adverted to the Christian social democratic parties of Western Europe and the Scandinavian countries. The social democrats of the Scandinavian countries may not agree with her for in the European context Christian socialism is distinct from social democracy. As a matter of fact, the Christian democrats are rivals of social democrats in many European countries. Christian democracy traces its lineage from Christian writings and Church sponsorship; social democracy on the other hand is derived from secular socialist theories.

The Christian social movement in Western Europe has had a long history and some of its parties are in power. European and Scandinavian

Christian socialist and social democratic parties stand for different things. Only their labels are similar. Since there is no clear definition of Christian socialism, one may simply take a shot in the dark as to what definition the President goes by.

In Belgium, for instance, the Christian socialists sprang from the traditional Catholic party of the 19th century. Due to the rise of social democrats and socialists, the Catholics had to fashion a new image to maintain their political standing.

Perhaps an example of Christian socialism is the Christian Social Union led by right-wing leader Franz Josef Strauss of Bavaria who is notorious for his ties with the South African racists. He admitted in an interview with the newspaper *Bild-Zeitung* that he discussed the possibility of selling West German weapons and blueprints for the production of submarines to South Africa.

Chancellor Kohl, who is the head of the CDU, a sister party of Bavaria's CSU, has been questioned in the Bundestag by Social Democratic and Greens MPs for this scandalous dealing with the apartheid regime in South Africa.

Earlier, under Chancellors Adenauer and Erhard, the CDU maintained a modified *laissez-faire* philosophy. The CDU since then has been closely allied with American defense interests.

If these are her models of Christian socialism, then Mrs. Aquino, who takes pains to be pictured as the personification of the center, is in reality very much, to the right of center.

/13046

CSO: 4200/348



MIA CUSTOMS OFFICE INVESTIGATION REPORTED

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 pp 1, 2

[Article by Angel Calso]

[Text]

A customs official who recently exposed the multi-million-peso smuggling anomaly at the Manila International Airport yesterday disclosed the names of collector Alex Padilla's aides who are allegedly involved in the release of smuggled shipments.

In a six-page report to Commissioner Wigberto Tanada, Jaime Cebujano, customs security officer, also disclosed the modus operandi employed by these customs personnel in circumventing the law.

Cebujano said that last Jan. 14 thousands of kilos of PVC leader, plastic bags, and textile materials were released by the MIA customs personnel via the public assistance unit (PAU).

Meanwhile, Tanada yesterday said he gave Padilla one week to conduct an investigation on the reported smuggling anomalies. He said he may effect a revamp at the MIA collection district if it is proven that some customs officials are involved in the irregularities.

Cebujano said 3,212 kilograms of cargoes was approved for release by Jet Arisla and 2,174

kilograms was released by Antonio Rosales. He said all the shipments released by the two via the PAU were covered by informal entries.

Cebujano said the payment of P86,895 as duties and taxes for the released cargoes "maliciously suggested that the importation could not be declared under informal entry but under formal entry." He said this is a flagrant violation of the law.

"The first six importations covered by airway bill Nos. 8844, 8866, 8881, 8855, 8870, and 8833 brought in aboard PAL PR 301 from Hong Kong weighing more than two tons and declared as PVC leader which paid P57,280 is by itself a concrete evidence that it is owned by one importer," Cebujano said.

He said that apparently to circumvent the provisions of conditions and requirements of importations covered by formal entry, the shipment was divided into six airway bills with identical weights of 336s and 372s, so that the cargoes can be declared under informal entry.

/13046

CSO: 4200/348

MINISTRY DETAILS GOLD HAUL, SMUGGLING LOSSES

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 p 3

[Article by Benjie Guevarra]

[Text]

An estimated P2.5 billion worth of gold may have been smuggled out yearly through the "southern backdoor" in Mindanao by syndicates cornering the produce of small-scale miners nationwide, a Ministry of Natural Resources report showed yesterday.

In a letter to Central Bank Gov. Jose Fernandez, Natural Resources Minister Carlos Dominguez said about 80,000 small-scale miners in at least four major mining areas in Davao del Norte are producing an average volume of 1,252 kilograms of refined gold monthly.

This is equivalent to 15,024 kgs. a year worth P4.22 billion at the Central Bank's official buying rate of \$400 per ounce of refined gold.

Dominguez proposed the establishment of Central Bank buying stations in gold-mining trading centers as he reported findings of the Bureau of Mines and Geo-Sciences showing only 486 kgs. or 40 per cent of the annual output were sold to the Central

Bank last year.

BMG director Benjamin Gonzales told Malaya the 60 per cent or 766 kgs. sold by the miners to the traders last year apparently landed in the hands of syndicates which smuggled them out through the illicit ports in Davao and Surigao provinces.

A portion of the "hot" gold may also have been sold to jewelry manufacturers and traders, Gonzales said.

The MNR report indicated that P2.5 billion worth of the gold output was sold to dealers other than the Central Bank, which has the sole authority to procure locally-mined gold and other minerals.

Dominguez also proposed to Fernandez the revision of a bank regulation setting a minimum procurement volume of one kilo for each gold dealer.

Pointing out that gold trading is largely controlled by the refinery owners of Tagum, Davao del Norte's capital town, Dominguez told

Fernandez "the small producers cannot sell their gold to the Central Bank because of the required minimum one-kilo per delivery."

There is a need for the Central Bank to put up buying stations in Tagum and other trading centers, he said, since "the risk of gold transport to Davao City discourages gold traders to deliver their gold to the regional Central Bank."

BMG records showed that an average of 14.7 kgs. of refined gold are produced daily in Monkayo, 13.62 kgs. in Boringot Pantukan, 11.25 kgs. in Compostela and 2.18 kgs. in Nabunturan, all in Davao del Norte.

Of the estimated volume of 14,965 kgs. produced last year, only 4,962,535 kgs. valued at P1.09 billion were sold, however, to the Central Bank.

The Central Bank had its biggest procurement volume last November when it bought 697 kgs. for P154.59 million. It had its lowest trading activity in February when it bought only 40.04 kgs. worth P9.69 million.

/13046

CSO: 4200/348

MINISTRY DISMISSES SHAHANI KIN, OTHER OIC'S

Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 87 p 6

[Article by Butch Fernandez]

[Text]

Local Governments Minister Jaime Ferrer yesterday dismissed an alleged "warlord" hold-over mayor in Cagayan province and reinstated a San Carlos City mayor-OIC even as he announced a "freeze" on the purge of local officials until after the Charter plebiscite.

"Masyado nang malapit ang plebisito para magpalit ng mga OICs," said Ferrer who added, however, that "there will still be many local (OIC) replacements after the February plebiscite."

He told reporters he is "awaiting results" of the MLG probe into complaints brought to his office, but withheld the identities of the affected officials pending the submission of the probe body's recommendation.

"We have completed replacing notorious hold-over local officials initially in Cagayan province," Ferrer said in announcing the dismissal of holdover KBL Mayor Leonardo Mamba of Tuao town

whose term of office was reportedly extended on representations made by then Defense Minister Juan Ponce Enrile.

Ferrer named businessman Rogelio D. Garcia as the new Tuao town mayor.

The MLG minister said Mamba was removed from office due to alleged warlordism and acts of poll terrorism during the snap presidential elections last year.

Ferrer earlier recalled the extended appointments of three other Cagayan municipal mayors, namely; Proceso Maramag of Iguig, Alexander Balangitan of Solana, and Bienvenido Quirolgico of Ballesteros for similar offenses.

MLG records showed that the Iguig mayor was charged with murder and involvement in illegal gambling activities while the Solana town mayor was accused of maintaining a private army and tolerating the proliferation of jueteng, a form of illegal gambling, in his municipality.

Ferrer said the removal of the four alleged "Enrile proteges" mayors signals the end of "old-style politics" of warlordism and political dynasties.

At the same time, Ferrer reinstated San Carlos City Mayor Leopoldo Tulagan following the recommendation of Vice President Salvador Laurel. Tulagan replaces Eugenio Ramos who was appointed by President Aquino on representations made by Foreign Affairs Deputy Minister Leticia Shahani.

Ferrer said Shahani withdrew her endorsement of Ramos and "concurred with Laurel" in the decision to reinstate Tulagan.

Meanwhile, the MLG minister reported that designated Tawi-tawi governor Lorenzo Reyes is performing his functions as provincial executive despite the barricade put up by heavily armed men at the capitol building following the replacement of former OIC Almarin Tillah.

Ferrer told reporters Reyes is holding office outside the building to prevent a confrontation with the followers of the ousted governor.

He said the order to remove Tillah from the Tawi-tawi governorship stands and intimated that the replaced governor may be appointed as deputy to Presidential National Affairs Adviser Aquilino Pimentel Jr.

/13046

CSO: 4200/348

ONGPIN BROTHER, FERNANDEZ ROLE IN BINONDO CB ANALYZED

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 p 9

[Column by Jake Macasaet: "Of Course, Jobo Knew It"]

[Text]

The Commission on Audit wants to make it appear that CB Governor Jose B. Fernandez Jr. is a "criminal" because he knew of the existence of the so-called Binondo central bank, and participated in its operations but firmly denied knowing anything about it. If the COA has gone a little farther and looked more deeply into how and why the Binondo CB had to be created, it would understand better why Fernandez had to know about it. The operation was unofficially sanctioned by the International Monetary Fund. At least, the IMF was consulted before the project was launched and the Fund did not have any objections.

If the COA believes that the Binondo CB was a dollar blackmarket operation authorized in writing by former President Marcos, it should be prepared to understand that Fernandez cannot admit participating in it or even knowing of its existence. Which Central Bank governor in the world would knowingly and officially allow, in fact participate, in a dollar blackmarket operation? If the Central Bank could be directly involved in it, the deposed strongman would probably pick Fernandez himself to run the operation. But he chose Ongpin, a mere member of the Monetary Board and powerful minister of

trade and industry, precisely to insulate the reputation of Fernandez as CB governor from charges of being involved in currency blackmarketing.

If the present government cannot get its key officials to appreciate the fact that the Binondo CB served its own purpose and prevented a further speculative assault on the peso, it should question the legality of the authority given by Marcos to Ongpin to set it up. Once this argument is won — in court — then we can send Fernandez, Ongpin and all the Chinese participants of the Binondo CB to jail. At the same time, we can praise to high heavens a similar blackmarket operation said to have enjoyed the protection of former AFP Chief of Staff Fabian C. Ver. The Binondo CB was sabotaged by Ver and his Chinese boys. Some of these boys were ordered jailed by Ongpin but are now back in the dollar blackmarketing business, although the Binondo CB was disbanded right after the February revolution.

The use of subsidiaries of the National Development Company to carry out the objectives of the Binondo CB was also authorized by Marcos. Unless this authority is assailed, there seems to be no point in bringing out the subject since nobody — least of all the

COA and the PCGG -- has proven that Fernandez and Ongpin personally benefited from the operation. The Binondo CB was operated by Ongpin through a pool composed of Benito Penalosa (Chua Se Tat), Go Pok (aka Tan Guat), Catalino Coo and his son-in-law, Lito Lliger, Peter Uy, Sio Lim and his sons and Wilson Chua.

Ongpin detailed the operations of the Binondo CB in a letter he sent to the PCGG as early as April 15, 1986. In that letter, Ongpin explained that Jimmy Chua and Raffy Chua were original members of the pool (but) "were subsequently expelled and arrested for engaging in unauthorized operations which resulted in sabotaging the government-dictated exchange

rates." What did the present government do to the two Chuas? They were set free, of course. The pool put together a total of P100 million in capital and Ongpin swears the government did not have any equity in the operation.

It must again be mentioned that the blackmarket rates were dictated by Ongpin. The foreign currencies bought by the pool at the dictated rate were deposited daily in Hong Kong and traded the following day in a building on Rosario St. in Binondo in the form of certificates of deposits. The buyers were mostly importers who could not otherwise be provided with dollars by their banks. Did Fernandez know about this? Of course, he did. In fact, the Central Bank was getting (buying) some of the certificates of deposit.

/13046

CSO: 4200/348

NAFP, FRATERNITY, SPLINTER ROLES ANALYZED IN COUP BID

Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 87 p 4

[Editorial: "A Snap in the Command"]

[Text]

In the welter of news reports on the alleged new attempt to topple the Aquino government by Marcos loyalists and right-wing politicians, there is buried one disturbing item: it took a major to tell members of the Armed Forces affiliated with a fraternal group to "respect the chain of command," thus defusing the makings of a coup.

This is not to say that AFP chief General Fidel V. Ramos, who certainly enjoys the soldiers' respect, could not have done what Major Efren Arayata, national commander of the Guardians Brotherhood Incorporated, did. Yet what disturbs the minds of many a concerned observer is why an officer of low rank like Arayata — though he may be the head of the Guardians Brotherhood, a national soldiers' group — should be the one to remind the troops in the field to respect the AFP chain of command.

Reports say that General Ramos contacted Arayata at 3 p.m. Saturday to warn him of the existence of a newly-formed counter-organization called "The Guardians Foundation," allegedly set up by former officers of the defense ministry security group. In response, Arayata sent at 9 p.m. a nationwide radio message to all regional unified commanders in the country, warning them that a

splinter group claiming to represent the Guardians Brotherhood — the largest fraternal organization in the AFP, with a 70 per cent membership — was out to destabilize the government. Arayata exhorted all brotherhood members to respect the chain of command.

If Arayata had wanted to help thwart the reported coup plot, he had every right to try to prevent the use of disinformation. Yet it looks certainly awkward for the military top brass to rely on a fraternal organization to quell the coup and maintain the Armed Forces' unity.

Have things in the AFP come to a point that soldiers would move only according to what their fraternal chief orders, and no longer according to what their instructions are from their superiors in the traditional chain of command?

Ramos could have very well issued the order that Arayata had issued, in the same way he took charge of things during the reported Nov. 23 coup attempt by men loyal to former defense chief Enrile.

This latest incident merely heightens people's fears that the military is seriously divided, and that it is so easy to manipulate troop movements by misrepresenting their fraternal organizations. In

fact, this problem is being pointed to by analysts of the failed July 6 power grab by Marcos loyalists backed by 300 soldiers.

Until now, no one can positively say who gave those Central Luzon soldiers instructions to proceed to Manila, yet one thing stands out: the "order" was apparently coursed through fraternal channels, not through the usual chain of command.

General Ramos himself has repeatedly asserted he and the whole "new" AFP stand solidly behind the "chain of command" with President Aquino on top as commander-in-chief. He should avoid incidents that give a contrary impression.

/13046

CSO: 4200/348

GOVERNMENT TREASURY BILLS OVERSUBSCRIBED

Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 87 p 9

[Text]

Buyers tendered P17.8 billion in subscriptions for P4 billion worth of Treasury bills offered last Friday, leading to a further decline in rates, Central Bank reported.

Friday's float, divided into P1.2 billion of 91-day maturity, P1.3 billion of 182 maturity, and P1.5 billion of 364-day maturity, brought the total series to P44.14 billion since the auction system was revived 13 weeks ago.

Average sales for the 91-day series stood at 8.638 per cent (down by 101 basis points from last week), the 182-day series at 10.220 per cent (down by 109 basis points) and the 364-day series at 12.363 per cent (down 75 basis points).

For the 364-day series, competitive bidding was fierce as tenders clustered in a relatively narrow band of 56 basis points from a low of 11.974 per cent and a high of 12.437 per cent.

The CB also announced that the first consultative meeting this year between the accredited dealer network and the Central Bank-finance ministry group is being scheduled next week to discuss the year-round offering level in 1987.

/13046

CSO: 4200/348



# EXCHANGE COMMISSION BLOCKS COCOBANK BID TO BUY RURALS

Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 87 p 9

[Article by Freddie Cleto]

[Text]

The Securities and Exchange Commission has blocked the purchase by the United Coconut Planter's Bank of three distressed rural banks in Davao del Norte.

Sources said the SEC has directed its legal department to determine first the extent of UCPB's exposure in the rural banking system and see whether the creation of a "monopoly" has violated existing laws, rules and regulations.

UCPB owns a network of rural banks in Northern Luzon and in some parts of the Visayas.

The sources said the move was triggered by UCPB's plan to merge the three rural banks into a new corporation in which it has the controlling interest.

As this developed, sources said the SEC has received indication UCPB is having second thoughts on pursuing with the merger of the rural banks of Baganga, Babak and Nabunturan into the United Rural Bank of Davao Inc.

In 1985, UCPB and the three banks entered into an agreement for the creation of a consolidated bank, but the registration of the new corporation has been deferred by the SEC despite an endorsement from the Central Bank.

SEC's reservations stemmed from consolidated bank's shares of stocks being watered down because of the three rural banks' combined deficit of P1.182 million.

SEC contended that the consolidated bank's shares would still

be overvalued even if, as proposed by UCPB, its authorized capital is increased from P3 million to P50 million.

Under the agreement, UCPB will subscribe and pay for 200,000 shares worth P20 million.

The three banks' assets amounting to P1.059 million will be entered as their subscribed and paid-up.

SEC, with the concurrence of the CB, suggested instead that the consolidated bank enter in its book an "intangible" assets entry of amount equal to the capital deficit.

UCPB's hesitance in pushing through with the merger plan arose from its fear that the "intangible" assets will eventually be deducted from its P20-million investments.

/13046

CSO: 4200/348

BPI AGRIBANK CAPITAL GROWTH APPROVED

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 p 10

[Text]

The Central Bank of the Philippines and the Securities and Exchange Commission have approved the increase in the authorized capital stock of BPI Agricultural Development Bank (BPI Agribank) from P19.2 million to P400 million.

BPI Agribank general manager Rodrigo B. Supena said that with the approval, the first phase of BPI Agribank's capital build-up program, involving additional capital infusion by the Bank of the Philippine Islands to bring its total equity investment in the subsidiary to P80 million, can now be implemented.

The second phase of the program, entailing the \$1-million capital infusion by the International Finance Corp. (IFC), a member of the World Bank group, will be implemented as soon as all the necessary governmental approvals for IFC's investment are obtained.

Once this is completed, BPI Agribank will enjoy the distinction of being the youngest and yet one of the largest private development banks in the country in terms of capital resources, Supena said.

According to Supena, the

massive expansion of the BPI Agribank's capital resources is intended to support the institution's business development thrusts for the coming years.

Supena said that "with a larger capital base, BPI Agribank can now actively pursue its catalytic role in Philippine agriculture primarily by way of expanding its financial and technical assistance in promoting economically desirable and technically viable agricultural projects involving non-traditional, high value crops such as prawns, ramie, cacao, black pepper, cattle fattening, hogs, and poultry operations.

Supena noted that development of the countryside "requires the introduction of new technologies which in turn requires the active participation of the private sector particularly the banking industry. The establishment of BPI Agribank by the Bank of the Philippine Islands in late 1984 is the BPI Unibank's response to this challenge."

BPI Agribank is a product of the merger of the BPI agribusiness division, which was set-up in late 1982, and Peoples Development Bank, a private development bank based in Cavite.

/13046

CSO: 4200/348

OIL CORPORATION PRESSES POWER-GENERATION BID

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 p 9

[Article by Freddie Cleto]

[Text]

The Philippine National Oil Corp. is set to ask state-owned National Power Corp. to agree to a joint venture arrangement in at least three major geothermal fields following the Cabinet's decision on Wednesday to break Napocor's decades-long monopoly over the country's supply of electricity.

