

224048

JPRS-SEA-88-029
11 JULY 1988



**FOREIGN
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JPRS Report

East Asia

Southeast Asia

DEPARTMENT OF COMMERCE
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19980626 098

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National Technical Information Service
SPRINGFIELD, VA. 22161

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East Asia Southeast Asia

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CONTENTS

11 JULY 1988

AUSTRALIA

- 'Landmark' Human Contacts Agreement Worked Out Between Moscow, Canberra
[Helen O'Neil; THE SYDNEY MORNING HERALD, 5 May 88] 1
- Defense Minister Plays Down Need for Nuclear Submarines
[Pilita Clark; THE SYDNEY MORNING HERALD, 16 May 88] 1

BURMA

- Insurgents Return to Tatmadaw Camps 3
- Editorial on Revenues, Tax Collection 3

INDONESIA

- Minister Discloses Readiness To Utilize GSP 4
- Preparations for Further Trade Deregulation Reported 4
- Foreigners Said Skeptical About Jakarta Capital Market 4
- Government Plans New Policies To Stimulate Nonoil Exports 5
- Nonoil Export Earnings Exceed Oil Exports 6
- Finance Minister Stresses Need for Increase in Domestic Revenues 6
- Australian Views Country's 'Future Without Soeharto'
[Peter Hastings; THE SYDNEY MORNING HERALD, 17 May 88] 7
- Javanese Political Processes, Possible Threats to Australia Discussed
[Peter Hastings; THE SYDNEY MORNING HERALD, 13 May 88] 9
- Biographic Data on New Appointees 10
 - Brig Gen (Ret.) Sunarso Djajusman, Ambassador to Malaysia 10
 - Singgih, SH, Deputy Attorney General for Specific Crimes 10
- Background of PDI Rift Described 11
- NU Chief on Nonpolitical Status, Reconciliation With PPP 12
- Rice Consumption, Production Figures Given at Meeting With President 13
- Minister Optimistic About Exceeding 1988 Rice Production Target 14
- Investors Move to Capital Markets 15
- Bankers View Implementation of Banking Deregulation 15
- Business Leader Calls for Deregulation Acts Implementation Instructions 16
- Pay Raise for Estate Workers Announced 16
- Farm Income Reported Up 8 to 10 Percent 17
- Military Commander Contends Campus Demonstrations Not Political 17
- Riau Official Faults Transmigration Program 18
- Minister Explains Policy of Sending Muslim Scholars to West 19
- Scholars View GOLKAR's Attraction to Muslim Intellectuals 19
- PMKRI Press Release Stresses Sociocultural Nature 20

KAMPUCHEA

PEOPLE'S REPUBLIC OF KAMPUCHEA

- Integration of Refugee Returnees Discussed
[Mary Kay Magistad; Bangkok THE NATION, 18 Apr 88] 21

MALAYSIA

State Minister Declares Vigilance in Fight Against Communists	23
New UMNO To Hold Vice Presidential Elections at Next Congress	23
Deputy Prime Minister Assists Establishment of UMNO Branches	24
Ghafar: Barisan Nasional Will Continue To Rule	24
UMNO Constitution Amendment Approved	25
S. Samy Vellu Reprimands MIC Leaders	25
Navy Defends Purchase of WASP Helicopters	26
Malaysian Navy To Get Submarine Force	26

PHILIPPINES

Aborigines Reported Linking With Tribal Filipinos Against U.S., Bases [John Stapleton; THE SYDNEY MORNING HERALD, 16 May 88]	29
Australian Columnist Cites Aid Official on 'Dealing' With NPA [B.A. Santamaria; Sydney THE AUSTRALIAN, 19 Apr 88]	29
Military Officers Discuss Propaganda 'Cold War' Against NPA in Bicol	30
AFP Statistician Finds Ratio With NPA Narrows	31
ASEAN Business Leader Plays Down Official Growth Forecast, Fears 'Crisis'	31

THAILAND

King's Instructions to Chawalit on Lao Border Issue, Others	33
Chawalit Belittles Domino Theory, Comments on Politics	33
Government To Refinance Debts for State Enterprises	36
External Debt Committee Sets 14th Yen Loan	38
Economic Intelligence Unit Proposed	38

VIETNAM

POLITICAL

Issues Raised at 5th Youth Union Congress	40
Discussion on Merits of Socialism	42
January 1988 THANH NIEN Table of Contents	45
Chronology From 15 January-14 February 88	45

MILITARY

General Officer Discusses Quality in MR 5 Militia Building	46
Lang Son Military Balances Defense, Economic Work	48

ECONOMIC

Sweden's Aid Agency Making Contingency Plan for 1990 Pullout [Kaa Eneberg; Stockholm DAGENS NYHETER, 23 Apr 88]	50
Finance Minister Interviewed on Inflation	51
Improving Foreign Trade in Communications-Transportation Sector	52

SOCIAL

Suggestions for Improving Labor Exports	55
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'Landmark' Human Contacts Agreement Worked Out Between Moscow, Canberra

42000380b Sydney THE SYDNEY MORNING
HERALD in English 5 May 88 p 1

[Article by Helen O'Neil: "Australian-Soviet Pact To Aid Refuseniks"]

[Text] Canberra: The Soviet Union has agreed to give Australian Jewish groups access to Jewish "refuseniks", in a landmark new agreement between the two countries.

The Human Contacts Agreement, which is expected to be signed in June by a Soviet Minister visiting Australia, contains provisions which allow access to religious groups in the Soviet Union for their Australian counterparts.

The agreement will also allow freer contacts between Australian and Soviet Christian groups.

For the first time, Australians travelling to the Soviet Union to see their religious counterparts will be allowed to import Bibles.

The president of the Zionist Federation of Australia, Mr Mark Leibler, confirmed that the agreement would cover Soviet Jews refused permission to emigrate, known as refuseniks.

Mr Leibler's organisation was consulted by the Australian Government on some parts of the text of the agreement. He refused to discuss its provisions in detail, but said the pact "had some very positive potential...particularly for Jewish refuseniks".

The agreement contains provisions which will improve family reunion arrangements between Australia and the Soviet Union, as well as reciprocal visits by private or non-governmental organisations.

It promises easier access for Australian journalists to the Soviet Union, including greater freedom to take documents into and out of the country.

Officially, the agreement is still at draft stage, and several senior ministers have yet to approve it. Soviet ministers are also considering the impact of the agreement before formal assent.

The Soviet-Australian agreement will be the first bilateral pact between Moscow and a Western country covering the sensitive issues of relations between individuals and private organisations.

It was negotiated in secrecy during and after the visit of the Prime Minister to the USSR last November.

/12223

Defense Minister Plays Down Need for Nuclear Submarines

42000380a Sydney THE SYDNEY MORNING
HERALD in English 16 May 88 p 5

[Article by Pilita Clark]

[Text] Canberra: The Minister for Defence, Mr Beazley, played down yesterday suggestions by the Chief of the Defence Force, General Peter Gration, that nuclear-powered submarines should be considered for the Royal Australian Navy.

General Gration told a seminar of the Royal United Services' Institute of Australia that this country should seriously consider nuclear propulsion in the next generation of submarines.

He said that in maritime operations, the submarine could become increasingly important as the predominant means of interdiction, sea control and covert surveillance, although he emphasised that he was talking about introducing such propulsion from about 2015.

His comments brought condemnation from the Nuclear Disarmament Party's chairman, Dr Michael Denborough, and strong support from the Opposition defence spokesman, Mr Peter White, who said failure to consider nuclear propulsion was "irresponsible and stupid".

A spokesman for Mr Beazley said it was expected that the current generation of submarines would not need to be replaced for at least another 30 years and the sort of propulsion which might be appropriate in 30 years' time depended on factors which could not yet be assessed.

He said the RAN decided to buy conventionally-powered submarines to replace the veteran Oberon-class submarines now in service because the Navy assessed this type of propulsion as the most suitable.