PNOC and other similarly interested entities can now enter into "co-generation" of power with the Napocor.

The Cabinet decision, however, fell short of scrapping the controversial PD 40 which gave Napocor the exclusive right to generate power to the disadvantage of consumers who, in the absence of an alternative, have to pay what is generally considered as the highest power rate in the Asean region.

According to Executive Secretary for Energy Vicente Paterno, the Cabinet has deferred decision on a proposal to allow private enterprises to generate electricity, pending an outcome of a study to be conducted by the sub-Cabinet committee on energy headed by the National Economic and Development Authority director-general and Economic Planning

Minister Solita Monsod.

The sub-Cabinet energy committee will look into whether private enterprises can provide reliable and sustainable supply of electricity once they are allowed to compete with Napocor, Paterno explained.

Paterno, who is also PNOC president and chairman, earlier proposed the scrapping of PD 40 on the ground that this has hampered energy source development and exploration.

Citing a geothermal project of the PNOC Exploration and Development Corp., Paterno said that the Bacon-Manito geothermal project has "long been overdue."

He said PNOC-EDC had drilled its 27th well but Napocor committed to build a power plant only now "after a long wait since 1978."

According to Francis Palafox, project director of the geothermal exploration project, \$50 million has been spent into the project while opportunity costs have been piling up due to NPC's "indecision."

While the site can normally be made productive in seven to eight years, Paterno said, the project will be commissioned only after 13 years.

/13046

CSO: 4200/348

MANILA CLEANUP PRAISED, CONCERN FOR VENDORS EXPRESSED

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 p 4

[Editorial: "What Discipline Can Do"]

[Text]

There's an obvious change in some of Manila's busiest spots. And for many harassed residents, it is a welcome change. In places where anarchy used to reign and sanitation was unheard of, Manilans now see spic and span sidewalks and streets, especially in downtown Manila.

The change, newspaper reports say, is credited to the drive launched by Acting Mayor Mel Lopez, apparently in response to the metro-wide cleanliness and sanitation campaign started by the Metro Manila Commission. In just a few days, Manilans saw with pride and relief what discipline can do to a city. Carriedo and Avenida are looking "new" and well-scrubbed, in contrast to the confusion that marked those places before.

In cracking down on the so-called "illegal vendors" or those without valid City Hall permits, Lopez was reported to have ordered the police to make sure the present situation is maintained, and added that he would hold them responsible for any backsliding.

Some observers noted that this current Lopez drive is a revelation. Being the traditional type of politician who thrives on pumping hands and publicity stunts, Lopez, it must be noted, is risking the loss of some constituents' votes (the vendors) in this unrelenting drive. At least, this shows Mr. Lopez is, after all, a public servant who can risk being unpopular for something he believes is right.

While a clean Manila is a delight to behold -- and to live in -- it is hoped Manila's chief executive would not forget an important part of the problem -- just driving away the illegal vendors could create serious job problems and even adversely affect peace and order.

One wonders why City Hall did not provide first a suitable alternative system that would guarantee no job loss for the vendors yet not compromise the city residents' health and comfort.

It is not yet too late, however, for City Hall to think of something that will ensure attainment of this objective.

/13046

CSO: 4200/348

LOPEZ EMPIRE CONSOLIDATION REPORTED

Quezon City ANG PAHAYAGANG MALAYA in English 23 Jan 87 p 9

[Text]

The Lopez family's business flagship, First Philippine Holdings Corp. is bent on resuscitating its cash-strapped subsidiaries and affiliates by converting their overdue cash advances into equity.

Records from the Securities and Exchange Commission show the mother firm as having converted into equity in October last year P30 million advances to Engineering and Construction Corp. of Asia.

ECCO-Asia last year had a capital base of P75 million of which P57 million was subscribed. Of the P51 million paid up, P30 million was credited to the holding company to partially offset debts amounting to P38.8 million.

ECCO-Asia subsequently increased its authorized capital

from P135 million to P165 million divided into 5.5 million shares with a par of P30 each.

Another subsidiary, Warner Barnes and Co. Inc., which is engaged in trading agricultural chemicals and equipment, increased its capital stock from P130 million to P190 million.

First Holdings International Inc., a 100 per cent-owned subsidiary involved in overseas construction and installation activities, also upped its capital base from P20 million to P120 million. Chargekard Corp., also a fully-owned subsidiary, increased its capital base from P55 million to P75 million.

Likewise, Pacific Engineering, a fully-owned subsidiary specializing in fabrication and installation of industrial equipment, increased its authorized stock from P20 million to P24 million.

/13046

CSO: 4200/348

ASEAN PROTESTS UNESCO INVITATION TO PHNOM PENH

BK061413 Bangkok Voice of Free Asia in Thai 1030 GMT 6 Feb 87

[Text] The Commission for Geologic Map of the World [CGMW], an agency under UNESCO, has invited a representative of the Heng Samrin regime to participate in its congress to be held 9-13 February at UNESCO Headquarters. ASEAN representatives at UNESCO have jointly submitted a protest note to the CGMW secretary general asking him to prevent the Heng Samrin regime representative's participation in the congress. On this issue, Sarot Chawanawirat, director general of the Foreign Ministry Information Department, says:

[Begin recording] On 30 January, the ASEAN permanent representatives to UNESCO, led by Pracha Khunakasem, the Thai ambassador to Paris, in his position as the ASEAN spokesman, called on (Dotin), the CGMW secretary general, to protest the CGMW's invitation to the Heng Samrin regime to send its representative to participate in the CGMW congress. The protest stated that because the United Nations recognizes the CGDK, whose president is Prince Norodom Sihanouk, the invitation for a Heng Samrin regime representative to participate in the CGMW congress is a violation of principle and international conduct which the ASEAN countries find unacceptable. In the case that a Heng Samrin regime representative participate in the congress, the ASEAN and other countries will make a formal protest at the congress. The CGMW is thus asked to prevent participation of the Heng Samrin regime representative.

The CGMW secretary general acknowledged that there was a mistake in the issuance of an invitation for participation of a Heng Samrin regime representative. He expressed his awareness of the problem and its political implications and his concurrence with the stand of ASEAN countries on the issue. He informed the ASEAN representatives that the CGMW will prevent participation of the Heng Samrin regime representative in the coming meeting and future ones.  
[end recording]

/8309

CSO: 4207/133

OFFICIAL SAYS LAOS VICTIM OF TRANSPORTATION OVERCHARGING

BK311228 Bangkok NAE0 NA in Thai 31 Jan 87 p 3

[Text] Pongphon Adireksan, director of the state-owned Express Transport Organization [ETO], disclosed on 30 January that during his visit to Vientiane in December last year, he discovered that Laos has been paying as much as \$175 per ton for its goods transported through Thai territory while ETO's freight rate is only \$30.80 per ton. Pongphon revealed that in carrying goods for Laos, ETO has not made any direct contact with the Lao authorities because the transportation of Lao goods is handled by private firms.

Pongphon said that this is the cause of the bad feelings toward ETO during the past decade as well as tension along the Thai-Lao border, adding: "They hate ETO so much that they wrote something bad about ETO in geography text books for their youth to study." The book says: "Lao exports and imports have to pass through Bangkok port, Thailand. The transportation of Lao goods has enriched ETO of the Thai capitalists."

He said during the visit he had tried to contact the Lao officials concerned but failed because they still thought that Thailand was exploiting their country. However, he will try to get in touch with them to settle the problem for the benefit of ETO and the country.

Pongphon said that ETO earns an annual income of about 20 million baht from carrying Lao transit goods worth 4.5 billion baht. The amount of construction materials transported through Thailand to Laos is expected to double as Laos is still in the process of national construction. ETO will ask for a slight increase in its freight rate which has remained unchanged for the past 7 years and operation of at least two ferries. At present, all the ferries belong to the Lao side.

Pongphon also disclosed that in 1986 ETO suffered a loss of 37 million baht or 4 percent of its total income. In 1987, ETO will try to reduce its expenditure by 4 percent and increase its revenue by the same amount.

/8309

CS0: 4207/133

RADIO FEATURE VIEWS REFUGEE CENTER CLOSING

BK040949 Bangkok Domestic Service in Thai 0530 GMT 3 Feb 87

[Feature: "The Closure of Khao I-dang Refugee Camp"]

[Excerpt] Dear listeners, certain organizations expressed discontent over the closing of Khao I-dang. This is natural in a democratic country. The Thai Government has the authority to close the Khao I-dang center if it deems the measure necessary to safeguard national security and interests. Anyway, the Thai Government consulted with international organizations and some foreign embassies in advance of its decision, and they expressed their approval as they realize the heavy burden the Thai Government has been shouldering for over 7 years. At present, there are less countries taking refugees for resettlement and less financial assistance for the refugees. The closing of Khao I-dang was not aimed at drawing world attention or increased assistance. The Thai Government adopted this decision out of concern for national interests and respect for the Cambodian people's wishes. The Thai Government is ready to cooperate with the United Nations and the international community in solving the problem and providing continued assistance to the Cambodian illegal immigrants along the border. The Thai Government continues providing Cambodian refugees with health care and sanitation for humanitarian reasons. The ICRC hospital at Khao I-dang will continue to service the Cambodian people along the border although the refugee camp is closed. The Cambodian people evacuated closer to the border will still be entitled to seek resettlement in third countries on a case by case basis.

Dear listeners, we have pointed out the reasons and need for the Thai Government to close the Khai I-dang camp. The Thai Government has the legitimate right to take such action. Thailand has for over 7 years taken this heavy burden of sheltering the Cambodian refugees at the Khao I-dang camp on humanitarian grounds. It has been a long time already. The closing of the camp is in due course. The evacuation of the Cambodian immigrants to the border will make it easier for authorities to control. This will also prevent crimes by unidentified elements who often harassed Thai citizens at the border. As for the question of security for the Cambodian refugees evacuated to the border, there should be no problem because those refugees will live among the other Cambodian displaced persons and in the vicinity of the Thai people.

/8309

CSO: 4207/133



THAILAND

COMMANDER ON CGDK DISUNITY, WAR, DOMESTIC POLITICS

Bangkok KHAO PHISSET in Thai 7-13 Jan 87 pp 12-16

[Interview with Maj Gen San Siphen (CRMA Class 5), commander of the 1st King's Guard Division, commander of the Burapha Force, and a senator; date and place not specified]

[Excerpts] [Question] In the past, you served as deputy commander of the 1st King's Guard Division. But now that you are the commander, do you have any duties about which you are particularly concerned?

[Answer] Returning to the 1st King's Guard Division is like returning home. I have been with this division longer than any other unit. I served with this unit from the time I was a sublieutenant until I became a major. I served with the 2d Army Region only 7 years before being reassigned to this division. That is, I was transferred from my position as commander of the 23d Infantry Regiment and appointed commander of the 1st King's Guard Infantry Regiment. After that I became the deputy commander of the 1st King's Guard Division. I was then appointed commander of the 2d Division.

As for the duties of a divisional commander, regardless of the division, regardless of whether its the 1st King's Guard Division, the 2d Division, or the 3d Division, based on the constitution, the divisions all have the same duties. However, the 1st Division is a "king's guard" division and so it has additional responsibilities not shared by other units. I don't think I have to explain further. I don't have any special concerns. In returning to the 1st King's Guard Division, I have returned to friends. As for carrying out "king's guard" duties, I have been with "king's Guard" units for many years. I have been with a king's guard unit since I was a sublieutenant. I have served as a royal aide-de-camp. I am very familiar with this work.

[Question] As a person who has worked along the eastern border for many years, how do you think the Cambodian problem will develop, and how can it be solved?

[Answer] I think that it will be difficult to solve. The Cambodians are divided into four factions. The Cambodian patriotic forces, or Khmer coalition, is divided into three factions, that is, the Son Sann, Sihanouk, and Khmer Rouge factions. The other faction is the Heng Samrin faction. The Heng Samrin faction sides with Vietnam. The other three groups are trying to

expel Vietnam in order to liberate the country. But in reality, these three factions are just a front. They lack real unity. They each have different lines. And if they succeeded in expelling the Vietnamese forces from Cambodia, it is doubtful if these three factions could work together. Thus, I think that it will be a long time before the Cambodian problem is solved. Things will continue like this for many years. Cambodians will continue to fight Cambodians.

[Question] Then you think it will be several decades before peace is restored, is that right?

[Answer] (laughs) It may not be that long. But it will be a long time. I don't think peace will be restored during this decade.

[Question] Has Vietnam upgraded its weapons recently?

[Answer] I haven't seen any evidence of new weapons. There have been rumors but no hard intelligence. It is said that they have a system to counter our news broadcasts and that they are preparing to use poison gas. There have been rumors that gas is being used in their zones around Battambang and Siem Reap. But these are still just rumors. We are monitoring this.

[Question] During the 2 months that you have been the commander of the 1st King's Guard Division, have there been any reports about activities that pose a threat to the throne or to our institutions?

[Answer] No, there haven't. There have not been any activities that pose a threat to this institution. All Thai have great respect for this institution. The king will turn 60 years old in 1987. From what I have observed, everyone is making preparations to celebrate this event. The Thai people are very loyal to this institution.

[Question] That is, there haven't been any signs of activities irritating to the king?

[Answer] That's right. There haven't been any such activities, except for the remarks made by certain people. That is, certain people have made statements without thinking about what they were saying.

[Question] The military is still very upset by those "remarks," isn't that right?

[Answer] From what I have read in the newspapers, there are many senior people who are upset. I was upset by what was said. But those remarks were probably made spontaneously without thinking first.

[Question] Because the 1st King's Guard Division is an important force stationed in the middle of the capital, every time that someone stages a coup, the support or lack of support of this unit has a great effect on the outcome of the coup attempt. An example is the 9 September rebellion. If something like that should happen again, as the commander of this division, what position will you take?

[Answer] I don't deny that this division is the main force in Bangkok Metropolitan. Because most of our units are stationed in Bangkok. And during the past 30 years, almost every time that there has been a coup, elements of the 1st Division have been involved. This is because this is a united force in Bangkok. As you said, when the 1st Division failed to provide support, the 9 September rebellion collapsed.

But personally, I am a professional soldier. I have never gotten involved in politics. I have always been a professional soldier and will remain a professional soldier. Even though I am now involved in politics to a certain extent in my capacity as a senator, I must still obey my superiors. At the same time, I do not have any problems concerning controlling my subordinates. Every unit of the 1st Division, including those stationed in Bangkok and those in the provinces, is unified under my command. We speak with one voice and work together. I can assure you of that. As I told you, I am not new to this unit. I served with the 1st Division for many years. Before being appointed commander, I served as the deputy commander. There are no problems.

[Question] In short, you have to obey your superiors.

[Answer] That's right. We are soldiers. We have to obey orders.

[Question] At present, are there any indications that something might happen that could lead to unusual political changes or to a coup?

[Answer] In general, I don't see anything. The only thing is that the political parties are arguing and fighting over this and that. Frankly, as long as people continue to buy positions as MP and minister and serve as party financiers to gain a portfolio, this situation will continue. As long as there are profits to be made from this, there will not be any real solidarity. Look at what is happening today. They are all competing against each other. What I am saying is that the qualities of our politicians have not developed sufficiently. However, there are exceptions. There are some excellent people. But many, or some of those appointed minister are not really qualified. The newspapers have given some of these people nicknames, right? This pleases me.

[Question] This indicates that there are still worrisome factors with respect to politicians, or parliament.

[Answer] Looking at the pro-government parties, unless they become involved in a serious fight over something, I don't think there will be any problem. Gen Prem will probably remain in his position. The prime minister has the support of the military and of people in general.

[Question] Then you don't think that there will be any problems?

[Answer] That's right. I don't foresee any major problems. They may be problems concerning certain ministers. I agree with the press that there are many "ornaments." That is, in some case, the people are not qualified and do not have sufficient experience. They may have gained their positions by paying large sums to the party. I want you to understand that these are my personal

views. I am not speaking in my capacity as the commander of the 1st King's Guard Division.

[Question] If there is another coup, is it possible that the coup makers will bypass the 1st Division and not use 1st Division forces in staging the coup? Do you think that a coup can succeed without the participation of 1st Division forces?

[Answer] I don't think that anyone will try to stage another coup. I don't think that that will happen. The past two-three coup attempts have all failed. I don't think that anyone will be that stupid again. And using forces from somewhere else just makes it that much more difficult. If I am responsible for guarding a house, why would I allow someone else to come attack me. Who would allow that?

[Question] And so if someone tried to stage a coup, you would definitely oppose them, is that right?

[Answer] I have already told you. I have to obey my superiors. I have superiors.

[Question] So you don't think that this will happen again?

[Answer] I don't think so. In the present period, I don't think so.

[Question] You were interviewed prior to the events of 9 September 1985. In that interview, you said that no one would dare stage a coup. But shortly after that, people tried to stage a coup.

[Answer] But they failed. If someone wants to try again, they had better not try to involve me.

[Question] If someone tries again, they will fail, right?

[Answer] If our superiors are against this, there is no chance of a coup succeeding.

[Question] If someone should stage another coup, do you think that there will be greater violence than last time?

[Answer] Based on what happened the last several times, the next coup might be more violent. But really, Thai can't fight each other. During the coup of 1-3 April 1981, I led forces from the 23d Regiment, 2d Army Region. The soldiers were prepared to fight. They asked if they should fire. I said it wasn't necessary. Fortunately, nothing happened. I took charge personally that time, because I was afraid that the younger officers might act too hastily. That time, forces from the 23d Regiment were stationed at the Sua Pa field. I went there personally. I was afraid that they might act too hastily, because they were all combat veterans. But nothing happened. Actually, when those participating in the coup saw me, they greeted me. They knew me. We allowed them to leave. Nothing happened. We were like brothers. Thai can't fight fellow Thai.

Thus, I don't think that the violence that occurs in other countries will occur in Thailand. I don't think that there will be a civil war here.

[Question] But the next coup, if there should be one, might be much more violent.

[Answer] Things might be done much more carefully. Others might not be able to move. That's difficult, right? But as for fighting a pitched battle against each other, I don't think that that will happen.

[Question] In your military career, which of the coups is most vivid in your mind?

[Answer] In the past when the coups usually succeeded, I was still quite young and didn't pay much attention. The Manhattan coup took place when I was a cadet at the military academy, that is, before I earned my commission. I was still very young at that time. Then there were the sad events of 14 October 1973. I was not in Bangkok at that time. At that time, I was the chief of staff of the 23d Regiment. At that time, the 23d Regiment was subordinate to the AAA Division. But when those events took place, I was working in Na Kae and Phu Phan. I listened to the radio constantly, but reception wasn't always good.

Another coup took place on 6 October 1976. That was part of an administrative reform. At that time, I was engaged in communist terrorist suppression operations. I listened to the news that time, too. During the events of 9 September 1985, I was stationed along the border near Aranyaprathet. I was with the Burapha Force in the field. I sent a radio message stating that I was in the field. I was engaged in activities at the border and could not leave. If I had left, that could have caused problems. As you can see, in most cases, whenever something happened, I was in the field.

Only during the coup of 1 April 1981 did I lead forces to help suppress the coup. Every other time, I was in the field. That is why I said that I am not an expert on coups.

[Question] Looking at the 9 September coup, in your view, what was the main reason why the coup failed?

[Answer] I don't know. But I don't think that they were very careful. They may have acted too hastily. And they may not have trusted each other. But I don't know who distrusted whom. I was at the border. I am not an expert on this. I don't know anything about seizing power. I don't have any experience.

[Question] Perhaps you will in the future.

[Answer] (laughs) No. No, I won't.

[Question] On the political front, besides the matter of politicians and ministers lacking qualifications, is there anything else that concerns you?

[Answer] Today, the thing that concerns the people the most is the economy, right? But I think that the prime minister is doing everything he can to solve these problems. But people like to say that he isn't doing anything. Actually, he has taken resolute action. But because our country experienced such serious problems, it will take time for things to improve. People can't expect the country to recover immediately. We have to help each other and work together. I think that things have improved greatly. The same is true for the rice problem. When I was in Wattana Nakhon in Prachinburi Province, the district officer took action to get the mills to purchase rice at a good price. But we can't expect immediate results. I admit that some of these people have little knowledge or experience. But they are trying. Everyone is making an effort to solve the problems.

Everyone is worried about the economy and about the poverty of the people. I think that this is the major problem. When the people are poor, other problems, such as crime, crop up. If we can raise the standard of living, the other problems will disappear.

[Question] The present RTA CINC has said that the military will be kept out of politics. What is your view on this? Is this possible?

[Answer] I don't know. He probably feels that in the past, politics relied on the military too much. And military leaders frequently.... Let's say that military leaders frequently served as ministers. If things were still like before, I would probably be a minister by now, right? After that, the two gradually separated, but they were still tied together to a certain degree. Now, the RTA CINC has separated the military from politics. But even so, Thai people and politics can't be separated. I am sure that the RTA CINC did not mean that soldiers and politics must be kept completely separated. We are the ones who must maintain political security. But we will not tell politicians that they must do this or that or act as if we were the government. We will carry out our duties as soldiers.

In the past, the reputation of the military was damaged during elections. During the voting, there were reports that soldiers voted several times. Soldiers may have interfered. But in the last election, soldiers did not interfere at all. They exercised their democratic right. The military did not direct things. It gave people full freedom. The military has been separated from politics. But that does not mean that the military and politics have nothing to do with each other. The military must at least provide support.

[Question] In the position of a supporter of the legitimate government?

[Answer] That's right.

[Question] But it seems that many people do not believe that the military will be content with just providing support. They think that the military will continue to direct things.

[Answer] I understand why people feel that way. Because from what the Thai people have seen, the military has always been involved. It has been involved ever since the change of administration [1932]. Thus, people feel that the military is still trying to direct things. But actually, I would like to say that today's soldiers support democracy. This is particularly true of the present RTA CINC. We have not interfered in anything.

Today, the military is filled with professional soldiers. The number of political soldiers has declined greatly. In the past, there were large numbers of political soldiers, particularly in Bangkok (laughs). But now, the number of professional soldiers has increased greatly. In particular, everyone in the 1st Division is a professional soldier. I can be considered to be the single exception, because I am a senator. But I am not a political soldier. I am a professional soldier, too.

[Question] With the democratic leanings of the present RTA CINC, the chances of another coup taking place are probably much smaller than in the past, isn't that right?

[Answer] That's right. There won't be a coup. He supports democracy. He holds very democratic views. He understands.

[Question] Can what you have said be summarized by saying that if someone tries to stage another coup, they will be defeated, unless the military supports this?

[Answer] That's correct. If the military, the government, and, in particular, the people don't support this, it would be very difficult to stage a successful coup. Regardless of how many tanks they field, unless they have the support of the people, they will fail.

[Question] But if just the military doesn't go along, the coup will definitely fail.

[Answer] That's right. But you shouldn't use the word "definitely." Let's just say it will fail.

[Question] What is your view concerning class, or "old-boy ties?"

[Answer] I think that it is the press that has made an issue of this. The press likes to talk about Class 5 supporting this or that person and so on. But that is not true. We are involved only with each other. We are friends. But we do not use our class to put pressure on others. It's not true that you have to be a member of a particular class to be appointed to a certain position and that people from other classes have no chance of being appointed. That is just not the case.

[Question] What do you think about the recent military reshuffle?

[Answer] I think that the RTA CINC has been very fair. He uses a committee composed of officers from the army, from the units. Take my subordinates, for example. He asked my opinion on who should be promoted to which position. He

didn't just go ahead and make the decision by himself. He has been more democratic and treated people more fairly. He gave divisional and army region commanders the right to choose their own subordinates.

[Question] There has been criticism to the effect that there is a lack of unity among the top five army leaders and that there are separate power poles. What is your view on this?

[Answer] I think that there is good solidarity among the five top army leaders. They are administering things well. I don't see any problems. Some people are just trying to stir up trouble. Gen Chawalit, Gen Wanchai, and Gen Sunthon are members of the same class. Gen Phisit (Mobut) is a senior person. He was my superior officer. When I was a cadet, he was my platoon leader. He is an excellent leader. He does not have any problems with anyone. I don't think this is a problem. Gen Phichit Kunlawanit is a class behind Gen Chawalit. I don't think such criticisms are correct.

[Question] If the RTA CINC retires at the age of 55, that is, at the end of 1988, will there be any problem over who succeeds him?

[Answer] If he does retire, I think that he will take steps to ensure that everything is in order. He is good at reaching a compromise. I don't think that there is anything to worry about. He would not leave a "bomb" behind. I am sure that he will see to it that everything is in order before he leaves. This is assuming that he resigns. But we don't want him to resign. If he does decide to resign, I may go and grab his leg (laughs) and ask him not to go.

[Question] Do you think that the RTA CINC really intends to retire at age 55?

[Answer] He has said that he will retire then. But when he said that, he had not asked the views of his subordinates. Because actually, we do not want him to retire. With him in command, the army has become more unified and things have improved. He has said that he wants to develop the army and make it smaller. That is, those who are not essential must be eliminated. But at the same time, the capabilities of the army will be increased. I support this fully. Our country is poor. How can we have a large army?

[Question] If the RTA CINC does decide to retire at age 55, will CRMA [Chulachomklao Royal Military Academy] Class 5 try to persuade him not to retire?

[Answer] We have talked about this. But I would rather not say anymore. This is in the future. The matter is not settled. Something could happen that would require him to leave. Or something might happen that would require him to stay. We can't predict the future.

#### Biography

Maj Gen San Sipphen, a member of CRMA Class 5, is known as a "neutral." That is, he does not side with any particular faction and is not the "base" of anyone. He has always referred to himself as a professional soldier.



He is now 53 years old. His military career can be summarized briefly as follows:

After graduating from CRMA, Class 5, served as a platoon leader at F.S. 3, Korat, for 1 year.

Transferred to the 21st King's Guard Infantry regiment (during the time that the unit was still stationed at Saphan Kesa Komon in Bangkok). Promoted to captain here.

Graduated from the Army Command and General Staff College and then served as an operations officer with the 21st King's Guard Infantry Regiment.

In 1970, served in Vietnam with the 3d Relief.

After returning to Thailand, was appointed chief of staff of the 23d Regimental Combat Team (at that time, this unit was subordinate to the AAA Division and was stationed in Bangkok). During the period that he served as chief of staff of this unit, the regimental commander was Col Athit Kamlangek. During the time that he served as deputy commander, the commander was Special Col Phisit Mobut. Following that, he was promoted to commander of the 23d Regimental Combat Team. During the period that he served with this unit, Maj Gen San stayed with the Suranari Force on the Surin front.

After the events of 1-3 April 1981, he was appointed commander of the 1st King's Guard Infantry Regiment, an important element of the 1st King's Guard Division.

He served as deputy commander of the 1st King's Guard Division for almost 2 years. He was then appointed deputy commander of the 2d King's Guard Division 3 months prior to the annual military reshuffle. And during the annual military reshuffle, he was appointed commander of the 2d Division.

He served as commander of the 2d Division for 2 years. During the October 1986 military reshuffle, he was appointed commander of the 1st King's Guard Division.

11943

CSO: 4207/117

THAILAND

DEPUTY FINANCE MINISTER SUPHACHAI COMMENTS ON BANK ISSUES

Bangkok NAM THANG in Thai 12-18 Jan 87 pp 29-32

[Speech by Dr Suphachai Phanitchaphak, the deputy minister of finance, at the Hyatt Central Plaza Hotel on 8 January]

[Text] Thammasat University and the Thai Chamber of Commerce held a seminar on the topic "The Policies, Role, and Direction of Financial Institutions in Thailand." Dr Suphachai Phanitchaphak, the deputy minister of finance, was invited to give a speech in the Wiphawadi Ballroom of the Hyatt Central Plaza Hotel on 8 January.

Holding such a seminar today is of great importance. It is essential that such seminars be held, because the number of problems and factors that concern the financial institutions, securities markets, and financial markets in one form or another have increased greatly. In just the past few years, this confusion has led to a misinterpretation of several of the government's policies. This has led to an overlap in the work of the financial institutions, which should have clear roles and duties in helping to develop the country's financial and economic systems. This has also led to people spreading rumors. These rumors have caused turmoil within our system of financial institutions.

I have six or seven matters that I would like to discuss with you so that you understand the government's policies and measures and understand in what direction the government wants the system of financial institutions to develop in the future. First, a principal objective stated in the country's Sixth Development Plan is to mobilize long-term savings. As for the role of those financial institutions that are involved in mobilizing long-term savings, government officials want businesses to rely more on long-term capital instead of easy loans as in the past. The line of the Sixth Plan is economic recovery with security and financial discipline. The obvious fact about this objective is that during the coming period of economic recovery, the government should not play a role that encroaches on the private sector too much, or at all.

The sector that has savings is the private sector, and the sector that spends the savings is the public sector. In the coming period of economic recovery, the savers should have the right to use their savings in a beneficial and economic manner within the market system. Recovery with security means that

the government is striving for a recovery without creating deficits or accumulating deficits, which would just lead to our having to borrow huge sums of money both here and abroad in the future. The Sixth Plan clearly states that the target is to keep the trade deficit from exceeding 35 billion baht a year, or approximately 2.7 percent of the GNP. As for the budget deficit, the Sixth Plan clearly states that the deficit must be kept below 36 billion baht, or 2.6 percent [as published] of the GNP. It can be seen that these financial and monetary targets are closely tied to each other. Solving these problems is very difficult. Our present economic position seems to be improving nicely. But solving the financial problems will require a much greater effort.

Second, our prediction is that the monetary problems and pressures from the trade deficit will not become too great in the future even though the trade deficit may exceed 30 billion baht in 1987. Because of monetary pressures from the standpoint of liquidity, changes in interest rates, and a sharp drop in the mobilization of deposits, it is essential to use various monetary measures and tools in order to increase flexibility. The financial system, monetary measures, and financial institutions must play a greater role. From the standpoint of developing the national-level organizations, the financial institutions must play a greater role. From the standpoint of developing international trade and exports, the financial institutions must have a greater role. The government is well aware of the fact that the financial institutions are still weak. Thus, it hopes to be able to solve the problems to increase the strength of the financial institutions. It also hopes to give them a "tonic" in the form of giving them a chance to engage in business activities of various types on a broader scale. This should be done along with entrusting various tasks to financial institutions in the future.

Third, even though the financial institutions will play a greater role than in the past, it must be admitted that the base of Thailand's system of financial institutions still has many weaknesses. We must overcome these weaknesses at the level of the law. Improvements have already been made. But we must revise the laws in order to strengthen our system of financial institutions. Or people must give the financial institutions a chance to expand business operations. For example, they can become involved in finance markets and carry on leasing activities. They can take part in forming groups or buying and selling companies. Or they can engage in business activities involving what we call development capital. We must solve the fundamental problems, including the legal problems and the administrative problems of the financial institutions, as quickly as possible. Today, steps are being taken to solve these problems and help score achievements. One fundamental problem is financial administration. We lack an administrative system, a data collection and reporting system, and a standard system for solving problems.

Fourth, a problem that has existed for many years is the lack of quality among the financial institutions. Over the long term, the problem cannot be solved by covering it up and ignoring it. Immediate action should be taken to deal with this problem. This problem is connected to the fact that the financial institutions must accumulate capital. They must increase their capital. This is an important problem. It is just as important as the target of making profits. It may seem as if the two targets are contrary to each other. Because in increasing the capitalization of a financial institution, this will have an

effect on current profits. The importance of this must be made clear. The matter should be explained to the people. And administrators should be made to understand that this will effect profits for only a year or two. But if they continue to engross themselves in trying to solve the problems concerning the drop in the quality of assets, this will lead to serious liquidity problems and a constant lack of capital in the future. This is a serious problem that must be solved. People should not give excessive attention to making short-term profits. The accumulation of capital by the financial institutions is the most important way out today. Everything possible must be done, including giving the institutions a chance to mobilize capital through the Securities Market of Thailand. If possible, in the future, capitalization must be increased using other methods besides increasing capital in the form of capital with voting righting. I understand that we must find a way. In other countries, the form of shareholding has been changed. Various types of funds have been established. We should consider the forms of shareholding used abroad. Perhaps nonvoting shares could be sold, or capital that has passed through reserves accumulation could be accumulated. It may be necessary to change the tax measures.

Fifth, pressure should be exerted on those financial institutions that are capable of building up expertise in particular fields. What is needed today is experts who can give advice on investment projects and the financial management of companies. We must try to solve the financial problems from the standpoint of loans using a variety of methods, including fixed and floating interest rates. In the future, the state enterprises will issue bonds, and financial vehicles will be issued. Collectively, such activities are called investment banking. From the standpoint of those who manage the marketing of financial vehicles, these activities will become even more important in the future. The financial institutions rely on the base of deposits and assets to carry on activities. Occasionally, this shows the rapidly changing commitments of capital in mobilizing deposits. Increasing expertise in investment banking is very important.

Sixth, Thailand's system of financial institutions has developed quite rapidly. It is closed in nature while the world financial system and Thailand's trade system are open in nature. As a result, financial change in Thailand has not been as rapid as it should have been. It has not been possible to make proper use of the benefits from the changes that have taken place in foreign money markets. As a developing country whose financial position is not inferior to that of other countries, Thailand should be able to make use of these benefits. In developing the financial institutions in the future, we should make preparations to open up Thailand's system, particularly with respect to the commercial banks. Today, the law prohibits foreigners from owning more than 25 percent of the shares. This is something that should be given much consideration. If Thailand wants to build confidence in the system, not just at the level of economic management at the government level but also from the standpoint of loans and private sector activities, it is essential to give reputable foreign financial institutions that have gained recognition on international money markets a chance to play a greater role here or at least invest the maximum amount allowed by the law. This is something that needs to be discussed. Sometimes there are fears that allowing foreign financial institutions to play a role in developing Thailand's financial system will

result in Thai playing a minor role. It is feared that this will give foreigners a chance to gain control over Thailand's economy. I don't think that people need to worry about this. Because looking at Thailand's economy and comparing Thailand's financial institutions today with those of 10-20 years ago, it can be seen that Thailand's financial administrators are much more efficient today. Government units supervise things much more closely than in the past. People should not worry about this.

Seventh, the financial institutions must put out clear, reliable, and detailed data that the people and those who are involved can examine. And there must be standards that are understandable when presented abroad and that enable people to grasp the financial situation correctly. This will help those who are involved with the financial institutions. If problems arise, it will be possible to solve them more quickly than in the past.

The financial problems that have arisen have many causes. There are many things that need to be carried out immediately. We must exert pressure and work together to solve the problems. As for misunderstandings that could lead to unnecessary arguments, I hope that everyone understands that the government's policies are aimed above all at benefiting the majority of people, not just a particular group or particular sector. If there is anything that is still not clear, I would be glad to explain things in order to promote mutual understanding.

11943

CSO: 4207/126

THAILAND

FINANCE MINISTER INTERVIEWED ON COMMERCIAL BANK PROBLEMS

Bangkok SIAM RAT SAPDA WICHAN in Thai 25-31 Jan 87 pp 54, 55

[Interview with Suthi Singsane, the minister of finance; date and place not specified]

[Text] [Question] What are the facts concerning the Siam City Bank [SCB]?

[Answer] On 12 January, the Bank of Thailand [BoT] announced that it had ordered the Siam City Bank Ltd to reduce the value of a share from 100 baht per share, or a total of 800 million baht, to 5 baht per share, or a total of 40 million baht. The BoT issued this order in accord with Article 25-2 of the Commercial Bank Act, which stipulates that when the BoT has evidence that the position of a commercial bank is such that the interests of the people could be adversely affected, the BoT has the authority to order that commercial bank to submit a report on its position or operations within the time limit set by the BoT. The BoT can order the bank to increase or reduce its capital.

The BoT has taken this action in accord with the law. The reason for this is that the BoT is responsible for supervising the commercial banks and ensuring that they carry on operations in a stable manner. The BoT sent officials to examine the position and activities of the SCB. They found that the bank's funds had declined, that bank operations were encountering problems, and that the bank might not be able to continue functioning as normal. Thus, the BoT had to take steps to solve this problem.

As for the fact that the SCB has problems concerning a decline in funds and that it might not be able to continue functioning like a business and make a profit, this is something that has been experienced before. The reason why I have mentioned this is that I want to point out that these problems stem from the fact that the bank's operations have not been very secure for a long time now. Its funds have continued to decline, and its ability to function like a business has decreased. When the BoT learned about this, it had to take action to deal with this problem. What action can the BoT take? The law gives it the power to give orders to solve the problems and make improvements. Orders to make improvements must be based on the nature of the problem. When it found

that the bank's funds had declined and that it could not carry on operations like a profitable business, it had to use measures that were in line with the nature of the SCB's weaknesses. This is similar to when the BoT ordered other banks to solve their problems by increasing their capital.

Why did the BoT order them to increase their capital? Because if a bank's funds have declined and its ability to function like a business has been impaired, the only solution is to increase the funds by increasing capitalization in order to have money to earn revenues or interest or make a profit. Some people wonder whether it is possible to wait longer and whether the problem will solve itself if left alone. If the funds decline and the bank cannot make a profit, the problems will just get worse and worse. That is, if the bank cannot make a profit, the funds will continue to decline. It finally reaches the point where the public is hurt and the problems are very difficult to solve. If problems would go away by themselves, no one would want to go to the trouble of trying to solve them. But if problems won't go away by themselves, things will just become worse. Banks need the trust of the people. This concerns the stability of the financial system in general.

Thus, after a bank has been sufficient time, steps must be taken to solve the problems. Actually, this has been discussed before. Things became very clear around the middle of last year. In order to do things in accord with the law, the BoT ordered the bank to take action to solve the problems. On 21 October 1986, it ordered the bank to increase its capital by 1 billion baht by the end of 1986 and by another 500 million baht by the end of 1987.

From 21 October to the end of the year was more than 2 months. That was sufficient time. The bank tried to find a way to get more people to invest in the bank. There were reports that some people were interested. But in the end, they all decided not to invest. That was probably because they realized that it would take time to restore the fund. If the current shareholders had invested more, that might have induced others to invest. But the shareholders did not increase their investments. And so the bank was not able to find investors by the end of December 1986.