Mr White said the Opposition agreed entirely with General Gration's suggestion and called for a start to be made immediately on a study to establish costs, effectiveness and the land infrastructure required to support nuclear-powered vessels.

"Not to consider such an effective option for the future is plainly irresponsible and stupid," he said. "On this matter the left wing of the ALP has clearly won the day, leaving the Minister for Defence isolated from his own service advisers.

"The Labor Government has thus abandoned an option which could provide the most effective deterrent to war in the years to come."

Mr Denborough said he was appalled at General Gration's suggestion that Australia should consider buying nuclear-powered submarines.

JPRS-SEA-88-029
11 July 1988

2

AUSTRALIA

"At a time when, through the pressure of world opinion, the superpowers are just beginning to take faltering steps towards nuclear disarmament, General Gration seems to hold the outmoded concepts about nuclear issues which prevailed at the time of Hiroshima, and which are still pursued by unstable, aggressive nations like Israel and South Africa," he said.

When the Oberon replacements were being considered, there was some discussion of buying nuclear-powered vessels, but the option was ruled out on a number of cost, operational and support considerations.

One problem was the lack of a nuclear support infrastructure in Australia which would have meant that overhauls and even some relatively minor work would have had to have been done in Europe or the United States.

Another was that the large amount of hot water issuing from submarines because of their reactors makes them easier to detect in shallow waters such as those surrounding Australia.

/12223

Insurgents Return to Tatmadaw Camps

42000372b Rangoon *THE WORKING PEOPLE'S DAILY* in English 11 May 88 p 8

[Text] Rangoon, 10 May—Realizing their misdeeds, more insurgents from various groups surrendered to various Tatmadaw camps together with assorted arms and ammunition, and in the Northern Command area between 14 and 29 April, 1988, private Shikanoe of No 254 battalion of KIA insurgent group surrendered to Bhamo camp; privates Soe Aung (a) Chit Win and Myint Naing (a) Chit Htwe of No 102 military region of the BCP to the Hoping camp.

In the Eastern Command area, privates Ai Tang and Ai Tun of No 815 military region of BCP surrendered to Mongyu camp bringing in one M 21 automatic rifle; private Yada of No 2 company of No 7 battalion of SUA insurgent group to Mongpang camp; privates Soe Naing (a) Myat Naing Oo, Wunna (a) Hla Win, Inntah, Wahlein and Panta of No 47 battalion to the Narlaw camp bringing in five M 16 automatic rifles; private Awmang of Htiri township unit of Pa-O insurgent group (white) to Pinlaung camp; section commander Aung Gyi of Kyauktalone unit to Shwenyaung camp bringing in one M 16 automatic rifle; and private Saw Samlarbmu of No 1 column of Karenni insurgent group to Mawchi camp.

In the North-East Command area, private Ai Lun of No 5 company of No 12 battalion of the Palaung insurgent group surrendered to Mongwi camp; private Po Aung of No 2 battalion of KIA insurgent group to Gyone Gyone Gyet camp bringing in one M 21 automatic rifle; private Ainda of No 1016 battalion of SSA insurgent group to Saikhpe camp bringing in one carbine; private Sai Kyaw Tun (a) Sai Nwe Hkam of No 202 battalion of SURA insurgent group to Mongpung camp.

In the Central Command area, private Thein Aye of KNU insurgent group central headquarters surrendered to Kyaukkyi camp.

In the South-East Command area, private Tuhpaw of Papun township unit of KNU insurgent group surrendered to Kyaikto camp; privates Thet Tun and Nyunt Maung of central headquarters to Papun camp; private San Yi of Pa-an district unit to Kamni camp; private Kyaw Soe and Chit Lone of No 2 defense battalion to Natkyi camp bringing in one AK (47) automatic rifle; and privates Yohpi, Tun Shein and Nyan Win of No 1 company of No 10 battalion to Tavoy camp bringing in one .32 revolver, one M 16 automatic rifle and one AK (47) automatic rifle.

/9274

Editorial on Revenues, Tax Collection

42000372a Rangoon *THE WORKING PEOPLE'S DAILY* in English 11 May 88 p 4

[Editorial: "Out of One's Own Consciousness"]

[Text] The State receives incomes through the State economic organizations and through revenues collected from the public and co-operative sectors. The State also receives aids and loans. The long-term, short-term and annual plans are drafted and implemented on the basis of such incomes. Moreover, public expenditures are allocated only after thorough calculation of such incomes.

In reporting back to the voters' representatives last month on the work done by the fifth and sixth sessions of the Fourth Pyithu Hluttaw, Pyithu Hluttaw member for Bahan Township Constituency 1 Party Vice-Chairman and President U San Yu said that at a time when the State-owned economic enterprises had reduced surplus and the internal currency faced lethargy in its solidarity, efforts should be made on the other hand to increase the receipts in tax and revenue sector.

The President said that such increase would help solidify the internal currency and that would in turn restrain the growth of the monetary volume to some extent. He called on all the organizations concerned to levy the due tax and revenues in accordance with the prescribed laws.

In spite of a decline in incomes, the State has been spending huge amounts of money on social sector which directly benefits the working people. It will be too optimistic to expect that tax and revenues paid by the people cover expenses required for the implementation of economic plans. But revenues of the people should be enough for expenditures on social sector and public management.

In collecting tax and revenues from the people, it is necessary to uncover the black money and tax evaders. In this connection, proper assessment should be made in order not to hurt the actual proprietors. Personnel of the Internal Revenue Department and authorities concerned are to organize the people to pay in their due revenues out of their own consciousness. In fact, it is the duty of each and everybody to pay in the due tax and revenues as prescribed by law.

/9274

Minister Discloses Readiness To Utilize GSP
42130130a Jakarta KOMPAS in Indonesian
3 May 88 p 1

[Excerpt] The government is prepared to utilize GSP (General Preference System) to increase nonoil exports. Use will be made of the GSP especially for Hongkong, Taiwan, Singapore and South Korea, whose GSP facilities are going to be revoked by the United States. The government has already prepared complete data on the GSP and is going to campaign for it. The ministers of EKUIN [Economy, Finance and Industry] will begin holding meetings with businessmen on the subject this week.

At a meeting with KOMPAS last week Minister of Industry Engr Hartarto revealed that the government had begun to study the possible use of GSP more than a year ago. Gathering data on GSP was not easy, and all the facts and suggestions about putting GSP into effect have only just been put together.

"The most important thing now is to take advantage of the opportunity presented when the United States revokes GSP for those four newly-industrialized countries (NIC) in 1989. Indonesia must be ready to replace them at that time and not let other developing countries take the momentum," said the minister, who was accompanied by Engr I. Sucipto Umar, head of public relations for the Department of Industry.

09846

Preparations for Further Trade Deregulation Reported
42130130e Jakarta SUARA KARYA in Indonesian
6 May 88 p 1

[Text] The government has been preparing further deregulation and debureaucratization measures in the areas of trade, investment and increased national production. "Obstacles in the way of trade, investment and increased national production must be eliminated," Radius Prawiro, coordinating minister of EKUIN [economy, finance and industry] and developmental oversight, told the press yesterday morning after inaugurating four level-I officials as assistant coordinating ministers of EKUIN.

Led by Radius, EKUIN ministers and heads of government agencies closely connected to EKUIN, met for several hours with a group of businessmen led by Sukamdani S. Gitosardjono, general chairman of the Indonesian KADIN [Chamber of Commerce and Industry]. The theme of this meeting, which was attended by 700 businessmen, was the export action program and the

utilization of GSP [General Preference System] facilities. It was also the first step in creating a more permanent system of coordination between the government and the business world. This meeting will be followed by technical meetings aimed at arriving at agreements on joint future steps.

Inventory

In response to reporters' questions Minister Radius said that EKUIN ministers are now compiling inventories in their respective areas in order to identify the problems involved in deregulating trade, investment and increased national production. Radius urged the business world to report within 2 weeks on present obstacles to trade, investment and increased national production by saying, "We need input in those areas very badly."