At that time, the BoT did not say anything to me about having to reduce the value of the shares. It didn't tell me until the end of December 1986. When it became evident that the bank would not be able to find additional investors, there were rumors that the BoT had told people that it would be necessary to reduce the share value in order to make it easier for people to invest or in order to restore the fund.

But the Bank of Thailand did not plan to issue an order right on the day that the time limit expired, that is, on 30 December 1986. It granted the bank a 12-day extension. The bank made a great effort. But by 12 January 1987, it was clear that no one was going to invest. The bank sent a letter to the BoT stating that the bank had done everything it could but was unable to increase capitalization within the stipulated time limit because of various obstacles. It asked the BoT to consider the matter and take whatever action it thought appropriate.

The BoT informed me of this and said that it had taken action in accord with its responsibilities. I took part in the discussions, too. The proper steps had been taken and so it was clear that the way to increase the fund was to order a reduction in the share value. The Civil Code required that this be reduced to 5 baht per share.

This reduction had the effect of eliminating some of the losses responsible for the drop in the funds. But this did not eliminate the losses completely. To solve this problem, the board will have to find additional investors. This should be easier now, because the share value has been reduced in order to eliminate some of the fund losses. The share value was reduced from 800 million baht to 40 million baht, a drop of 760 million baht. This money has been used to help wipe out the losses, although they have not been wiped out completely. Losses affecting the fund still exist, but they have been greatly reduced. Now, new investors will be much more willing to invest. The bank will have money to carry on activities and make profits.

Today, it should not be too difficult to find new shareholders, because the old debts have been erased. The old shareholders will buy some of the new shares. The rest will be purchased by new investors. The new investors should feel more at ease now that the original capital has been diluted. Besides this, BoT relief fund money will probably be used to buy new shares.

As for the question of whether the old shareholders should purchase new shares, my view is that now that the capital has been diluted, if the old shareholders buy new shares in proportion to their present shareholdings, they will maintain their rights and keep the dilution from affecting them. Because once the bank has recovered, the old shareholders who have purchased new shares will benefit from the fact that the fund has grown. If old shareholders don't want to purchase the new shares, this will give new investors a chance to purchase shares. Besides this, the relief fund is prepared to purchase a number of shares. That is, it is prepared to purchase at least 500 million baht.

Something else that is important is that the BoT will consider helping the SCB obtain a loan with easy terms so that the bank can use the money to carry on operations and recover more easily. It may also use existing bond exchange measures so that the bank profits.

I am sure that now that costs have been reduced, the increase of new capital, the involvement of the relief fund, and that fact that the BoT will help the bank obtain loans on easy terms will make it possible for the SCB to recover quickly. Besides solving the financial problems, the BoT will probably provide help in other areas, too, such as improving the administrative system and finding talented and experienced people to help run things. This will help speed up the recovery.



[Question] Prior to this, two other commercial banks encountered problems, and the BoT took administrative control.

[Answer] In the case of those two commercial banks, the funds had declined or been damaged. The BoT took steps to solve the problems. The measure that was used in both cases was to reduce the share value. Thus, the measure used this time is a measure that had been used twice before.

From which stream do the new investors come? If the investors are capable of finding administrators to solve the problems, officials will not become involved in managing things. They will provide help only when suitable administrators can't be found. If you look at the measures that were used in the case of those two commercial banks, you can see that after the problems were solved, the banks that used those measures recovered. I don't think that the BoT, which purchased shares, intends to keep its shares. It will probably sell them in the future.

[Question] The reduction in the share value was aimed at bringing in new funds, is that right?

[Answer] That is not the whole story. First of all, this put their situation in line with reality. The funds had declined steadily and so the share value was reduced, too. Second, this provided an opportunity for erasing the existing losses in order to facilitate making profits. Third, the new investors, who were not in the original system, knew that they would make a profit more quickly and that it wouldn't be necessary to borrow from the old fund.

The use of Bot relief funds must be considered carefully to ensure that they are used for the benefit of all. Investors, regardless of whether they are old or new shareholders, will feel better if relief funds are used to provide help.

[Question] You said that the people have been adversely affected by the losses.

[Answer] In the case of the banks that have encountered problems, officials have tried to monitor things to ensure that depositors or people in general do not get hurt. In the past, because of the preparations that were made and because depositors were confident that our bank and government would monitor things closely, there was no panic and no one was hurt.

But in the case of investors, or shareholders, if a business suffers losses, it is the shareholders who are affected. Everyone knows that investing can be risky. That is in the nature of investing.

[Question] Has the subcommittee asked you to come discuss this matter?

[Answer] The House Economic Affairs Subcommittee wants to know the facts concerning the problems encountered by the SCB. I spoke to the subcommittee on 21 January. I was happy to cooperate and give the subcommittee the information that it wanted. The action taken by the BoT is in accord with the law. It acted cautiously and gave the bank sufficient time. If it had failed to take action, it would have been derelict in its duty, and it would have been much more difficult to solve the problems.

11943

CSO: 4207/130

## THAILAND

### SIAM CITY BANK PROBLEMS, GOVERNMENT RESPONSE VIEWED

Bangkok SIAM RAT SAPDA WICHAN in Thai 25-31 Jan 87 pp 15-19

[Unattributed report: "Destruction of the Siam City Bank, Who Gains and Who Loses?"]

[Excerpts] Three Periods in the History of the Siam City Bank

The 46 years that the Siam City Bank [SCB] has been in existence can be divided into three major periods based on the management of the top administrators and major shareholders.

The first period was the period of the bank's founder, Khun Nirandonchai, one of the promoters of the 1932 administrative change, who called themselves the "People's Committee." The bank had registered capital of 1 million baht but paid only 25 percent, or 250,000 baht. The full amount was paid only in 1960, 19 years after the bank was founded. The important administrators of the bank were relatives of Khun Nirandonchai. Chief among these was Mr Thammanun Nirandon.

The reason why the Siam City Bank did not have to use a large sum of capital to carry on operations was that it was one of many banks that used the "comprador" system, or system of agents. That is, it established branches in various places. Usually, it appointed a leading citizen in each locality to serve as the bank's agent in carrying on business activities, that is, from opening a branch to accepting deposits and extending credit. All of these things were the responsibility of the comprador. The profits were shared 60-40 or 50-50 with the head office depending on what the agreement was. This was considered to be a permit fee (sleeping partner). But if the comprador suffered a loss, that was his business. The head office was not involved.

Because of using the comprador system, the SCB did not have to increase its capital. It did not need to obtain funds to invest. All it did was sit back and rake in the money. Prior to 1965, the SCB had only 2 of its own branches, but it had 60 comprador branches.

However, in 1965 the SCB experienced such a serious crisis that it had to change its major shareholders. The new shareholders included Mr Chuan Rattanak of the Krung Si Ayuthaya Bank, and Mr Mongkhon Kanchanaphat and Mr

Direk Mahadamrongkun, two watch magnates from Thailand and Hong Kong. After this change of shareholders, the new shareholders appointed Mr Wisit Sisombun, a senior executive with the Krung Si Ayuthaya Bank, to the position of managing director. This was the start of the second period in the SCB's history, a period that lasted 17 years, that is, from 1965 to 1982.

During the second period of the SCB, the bank had to spend more money to improve operations and correct those things that had gone wrong. Thus, capital was increased several times. Finally, the Royal Assets Office obtained 8 percent of the registered shares, and this office was offered the position of chairman of the board of the SCB. The Royal Assets Office appointed Mr Chaloe Chieusakun to serve as chairman of the board. This added greatly to the bank's prestige, particularly in the provinces, where it succeeded in gaining the trust of the people.

This second period in the bank's history is the period in which the comprador system was eliminated in accord with the policy of the Bank of Thailand. Dr Pui Ungphakon, the then governor of the Bank of Thailand, felt that this system (sleeping partner system) could do great damage to the banks, to the commercial banking system, and to Thailand's financial system. As it turned out, the comprador system did such great damage to the SCB that all of the old debts have still not been cleared up even today. This is one reason why the courts have now ordered the SCB to reduce its share price to only 5 baht.

The damage stemming from the comprador system and from mismanagement during the second period forced the SCB to replace its major shareholders and management team for a third time in 1982. Just prior to this, Mr Mongkhon Kanchanaphat, a major shareholder who was well aware of the bank's situation, sold his shares at a price of 390 baht per share, or approximately 700 million baht. There were many people, particularly bankers, who were eager to buy these shares. And it was these people who suffered the consequences shortly afterwards.

#### Hai Lam Period-Conflicts Until Collapse

One of the key figures who negotiated to purchase the shares of Mr Mongkhon Kanchanaphat in 1982 was Mr Bunchu Rotchnasathian, a well-known Thai banker who had left his position as deputy prime minister for economic affairs in the Prem 1 administration in April 1981. He wanted to return to banking again, because having power in banking circles was better than nothing. Mr Bunchu flew to Hong Kong to negotiate with Mr Mongkhon and achieved his goal with the financial support of a French bank.

Mr Bunchu purchased the shares from Mr Mongkhon and then allotted them to various groups that can be divided into two major groups. One group can be called the political group. This group was composed of people whose hearts had been broken by politics. One member of this group was Mr Wisit Tansatcha, the former deputy minister of industry, who was at the root of the problem that forced the team of Social Action Party ministers to have to resign in the wake of the oil telex matter. Mr Wisit, who had served as the deputy managing director of the SCB during the period that Mr Sukhum Nawaphan was the managing director, was appointed managing director. Another person was Mr Phairot

Chaiyaphon, the former deputy minister of commerce, who was then with the Thai Seri Refrigeration Company.

The second group was composed of businessmen of Hai Lam extraction. Mr Bunchu was of Hai Lam extraction himself. Besides this, other major shareholders in the bank, such as the Mahadamrongkun group, were of Hai Lam extraction. These people had great prestige among people of Hai Lam extraction and so they persuaded Hai Lam businessmen to invest in the bank again. For example, the Central group purchased shares and appointed Mr Wanchai Chrathiwat, a younger member of the family, to serve on the board. Others included Mr Wiwat Suwannaphasi of the Thai Capital Promotion Corporation, and Mr Somyotsomsak Wanasawat, the owner of a construction company, a pharmaceutical company, and a finance company. Besides this, members of the Mahadamrongkun group, such as Mr Direk, Mr Dilok, and Mr Chairot Mahadamrongkun, who had borrowed money to invest in this, took part in managing the bank.

Because such a large number of people from different groups were involved, people began vying for positions and conflicts arose. In the end, Mr Wisit Tansatcha had to resign, leaving the SCB to the management of Mr Bunchu, the chairman of the board of directors and chairman of the executive committee. Mr Dilok Mahadamrongkun served as the managing director. But the internal fighting did not stop. Finally, around the middle of 1985, Mr Bunchu was forced to leave the bank. The Mahadamrongkun group brought in Mr Chaloe Chieusakun, the deputy director of the Royal Assets Office, to serve as chairman of the board of directors. The eldest of the brothers, Mr Direk Mahadamrongkun, was appointed chairman of the executive committee.

The departure of Mr Bunchu Rotchanasathian did not end the crisis at the Siam City Bank. Instead, he became a deadly enemy who harassed the bank constantly. Mr Bunchu filed criminal charges against the Mahadamrongkun group. He charged that they had committed fraud with respect to appointing him manager. And the bank's political situation grew even worse when Mr Bunchu formed a political party and was elected MP from Nakhon Sawan Province in the July 1986 election. In October 1986, MPs in Mr Bunchu's Community Action Party prepared a motion to question the new minister of finance, Mr Suthi Singsane, on the affairs of the SCB.

In the reshuffle in the Ministry of Finance, Mr Sommai Huntrakun, the finance samurai, was replaced. Mr Sommai, who is of Hai Lai extraction, understood the Hai Lam people in the SCB and so his departure had a great effect on the SCB. In particular, this affected the position taken by the Ministry of Finance and the Bank of Thailand in trying to solve the problems of the SCB. The Bank of Thailand issued an order on 21 October 1986 requiring SCB officials to increase the registered capital by 1.5 billion baht above the existing figure of 800 million baht. If this is done, the bank will have registered capital of 2.3 billion baht.

The Bank of Thailand ordered the SCB to carry out this order in two stages. It ordered the SCB to increase its registered capital by 1 billion baht by 30 December 1986 and to raise the remaining 500 million baht by the end of 1987. The reason why officials ordered SCB officials to increase the registered capital by such a large amount is that the Bank of Thailand

estimated that the SCB's uncollectible and doubtful assets totaled 3,394.9 million baht. Officials stated that among these problematic assets were more than 900 million baht in uncollectible debts. The remaining 2 billion baht has been classified as doubtful debts.

This evaluation of SCB assets has affected the operations of the SCB, because the law stipulates that capital must be increased if the problematic debts of a bank exceed its capital funds. The SCB had capital funds of 1.5 billion baht. Because the problematic debts of the SCB were so large, it meant that the 800 million baht in registered capital was gone. More capital had to be invested in order to prevent depositors from being harmed. Stated simply, according to the new banking law, officials want to prevent banks from "grabbing a tiger barehanded." People who want to carry on banking activities must put up their own money.

However, it's possible that the figure of 3 billion baht in problematic assets is an incorrect estimate. This figure may be too high.

First, these problematic assets go back to the time when the bank still used the comprador system. Suits have been filed in court, and the new management team is trying to clear up things. But the cases have not yet been settled. Besides this, assets such as land that the old compradors put up as collateral have increased greatly in value. Because during the intervening time, roads have been constructed in these areas. Thus, the problematic debts may not be as high as officials estimated. Or some of the debts paid to the SCB may have an increased value.

Second, to eliminate this 3 billion in debt, officials should consider suspending these debts for the time being. The Bank of Thailand should consider allowing the bank to clear up the debts year by year in accord with accounting principles just as it did in the case of the Metropolitan Bank, which had more than 3 billion baht in problematic debts, and in the case of the Bangkok Commercial Bank. The Bank of Thailand also allowed the commercial banks that encountered problems as a result of the devaluation of the baht to suspend loss items and use future profits to clear up the debts. But in the case of the SCB, the Bank of Thailand has ordered it to clear up all the debts. This is unfair to today's shareholders, who did not create this debt problem. Making people spend their money to clear up debts that they did not create is not right.

However, the Bank of Thailand has refused to listen and has implemented harsh measures. The value of a share has been reduced to 5 baht in order to use the 760 million baht generated by this to help clear up the 1 billion in bad debts. This was done even though the present managers of the SCB proposed increasing the registered capital by 200 million baht a year over a 5-year period (1984-1988), and the Bank of Thailand approved this 5-year plan in December 1984.

But the Bank of Thailand changed its policy, and instead of allowing the SCB to increase its capital by 200 million baht a year over a 5-year period and clear up its debts gradually, it ordered the bank to increase its registered capital by 1 billion baht within 45 days. Besides reflecting uncertainty on

the part of officials, this placed a great burden on the new shareholders. Small and large shareholders alike had to find money to purchase 1 billion baht in new shares in just a very short period. They were made to suffer the consequences for something that was not their fault. Some people have commented sarcastically that the ink on the new 500-baht bills printed by the Bank of Thailand was not even dry before the money was used to purchase the newly-released shares.

#### Under the Knife, a Chick in the Fist

The SCB is the third commercial bank that has been ordered to reduce the value of its shares to 5 baht per share and greatly increase its capitalization. At the end of 1983, there was a crisis involving the Asia Trust Bank, which has now been reorganized as the Siam Bank. And in the middle of 1985, the Metropolitan Bank encountered serious problems. It was the first Thai commercial bank affected by the new banking law (1985 Bank Act). This law gave the Ministry of Finance and the Bank of Thailand great power and enabled them to carry on the bank's activities for it.

#### Bank/Finance Shareholders

Today, banks and finance companies are like a chick in a fist that can be squeezed to death at any time. In the past, whenever a commercial bank or finance company experienced problems, including the problems that resulted from managers embezzling money or from mistakes in management, the Bank of Thailand and the Ministry of Finance had to use their brains to find a solution. But now, officials don't have to use their brains at all. All they have to do is use their summary powers. They don't have to make any attempt to find out why the institution is experiencing problems or what effect this will have on the small shareholders, who have no inkling of what is happening.

If a disaster befalls a commercial bank or finance company, it is unquestionably the responsibility of the Bank of Thailand and the Ministry of Finance. It shows whether officials are supervising things well. But when a company experiences problems, officials put the full burden on the small shareholders. They think only of themselves. If officials continue to act like this and solve the problems using only the sword of summary powers, in the future there will not be any privately-owned bank or finance company left.

11943

CSO: 4207/130

## THAILAND

### PRASONG, INTERIOR OFFICIALS VIEW RICE PURCHASE PROGRAMS

Bangkok SIAM RAT in Thai 14 Jan 87 pp 1, 16

[Unattributed report: "Prasong Orders That Immediate Action Be Taken To Solve the Problems in Accord with Appeals by Farmers"]

[Text] The small cabinet summarized the results of the steps taken by the full cabinet to solve the rice problem. It concluded that to a degree, satisfactory results have been achieved. Orders have been given to solve the problems pointed out by the farmers and by the mass media. The Ministry of Interior has ordered all provinces to support the second rice crop. The Public Warehouse Organization has announced that it will begin purchasing rice on 15 January.

At 1600 hours on 13 January 1987 at the Headquarters Building, Government House, Squadron Leader Prasong Sunsiri, the secretary general of the prime minister, announced the results of a meeting of the Committee to Coordinate Bureaucratic Activities Based on Government Policy. Sqd Ldr Prasong, who is the chairman of this committee and who chaired this meeting, said that the committee evaluated the results of the activities based on the program to solve the rice price problem. The government units involved in this achieved satisfactory results.

To date, the Bank of Thailand has released 762 million baht. If all of this money is spent to purchase rice, 400,000 tons of rice can be purchased. The Ministry of Interior has already spent 100 million baht on the program to purchase rice from the poor farmers. Rice has been purchased from farmers in 29 provinces, with the price paid for 5-percent rice being 2,577 baht per kwian [1 kwian equals 2,000 liters]. This is 277 baht per kwian above the average price.

Sqd Ldr Prasong said that the Ministry of Agriculture and Cooperatives has collected almost 7,000 kwian of rice based on the credits for production program. The ministry has spent a large percentage of the 500 million baht that was allotted for this. During the period 1-12 January 1987, the Ministry of Commerce exported 119,431 tons of rice. This is a 40-percent increase as compared with the same time last year. As for the rice pledge program of the Bank for Agriculture and Agricultural Cooperatives, although the program got underway just recently, that is, on 2 January, the bank has already released 57 million baht.



The secretary general of the prime minister said that those at the meeting also discussed the obstacles that have been encountered in carrying out the work. For example, one problem is that the rice mills that are heavily in debt cannot participate in the programs. Another problem is that the rice mills that have been granted low-interest loans may not use the money as was intended. This will be discussed further to see if anything can be done to make reductions. He said that he has ordered the units to solve the problems pointed out by the farmers and mass media. These problems cannot be ignored and must be solved as quickly as possible.

Mr Phisan Mulasatsathon, the under secretary of interior, stated that even though the Ministry of Interior is paying only 2,400-2,500 baht per kwian for the rice, this covers production costs and the farmers are satisfied.

A news report from the Ministry of Interior revealed that Mr Phisan Mulasatsathon has sent an urgent letter to provincial governors throughout the country ordering them to take urgent action to solve the problems concerning the second rice crop, which will be harvested and sent to market around June or July. This is the crop that follows the annual wet rice crop.

The letter stated that most of the problems stem from the high moisture content of the rice. Because of this, prices are low, and this has created much trouble for the farmers. In addition, there are still large quantities of annual wet rice left in stock.

The letter ordered the provincial governors to take urgent action to help the farmers solve the problems concerning the second rice crop. The governors are to do the following two things:

1. Surveys must be conducted at the district, subdistrict, and village levels to determine the size of the second rice crop, how much rice is still in stock, and how much can be sold. The data must then be used to formulate plans to provide help.
2. The small farmers who work small plots and who sell 5-10 kwian of rice must be surveyed and put on the list. Emphasis must be placed on helping these small farmers. The governors are to submit a report by 20 February 1987. Those provinces that do not produce a second rice crop must report this fact.

Mr Suthon Chunsomchit, the director of the Public Warehouse Organization, said that the Public Warehouse Organization has announced that it will purchase a large quantity of the milled rice produced from paddy during the beginning of the 1986/1987 production season. It will begin purchasing rice on 15 January in accord with the government's policy of pushing up rice prices and helping the farmers to get a fair price for their rice. This is the period when large quantities of rice are reaching the markets. This could drive prices down.

Mr Suthon said that the rice will be purchased from mills, farmers groups, and cooperatives at a fair market price based on grade and Ministry of Commerce standards. The sellers can deliver the rice in installments. They will be paid for the rice within 3 working days. The rice sellers should be able to purchase more rice from the farmers. Mr Sunthon said that rice purchasing activities will be carried on under strict supervision in order to prevent corruption and keep people from profiting illegally.

THAILAND

WRAP-UP ANALYSIS ON PHICHAI PARTY WIN

Bangkok SIAM RAT SAPDA WICHAN in Thai 18-24 Jan 87 pp 8, 9

[Unattributed report: "Phichai Rattakun, Victory From the Jaws of Defeat"]

[Text] In the end, Mr Phichai Rattakun managed to hold on to his position as leader of the Democrat Party. At the same time, Mr Wira Musikaphong lost his position as party secretary general. He removed himself from the contest against Lt Col Sanan Khachonprasat, the deputy minister of communications. Similarly, Mr Trairong Suwannakhiri, an MP from Songkhla Province, removed his name from the race, too. As a result, Lt Col Sanan gained the position of party secretary general unopposed.

One Hundred to 87

The atmosphere during the election of the party leader on 10 January was very animated when the two factions nominated their candidates. Mr Wira nominated Mr Chaloemphan Siwikon, the deputy party leader and an MP from Bangkok, and Lt Col Sanan nominated Mr Phichai. The winner had to win the votes of at least half of the 189 members present. That is, it took 95 votes to win. (There were 100 MPs, 10 members of the executive committee, and 79 party branch chairmen from throughout the country at the meeting.)

When Mr Wira put the name of Mr Chaloemphan in nomination, it was obvious that fewer than half of the members voiced recognition for him. Mr Thawin Phraison, an MP from Nakon Sithammarat Province, announced that there would be a show of hands to recognize the two candidates. Thus, the support for recognizing Mr Chaloemphan increased. He was recognized by 154 people. When Mr Phichai's name was announced, 154 people voted to recognize him. The difference in this vote to recognize the candidates was that Mr Phichai voted to recognize Mr Chaloemphan but did not vote to recognize himself. Mr Chaloemphan, on the other hand, voted to recognize himself but not Mr Phichai. Thus, Mr Chaloemphan lost to Mr Phichai even at the recognition stage. And when the actual votes were counted, Mr Phichai defeated Mr Chaloemphan by a vote of 101 to 87.

## Phichai Fights to the Death

A news source in the Democrat Party said that the reason why there was no third candidate to give members an alternate choice was that Mr Phichai had announced that he would fight to the death in this election. Thus, Mr Phichai won because of the support that he picked up from members who were neutral, who were afraid that the party's image would be damaged even more than it had been. They hoped that the election would put a stop to this conflict. In particular, Mr Chuan voiced his support for Mr Phichai, and as a result, more than half of the members from the south voted for Mr Phichai.

## Chaloemphan's Weakness

When Mr Phichai refused to withdraw and Mr Chuan and Mr Marut refused to allow themselves to be drawn into the struggle between the two factions, Mr Wira's faction had no other choice but to nominate Mr Chaloemphan for the position of party leader and hope that it could drum up support for Mr Chaloemphan. It was thought that the personal popularity of Mr Wira would help.

Mr Chaloemphan has had close relations with representatives from the northeastern branch ever since the time that Mr Damrong Latthaphiphat, the former minister of science, technology, and energy, played a role in the party. Mr Chaloemphan has never abandoned the northeastern MPs. Some northeastern MPs have praised him as a person who has good human relations, unlike Mr Phichai, who, even though he is party leader, can't remember the names of some of the MPs from the northeast.

Except for being wealthy, Mr Chaloemphan has many weaknesses. In particular, as a politician and MP from Bangkok, he has played a very small role. Gen Prem did not appoint him a minister in the Prem 3 administration, and that caused problems within the party. This was quite different from Mr Phichai, who began playing a major role within the party at a time when the party was down on its luck and who helped rebuild the party to the point where it is now the largest party in parliament.

What is similar about the two men is that both Mr Chaloemphan and Mr Phichai are viewed as being financiers who have invested in politics and who have to find a way to make a profit. Mr Phichai was appointed deputy prime minister and his son, Mr Phichit Rattakun, was made a deputy minister. But Mr Chaloemphan was not appointed to any position and so he has lost political benefits. As a result, the struggle and appeals made by Mr Chaloemphan have not received very much attention.

## Split Within the Democrat Party

Because of the defeat suffered by Mr Chaloemchai, Mr Wira withdrew from the race for party secretary general. This confirms that Mr Phichai and Mr Wira cannot work together any longer. A list of the names of candidates running for a seat on the executive committee was distributed just before the voting. As a result, almost all of the members of Mr Wira's team withdrew from the race for positions. Mr Wira and a number of other MPs showed no interest in the election of a new executive board. They said that after the list was revealed,

there was no use in voting. Thus, the election of a new executive board was the affair mainly of Mr Phichai's faction. The administrative team is composed entirely of members of Mr Phichai's team. It can be said that this is the era of Mr Phichai Rattakun as far as administration of the Democrat Party is concerned. The Wira-Chaloemphan faction is just an observer.

Some news sources said that "we will watch what he does. If he does not harass us, their won't be any problems. And if he doesn't make a mistake, we won't say anything. But if he makes a mistake, we will have to object."

Thus, the conflict within the Democrat Party has ended. But this is probably just temporary.

#### Phichai Asks for 2 Years

An interesting point about this election within the Democrat Party is that Mr Chuan Likphai, the Speaker of the House and the deputy party leader, received 133 votes, which was the largest number of votes received by any candidate, including Mr Phichai. This is different from the last election held by the Democrat Party. Last time, Mr Phichai ran unopposed, and Mr Chuan received fewer votes than Mr Marut Bunnak in the contest for deputy party leader.

The results of this election show that Mr Phichai's popularity has declined while that of Mr Chuan has increased. Mr Phichai was probably aware of this when he said that he will remain in his position as party leader only 2 years and then give someone else a chance. But Mr Phichai probably made this statement just in order to increase his popularity.

11943

CSO: 4207/129

## DEFENSE SOURCE SAYS SUPREME COMMANDER POST TO STAY

BK021304 Bangkok NAE0 NA in Thai 2 Feb 87 pp 1, 14, 16

[Text] A high-ranking official of the Defense Ministry has told NAE0 NA about the restructure of the Supreme Command Headquarters as proposed by former Supreme Commander General Athit Kamlang-ek, saying that after the Defense Ministry sent the proposal back to Supreme Commander Admiral Supha Khotchaseni for reconsideration at the end of last year, the Supreme Command Headquarters, until now, has not yet confirmed to the Defense Ministry its need to change its structure. "The meeting of the Committee To Study the Restructuring of the Supreme Command Headquarters, which comprises representatives from the Army, Navy, Air Force, the Supreme Command Headquarters, and the Defense Ministry, at the middle of last month, agreed that there would be no change in the Supreme Command Headquarters," the source said.

The official said that the Committee To Study the Restructuring of the Supreme Command Headquarters with the idea of abolishing the post of supreme commander, increasing the power for the military chief of staff, as well as abolishing the posts of commanders of Armed Forces. It holds that the post of supreme commander is very important during wartime, when the supreme commander will carry out the duty of combat command by coordinating the three Armed Forces. Besides, in the case of cooperating with other foreign military forces, the supreme commander is needed to coordinate between the Thai military and the military forces of friendly countries.

The meeting also disagreed with the idea of upgrading the post of chief of staff to the post of the chairman of the Joint Chiefs of Staff, fearing combat command problems in wartime since each Armed Force still has its own authority and tasks.

The source also said that when Supreme Commander Adm Supha Khotchaseni retires at the end of this year, Air Chief Marshal Arun Phromthep and ACM Wira Kitchathon, officers attached to the Permanent-Secretary's Office of the Defense Ministry, are likely to be appointed as supreme commander since they have more seniority and experience than others in the military while Air Force Commander ACM Praphan Thupatemi and Navy Commander Adm Thada Ditthabanchong are also due to retire.

"It is impossible when seniority is considered," the source commented on a news report that Army Commander in Chief Gen Chawalit Yongchaiyut will be appointed to concurrently hold the post of supreme commander at the end of this year in his capacity as the most senior commander in the Armed Forces when the navy commander and air force commander retire.

However, the source said that the appointment will be upon the consideration of the high-ranking authorities and that the political situation will be also taken into account. It is possible that the army commander in chief will be appointed to concurrently hold the post of supreme commander.

The proposal to restructure the Supreme Command Headquarters was submitted by Gen Athit Kamlang-ek, then Supreme Commander, in a confidential letter to Defense Minister ACM Phaniang Kantarat in mid-1986, proposing to abolish the post of supreme commander and the commanders of the Armed Forces, and to set up the post of the chairman of the Joint Chiefs of Staff to coordinate the work of the Armed Forces.

/8309

CSO: 4207/133

COLUMNIST ON CHAWALIT'S COUP STATEMENT

BK311059 Bangkok MATICHON in Thai 30 Jan 87 p 6

[By Kosum Hakthongkhwang]

[Text] Not only the "Mot Khan Fai" column on page 13 of the BAN MUANG but also "Phitsanu Phimpichai" column on page 4 of the DAILY MIRROR have agreed that the bombshell released by [Army Commander in Chief] General Chawalit about seeking permission from the people "before" staging a coup d'etat serves two purposes. First, it is a warning against the endless squabble among the political parties in the coalition government. Second, it warns the opposition parties against their ongoing move to raise a no-confidence debate against the prime minister during the forthcoming parliamentary session in April.

What Prime Minister General Prem Tinsulanon is worried about most at this moment is not the discord among the parties in the coalition that can badly shake his government's stability but about the no-confidence motion against him.

In fact, the army commander's remark in this regard is a signal for the opposition to halt their plan to grill the prime minister.

One may recall the incident which took place during the Prem IV government when then opposition Chat Thai party was planning to file a no-confidence motion against the prime minister. General Athit Kamlang-ek, then Army commander and supreme commander, who was regarded as the "pillar" supporting the government, had to try all ways and means to lobby against Chat Thai party's antigovernment scheme. He succeeded but could not prevent the party from organizing a conference to criticize the government at a first-class hotel.

General Chawalit, who was visiting Tokyo at that time, cabled his men to call on General Prem at his Si Sao Thewet residence to show moral support.

This is why opposition politicians described General Prem as "fragile."

General Prem was ready to make a sacrifice when he was asked to resume the premiership. But he was not ready to face the no-confidence motion from the opposition despite the fact that Article 134 of the constitution allows the

latter to do so. Many political observers believe that this is because General Prem has not come to power through the democratic process which attaches importance to the election by the people. He appeared on the scene as the hero on a white horse.

A source close to General Prem noted that General Prem considers that he has already made a big "sacrifice" by accepting the premiership at the request of political parties because he had no such ambition. Therefore, the opposition parties have no reason to justify their proposed no-confidence motion against him.

Such an attitude on the part of General Prem is understandable but it runs counter to the principle of democracy under which the prime minister, head of the administrative branch, must be answerable to the legislative branch.

It is the duty of the legislative branch to oversee the administrative branch to ensure that the latter complies with the constitution.

In any event, political parties, particularly those in the coalition, do not have to agree to General Prem's concept incompatible to the democratic system.

If he, in his capacity as the head of the administrative branch, dares not to demonstrate his sense of responsibility before the representatives of the people, it is useless to talk about democracy and the effort to develop genuine democracy.

For democracy must be equally applied to everybody. It is not "genuine" democracy if it is applied or practiced by other people while making oneself an exception.

/8309

CSO: 4207/133



## THAILAND

### LEFTIST FACES OLD CHARGES BROUGHT BY SOUTHERN GOVERNOR

Bangkok KHAO PHISET in Thai 7-13 Jan 87 pp 21-23

[Unattributed report: "Revival of Case Concerning Burning of Governor's Residence in Nakhon Sithammarat: Is the Operation To Raise the Flag of Big Chiu's Order 66/23 Encountering Problems in the South?"]

[Excerpts] Panya Phromna and the Burning of the Nakhon Sithammarat Governor's Residence

The name Panya Phromna was well known among those demanding democracy both before and after 14 October 1973. He is from Nakhon Sithammarat Province. He graduated from Sinakharinwirot University. He was a student leader and led demonstrations demanding that eight regional colleges be upgraded to universities. When he was a student, he was a "leader" who played a role constantly. An before the burning of the governor's residence, Panya was a senior official with the Nakhon Sithammarat Provincial Education Office. He was well known among the government officials and people.

During the serious events in Nakhon Sithammarat in 1985, he coordinated things between the province and demonstrators in accord with the order issued by Mr Arun Rchikanha, the then deputy provincial governor. But as things developed, the demonstrators drove out the provincial governor (Mr Khlai Chitphithak) and burned the governor's residence. Panya was one of those suspected of taking part in burning the governor's residence. However, the people staged a protest, and all 17 suspects were released. But these 17 people remained under suspicion.

After the events of 6 October 1976, the situation and state apparatus forced Panya to flee and join the Communist Party of Thailand [CPT]. He contacted Phra Thepworaphon and surrendered to military officials on 5 December 1979. After surrendering, he engaged in business activities openly. He and Mr Phonthep Sophon were arrested on 13 October 1986 on charges on burning the governor's residence and inciting a riot. That was only 10 days after Sublieutenant Sukri Ratsithong replaced Mr Anek Sitthiprasat as governor of Nakhon Sithammarat Province.

This has generated widespread criticism. People wonder why this case, which took place more than 12 years ago, has been revived again. Others were

involved in this, too, but only two people have been arrested. The prosecutor plans to take the case to court on 7 January 1987. Panya, who is now free on bail, decided to go the Government House to appeal to the prime minister and ask him to review the revival of this old case.

#### Sure That There Is Something Behind the Revival of This Case

"There was nothing else I could do. And so I decided to pack up my family and go to Bangkok in order to appeal to the prime minister. I submitted my appeal to the appeals section to have it forwarded to the prime minister. But because I was afraid that it would not reach him before 7 January, I decided to make a direct appeal to the prime minister. I thought there might be a news break or something. I was worried that the newspapers might not dare print this. But now that the matter has reached the prime minister, I feel a little better," said Panya to KHAO PHASET on the afternoon of 30 December after making an appeal to the prime minister and deciding to take his family and appeal to KHAO PHASET at our office.

Panya is not sure who ordered him arrested on this old charge. But based on the facts available, he is sure that there is something behind this. It's strange that he was arrested just after a new governor took office in Nakhon Sithammarat Province. During the time of the burning of the governor's residence, Sublieutenant Sukri Raksithong, the present governor, was the district officer of Muang District, Nakhon Sithammarat Province. Perhaps he harbors a grudge against Mr Panya. Or perhaps some political party exerted pressure to have him arrested.

"I don't understand why they have arrested only Mr Phonthep Sophon and me. I haven't done anything to anyone. I have been a good citizen ever since I surrendered. I had to ask the prime minister, wouldn't it be better to use political science principles to solve this problem? There are about 10 more suspects who are now very frightened," said Mr Panya to KHAO PHASET.

Before appealing to the prime minister, on 9 December 1986, Panya submitted a 13-page appeal to Lt Gen Wisit Atkhumwong, the 4th Army Region commander. But no progress has been made even though the 4th Army Region has shown an interest in the revival of this case and is curious about what is behind this.

Before leaving the office of KHAO PHASET that day, Panya said that before returning to Nakhon Sithammarat, he will submit an appeal to Gen Chawalit Yongchaiyut, the RTA CINC. He feels that the revival of this case is contrary to Order 66/23 and that this is creating war factors. But there has not been any news about whether he has submitted an appeal to Gen Chawalit yet.

#### Nakhon Sithammarat, Which Flag Will Be Raised High?

Now that Sublieutenant Sukri Raksithong, a staunch anti-communist who has been called a "hawk," has returned as governor of Nakhon Sithammarat Province, it is worth watching to see which way he will turn. Many people say that the revival of this old case cannot be separated from the return of governor Sukri.

There are reports that Gen Chawalit, Big Chiu, will travel to Nakhon Sithammarat on 10 January in order to preside at the opening of a Kraduk Khao Bua program, which, it is said, is aimed at raising the flag of 66/23 in the south, particularly in Nakhon Sithammarat. It is thought that the 4th Army Region will brief Gen Chawalit about the revival of this old case.

But 10 January may be too late if this case has already gone to court on 7 January.