Various deregulation and debureaucratization policies have succeeded in increasing Indonesia's nonoil exports, and this in turn has increased employment opportunities. On the other hand, Radius said, some potential nonoil export products have reached their maximum installed production capacity.

The only way to overcome this problem is to increase national installed production capacity through expansion and new investment. The scope of new investments will be potentially-exportable nonoil products which will be competitive on the international market.

"Some investments should be made right away to take advantage of the export market potential, especially the GSP," said Radius. The developed countries, such as the United States, Japan, the European Common Market and Australia, make GSP facilities in the form of decreased or free import duties on commodities available to developing countries.

The GSP system provides many export market opportunities, and, Radius said, "This is a golden opportunity for Indonesia to increase its nonoil exports." The United States government, for example, has decided to end GSP facilities for Taiwan, South Korea, Hong Kong and Singapore as of 2 January 1989.

09846

Foreigners Said Skeptical About Jakarta Capital Market
42130135a Jakarta KOMPAS in Indonesian
13 May 88 p 2

[Excerpt] Foreigners are still skeptical about the Indonesian capital market because they have not yet seen any bona fide support or guarantor institutions for activities on the Indonesian stock market (BEI).

At a meeting with reporters at Danarekso Inc.'s headquarters on Merdeka Selatan Street on Tuesday [10 May 1988], Gunarto, technical director of the company,

admitted that some foreigners, for example the Asian Development Bank [ADB], are exploring the possibility of buying shares in Indonesian companies on the capital market.

The ADB has put up \$100 million to buy shares in companies in developing countries, including Indonesia. Other foreign organizations, such as Nomura, a Japanese financial institution, and several pension companies in the United States, are interested. "Interest in buying is rather high," said Gunarto.

"However, the problem is that they do not see any bona fide guarantor body capable of providing up-to-date information, especially about companies whose stock is for sale," said Gunarto.

Accompanied by Jannes Naibaho, head of the investment division of Danareksa, Inc., and others, Gunarto went on to mention other obstacles, such as, the regulation which puts an upper limit of 49 percent on the amount of stock which foreigners can have in any one company.

Gunarto said that the deregulation of the Jakarta capital market, as stated in the 1987 PAKDES [December Policy Package] is a real advance over the past. He recounted that before deregulation, and even up to the end of 1987, its transactions on the BEI were not growing or were static. This was partly caused by its approximately 50 percent control of the existing securities.

09846

Government Plans New Policies To Stimulate Nonoil Exports

*42130132c Jakarta KOMPAS in Indonesian
23 May 88 pp 1, 12*

[Text] Jakarta, KOMPAS—The government is planning several new policies to further stimulate nonoil exports. Among them is a system to make it easier for downstream industries to get from upstream industries the raw materials needed for exports. The new system is a banking mechanism for the use of local L/C's (letters of credit). Under this new method, it is hoped that upstream industries producing raw materials will be willing to sell them within the country since their profits will be the same as from exports.

Deputy Minister of Industry Engr Tungky Ariwibowo said this to reporters on Saturday [21 May] following a ceremony at the Department of Industry marking the end of the fasting month, which was attended also by Minister of Industry Engr Hartarto.

"Under the new system, it is hoped that prices received for exports of upstream industry products will not differ much from prices received for the same products sold domestically. Downstream industries will thus have no more problems getting raw materials and consequently

will be able to expand their exports," Ariwibowo said. He added that planning for the new system is being done by four deputy ministers: the deputy ministers of industry, agriculture, trade, and finance.

The raw material problem for downstream industries, or processing industries, arose after the recent surge in exports. The government does not now distinguish between incentives to exports of raw materials from upstream industries and incentives to manufactured products from downstream industries. As a result, problems have arisen for downstream industries in their efforts to continue to improve exports, because raw material producers prefer exporting rather than selling to domestic downstream industries. Industries in which this problem exists include those that process rubber, wood, rattan, and CPO [crude palm oil] (oil of the oil palm).

Payment System

According to Tungky, the reluctance of raw material producers to sell to domestic downstream industries is because of, among other things, a payment system that still affords no incentive. When they export, producers of raw materials for downstream industries receive payment immediately through the L/C system. When they sell to domestic downstream industries, however, payment may be delayed more than 3 months. The time it takes for them to receive money from the sale of their raw materials is a major factor, and, for that reason, efforts are being made to solve the problem.

The best way to resolve the issue is to seek faster payment for domestic sales. The way to do this will be through a system of local L/C's, which will enable upstream industries to receive payment immediately for sales of raw materials from the banks where purchasers opened L/C's. The banks will be the guarantors of expeditious payment.

"By speeding up payment for their sales, it is hoped upstream industries that produce raw materials will be willing to sell their products to downstream industries at the same prices," said Ariwibowo.

Besides the difficulties the downstream industries have in obtaining raw materials, they also find that prices are higher than for exported raw materials. The reason for the higher prices is that, because payment takes longer than for exports, raw material producers feel they will lose if they do not charge more. For their part, downstream industries producing goods for export have objections, since the higher prices will reduce their competitiveness with exports from other countries.

By using the local L/C system, it is hoped that the raw material problem can be resolved. The system will not reduce opportunities for upstream industries to sell their

raw materials. On the other hand, the downstream industries will be able to increase their exports to the maximum, since they will have no raw material problems.

Added Value

Ariwibowo said the government always tries to increase the value added to each type of export commodity. For that reason, the export of finished products, which is a government target, must always be encouraged. Nevertheless, because downstream industries are not yet numerous enough to process all raw materials from upstream industries, exports of raw materials have not been stopped altogether. The ultimate target, to be adopted gradually, is the export of finished products.

The improvement of added value means that the same quantity of raw material can earn more foreign exchange. Furthermore, the existence of domestic processing makes jobs for the Indonesian work force, which is expanding every year. The improvement of foreign exchange earnings and the provision of jobs are principal issues for Indonesian development now.

6942

Nonoil Export Earnings Exceed Oil Exports *42130130d Jakarta SUARA PEMBARUAN in Indonesian 5 May 88 p 1*

[Text] For the first time since 1973 [monthly] nonoil exports, which amounted to \$8,579.6 million, have exceeded oil exports, which were \$8,556 million. If nonoil exports for March 1988 are as high as those for February, total 1987-88 nonoil exports will reach \$9.3 billion, a 40 percent increase over the 1986-87 figures.

Minister of Information Harmoko made this statement after yesterday's cabinet meeting, which was limited to the ministers of the economy, finance and industry, at the Bina Graha [president's residence], Jakarta. The meeting, led by President Soeharto, was the first since the inauguration of the Fifth Development Cabinet on 23 March.

It was reported at the meeting that 12,418 billion rupiahs were in circulation in February 1988. The consumer price index rose 0.72 percent in April 1988 because the cost of food rose by 0.92 percent, the cost of housing rose by 0.62 percent, the cost of clothing rose by 0.53 percent and the cost of various other goods and services rose by 0.45 percent.

Inflation

Up to March of this past fiscal year inflation was 8.29 percent, compared to 8.83 percent for the same period in the previous year. Interim figures for the February balance of payments were \$1,518.7 million dollars in exports and \$1,076.4 million in imports, a surplus of

\$442.3 million. This is closely connected to efforts at increasing nonoil exports, which reached \$8,579.6 million compared to last year's \$6,528.4 million.

09846

Finance Minister Stresses Need for Increase in Domestic Revenues

42130112C Jakarta SUARA PEMBARUAN in Indonesian 13 Apr 88 p 11

[Text] Indonesia needs 1.2 trillion rupiah in foreign aid (for local costs) to implement development projects in the 1988/89 fiscal year. This is a larger amount than the figure for the 1987/88 fiscal year, which was only 700 billion rupiah.

Professor Dr J.B. Sumarlin, the minister of finance, told tax officials that, "It appears that aid donors still have confidence in Indonesia, for they realize that the project aid they provide cannot be utilized without the rupiah aid." The minister was addressing a meeting of executive officers of the Directorate General of Taxes in Jakarta on Tuesday evening.

Noting that rupiah aid is program aid provided to Indonesia by donor nations, he said the total amount of rupiah aid appears to be increasing sharply. We are now trying to reduce our dependence on program aid and in so doing Indonesia must strive to use its own rupiah funds instead of foreign aid, he said.

Reducing Dependence

Sumarlin said that the only way to reduce dependence on program aid is to increase domestic revenues. Some of the sources of domestic revenue are oil, nonoil products and taxes. Of all the sources of domestic revenue, only oil does not have a fixed price since the price is largely dependent on foreign parties. Nonoil products also face many barriers that have been created by the recession and the increasing application of protectionist policies.

He said that apparently the only definite way of increasing domestic revenue is to increase the revenue from taxes, and consequently the target for tax revenues in the current fiscal year has been raised from 7.3 trillion rupiah to 9.1 trillion rupiah. There is no alternative to taxes and this method must be tried, he said, noting that countries that depend on taxes for their revenue generally have a high degree of stability.

Sumarlin said that within a short time an effort will be made to accumulate funds from the public, in addition to trying to increase revenue from the tax sector. The insurance law, pension law and banking law will be utilized in carrying out this effort as there are large amounts of public funds that can be accumulated in these sectors. In the insurance sector, for example, only 20 percent has been accumulated and the other 80 percent is not yet being used, he said.

First Meeting

Drs Salamun A.T. said in his report that this is the first meeting of executive officers that has been held since he was appointed director general of taxes. The meeting will run from 12 through 15 April. "We feel that it is important to hold the meeting at this time to safeguard the 9.1 trillion rupiah tax revenue target of the 1988/89 fiscal year," he said.

He also said that the cost would be too great if meetings were held frequently and attended by all executives of the Directorate General of Taxes. "We really recognize that it is difficult to find funds," he said.

Eleven heads of zone offices, 69 heads of tax inspection offices and 39 heads of land and building tax offices are attending the meeting of executive officers of the Directorate General of Taxes.

5458

Australian Views Country's 'Future Without Soeharto'

42000386b Sydney THE SYDNEY MORNING HERALD in English 17 May 88 p 15

[Article by Peter Hastings: "The Future Without Soeharto..." First paragraph introduction by THE SYDNEY MORNING HERALD.]

[Text] Indonesia owes much to President Soeharto, who since 1966 has brought the country political stability, economic development and more effective administration. But Soeharto realises the time is coming for a change at the helm, Peter Hastings reports from Jakarta.

A political sea change is taking place in Indonesia as President Soeharto, 67, prepares to step down in 1993 when his five-year term expires.

His going raises two enormously unsettling questions for Indonesia and the region. What sort of republic will he leave behind? Who succeeds him? He won't be an easy act to follow about 25 years at the top.

The question of the succession now hangs over everything, creating uncertainties and tensions especially since his choice of the unpopular General Sudharmono to be Vice-President and his removal of the powerful General Benny Murdani as ABRI (Armed Forces) Commander and his promotion to the far less influential post of Defence Minister.

There is now a surprising degree of open criticism, even if politely expressed, that he has been in the job too long, that he runs the Government like a central Javanese sultan listening only to that which he wants to hear, that his family is too rich, and that he has too little sympathy with the aspirations of a younger, better-education Indonesian generation.

And yet Indonesia owes much to President Soeharto, who assumed power in 1966. After the turbulent, chaotic years of the Soekarno regime ended virtually overnight in 1965 with the attempted Communist coup, the murder of six generals, and near civil war in which several hundred thousand probably died, President Soeharto brought Indonesia desperately needed political stability, economic development and more effective administration.

While there are question marks about distribution of benefits of New Order economic policies, in Third World terms Indonesia's Government has been unique in broadly harnessing the nation's rich resources to improve the quality of life for a majority of its 172-million.

While the rich have certainly grown richer—some richer beyond belief—it is also true that despite great pockets of destitution the majority of the poor are less poor.

Indonesia has not followed the mindless economic route of oil-rich Nigeria or taken to South American political gangsterism.

Essentially this has resulted from the President's pragmatic dedication to pembangunan (development) and his readiness in 1966 to cut the veins of a remarkable generation of Indonesian economic technocrats, mostly Berkeley graduates, to achieve it.

Backed by equally development-minded senior officers of ABRI—the only cohesive political organisation in Indonesia—and assisted by the seventies oil boom, the Government commenced restoring Indonesia's shattered economy, building thousands of rural schools, clinics, roads, dams and markets, while investing in Indonesian rice sufficiency, pesticide and fertiliser factories, and in expanded rubber and oil palm production.

Depressing problems now lie ahead. Indonesia's foreign debt exceeds \$US40 billion, its debt service ratio is near 45 per cent, its real and disguised unemployment rate is rapidly increasing, and as a major world oil exporter it faces the bizarre possibility, due to reserves depletion, that it may have to import oil 12 years from now.

Its greatest problem remains its still-growing population, expected to peak between 325 million and 358 million next century. The future social, political and economic effects of overpopulation in Java—already exceeding 100 million—are frightening.

Since 1966, President Soeharto has used various instruments, chiefly ABRI, to help rule a nation of immense diversity of languages, cultures and religions. Christians, Hindus, Buddhists and animists make up substantial and culturally important minorities in a nation 90 per cent comprised of Muslims.

The philosophical basis has been President Sukarno's Pancasila, the five principles to which all Indonesians and organizations supposedly subscribe—belief in one God, humanity, national unity, consensus democracy, and social justice.

Under its umbrella, ruthlessly imposed under the New Order Government, widely different ethnic and religious groups have found common if uneasy shelter while more orthodox Muslims have been constrained in populous Java, Indonesia's heartland, by preceding centuries of Hindu and Buddhist influence.

While Pancasila and development may have brought stability they have also exacted a heavy price in terms of political conformity. Genuine oppositional politics no longer have a place in Indonesia. There are now only three political choices at the polls and they are barely choices.

One is the PPP (United Development Party), a Muslim conglomerate organisation whose Islamic character is so carefully controlled it is now forbidden use of its traditional symbol, the Kaaba in Mecca.

Another is the PDI (Indonesian Democratic Party), a collection of Christian groups and dwindling numbers of one-time Soekharnoists.

The third party is Golkar (an acronym for functional group). It is not actually a party but an organisation representing functional groups like the civil service, armed forces, farmers, students and so on.

PPP and PDI cannot organise below district level whereas Golkar's organisation extends down to the meanest village. While PPP and PDI registered only 11 per cent and 16 per cent respectively of the vote at last year's elections, Golkar won more than 70 per cent.

Golkar is nevertheless little more than the dull and boring facade of a dutiful civil service. While it and the parties serve a representational purpose as part of an intricate balance of opposing interests, ABRI is the political part of last resort.

It is ABRI's perceived loss of influence and prestige, mirrored in the recent Cabinet changes, that is the main cause of current dissatisfaction. ABRI perceives its *dwi fungsi* (dual function) role as Defence Force and political guardian as stemming from its 1945 revolutionary role, its successful efforts against rebellious elements of the fifties and its ability to survive its own divisions in 1965.

It therefore views with undisguised suspicion any candidates for high office of whom it does not approve. In manipulating Mr Sudharmono's nomination for the vice-presidency, President Soeharto has caused wide

dissension among ABRI officers. ABRI regards Sudharmono as an outsider despite his rank of retired lieutenant-general. Sudharmono, 62, as an army lawyer, has never held a field command. Intelligent, astute, hard-working, immensely rich, he is totally loyal to President Soeharto.

For years his job has been Cabinet Secretary, a post which made him privy not only to the inner secrets of Cabinet but to most of the President's most secret actions and decisions.

It is likely that in manipulating his nomination through the MPR (People's Consultative Assembly), President Soeharto achieved two objectives. He moved him from a job where he had too great an influence and too much power to a largely ceremonial position where his experience is nevertheless of great value. Even so, unlike his predecessors, Sudharmono has a significant power base as chairman of Golkar.