11943

CSO: 4207/117

## BRIEFS

PREM CONGRATULATES AQUINO--On 4 February Prime Minister General Prem Tinsulanon sent a congratulatory message to Philippine President Corazon Aquino. The message reads: On behalf of the Thai Government and people, I congratulate you and the Philippine people on the overwhelming approval of the referendum on the draft constitution last Monday. The overwhelming vote of support not only demonstrates the strong determination and desire of the people for democracy, but also shows their confidence in and support for you and your administration. I strongly believe that the support you received on the occasion will enable you to further strengthen your leadership and undertake resolute actions to bring economic progress, prosperity and continued security to the Philippines and the Philippine people. [Text] [Bangkok Voice of Free Asia in Thai 1030 GMT 6 Feb 87] /8309

COMMUNIST CAMP CAPTURED--Colonel Banchon Chawansin, assistant chief of the 4th Army Region's Civilian Affairs Section, cited a report from Colonel Somchet Chutinan, commander of Civilian, Police, Military Combined Unit 41 at Thep Satri Si Sunthon camp in Thung Song District of Nakhon Si Thammarat Province, on the result of Thaksin operation 4103/30 launched against the communist insurgents of Comrade Than in the common border areas of Nakhon Si Thammarat, Trang, and Satun Provinces on 5 February. He disclosed that the operation was conducted by Ranger Company 4207 under the command of Colonel Phongsak Ekbansing. At 1300 hours, the ranger unit clashed with five communist insurgents in the vicinity of Pak Phayun village in Khuan Kalong District, Satun Province, for about 15 minutes. The rangers found 1 dead insurgent, an M-16 rifle, and 28 rounds of ammunition left at the scene of incident. In pursuit of the insurgents into the jungle, the rangers captured a communist camp which is situated about 500 meters from the village. The camp consisted of a lodging place equipped with hammocks, a kitchen, and an exercise ground. [Text] [Bangkok MATICHON in Thai 6 Feb 87 p 2] /8309

SOLDIERS WOUNDED--According to a report from Surin Province, a Thai civilian of Ban Traweng, Tambon Charat, Bua Chet District, while out hunting at Hill 424 on the Thai-Cambodian border on 28 January, came across about a battalion of foreign troops occupying the hill. The man informed the rangers company in Tambon Charat. A group of 21 ranger volunteers and soldiers of Suranari Force led by First Lieutenant Wiramit Namwichit was immediately dispatched to the area. On their arrival, the group came under fire from the foreign troops using various kinds of weapons, including RPG rockets. Seven volunteers were wounded. They are: Somphot Bunyong, Kit Satacharoen, Sawian Sukcharoen,

Prayong Namrabu, and Rangers Yindi, Boem, and Prayoy whose last names are unknown. The Thai soldiers radioed for two rescue helicopters from the Suranari Force to transport the wounded to the provincial hospital in Surin. The two seriously wounded were Ranger Kit, who lost both eyes, and Ranger Sawian who had his leg severed. At press time, the foreign soldiers were still occupying Hill 424 without any sign of pulling back. The Suranari Force, meanwhile, was sending soldiers to expel the foreign intruders from the Thai soil. [Text] [Bangkok THAI RAT in Thai 29 Jan 87 pp 1, 20] /8309

CSO: 4207/133

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

CORRESPONDENT VIEWS THAI SUPPORT TO RESISTANCE

Paris LE MONDE in French 25 Dec 86 p 3

[Article by Francis Deron]

[Text] If one were to go by Vietnamese and Thai press communiques, the localized conflict along the border between Cambodia and Thailand clearly confronts two neatly defined camps: On one side Indochina which, under Hanoi's rule, perceives itself as the forward position of the socialist world in Southeast Asia. On the other side the pro-Western countries forming the Association of Southeast Asian Nations (ASEAN), the rampart of the free world. In the field one discovers an infinitely more complex reality whose cost in the last analysis is borne by the Cambodians.

It is known that the resistance of the Khmers Rouges is essentially an extension of Chinese military power in the region. But Thailand, some of its partners in ASEAN, as well as several Western countries are, they too and to various degrees, involved in the actions of the Khmer resistance, particularly its two nationalist wings, led respectively by Prince Norodom Sihanouk and Son Sann.

Prince Sihanouk makes no secret in this connection. Was he not saying recently that the assistance given to his forces and those of Son Sann by the U.S. Congress (\$5 million in 1985) represents a "slush" fund? Behind the scenes, other "specialized" services make their contribution to the two non-communist movements which are fighting Hanoi's forces after a fashion.

Whoever has spent some time along this border could not have failed to notice the activities pursued there discreetly by the U.S. Central Intelligence Agency, to name only one. A refugee, with an interesting "profile" for the American agency, is recruited for intelligence work. Another, a bigger fish, is charged with infiltrating a member of his family in Cambodia in order to deliver "mail" there. A third refugee is approached to make translations. The "client" is passed on from agency to agency. The promise made to the refugee of a regular visa enabling him to cross into a third country--not always kept--or a wage (ridiculously low, but who would complain in a refugee camp?) suffices by way of compensation.

In the military field, the Thai Army and, at times, Bangkok's Ministry of Foreign Affairs play a crucial role not limited to simple logistical supplies

of foreign arms. A nationalist leader confided to us that the Thai military literally makes a physical count of the weapons and ammunition handed to each member of the resistance for missions inside Cambodia and check out the inventory on their return to Thailand.

In a New Guise...

For the theory of an "ill-defined" border, from where the resistance fighters are supposed to operate to penetrate into Cambodia, is true only for some sectors. Most often, each one knows what the score is in his sector. The military camps of the resistance fighters are set up in a kind of no man's land located in Thai territory most of the time. The Thai Army camps behind the border and often gives radio instructions to the Khmer resistance fighters.

Strike plans against Vietnamese positions receiving the prior approval of the Thai military authorities are in evidence. On some occasion, a Western newsman is authorized, indeed heartily encouraged, by the Bangkok authorities to travel to the border to be taken in tow there by the guerrillas who will take him along on a mission. The purpose is to demonstrate to Western public opinion that the Khmer resistance fighters manage to inflict setbacks on the Vietnamese.

At times even the screens of Thai security, slated to keep the curious at a distance, crumble. One may notice then resistance fighters escorted by Thai special forces or regrouped under their instructions in Thai territory prior to transfer to other sectors. Roads are built in these zones often covered by jungle growth and later abandoned. "Deterrent" responses may escalate into full-fledged artillery barrages. Members of the Thai special forces admit that they penetrate into Cambodia from time to time "on inspection." As the Chinese or Singapore arms shipments arrive, refugees, often in a pitiful physical state, are recruited into the resistance under the supervision of Thai personnel. Newsmen who are too curious are politely but firmly requested to keep their silence on the details....

On the Vietnamese side, while things are less well known, they do not seem to be fundamentally different. All the deserters of Phnom Penh's army say that the Khmer troops, badly trained, deemed to be not too trustworthy by the Vietnamese "bodoi," serve in the most risky missions, beginning with the abominable removal of mines.

These are the ways of war, as they have been for centuries. And, in a new guise, this war strongly recalls the struggles waged across time by the countries of the region to surround themselves with buffer zones at the expense of their neighbors.

2662/13046  
CSO: 4219/15

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

SIHANOUK DISCUSSES NONALIGNED MOVEMENT REJECTION OF CGDK

AU061143 Belgrade BORBA in Serbo-Croatian 23 Jan 87 p 5

[Interview given by Norodom Sihanouk, president of Democratic Kampuchea, to Dusica Petkovic--place and date not given]

[Excerpts] "The first condition for the beginning of any kind of negotiations about the future of Cambodia is the withdrawal of the Vietnamese occupation forces from our country, which could be carried out in two stages and under the control of the United Nations," Prince Norodom Sihanouk, head of state of Democratic Kampuchea, said among other things in his interview for BORBA.

[Petkovic] Could you tell us something more about the dialogue you had with the highest Yugoslav personalities?

[Sihanouk] I have met the people in the highest positions who represent Yugoslavia, and they are: President Hasani, Premier Mikulic, and Foreign Secretary Dizdarevic. I had long working talks with them. I am very satisfied with the results of these talks, because Yugoslavia supports our people's justified struggle. Yugoslavia is of the opinion that the proposals in eight points that we made last year are the right basis for starting talks and the best way to arrive at the right solution for Cambodia. I am very happy that today's Yugoslavia is following the policy of that exceptional man and statesman Josip Broz Tito, whom I was lucky to have known and to have had cooperation with.

Demand to the Nonaligned

During our talks in Belgrade, as president of Democratic Kampuchea, I officially demanded, that is, asked Yugoslavia to convey a verbal message from me to chiefs of state and government of nonaligned countries. My message is as follows: I do not ask that Vietnam be excluded from the family of non-aligned countries, it can stay there for ever and attend all meetings of non-aligned countries. I have only one remark, and that is an "insignificant detail"--Vietnam is not nonaligned, it is falsely aligned. It has violated and continues to violate the UN Charter, the Universal Human Rights Declaration, and the ideals of the essential principles of the Nonaligned Movement. Vietnam is now an imperial and colonial power that has carried out an



aggression against another nonaligned country, Cambodia. Vietnam has colonized our country. It rejects the UN Resolution on Cambodia, and it violates human rights in my country. Nevertheless, despite all this, I do not ask that it be expelled from the Nonaligned Movement. Let it stay there.

However, there is one thing I cannot understand. One assumes that the Non-aligned Movement supports every oppressed country, not only the people in Afghanistan and in South Africa, but also the people of Cambodia. I think that the Nonaligned Movement must show solidarity with the struggle of the people defending its sovereignty and freedom and must also condemn aggressors and all forms of imperialism, colonialism, and neocolonialism. I repeat, I do not ask that Vietnam be condemned, but I ask that my country be given back its place in the movement. Is that not natural when we are granted that in the United Nations--we are present at the General Assembly, UNESCO, in Geneva, everywhere? Why is it that we only cannot attend the conferences of the nonaligned countries? That is why I protest, I shall never accept that, because it is a flagrant injustice that does not do honor to the Non-aligned Movement. I demanded that we be allowed to attend the summit in Delhi, then in Harare, but our chair is still empty. We asked for permission for Sihanouk to come to a summit and present Cambodia's case in a speech. I wanted to come to the summit. I did not even have to sit down. I could have made my speech standing and left the hall immediately afterward. But I was not allowed to do that, as if we Cambodians were infected with the plague.

But, we are the victims, we have the courage to fight against someone stronger than us, just as you Yugoslavs fought against the stronger Hitler. In our history, we have also fought against strong ones--against the Americans, and the French. But now when Vietnam,--that is, the Soviet Union behind it--is involved, there is silence. Why does one make a difference between imperialisms? That is not good, and I said as much to my Yugoslav interlocutors and asked them to convey this message to the nonaligned countries. I thought that it was my right and duty to say so. And, believe me, Yugoslavia was not shocked at all, because you know very well that I am right.

/6662

CSO: 2300/130

COALITION GOVERNMENT OF DEMOCRATIC KAMPUCHEA

CORRESPONDENT ON OVERVIEW OF MILITARY SITUATION

Paris LE MONDE in French 25 Dec 86 p 3

[Article by Jean-Claude Pomonti, special correspondent]

[Excerpts] Site 2, Cambodian border--Eight years after the Vietnamese military intervention in Cambodia on Christmas Day of 1978, nearly 250,000 Khmer civilians, most of them elderly people, women, or children, are still crowded in half a dozen camps along Cambodia's border with Thailand. The camp dubbed Site 2 alone holds over 140,000, which makes it the second largest Cambodian city after Phnom Penh. Its residents live on assistance since most of their food is provided by the UNBRO [United Nations Border Relief Operation], a United Nations agency created to serve them.

Thailand refuses to grant them refugee status, hoping that they will return to their own country some day. Each camp is run by one of the three movements making up the Khmer resistance front. More to the north, Site B camp (44,000 residents) is the civilian fief of Prince Norodom Sihanouk's followers. Other camps, less accessible, have been placed under the control of the Khmers Rouges. That of Site 2 is overseen by the badly splintered FNLPK [Khmer People's National Liberation Front] of Son Sann. The residents complain of the lack of security there. Especially, they seem doomed to exist on a day-to-day basis, getting weary of waiting for lack of being able to go into exile or a settlement postponed from year to year.

During the 1984-85 dry season, within a few months, a series of Vietnamese operations led to the dismantling of the network of bases of the resistance movement near the Thai border. The civilian population of these bases crossed the border and regrouped on the other side in camps such as those of Site 2 or Site B. As for the forces of Sihanouk, of Son Sann, and at the time of Pol Pot, they gathered here and there. However, one could wonder then whether this resistance movement had not been dealt a blow from which it could recover only with difficulty.

Military Parade on the Border

Today, about 100,000 Vietnamese troops--140,000 according to Western reports--are still in Cambodia. The Cambodian Army which they have raised is reportedly made up of 25,000 to 30,000 men, not counting the village militias. Facing

them, the Khmers Rouges may have some 25,000 seasoned fighters, the Sihanouk faction reportedly has 8,000 under arms, and the FNLPK men, the least disciplined, may total a few thousand.

In the camps of the resistance things look rather good, except for the ranks of the FNLPK because of its internal divisions. The Sihanouk forces have ended up acquiring a small army which is not short of light weapons supplied by China and which is already in the process of securing a foothold in Cambodian territory. Apparently, the Khmers Rouges have never received so much equipment from China and have the ambition of undertaking some spectacular strikes soon, notably in the Phnom Penh region.

The terrain is favorable to the guerrilla forces. The forests of the border region reach far into the Cambodian interior. Those which cover the Cardamom Mountain range--the domain of the Khmers Rouges--stretch to within less than some 100 km from the Cambodian capital. Besides, the Khmers Rouges are doing everything to try to make people forget their past crimes. Less seasoned and less well equipped, the Sihanouk forces have on their part less difficulty in infiltrating certain villages where "His Royalty" and the tranquility that prevailed under his rule have not necessarily been forgotten.

At any rate, to support a guerrilla warfare does not cost China anything, all the more so as a few well-directed operations in favorable terrain are sufficient to embitter the life of the Vietnamese. A few cut roads, a few destroyed bridges, a few desertions among Phnom Penh's militiamen, and it becomes necessary for the Vietnamese to start all over again practically from square one.

#### Waiting, A Second Nature

To be sure, Cambodia is coming to life again. According to different testimonies, security has not been so terrible in several provinces. The harvest promises to be better than the authorities in Phnom Penh had believed last summer. According to the same sources, half a million Vietnamese civilians are reportedly again settled in the country--as had been the case before 1970--which, if necessary, would prove that they are not too frightened by the threats of insecurity. Finally, the maintenance of a garrison in Cambodia does not cost too much to Vietnam, which has a standing army of some 1 million men, mostly ill-paid.

Theoretically, then, the existing impasse could go on indefinitely. The Chinese are not in a hurry and the Vietnamese have, in the past 8 years, adjusted to some level of the guerrilla resistance.

Hanoi has promised to withdraw all its troops by 1990, asserting that the present regime in Phnom Penh will be then be able to ensure the country's security. The Vietnamese even hope--or so they say--of repatriating half their forces as early as 1987.

China is waiting. Humiliated in 1979--when the "lesson" that it had wished to teach Vietnam turned sour--it is preparing its revenge by supplying to the

Cambodian guerrilla movement the resources to stay afloat. China will always use the Khmers Rouges to forge, when the time arrives, a compromise, that is, a settlement that would not be advantageous merely to the Vietnamese. Hence the optimism displayed by Prince Sihanouk. The latter knows that in case of negotiations, the unpopularity of the Khmers Rouges will necessarily play into his favor. After all, the men of Phnom Penh--a mix of good-willed individuals and former Khmers Rouges--would not, if requested, refuse to discuss matters with the prince.

A war of attrition? The Camobdian conflict reminds one of it. Militarily, the Vietnamese forces are holding firm, with satisfactory discipline and the number of desertions deemed tolerable. On their part, the resistance fighters do not seem to be out of breath and the support they enjoy--military aid, material assistance, diplomatic resources--even seem to be improving. Victory will go to the one who will evidence the most assurance and especially the most patience. In this little game the Vietnamese, despite the endurance they have evidenced over the past half a century, could throw in the towel first. But no one can really be sure of it and at Site 2, the wait with its uncertainties and miseries has become second nature.

2662/13046  
CSO: 4219/15

REGULATIONS ON ARREST, DETENTION OF CRIMINALS EXPLAINED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 4, 11 Dec 86

[Article by Hoang Trung Tieu, Ho Chi Minh City Jurist Association: "A Number of Regulations on the Arrest, Detention, and Confinement of Suspects"]

[4 Dec 86 p 2]

[Text] The inalienable right concerning one's person is one of the important freedoms of citizens that was clearly stated in the 1946 constitution, our country's first constitution.

Stipulating the basic rights and obligations of citizens, Article 69 of the constitution announced on 19 December 1980 clearly states:

Citizens enjoy inalienable rights concerning their persons. No one can be arrested without a decision by a people's court or a decision, or the approval, of a people's organ of control. The arrest and detention of people must be carried out in accord with the law...."

Based on the lines and policies of the party and the constitution, the state has promulgated many specific regulations on the arrest, detention and confinement of suspects in order to prevent them from escaping or from being punished unjustly.

Based on Circular No 61/LB-TA/KS-NV of 8 March 1978 of the Supreme People's Court, the Supreme People's Organ of Control, and the Ministry of Interior, which provides guidance on implementing the unified laws, today the entire country is using the following documents on the arrest, detention, and confinement of suspects (excluding cases concerning labor reform and coercion, which are handled using administrative measures):

1. Law No 103-SL/L005 of 20 May 1957.
2. Order No 02-SLT of 18 June 1957.

3. Decree No 310/TTg of 10 July 1957.

4. Order No 02/SL-76 of 13 March 1976.

At the request of readers, I would like to synthesize the main regulations:

#### I. The Arrest of Criminals

There are three circumstances:

First, the arrest of criminals red-handed: "Crime" refers to violating one of the laws stipulated in the Criminal Code. If a violation is not mentioned in the Criminal Code, it cannot be considered to be a "crime."

When one of the offenses stipulated in the Criminal Code has been violated, if one of the following is true, then the suspect can be considered to have been caught red-handed:

1. The suspect was caught in the act of committing the crime or was discovered immediately after committing the crime.
2. The suspect was pursued and arrested after committing the crime.
3. The suspect tries to escape after being arrested.
4. An order is issued to track down the suspect.

In cases in which a person has been caught red-handed, every citizen has the right to arrest the suspect and turn him over to the nearest people's committee, public security unit, or people's organ of control.

Second, "emergency" situations: If the one of the following is the case, then it is an emergency situation:

1. Preparations are being made to commit a crime.

Concerning this situation, I would like to point out that Article 15 of the Criminal Code stipulates that "preparations for committing a crime include obtaining and readying tools and means or creating the conditions necessary to carry out the crime. Those preparing to commit a serious crime may be punished according to the law."

Thus, according to the Criminal Code, preparing to commit a serious offense is considered to be an emergency situation. (Article 8 of the Criminal Code stipulates that a serious offense is one that causes great damage to society, for which the penalty is a minimum of 5 years in prison, life in prison, or death.)

2. The victim or an eye-witness at the scene of the crime is able to identify the criminal.
3. Evidence is found on the person or at the home of the suspect.

4. The suspect makes preparations to flee or has fled.

5. Preparations are made to destroy the evidence, evidence is destroyed, documents are falsified, or there is collusion among suspects in order to escape the law.

6. Background identification is unclear.

In the event of one of the six emergency situations described above, the head of a public security or military patrol unit, the head or deputy head of a public security station, the head or deputy head of a ward, district, city, or municipal public security force subordinate to a province, or the head or deputy head of a bureau or board of a provincial or municipal public security force subordinate to the central echelon has the right to issue an order to arrest the criminal or to arrest the criminal himself.

"Emergency," as used here, cannot be construed in the usual sense. Here, its meaning is limited to the six situations mentioned above.

[11 Dec 86 p 2]

[Text] Third, temporarily called usual cases: If they do not fall into the category of red-handed or emergency situations, all other situations fall into the category of usual cases.

With respect to usual cases, only a people's court or a people's organ of control has the right to issue an arrest order. If an arrest order is signed by the head or deputy head of a public security unit at the level of a ward, district, or city subordinate to a province, that order must be approved by the people's organ of security at that echelon.