At the same time, and entirely without warning, the President moved General Murdani, a trusted and respected servant, from the powerful position of ABRI commander—replacing him with the personable but relatively untried General Try Sutrisno.

General Murdani not only was ABRI commander but also ran the all-powerful state security organisation. He retains state security though its reportedly will change its function.

The significant factor in the promotion was ABRI's belief that it constituted an intentional presidential rebuff to Indonesia's military.

In the first place, at the personal level Murdani was greatly respected by ABRI and, it had been assumed, also by the President. Second, as a Roman Catholic, he could not aspire to the presidency so could not be considered a threat. Third, Sudharmono's appointment and Murdani's removal are seen as a deliberate reduction of ABRI's traditional role in Indonesian government.

This is the most explosive signal to date. What would happen if President Soeharto died or became incapacitated before the end of his term? Constitutionally, the Vice-President automatically becomes President. Jakarta observers maintain that ABRI would not tolerate this situation and would seek a showdown, possibly by prevailing on the MPR to refuse Mr Sudharmono a mandate.

ABRI could in fact make his life as President hell by refusing to co-operate with him at significant political levels, thus forcing him to resign. The generals might leave him as Vice-President but would almost certainly seek another general, acceptable to them, for the presidency.

Guessing likely political scenarios of this sort in Indonesia is—like guessing what is in the enigmatic mind of the President—extremely hazardous. But it is fair to say that there is a younger generation of ABRI officers impatient for greater change who see Mr Sudharmono as representing all that they see wrong with President Soeharto without reflecting the President's extraordinary capacity—even if less evident these days—to anticipate the changing needs and moods of the country.

For all his perceived shortcomings, Indonesia's political management has been in good hands for most of the past 25 years, given the political realities of the republic. But it is time for a change and President Soeharto knows it.

/9274

Javanese Political Processes, Possible Threats to Australia Discussed

42000386a Sydney *THE SYDNEY MORNING HERALD* in English 13 May 88 p 13

[Article by Peter Hastings]

[Text] It is very hard to make accurate political assessments in this country. The secret nature of Javanese political processes and the absence of open discussion, due in part to the massive depoliticisation of society since 1966, work against them. But there are always surprises.

Because influential people do not say much about a particularly subject doesn't mean they aren't thinking about it. Take the Dibb Report on Australia's defence, for example, a major subject of discussion in Australia a couple of years ago, about which nothing much has been said publicly here. The report set out the need for a viable forces structure to meet Australia's defence needs in the future, where we must become increasingly self-reliant in an increasingly uncertain strategic environment.

One of its key phrases, widely canvassed in Australia at the time, referred to the Indonesian archipelago as the area "from or through which" a threat to Australia must come. This was straight strategic logic. Indonesians said nothing publicly until early this year when General Benny Murdani, then ABRI (armed forces) commander, now Defence Minister, effectively said that every country, including Australia, must determine its own defence needs accordingly to its own strategic perceptions.

I have since talked to two senior generals, one retired, who make the same point but with some important qualifications. "Australia's lesson in the Pacific war," said one, "is inescapable. A threat to Australia must come through this archipelago. That is history's warning.

"But," he added, "Japan's occupation of Indonesia was a historical aberration. Indonesia didn't exist then. It was a colonial vacuum. We had no loyalty to the Dutch. Therefore why should we fight for them. This situation cannot arise again."

He studiously avoided the question of a threat from Indonesia itself, an Indonesia radically different from today's republic. It is not a question you can comfortably discuss with most military anyway.

But you can with others. Intellectuals of the calibre of Soedjatmoko, among the most famous of Indonesian scholars, find the idea of a future military threat to Australia inherently implausible on economic and social, let alone political, grounds.

Others agree with him, believing hostile acts against any neighbour would be fatal. In any case, given Indonesia's limited military strength, what conditions are required to create a hostile nation?

All told, including police and a 350,000-strong army, ABRI numbers no more than 500,000, a tiny force in comparison with the country's huge population.

They point that Indonesia faces too many intractable social and economic problems at home to be a threat to any country, let alone Australia. Its Government and aging President must find the material and financial resources to feed, house, educate and employ, so far as possible, its still mushrooming population, believed likely to peak at between 325 million and 358 million less than 50 years from now.

In particular it has to plan for the social, political and economic accommodation, especially in Java, of today's 10- to 25-year-olds, who now account for 67 percent of Indonesia's present 172 million population.

Despite overall highly competent management by Indonesia's experienced economic technocrats, future economic indicators for the republic are not good.

In addition to these worries there is a rapidly changing strategic situation to Indonesia's north—"Your north too"—which Jakarta strategists think far more relevant to both countries than Australia's concern with a hypothetical threat posed to it "from or through" Indonesia.

They are concerned with the power balance shift in South-East Asia and the Pacific. Some see the U.S. as a declining world power and regional influence, believing a U.S. withdrawal from the Philippine bases is inevitable.

They view Japan's rearmament as necessary consequence of this shift, and are ambivalent about it. They see Russian intentions following on Gorbachev's Vladivostok speech as uncertain, and they view with apprehension the continuing polarisation of ASEAN and Vietnam over Kampuchea.

They all express fear about China's inevitable, growing influence in South-East Asia and its use of Thailand as a bridgehead.

Because of these developments, some quarters furiously express surprise that Australia pays so much attention to the defence of its northern approaches, rather than seeking common ground with Indonesia over the one issue they share in common—regional stability.

This view surfaces in various ways, some quite surprising. Indonesia's former foreign minister, Dr Mochtar Kusumaatmadja, for instance, brought up in conversation the old "triangle" proposition.

This revives an old concept, that of a triangle of interests between Japanese industrial and technological strength (and inevitable rearmament) and the resource-rich entities of Indonesia-ASEAN and Australia-New Zealand-PNG.

Whether one sees sense or otherwise in so difficult a concept is not the point. Its significance lies in the view of Australia as a natural political ally of Indonesia's in the changing world ahead. It is the belief that many Australians think of Indonesia as a potential threat which puzzles so many here.

An Australian visitor in a recent public lecture to university students at Yogyakarta on Australia-Indonesia relations was asked why Australia viewed Indonesia in this manner. He replied that Australians could not forget that Indonesia was capable of aggression.

Despite contrary assurances it had used force over West New Guinea in the early sixties, over Malaysia shortly afterwards, and again over Timor in the mid-seventies.

Who was to say that Indonesia might not change again and that Australia might not be vulnerable to attacks on its offshore natural gas installations and so on?

A senior member of the audience immediately pointed out that former aggressive acts had been conducted by President Sukarno's government, not by President Soeharto's "New Order" Government which at all times sought to promote regional stability.

With the except of East Timor—seen here as a problem of internal stability—this has been true. Indonesia has been a good regional neighbour, even if, in our case, an often more correct than friendly one.

But there is food for thought in some of the questions being raised in Jakarta, even by those who understand the political imperative for Canberra to be seen to do something about defence, even if it amounts to \$7 billion annually in search of a threat.

There are problems on both sides. Indonesia's final action in dismantling Australia's military aid program is not a helpful development. We have lost important access among other things and Australia's acquisition of the highly effective Harpoon missile, for example, has inevitably led to similar Indonesian purchases.

Bit by bit the two countries are moving into separate boxes. None of this argues against either country's defence preparedness in an insecure world.

It is simply to remind that despite continuing bilateral differences there are people here, some very senior, who believe that neither country is doing enough to discuss with the other the one thing they continue to share in common—a perhaps unfavourably changing strategic environment.

/9274

Biographic Data on New Appointees

Brig Gen (Ret.) Sunarso Djajusman, Ambassador to Malaysia

*42130135f Jakarta KOMPAS in Indonesian
16 May 88 p 8*

[Text] The government of Malaysia has accepted the appointment of Brig Gen (Ret.) Drs Sunarso Djajusman as the new Indonesian ambassador to Malaysia. He will replace Lieut Gen (Ret.) Himawan Soetanto, whose tour of duty is finished. Sunarso's last post, which he had held since June 1986, was as Inspector General of the Foreign Office.

Sunarso Djajusman was born in Blitar [East Java] on 12 February 1928. He entered the Military Academy in 1950; he was military attache at the Indonesian embassy in Moscow from 1968 to 1971, and he has taken part in several international conferences both as a participant and as an advisor. He received his bachelor's degree from the School of Social and Political Studies of Padjadjaran University, Bandung.

Singgih, SH,

Deputy Attorney General for Specific Crimes

*42130135f Jakarta ANGKATAN BERSENJATA in Indonesian
30 May 88 pp 1, 7*

[Text] The post of Deputy Attorney General for Specific Crimes, held by Himawan. S.H. [Master of Laws], since 8 April 1983 was transferred to Singgih, S.H., at the Supreme Court in Jakarta on Saturday [30 May 1988].

Singgih, S.H., was born in Jombang, East Java on 23 June 1934. He is a 1960 graduate of Airlangga University's Law School in Surabaya and has been head of the [provincial] supreme courts of West Nusa Tenggara, North Sulawesi and the Jakarta Special Capitol Region. He was head of the Supreme Court's Office of Planning before becoming Inspector General at the Department of Justice and now Deputy Attorney General for Specific Crimes.

09846

Background of PDI Rift Described

*42130112A Jakarta TEMPO in Indonesian
2 Apr 88 p 26*

[Text] The central executive committee of the PDI (Indonesian Democratic Party) has ousted Dudy Singadilaga, Marsoesi and their followers. Is the government giving a green light to this method of settling the dispute in the PDI?

Kopo, in Cisarua, Bogor, where the PDI held an executive meeting on 25 and 26 March, is a cool place. It may have been too chilly there for the buffalo party, but Soerjadi and Nico Daryanto heated things up when they ousted eight party leaders and suspended the officers of the PDI West Java regional executive committee last Saturday.

The persons ousted are old Marhaenist leaders, namely, Dudy Singadilaga, Marsoesi, Kemas Fachruddin, F.C. Palaunsuka, Thaib Ali, M. Darwis, Yusuf Merukh and Suparman. Their crime, according to PDI General Chairman Soerjadi, is that "for a long time they have engaged in many activities that conflict with party discipline." These activities were carried out at the behest of regional executive committees of the PDI, he said.

Minister of Home Affairs Rudini, who took the part of a "peer" in the matter, had only a brief comment. "We are watching, and only that," he said. Rudini acknowledged that he had been notified of the PDI's action. The eight rebels can lose their seats in Parliament to other PDI members if the president agrees.

Trouble in the PDI is an old story. The seedling of the most recent problem began to appear after the last general election when party members were chosen for seats in Parliament. At that time the central executive committee issued PDI Directive No 59. The directive prohibits chairmen of PDI regional executive committees from serving in Parliament, thus to allow them to concentrate on the development of the party organization.

A number of PDI leaders were affected by this regulation. For example, Dudy Singadilaga, Thaib Ali and Marsoesi chose to become members of Parliament and were forced to relinquish their positions as chairmen of regional executive committees.

Other PDI leaders were forced to give up their seats in Parliament because the directive limits PDI members to no more than two terms in that body. Palaunsuka, Achmad Subagyo and Kemas Fachruddin were affected by this provision, and when the three of them opposed it a compromise was reached: they were permitted to sit in Parliament until the General Assembly of the MPR (People's Consultative Congress) convened.

And there are other causes of the rift in the PDI. The appointment of Fatimah Achmad, a relatively new and unknown person from North Sumatra, as chairman of the PDI fraction in Parliament has been a disturbing element. Dudy Singadilaga, who has succeeded in increasing the number of votes received by the PDI in West Java in the last two elections, was angered by the appointment. Reportedly he sought the position himself.

The conflict between senior leaders and the top executives of the PDI became more apparent prior to the last meeting of the MPR General Assembly, at the time the Main Lines of National Policy were being drawn up. Nico Daryanto, the secretary general of the PDI central executive committee, proposed in a working paper that religious education be removed from school curriculums from the kindergarten to the university level. Dudy and his followers opposed the proposal.

Last December a number of PDI leaders who call themselves the "Group of 17" strongly protested Nico's views in an open letter. The letter was addressed to the leaders and members of the PDI fraction in the MPR and was also distributed to the press. "This is only a correction of an idea that has happened to come up, rather than an accusation. However, the people must know of our correction," said Teuku Thaib Ali.

Soerjadi is trying to take care of the problem. "That's all, it's an internal party matter. We will settle it in a family way," he said at the time. He then invited the 17 members to help clear up the problem, but it never has been cleared up.

When the MPR General Assembly convened and the PDI did not immediately select a candidate for the position of vice president, the "Group of 17" announced that it supported Sudharmono. The PDI central executive committee eventually supported Sudharmono's candidacy, but many PDI members were dissatisfied and felt that Soerjadi and Nico were "waiting for a fair wind." Subsequently pamphlets appeared in Bandung and Yogyakarta opposing their leadership.

The dispute has been brought all the way to Kopo. The minister of home affairs and commander of the armed forces both recommended that the quarrel in the PDI be settled internally, an indication that Soerjadi's opponents would be expelled.

But Dudy and his followers apparently lost patience and carried out what Soerjadi has described as a "coup d'etat." The directive expelling them, which was signed by Soerjadi, said, "They are undermining the jurisdiction and authority of the PDI central executive committee by organizing and publicizing what they call a reshuffle of the committee.

At Kopo the spokesman for the PDI West Java regional executive committee, Suparman Adiwidjaja, was supposed to restrict his comments to the activities of the PDI fraction at the last meeting of the MPR General Assembly. However he had more to say. He stated that his regional executive committee had passed a motion of no confidence in the leadership of Soerjadi and then announced the reshuffle. He said that Dudy Singadilaga had become the general chairman, Yusuf Merukh the deputy general chairman and Marsoesi the secretary general.

The announcement forming the "new executive committee" was signed by seven persons, one of whom was Tjokorda Bagus Sayogya, the chairman of the PDI Bali regional executive committee. Dudy wanted to speak but was prevented from doing so by B.N. Marbun, who chaired the meeting. When Marsoesi went to the speaker's platform he was interrupted by the deputy secretary of the East Java regional executive committee, who said that Marsoesi was speaking for himself and not the East Java committee.

PDI Directive No 121 was drawn up that night. It expelled the persons who signed the reshuffle announcement, except for Tjokorda. And why was Tjokorda not included? He told a TEMPO reporter that he deleted his signature. He said that when Dudy presented the paper to him he signed without reading it because he "trusted Dudy." "How could I read it? I was not wearing my eyeglasses," he said. He also said he knew that Thaib Ali had already signed the paper.

Soerjadi rejects the theory that the expulsion had been planned long beforehand when the West Java branch executive committees were invited to Jakarta. He said that they came to Jakarta to request that a regional conference be held. "a regional conference has not been held in West Java for 7 years and the regional executive committee did not respond to requests for one," he said.

With regard to the dispute Soerjadi said, "I always have been openminded. Even though everyone pressured me I always took the long view. If it is necessary for me to be the victim then so be it, and if they take advantage of me it does not matter. However, there are limits."

The executive meeting ended with the issuance of a statement approving the position taken by the PDI central executive committee at the meeting of the MPR General Assembly. It also was agreed that a party advisory council should be formed immediately.

NU Chief on Nonpolitical Status, Reconciliation With PPP

42130132d Jakarta KOMPAS in Indonesian
24 May 88 pp 1, 5

[Text] Jember, KOMPAS—The Nahdatul Ulama (NU), as the biggest community organization in Indonesia, will continue to implement the orders of the 27th NU Congress, held in Situbondo (East Java) in 1984, which called for a "return to the NU Line of 1926" in its struggle to improve the welfare of its members and in its participation in bringing to reality the interests of the nation and the state. The NU treats the three political forces (GOLKAR, PPP [Development Unity Party], and PDI [Indonesian Democratic Party]) in the same way by not involving itself in actual political activities. The NU continues, however, to appreciate and respect those of its members who use their rights as citizens to channel their political aspirations through one of the political parties.