Based on determining the powers of the people's organs of control and the people's courts, the following stipulations apply to the arrest of criminals:

A people's organ of control has the right to issue an arrest order or approve an arrest order issued by a public security unit in order to investigate a crime.

A people's court has the right to issue an order for the arrest of a suspect who has been accused by the people's organ of control but who is free on bail while awaiting trial. It can also order the arrest of criminals who have been found guilty in order to carry out the sentence.

Village and subward public security units do not have the right to arrest suspects. They may arrest people only when they catch them red-handed or when they are carrying out an arrest order issued by an agency that has the authority to issue such an order as explained above.

## II. Detention and Confinement

The law distinguishes between detention and confinement.

**Detention:** Detention refers to holding a suspect for a very short period in order to determine whether the person should be released, turned over to a higher echelon, or held for investigation and prosecution.

Based on Article 5 of Law No 103/SL-L005 of 20 May 1957 and Order No 02/SL-76 of 15 March 1976, detention can be divided into two categories:

1. Subward and village public security units have the right to detain suspects in two cases:

One, the suspect was arrested red-handed.

Two, the unit is carrying out the arrest order of an agency that has the authority to issue such an order as explained above.

At the subward and village echelon, a suspect may be detained for up to 24 hours.

2. Ward and district public security units and higher-echelon units have the right to detain a suspect for up to 3 days.

**Confinement:** Based on Article 5 of Order No 02/SL-76 of 15 March 1976 and Article 9 of Decree No 301/TTg of 10 July 1957, confinement is divided into two cases:

1. Confinement for investigation:

Confining a suspect for investigation requires a written order from the people's organ of control. If such an order has been issued by a ward, district, or equivalent-level public security unit, the order must first be approved by the people's organ of control at that echelon.

The length of time that a suspect can be confined is as follows:

A suspect may be confined for up to 2 months in ordinary cases for which the penalty stipulated in the Criminal Code is less than 5 years in prison.

A suspect may be confined for up to 4 months in cases involving national security and ordinary cases for which the penalty stipulated in the Criminal Code is more than 5 years in prison, life in prison, or death. If considered vital to the investigation, the people's organ of control may extend this once or twice.

In complex cases requiring lengthy investigation, extending the confinement period must have the approval of the Supreme People's Organ of Control.



## 2. Pre-trial confinement:

The pre-trial confinement period is calculated from the day that the people's court receives the file from the people's organ of control. Pre-trial confinement is limited to:

Two months in cases for which the penalty stipulated in the Criminal Code is 5 years or less.

Four months in cases for which the penalty stipulated in the Criminal Code is more than 5 years in prison, life in prison, or death.

The above are the regulations on the arrest, detention, and confinement of suspected criminals. These regulations manifest an active spirit of preventing and resolutely struggling against crime while at the same time respecting and protecting the inalienable rights of all citizens. When actually applying these regulations, the party's motto of being "resolute and careful" must be understood thoroughly. In borderline cases in which there is uncertainty about whether to arrest or confine a person, the person should not be arrested or confined.

Ministry of Interior Circular No 04/TT-BNV (C16) of 28 April 1986, which provides guidelines on conducting investigations, making arrests, and interrogating people in usual cases and on ward, district, city, and municipal public security units confining and releasing suspects, specifically states that a suspect can be arrested and confined only when:

1. The nature of the crime is such that the penalty stipulated in the Criminal Code is imprisonment.
2. The criminal is a bad element, dangerous criminal, professional crook, violent hoodlum, speculator, professional smuggler, or person with a police or criminal record.
3. The suspect does not have a permanent place of residence and may flee.
4. The suspect is likely to continue his criminal activities or may create difficulties for or block the investigation of the case.
5. The suspect committed a serious violation regarding socialist property or social order or his crime caused great resentment among the masses. If he were not confined immediately, the masses might take action on their own to punish the criminal.

## III. Discipline in Arresting, Detaining, and Confining Criminals

Because the inalienable right concerning one's person is one of the important democratic freedoms of citizens, the party and state deal very harshly with those who violate the laws and trample on this right of the people.

Depending on the nature of the crime, the violator can be prosecuted using administrative measures or he can be brought to trial.

If a person is brought to trial, he will be tried based on articles 119 and 128 of the Criminal Code on the illegal arrest, detention, and confinement of people. Article 119 states:

Illegal arrest and detention, or confinement, of people:

1. If a person illegally arrests, detains, or confines another person, that person can be given a warning, required to undergo up to 1 year of non-confined reform, or imprisoned from 3 months to 2 years.

2. If a person makes illegal use of his position and powers, he can be required to undergo up to 2 years of non-confined reform or imprisoned from 6 months to 5 years.

3. If a person commits a crime that causes serious losses, he can be imprisoned from 4 to 10 years.

Article 128 stipulates that any person who violates the stipulations in article 119 can be prohibited from performing certain duties for 2 to 5 years.

11943

CSO: 4209/256

## NATIONALS LIVING ABROAD SUGGEST POLICIES, PROCEDURES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 19 Nov 86 pp 1, 2

[Article: "Suggestions of the Association of Vietnamese in France"]

[Test] Editor's Note: In the "Forum for the National Party Congress" of today's issue, we would like to share with our readers some ideas contributed by our Vietnamese countrymen residing in France. Comments discussed policies pertaining to Vietnamese nationals abroad and suggestions centered around the optimal use of their potential in building our country.

I. Granting of Visas for Visits of the Country or of Family Members in Vietnam

A. General Rules

1. Visas Extended to Vietnamese Having a Vietnamese Passport.

The number of Vietnamese nationals still retaining their Vietnamese nationality is relatively small and declining. The ratio of members of the association having a Vietnamese passport is approximately 10 percent (about 500 persons), and for every 1,000 Vietnamese asking through the association, a visa for a visit to the country every year, only 60 have a Vietnamese passport.

Therefore, it is recommended that procedures used in extending reentry visas for those relatively few Vietnamese should be as fast and simple as possible:

a. For persons requesting reentry for the first time: by telegram, the embassy requests a clearance from the government, and if no response is given in 1 month, it has the right to grant the visa and subsequently report this action by way of a roster of reentry visas.

b. For persons requesting reentry for the second and subsequent times: the embassy has the right to grant the visa without requesting a clearance from the government except for individuals violating the law in Vietnam and the embassy had been informed of the violation.

2. Visas Extended to Vietnamese Holders of a Foreign Passport

a. For persons requesting reentry for the first time: the embassy forwards requests for reentry, and if no response is received 2 months after the requests reach the government agency, it has the right to grant the visa and subsequently report this action by way of a roster of reentry visas.

b. For persons requesting reentry for the second and subsequent times: the embassy wires a request to the government agency and grants the visa 1 month after sending the telegram, except for individuals whose cases are reviewed and the embassy is informed of the review.

## B. Special Dispositions

### 1. Spouses of a Vietnamese National

It is recommended that the request of a spouse of a Vietnamese national be considered at the same time with the latter's request (we advise against granting a visa to the Vietnamese national while delaying the examination of the spouse's request).

### 2. People Leaving the Country After Peace Was Reestablished

Requests submitted by persons leaving the country legally are subject to general rules and if a visa is denied, it is suggested that the person should be informed of the good cause for denial.

For persons unlawfully leaving the country who do not wage any anti-government acts or do not join any anti-revolutionary organization, their requests for reentry are examined as is done for holders of a foreign passport.

### 3. Key Members of the Movement

The embassy grants visas and reports to the government. The embassy and the movement are totally responsible for those visas.

### 4. Persons Violating the Law in Vietnam

It is recommended that appropriate educational measures be taken. Those measures may vary from a simple warning to a disciplinary action, the latter's highest level being a denial for reentry. Whenever a case arises, educational measures aimed at kinship must be immediately taken and, on the other hand, all available details must be given in order to allow the embassy and the movement to take appropriate educational or disciplinary measures.

## C. Examination of Reentry Requests

It is indispensable that examination of reentry requests is made with a two-way input: from the government agency and from the movement. (Some individuals come from families whose members are cadres, but act against the government. On the contrary, others, whose families are not with the revolution actively work for the movement.)

## II. Family Reunion for Couples Legally Married in Vietnam

With regard to couples legally married in Vietnam, the spouse residing in Vietnam has the right to go abroad and likewise the spouse residing abroad has the right to return to Vietnam to live permanently.

## III. Repatriation of the Elderly

Older persons authorized to go abroad under the family reunion rule but unable to adapt themselves to life in a foreign country may request to return to their native land. If their families are still residing in Vietnam, they are allowed to return to live permanently without having to wait several years. Older persons leaving the country unlawfully may submit a request for reentry for consideration.

## IV. Temporary Residency Permit

Procedures for obtaining temporary residency permits must be simplified. As it stands now, upon their reentry, a Vietnamese coming from a foreign country must report to a police station where he is issued a temporary residency permit. Before his departure, he must surrender that permit to the same police station. Moreover, if he wants to go to another locality, he must request a travel permit 3 days in advance.

It is recommended that the state make a list of localities requiring a travel document and waive that requirement for others, and that the temporary residency permit be surrendered at the airport police station.

## V. Customs

Procedures need to be simplified. Up to now, the person willing to go abroad must go to the municipal customs department to make a declaration and return later to get a permit. Further, he must bring his baggage to the airport 1 day prior to his departure to take care of customs procedures. This arrangement is particularly inconvenient for people living in rural areas.

We suggest that the declaration at the municipal customs department be eliminated and that people living in rural areas bring their baggage for a customs check on departure day.

In terms of customs duties, the current procedures governing the imposition of a customs tax and a baggage check are cumbersome and inconvenient and cause unnecessary grievances. It is suggested that procedures for a baggage check be simplified and their purpose clearly defined. It is also suggested that customs taxes be levied on certain important commodities, that those taxes be exempted for gifts when the amount is reasonable, and that a general customs department can live up to its tax collection norms with the state.

Recommended Policies and Procedures for Optimal Use of Potential of Vietnamese Nationals Abroad

- To encourage Vietnamese nationals abroad to pay visits to their families and to return as tourists to visit their native land, and to expedite requests for repatriation and for exit visas under the family reunion rule.

- To solve the issue of foreign currency of Vietnamese nationals abroad through the Foreign Trade Bank as was done prior to Decree No 151 of the Council of Ministers.

1. To encourage and organize family visits and tourist visits better is an indispensable task for the immediate future as well as in the long run. In particular, sightseeing tours must be repeatedly organized for the second-generation youths who yearn to know more about their native country. As mentioned earlier, in recent years, membership in the association has increased due to this work.

Although much improvement has been made in our country, Vietnamese nationals abroad look at a trip back to their native land as cumbersome and more difficult than one to another country. Many inconveniences are encountered in obtaining a visa, in customs checks, and in bothersome investigations, while merchants most of the time may go through without a disturbance.

If we look at the number of Vietnamese nationals buying discount-rate air fares through the association--650 persons in 1964, 800 in 1985, and 1,000 in 1986 (including only 60 of Vietnamese nationality)--we realize that the numbers were extremely modest. Travelers do not feel at ease because of the fact that domestic government agencies see an entry visa as a privilege, while it should be treated as a right.

Reading the 3-week tours organized as a test by the association in the last 3 years (participants spent 2 weeks on a pre-arranged schedule and 1 week with their families), the results are: in 1985, the summer tour was canceled because visas came too late, and in 1986, about 30 persons participated. The major impediment was that entry visas were secured only 15 days before departure.

To encourage more Vietnamese nationals abroad to return home for a family visit or a sightseeing tour, we would like to submit herewith a few recommendations: the simplification of visa procedures and of customs checks, for a tax exemption for gifts (a substantial number of gift items must be allowed, and for an across-the-board customs tax levied on every incoming passenger in order to allow the customs department to meet its tax quotas for the state.

We ought to discard the cliché that "a pot of fish has the same smell," which is extremely uneconomical and inpolitic. In our present livelihood conditions, certain isolated cases of wrongdoing should not attract too much of our attention at the expense of an abundant source of supply.

## 2. Foreign Currency of Vietnamese Nationals

Decision No 151 of the Council of Ministers (August 1982), whose so-called purpose is "to encourage the sending of cash and to limit the sending of

goods," produced a diametrically opposed effect: cash sent was drastically reduced while the amount of goods sent did not change. The damage caused by Decision No 151 was too serious and self-explanatory and there is no need to discuss it further or to defend it with academic arguments.

On the occasion of the last lunar new year, there were three to four exchange rates in Ho Chi Minh City, and when the customs department checked foreign currency authorizations, it found that all rates were legal. Compared with an exchange rate offered at the Intershop Store, the official exchange rate was but one-fourth of it, a discrepancy that has, perhaps, never been seen anywhere in the world!

In Egypt, there are currently four official exchange rates:

- U.S.\$1.00: 0.42 for socialist countries.
- U.S.\$1.00: 0.72 for the importation of arms.
- U.S.\$1.00: 0.83 for the diplomats representatives of foreign corporations, and tourists (who must exchange at least U.S.\$150.00 each).
- U.S.\$1.00: 1.3 at the bank exchange rate.

Besides, the black market exchange rate is U.S.\$1.00: 1.4.

It is obvious that the big discrepancy between the official exchange rate and other rates was conducive to scores of negative phenomena and most Vietnamese nationals abroad feel they are victimized by it.

We certainly hope that functional agencies thoroughly will study Decision No 151 and let us know why all the economic computations and advice from experts in the field led to such a uneconomical, irrational, and devastating decision. Why should we not, in the draft of the Political Bureau's resolution "Protecting the Autonomy of Economic Basic Units in Production and Business," rescind Decision No 151 in order to create a milestone in our changing way of thinking and doing?

We are not economic experts, and the above is just a suggestion. We see no reason why we should not eliminate Decision No 151 and reestablish the status quo. In other words, there should be only one exchange rate carried out through the Foreign Trade Bank, which rate should be computed according to the gross value of exported agricultural products and which should be approved by the state every quarter.

9458/12951  
CSO: 4209/230

## SITUATION AFTER PARTY CONGRESS DISCUSSED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 21 Dec 86 pp 1, 2

[Article by Tran Bach Dang: "After the Party Congress"]

[Text] The Sixth Party Congress has just concluded. It was a congress that was carried out in a spirit of completing the renovation of tasks that had been in preparation for many years. Now our in country and abroad everyone knows how the congress did its work, its resolutions introducing its political viewpoints, its goals for economic- social development and party building during the coming period, and the roster of Party Central Committee members approved by the Congress. All those things confirmed determination to accelerate, strongly and solidly, the process of progressing toward socialism. They also reflected the input into the congress by the party, the popular masses, and even Vietnamese living abroad. A large number of older cadres, whose lives were intertwined with the party while it was still in its incipient form, have, because of their advanced age and ill health, voluntarily relinquished their responsibilities. Such behavior has profoundly impressed the people and the party. Their contributions have been truly boundless. During the difficult times of the nation in the recent past, we would have been perplexed without the incisive, creative thought and firm principles enunciated Comrade Truong Chinh. Along with the thought of Uncle Ho, Comrade Le Duan, and the other leadership cadres, the opinions of Comrade Truong Chinh, a modest, loyal leader, a good pupil, and a disciple of Uncle Ho will continue to serve as the foundation of our party's viewpoints, lines, and theory. The fact that the leadership cadres have desired to step down from important positions while they were still in office, especially Comrade Truong Chinh, is shattering the "later stage of life" prejudice that often arises toward some leaders of some parties. In the later stages of their lives those comrades, who were making increasingly greater contributions, ended their leadership careers without ever retiring, a noble contribution although everyone regrets it.

Without resorting to cliches that have existed in our language for along time, such as reports on "brilliant successes," no matter what the actual results were, we are proud to stress that the Sixth Party Congress was successful. It was successful in the most fundamental ways: it affirmed the past lessons, set forth a new direction advance, and elected a collective leadership that is both successive in nature and is very promising. From the point of view of



general principles--the core of which is the guiding principles for the first phase of the period of transition to socialism, the economic-social goals and measures for coming years, and consciousness of the requirement of building a leading party, a ruling party. The resolution of the congress had a scientific nature, looked directly at objective reality, no matter how cruel, affirmed what was correct, negated what was incorrect, and personified the word, "renovation," a demand of life to which the party responds.

Of course, that unanimity that was attained easily: the many objective challenges of the economy and society created many different ways of looking at things, which resulted in different views toward dealing with them. Finally, the Congress was victorious in that the delegates found a common voice by common thought, not pro forma but based on actuality. That is a new, solid, and lively basis of solidarity.

While the Congress was busy at work, society was working urgently and waiting for the green light. This time there was an important difference, which was manifested on the specific battlefields, without fanfare. Practically none of the media boasted along the lines of "celebrating the Congress," of one place achieving accomplishments or places fulfilling plans. It is true that will have a strong and wide effect, but it was carried out under the slogan of "renovation," and explaining the true nature of the nation's major, life-or-death problems, so the exhortation method of the past was outmoded. The Tri An project did not because it celebrated the Party, neglect the technical requirements, and damning the Dong Nai River after the Congress will not mean that the workers there are not enthused because of the Congress. Because they are responsible to the congress and are imbued with the spirit of the Congress, the project has closely observed the technical parameters and has accelerated the construction rate, but not under the conditions of "drawing attention." The fifth session of the Party Central Committee provided correct guidance regarding the correct way to respond to the Congress--sincerely and truthfully.

Even with regard to the smallest matters, the Congress was determined to abandon the old way--"flags, lanterns, trumpets, and drums"--which would not improve its quality. The very atmosphere at the opening of the Congress--simplicity and concentration of contents--was like a declaration of profound, thorough renovation.

At that great thought spread, some places and people still clung to the habitual style. That is another matter. The Congress continued to move in the direction it had delineated.

The Congress concluded at a time when the nation's economic-social situation was unstable, prices were increasing greatly, the lives of all strata of workers were experiencing difficulties, and Tet was approaching. That was a challenge left behind by the past, but we must cope with it in the spirit of the Congress--as specifically and truthfully as possible--to truly gain mastership of the market and meet the essential needs of the market, to the extent allowed by the capabilities of the party and the effectiveness of the apparatus. The challenges left behind by the past, which still exist and demand resolution like many other challenges, now lie within the sphere of

responsibility of the new leadership organ. It will be impossible to suddenly completely change the nation within a short period of time, such as between now and Tet, but clearly there are goals which must be attained.

The conclusion of the Congress does not mean the end. With the conclusion of the Sixth Party Congress, preparation are being made for the Seventh Party Congress. Intellectual workers all over the nation were mobilized to the maximum so that the Sixth Party Congress could draft correct resolutions. The nation's intellectual workers will be mobilized to an even higher degree to transform those resolutions into reality. Thus there is no "15 minute break" which divides a soccer match into two halves. It was extremely difficult to arrive at a correct resolution, so there will be no shortage of difficulties when defending it and bringing it to life.

It is necessary to struggle strongly against the "since the Congress is over, everything is all right" attitude. It is necessary to struggle even more strongly against the attitude of "it will be 4 more years until the next congress, so just before the Seventh Party Congress we will go all-out!" The revolution cannot advance with those dangerous opportunistic thoughts. Self-criticism and criticism absolutely must not be "seasonal." After the Congress, quality must be higher in all regards than before it. That is a yardstick for measuring the true or false consciousness of all party members, party committees, an sectors. No "fact" strikes as hard at the confidence of the people as a frivolous attitude toward something everyone regards as sacred, which only gives rise to an atmosphere of "the entire nation is the collective author of the party's decisions" at one time or another, arising from pressure that we cannot or dare not stop, but which, once we think that "the crisis has passed" it again becomes prevalent.

On the afternoon of Sunday, 14 December, at the Port of Saigon-Kairat soccer match at the Thong Nhat stadium there were revealed some "post-congress" events in the bad sense. Here we are referring to the municipal party congress, not the national party congress, which had not yet begun. When the spectators who were to sit in Section A1 arrived at the stadium they had tickets with the seat numbers printed on them. The tickets stated that the match would begin at 3 pm, but the gates were closed at 10 minutes to 3. Hundreds of ticket holders could not enter the stadium. A policeman used a walkie-talkie to request the management board of the Thong Nhat stadium to open the gates, but they opened only once, to allow in a diplomatic vehicle. another diplomatic vehicle arrived and then the gates were closed "for good." Prior to the Party Congress public opinion criticized that hard-to-understand incident. The managing organ "strictly criticized itself and promised that it would not happen again." After the municipal congress, the situation returned to the way it had been. The spectators said that they purchase tickets with seat numbers clearly printed on them, so why are other people allowed to take those seats. They also asked whether or not they had the right to request a refund. No one answered, probably because the responsible people were busy watching the exciting action in the stadium, and it is also probable that the number of tickets sold exceeded the number of seats.

Not long after the municipal party concluded, and before the opening of the national party congress, such was the situation.

The Thong Nhat soccer stadium is only a "side issue." There are to many such "side issues." Our main worry is that in some places there have begun to arise instances of improper treatment of people who "speak the truth and speak frankly" at the party congresses at all levels, or who contribute opinions in newspapers or public forums about a certain person or another, who "sincerely accept criticism" or by one means or another retain their positions. If party and state discipline is not used to stop and punish the, as soon as the door is opened for democracy a crude hand will close it, which will affect the prestige of the party and seriously violate party principles, morality, and laws.

The party congresses at all levels and the Sixth Party Congress stressed that protecting and developing internal democracy and social democracy is the "key to all renovations," and is an inviolable right, because it is the life of the party and the regime.

Only after the Congress will everything begin. In other words, the Congress will only truly begin when the party resolution is brought to life. The victory everyone is searching for is still in the future. There are many difficulties which must be overcome in all spheres.

Prior to the Congress, the party appealed for party members and the people to contribute opinions. After the Congress, the party continues to appeal to party members and the people to contribute opinions even more energetically, to "speak the truth, speak frankly, and tell the truth" about more matters. Now the topic is "How to victoriously implement the resolution of the Sixth Party Congress."

That is the most faithful manifestation of the party's great principle of "Making the people the root."

After the Congress, there are many things which cannot be put into good order right away, but there are some aspects which must be better than before the Congress. The people are exercising supervision. They grew greatly in the course of the Party Congress and have been equipped with regard to both knowledge and sentiment toward the party. That supervision, therefore, is very strict.

5616

CSO: 4209/258

## NEW READERS' FORUM COLUMN ANNOUNCED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 25 Dec 86 p 1

["Speak Frankly, Speak the Truth Forum" column]

[Text] The Sixth Party Congress has concluded. The newspaper's "Contributing Opinions to the Party Congress" column has fulfilled its mission and there is no longer a requirement for it.

Our country's revolution is entering a new period--the post-Sixth Party Congress period--which is characterized by the correct viewpoints of own party, outstanding among which are the viewpoints "make the people the root," "the revolution is an undertaking of the masses," "the masses are the creators of history," etc. The editorial board of SAIGON GIAI PHONG has adopted the policy of continuing on a permanent basis, and improving the quality of, the readers' forum, with a new name, the "Speak Frankly, Speak the Truth Forum."

The "Speak Frankly, Speak the Truth" forum will enable readers near and far to express opinions to the party on all matters related to the enterprise of building socialism and defending the Fatherland all over the nation, first of all in Ho Chi Minh City.

As was the case with regard to the recent "Contributing Opinions to the Party" forum, the topics to be covered by the "Speak Frankly, Speak the Truth" forum will be very broad, varied, and rich, as is life itself and the rich, creative intelligence and spirit of resolute revolutionary combat of the working people. The "Speak Frankly, Speak the Truth" forum will allow our readers, compatriots, and comrades to fulfill their sense of responsibility, express their clear-cut sentiment and attitude in supporting what is right and the new things that are arising, and to severely criticize all negative phenomena that are contrary to the nature of our party and regime and are impeding and holding back the progress of our people. Those are the basic, permanent requirements and direction of the "Speak Frankly, Speak the Truth" forum.

The old year is about to end with a political event of historic importance, the Sixth Party Congress, the political report and resolution of which are very profound recapitulations of theory and practice and will illuminate the way for our country's revolution between now and the end of this century. Those documents, along with the resolution of the fourth municipal party congress,

pose for us a large number of matters which we must think about, understand, and act upon. The "Speak Frankly, Speak the Truth" forum hopes to receive many letters from readers, compatriots, and comrades which reflect their concerns and thoughts about responsibility, and recommend to the party good measures to make resolutions part of life. When those resolutions become revolutionary acts, we hope to receive many opinions affirming their correctness by lively actualities in the course of life. At the same time, we hope to receive opinions about supplementing and perfecting them, as well as recommendations toward changing things that are inappropriate to the specific stands and policies of the party and state.

"Speak Frankly, Speak the Truth" is tied in with renovating thought and manifests a scientific, and revolutionary nature toward all aspects of life.

Speaking frankly and speaking the truth in the constructive spirit of people who are the masters of society is a confidential voice which contributes to the party in order to respond in a practical manner to the slogan "the people know, the people discuss, the people do, and the people supervise," which was noted in the resolution of the Sixth Party Congress.

During the past 8 months, in order to contribute to preparing for the Sixth Party Congress, the readers, compatriots, and comrades have enthusiastically participated in enabling the "Contributing Opinions to the Party Congress" column achieve good results. We sincerely hope that readers, compatriots, and comrades will continue to reserve for this new forum, greater, longer, and more persistent enthusiasm and sense of responsibility.

Because the scope of a newspaper is limited, and in order to implement the policy of keeping down the length of letters, to be appropriate to the aspirations of a majority of the readers and the nature of a daily newspaper, we recommend that readers write to the "Speak Frankly, Speak the Truth" Forum letters which are interesting in content and are not too long, to facilitate their arrangement on a newspaper page (each letter should be about 1,000 words long).

The "Speak Frankly, Speak the Truth" Forum will appear on the first page every day, beginning with the first issue of 1987.

Letters sent to the newspaper should be addressed "To the Speak Frankly, Speak the Truth Forum." No stamp is required.

5616

CSO: 4209/258

## ANNUAL STATISTICS FOR MUNICIPAL INDUSTRY, HANDICRAFTS REPORTED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 11 Dec 86 p 1

[Article by V.H.L.: "Municipal Industry and Small Industry and Handicrafts Sector: Value of Gross Production Reaches 29.96 Billion Dong in 11 Months; Output of Many Essential goods Is Less Than Last Year"]

[Text] According to data of the Municipal Statistical Branch, in November, the entire industrial and small industry and handicrafts sector increased produced by 6.9 percent over the previous month. Because of this, the gross value of production reached 29.96 billion dong (1982 fixed value) for the first 11 months of 1986. Thus, it is possible that the sector's value of gross production for the entire year will reach 34.34 billion dong, an increase of more than 4.2 percent over the previous year.

This is the initial result of the urgent measures that the municipality implemented in order to overcome the difficulties in production and circulation and distribution during the past period. Eleven of the 17 sectors and many products, such as electric wire, radios, televisions, ready-made clothing, and cement, showed an increase as compared with the previous year. However, many sectors with a large value of production, such as the chemical, fertilizer, rubber, food, and leather and imitation leather sectors and many important products, such as sulfuric acid, bicycle tires and tubes, dry-cell batteries, beet sugar, tobacco, canned milk, paint, household aluminum utensils, and sewing machines, showed a decrease as compared with the previous year. Many units, such as the Son Bach Tuyet, My Pham, Forest Product Exploitation 4, Automobile-Bicycle, and Household Implements units, had a serious shortage of materials and as a consequence there were work slow-downs. The prices of materials, including prices in the state sector, fluctuated constantly, and this created difficulties for production. There was a serious shortage of capital, which resulted in the mutual use of capital and the circular bartering and marketing of materials and products. This caused the state to suffer losses and affected budget receipts and financial management. These are the problems that the entire sector is trying to solve for production at the end of the year and in 1987.

11943

CSO: 4209/256

## INFORMATION ON VIETNAMESE PERSONALITIES

[The following information on Vietnamese personalities has been extracted from Vietnamese-language sources published in Hanoi, unless otherwise indicated. Asterisked job title indicates that this is the first known press reference to this individual functioning in this capacity.]

Vũ Xuân Ấng [VUX XUAAN ANG]

Assistant to the minister of foreign affairs; on 21 December 1986 he was with the group of officials that welcomed the Soviet delegation in Hanoi. (HANOI MOI 23 Dec 86 p 1)

Phan Anh [PHAN ANH]

Vice Chairman of the National Assembly; on 29 December 1986 he chaired a meeting at the National Assembly. (HANOI MOI 30 Dec 86 p 1)

Nguyễn Xuân Bá [NGUYEENX XUAAN BAS] \*Colonel

He was quoted in an article profiling young members of his unit. (NHAN DAN 11 Dec 86 p 3)

Nguyễn Thọ Chân [NGUYEENX THOJ CHAAN]

Head of the Central Committee Emulation Department; on 29 December 1986 he attended a meeting held by the Industry Service and Trade Unions. (HANOI MOI 31 Dec 86 p 1)

Võ Thanh Công [VOX THANH COONG]

Member of the CPV Committee, Ho Chi Minh City; head of the Industry Department of the CPV Committee, Ho Chi Minh City; his article about the national thrift policy appeared in the cited source. (NHAN DAN 8 Jan 87 p 3)

Nguyễn Cự [NGUYEENX CUJ], Major General, aka Nguyễn Tử Gương [NGUYEENX TUW CUWOWNGF]

\*Commander of the Special Operations Branch; his name and picture appeared in an article about his group in the cited source. (NHAN DAN 22 Dec 86 pp 3, 4)

Giáp Văn Cường [GIAPS VAWN CUWOWNG] Vice Admiral

He wrote an article on combat operation in defense of coastal areas and offshore islands in the cited source. (TAP CHI QUAN DOI NHAN DAN Nov 86 p 38)

Đỗ Mạnh Đạo [DOOX MANHJ DAOJ] Major General

Deputy Commander, Political, 3d Military Region; he was mentioned in an article on the 3d MR's achievements. (VAN NGHE QUAN DOI Sep 86 p 7)

Lê Hải [LEE HAIR]

Chairman of the Fatherland Front Committee, Ha Nam Ninh Province; on 17 November 1986 he attended the 56th anniversary of the Vietnam National Unification Front. (Nam Dinh HA NAM NINH 21 Nov 86 p 1)

Trần Hanh [TRAANF HANH] Major General

Air Force Commander; he authored an article on Air Force tasks in light of the 6th Party Congress in the cited source. (QUAN DOI NHAN DAN 9 Dec 86 p 2)

Phan Tiên Hình [PHAN TIEENS HINH]

Deputy Director of the Water Conservancy Planning and Management Institute, Ministry of Water Conservancy; his article on the use and protection of water sources appeared in the cited source. (TAP CHI HOAT DONG KHOA HOC Nov 86 p 29)

Lê Át Hội [LEE AATS HOWIJ]

Standing member of the CPV Committee, Hanoi Municipality; vice chairman of the People's Committee, Hanoi; on 29 December 1986 he attended a meeting held by the Industry Service and the Trade Unions. (HANOI MOI 31 Dec 86 p 1)

Cao Xuân Hương [CAO XUAAN HUWOWNGR]

\*Deputy Editor of the architecture journal KIEN TRUC; his name appeared on the masthead in the cited source. (KIEN TRUC No 2, 1986 p 63)

Đoàn Văn Khoan [DOANF VAWN KHOAN] \*Colonel

He was mentioned in an article on training activities in the 7th MR. (QUAN DOI NHAN DAN 10 Dec 86 p 1)

Nguyễn Mạnh Kiêm [NGUYEENX MANHJ KIEEMR]

Vice Minister of Building; his article on scientific and technical progress in civil engineering appeared in the cited source. (TAP CHI HOAT DONG KHOA HOC Nov 86 p 9)

Vũ Lập [VUX LAAPJ], \*Colonel General

Commander of the 2d Military Region; he was interviewed by DAI DOAN KET newspaper recently. (Hanoi DAI DOAN KET 17 Dec 86 p 6)



Nguyễn Trức Luyên [NGUYEENX TRUWCJ LUYEENJ]

\*Editor in chief of the architecture journal KIEN TRUC, Secretary General of the Vietnam Architects Association; he wrote an article on modern architecture in the cited source. (KIEN TRUC No 2, 1986 p 1)

Nguyễn Hữu Mai [NGUYEENX HUWUX MAI], aka Nguyễn Tú [NGUYEENX TUWF], deceased

Born in 1914 at Dien Sanh hamlet, Hai Tho village (Trieu Hai, Binh Tri Thien), alternate member of the CPV Central Committee, 3d term, full member of the CPV Central Committee, 4th term, former director of the Industry Department of the CPV Central Committee; former minister of heavy industry; former minister, deputy chairman of the State Planning Committee; former SRV Ambassador to the USSR; he died on 2 January 1987 at the Viet-Soviet Friendship Hospital of old age and illness. (NHAN DAN 2 Jan 87 p 1)

Nguyễn Văn My [NGUYEENX VAWN MY]

Chairman of the Planning Committee, Ha Nam Ninh Province; his article about planning appeared in the cited source. (Nam Dinh HA NAM NINH 25 Nov 86 p 2)

Nguyễn Văn Nhâm [NGUYEENX VAWN NHAAM] \*Colonel

He was mentioned in an article on the Hoa Binh hydroelectric plant. (NHAN DAN 22 Dec 86 p 3)

Hoàng Niêm [HOANGF NIEEMJ] Major General

Commander of the Signal and Liaison Branch; his article on strengthening signal and liaison forces appeared in the cited source. (QUAN DOI NHAN DAN 4 Dec 86 p 3)

Tráng A Páo [TRANGS A PAOS], Hmong Tribe

\*Member of the CPV Central Committee; \*Secretary of the CPV Committee, Bao Thang District, Hoang Lien Son Province; recently he was interviewed by DAI DOAN KET newspaper. (Hanoi DAI DOAN KET 1 Jan 87 p 5)

Lê Thị Phú [LEE THIJ PHUS]

\*Standing Member of the CPV Committee, Ben Tre Province; chairman of the Fatherland Front, Ben Tre Province; recently she was interviewed by DAI DOAN KET newspaper. (DAI DOAN KET 1 Jan 87 p 5)

Nguyễn Văn Sáng [NGUYEENX VAWN SANGS] MS

\*Director of the Water Conservancy Planning and Management Institute, Ministry of Water Conservancy; his article on the use and protection of water sources appeared in the cited source. (TAP CHI HOAT DONG KHOA HOC Nov 86 p 29)

~  
HỒ Xuân Sơn [HOOF XUAAN SOWN], M.A.

\*Member of the Standing Committee of Ha Nam Minh Province CPV Committee.  
\*Secretary of the CPV Committee of Y Yen District, Ha Nam Ninh Province;  
recently he was interviewed by DAI DOAN KET newspaper. (Hanoi DAI DOAN KET  
1 Jan 87 p 5)

~  
Nguyễn Quang Tao [NGUYEENX QUANG TAOJ]

\*Deputy Director of the Foreign Relations Department of the CPV Central  
Committee; on 17 December 1986 he accompanied a group of international  
delegations to visit the Ho Chi Minh mausoleum. (NHAN DAN 18 Dec 86 p 1)

~  
Trần Ngọc Thái [TRAANF NGOCJ THAIS], Colonel, deceased

Member of the CPV, former Political Director of a Naval Group; Political  
Officer of X.50, Technical Department, Navy; born in 1927 in Binh An Village,  
Thang Binh District, Quang Nam-Da Nang, he was in retirement at the time of  
his death on 16 December 1986 at the 17th Military Hospital. (QUAN DOI  
NHAN DAN 1 Jan 87 p 4)

~  
Nguyễn Đình Thành [NGUYEENX DINHF THANH]

Deputy Director of the Municipal Public Security Forces, Hanoi Municipality;  
Chief of the Public Security Forces, Ba Dinh District, Hanoi Municipality;  
his name was mentioned in an article about the Ba Dinh Security Forces.  
(NHAN DAN 5 Jan 87 p 3)

~  
Nguyễn Văn Thân [NGUYEENX VAWN THAAN]

\*Chairman of the Scientific Management Department, Ministry of Higher and  
Vocational Education; his article on science and technology at the university  
level appeared in the cited source. (TAP CHI HOAT DONG KHOA HOC Nov 86 p 12)

~  
Nguyễn Hùng Thắng [NGUYEENX HUNGF THAWNGS], Colonel

Deputy Commander of the Ho Chi Minh City Municipal Armed Forces Command;  
recently he was interviewed by SAIGON GIAI PHONG newspaper about the activities  
of his group. (Ho Chi Minh City SAIGON GIAI PHONG 22 Dec 86 p 2)

~  
Hà Trí Thức [HAF TRIS THUWCS]

Member of the Executive Committee of the CPV Committee, Ha Nam Ninh Province;  
\*Chairman of the Control Committee, Ha Nam Ninh Province; on 10, 11 November  
1986 he attended a meeting of the Executive Committee of his province.  
(Nam Dinh HA NAM NINH 18 Nov 86 p 1)

Đoàn Trọng [DOANF TRONGJ]

\*Head of the Cooperative Transformation and Management Department, Ministry of Agriculture; his article about production appeared in the cited source. (NONG NGHIEP 25 Dec 86 p 4)

Thuan Ung [THUAANJ UWNG] \*Colonel

\*Deputy Commander, Political, 3d Military Region; he was interviewed about the 3d MR's achievements for the cited source. (VAN NGHE QUAN DOI Sep 86 p 4)

Luu Ba Xao [LUWU BAS XAOR] Major General

Commander of the Army Officers School; he was mentioned in an article on officers training. (QUAN DOI NHAN DAN 8 Dec 86 p 2)

Truong Xuan [TRUWOWNGF XUAAN] \*Major General

He was mentioned in the article "Return to the Delta" in the cited source. (VAN NGHE QUAN DOI Sep 86 p 3)

Nguyen Trong Yem [NGUYEENX TRONGJ YEEM]

Acting Director of the Earth Sciences Institute, Vietnam Institutes of Science; his article on "modern fissure" appeared in the cited source. (TAP CHI HOAT DONG KHOA HOC Nov 86 p 35)

/8309

CSO: 4209/286

END