H. Abdurrahman Wahid, chairman of the NU Executive Council [PB], stated the NU's position on Saturday night [21 May] in Jember in the remarks and guidance he gave at a program marking the close of the fasting month of Islamic year 1408 for NU regional and branch leaders and heads of Islamic boarding schools throughout East Java. The program, which was held on the campus of the Jember Islamic University (UIJ) and was presented to a packed audience, was attended by the Consultative Council's General Chairman Ahmad Siddiq, Adviser K.H. Munasir, SEKWILDA DATI II Jember [Regional Secretary for Jember Level II Region] Moesirin Adi Suwarno, S.H. [Master of Laws], and NU PB Deputy Chairman H. Hasyim Latief.

The end-of-fast program, which is held regularly by the East Java NU, this time had an organizationally strategic meaning and was not merely a holiday reception for members of the community organization, which of course is based principally in East Java. This was reflected in the introductory remarks of East Java NU DPW [Regional Executive Council] Acting Chairman K.H. Syafi'i Sulaiman (former member of the DPR [Parliament] for the period 1977-1982 in the FPP [Development Unity Faction] and known for the "Syafi'i Interpolation Proposal" on the Normalization of Campus Life, or NKK), in which he said there are three matters that need clarification and require a statement of the NU position in order that NU members may have guidance. First, there are efforts by a political party to reembrace the NU. Second, there is the matter of Islamic boarding schools, which was discussed in the SU [General Assembly] of the 1988 MPR [People's Consultative Assembly] and gave rise to so many issues. Third, there is the matter of how to stabilize the "return to the NU Line of 1926."

Merely Proper

In beginning his remarks and guidance, which were presented in an interesting way and interspersed with Islamic-scholar humor, Abdurrahman Wahid took the opportunity to scold regional members who frequently comment too quickly. "The regions are sometimes ahead of the PB, which admittedly hasn't met for a long while. They are pleasant to listen to, but they don't speak with the same voice," he said.

He explained that what was referred to by K.H. Syafi'i Sulaiman as the primary issue was the move by Dr H.J. Naro, general chairman of the PPP DPP [Central Executive Council] to effect a reconciliation with the NU. That effort is directed toward a reconciliation between Islamic scholars in the PPP with those in the NU, which is a matter related to the future political interests of the PPP, especially in connection with the general elections. For this purpose also, PPP leaders are to make a tour of the Island of Madura. It is a step forward, for it is an admission that there are in fact quite many NU members who were not in the PPP in the last elections. This courtship therefore is actually for the benefit of the PPP itself. Young people in Jakarta say "courting your cousin..." said Gus Dur, as the grandson of NU founder K.H. Hasyim Asyari is nicknamed.

We must have a proper attitude and continue to be open to the PPP's solicitation, which I consider "appropriate, mature, and well thought-out," said the chairman of the NU PB. Another thing we must note, however, is whether other political parties will "apply to" the NU. As far as the question of political interests is concerned, we must see where the PPP solicitation is coming from. In this case it comes from the political interests of the PPP. The NU, on the other hand, has more than one interest as a community organization wanting to be open, honest, democratic, and, as far as possible, able to accommodate the aspirations of its members. These numerous interests cannot easily be made to coincide with the interests of the PPP.

Abdurrahman Wahid emphasized that the NU as an organization cannot respond to the PPP's invitation to reconciliation because the NU has no ties or obligations to any party. If this attitude is firmly held, consistent with the decision of the Situbondo congress, the NU should maintain good relations with everyone. It is up to NU members as Indonesian citizens if they wish to channel their political aspirations through one of the political parties. In fact, there are NU leaders who have said they will vote for one of the contestants in the general elections, but it is not certain that members will follow suit.

"Therefore, I emphasize again that NU members should not react negatively to the call for reconciliation by the PPP but also should not be too enthusiastic. Just be proper. There is no need to be enthusiastic."

Must Be Wise

Abdurrahman Wahid also evaluated developments in the NU since the "return to the NU Line of 1926" as showing encouraging trends. Many people have reacted positively to the NU's position of always being candid—when we are pleased, we say so, and if we are not pleased we also say so. The government, too, now has a sophisticated attitude toward the NU's candidness. It is too bad that a formal political organization can in fact match the attitude of those executives. And NU leaders must be wise in facing political developments, for the risk in an organization that wants to have an attitude of openness is that people will look directly at the top leadership. "Even I time and again have been deemed undeserving of a passing grade," Gus Dur said, prompting laughter from the audience.

In his explanation of the NU organization, which was primarily directed toward government representatives in the audience, the NU PB chairman emphasized that because of the NU's complex system of leadership it is impossible for it to be infiltrated by communists. It differs from organizations that use a rank or promotion ladder system. Many specific factors determine whether a person can be an NU leader. For example, a branch or subbranch leader will remain a branch or subbranch leader. The NU knows nothing about promotion ladders, except in very specific cases. The NU's leadership model is partly open and partly closed, but the NU has its own viewpoint on making political decisions, and political decisions are not just for political parties.

Abdurrahman Wahid described at length the discussions held in the 1988 MPR SU, which in the end did not incorporate the issue of Islamic boarding schools in the GBHN [Broad Outline of State Policy] in spite of the fact that the NU MUNAS [National Consultative Assembly] held in Cilacap in November 1987 had recommended its inclusion. "The important thing now is the benefit of the issue and not the subject as a direct target," said the NU PB chairman, who is an MPR member in the FKP [GOLKAR Faction] and who sat on Commission A, which deliberated GBHN materials. "I was in favor, but when the vote was taken I rejected it because voting was done on it as a package."

6942

Rice Consumption, Production Figures Given at Meeting With President

42130135e Jakarta KOMPAS in Indonesian
30 May 88 p 1

[Text] The per capita average national consumption of rice has risen from 107.3 kg to 132.7 kg. These 1987 figures include home consumption of 119 kg and outside-the-home consumption of 13.7 kg.

Azwar Rasyid, head of the Central Office of Statistics [BPS], made this statement after he and Minister of Agriculture Wardoyo and Minister of Cooperatives Bustanil Arifin met with President Soeharto at the Bina Graha [president's residence] on Saturday [28 May].

He explained that the figure of 107.3 kg was obtained from a BPS survey carried out in January and February. During those months a large part of Indonesia was suffering from the dry season and so rice consumption was relatively low. The new figure of 132.7 kg was obtained from a more representative four-part BPS survey in 1987.

Azwar added that from these figures it is estimated that national rice consumption in 1987 was 24.78 million tons and for 1988 will be 25.33 tons. "The 1989 figures cannot be estimated yet," said Azwar.

Not Importing Rice

Minister of Agriculture Wardoyo stated that national rice production is still more than sufficient, even though there has been an increase in consumption. In 1988 rice production was estimated at 28.9 million tons; in 1989 efforts will be made to increase this by 4 percent to 30.1 million tons. Plans are for a greater than average increase, usually 2.4 percent a year. "President Soeharto himself has reminded us that there really must be a 4 percent increase next year," said Wardoyo.

"In spite of the increase in consumption, the government is not planning to import rice because the increase in consumption can be matched by an increase in production," he added.

The minister estimated that rice consumption will continue to rise in the years ahead. This will continue unless more concrete steps are taken to diversify Indonesians' diet.

He admitted that diversification of the diet, long discussed and campaigned for at various demonstrations, has not succeeded in reaching its goal. The proof is that rice consumption has increased. In fact, the amount is approaching a sufficient diet of 170 kg of food per capita.

This means, said Wardoyo, that Indonesians are becoming increasingly dependent on rice for their day-to-day food. "The figure for rice consumption in Sumatra and Java is already more than 132.7 kg per capita," said Wardoyo.

Asked about more concrete breakthroughs towards diversification of the Indonesian diet, Wardoyo admitted that he could not yet provide a description of them. "We cannot yet see what kind of a breakthrough there could be. But we will continue to try to convince the public to diversify, in particular to provide an alternative, such as, corn and other subsidiary crops," he said.

He admitted that a special effort is needed to diversify in the face of increasing national rice consumption at the present time. The Department of Agriculture is supporting this effort by increasing the intensification and expansion of nonrice crops.

09846

Minister Optimistic About Exceeding 1988 Rice Production Target

42130130f Jakarta ANGKATAN BERSEJAJAR in Indonesian 10 May 88 pp 1, 7

[Text] Minister of Agriculture Engr Wardoyo is optimistic about reaching and even exceeding the 1988 rice production target of 28.9 million tons.

He expressed his optimism to the press, saying that it is based on figures showing that the average yield per acre is 32.83 quintals per hectare on Java and 24.82 quintals per hectare outside of Java, or 29.34 quintals per hectare for all of Indonesia. The 1988 January-to-June yield alone will reach 19,411.654 tons of rice.

He said that on the average the January-to-June yield is 67 percent of the total annual yield, and that therefore 1988 rice production is expected to reach about 28.9 million tons or more.

Besides that, he said, according to reports he has received rice varieties which ripen early, such as IR 64 and IR 36, cover 278,114 hectares, or 47.3 percent, of the super-INSUS [special intensification] plantings during the 1987-1988 planting season. Reports show that during the 1986-1987 planting season rice varieties which ripen early covered only 20.5 percent, or about 202,438 hectares, in all of the same counties in the provinces of West Sumatra, Nusa Tenggara Barat and South Sulawesi.

An increase of 26.8 percent, or 47.3 percent minus 20.5 percent, in the use of early-ripening rice varieties has had the positive effect of advancing the 1987-1988 harvest. The result is that a long dry season can be compensated for.

In the 1987-1988 planting season the IR 36 and IR 64 early-ripening rice varieties, which ripen in 115 to 120 days, cover 278,114 hectares. The IR 42, IR 48 and Cisadane varieties, which ripen in 135 to 145 days, cover 271,530 hectares.

Wet Dry Season

Another factor which has played a role in increased rice production in 1988 is the the Geophysical and Meteorological Board's (BMG) prediction that the 1988 dry season will be a wet one. The dry season has arrived later than usual in 45 areas, at the usual time in 29 areas and

earlier than usual in 13 areas. Rain fall has ranged from normal to above normal; it has been below normal in 16 areas, normal in 43 areas and above normal in 28 areas.

There was a 126.5 percent increase in the area covered by the supra-INSUS program in the 1988 planting season compared to the 1987 planting season. The intention was to raise the level of rice production to 28.9 million tons.

The necessary means of production, such as fertilizer, including KCL [potassium chloride], which still has to be imported, were available before the start of the dry season. Agricultural Business Credit has also been readied.

A total of 3,095,000 hectares of rice intensification has been planned for the 1988 planting season; 650,000 hectares are for the super-INSUS program, 1,618,000 hectares for the INSUS program and 827,000 hectares for the INMUM [general intensification] program.

09846

Investors Move to Capital Markets

42130130c Jakarta SUARA PEMBARUAN in Indonesian 4 May 88 p 11

[Text] Reports that interest on bank deposits will be taxed have made investors look to the capital markets for an alternative, and there has been more active trading on the stock market recently.

"Besides that, investors are more knowledgeable about investing now; they choose stocks because companies which have recently gone public have shown better profits," said Drs Djoko Koesnadi, MPA [Master of Public Administration], head of the Legal and Research Office of the Capital Market Administration Board (BAPEPAM), in an interview with PEMBARUAN in Jakarta yesterday afternoon.

Djoko said that more and more companies have been going public recently. This is because these companies have been diversifying. In addition, if interest on deposits is taxed, there will be little difference between bank deposits and buying stocks or obligations on the stock market.

The public is also better able to utilize its money now, and it is aware that the profit from buying stocks is the same as that on savings and that stock-holders can vote in the company.

In addition, if they buy obligations, there will be a fixed rate of interest for a certain period of time. In that way, they do not have to make an investment plan every month or every year since the interest is fixed.

Capital markets are more stable than the short-term money market and so are better for investment planning. The same is true if we compare the capital markets to the

ever-changing rates on deposits. Sometimes they are high, but they can fall drastically over the period of a year. Therefore, the public finally realizes that it is better to invest in the capital markets, in savings and in other forms rather than putting it all in one place.

There is only a small number of investors who have entered the capital markets right now and have made the stock price index (IHS) rise. In the present situation it is not possible for all investors to enter the market because there are not enough stocks.

Still Small

There are reported to be 259,171,056 stocks with a value of 135.1 billion rupiahs being traded on the market now. Only 24 companies have gone public. This figure is very small in comparison with bank deposits, which are estimated at 18 trillion rupiahs. These figures make it important to increase the number of companies in the capital market because there might not be any more stocks to buy and sell on the market as more and more investors enter the market.

BAPEPAM has held discussions on these matters with the BKPM (Capital Investment Coordinating Board). From these cooperative efforts it is clear that the time has come for PMA (Foreign Capital Investment) companies. These companies will be offered first to Indonesia's pihak mitra [translation unknown]. If they are not accepted, they will be offered to cooperatives. If they still are not accepted, they will be forced to go public, not for any bad reasons but because they fall under the regulations.

Djoko added that if there is no increase in the number of companies selling shares on the capital markets, it is feared that the price index will continue to rise and some stocks will not be available for sale. Besides that, as the number of transactions on the market rises, companies will show a greater interest in going public. And so, there will be more of them than there are now.

09846

Bankers View Implementation of Banking Deregulation

42130135d Jakarta KOMPAS in Indonesian 30 May 88 pp 1, 8

[Text] It is not possible to carry out a total deregulation of the banking industry. Banks live on public trust and in order to maintain public trust regulations are needed. It is a misconception that banks can be deregulated thoroughly.

Drs Sjahril Sabirin, director of the Bank of Indonesia, made this statement in Jakarta on Saturday [29 May] at a panel discussion sponsored by the School of Economics of the PERBANAS [National Banking Association] celebrating 5 years of banking deregulation in Indonesia (1 June 1983 to 1 June 1988).

He also stated that the results of deregulation have been very pleasing. Two striking pieces of evidence for this have been the rapid increase in public funds deposited in banks and the increase in banking efficiency.

Drs Priasmoro Prawiroardjo, president director of the Asia Development Bank, said that there have not been many consequences of bank deregulation besides deposits of public funds. The plan to make the Bank of Indonesia the bank of last resort failed, and the efficiency of government banks is still a problem.

Another speaker, the monetary expert Dr Anwar Nasution, said that after 5 years of deregulation there still is no healthy competition between government and private banks because of the government banks' superior position. Competition must be increased in the future and the goal should be to lower the interest rate.

A Misperception

Sjahril Sabirin said that there is a misperception on the part of the public about some areas of banking.

The most prominent misperception is that there is pressure for a complete deregulation of the banking industry because what the government has done up to now is far from sufficient. However, it is not possible to deregulate 100 percent because banks depend on public trust and there would be total confusion without regulations.

Sabirin said that by deregulating the government is merely trying to get rid of regulations which obstruct bank efficiency.

The next misperception is about the connection between deregulation and the interest rate. On the one hand, the public praises government steps to deregulate. On the other hand, the public cannot accept the consequence, which is a rise in the interest rate.

If the public looks at the steps taken to deregulate, these misperceptions should not exist. Deregulation is based on wiping out limitations on interest rates and the dependency of banks on the liquidity of the Bank of Indonesia; it is only natural that banks raised their interest rates to get liquid funds from the public. The interest rate paid on savings increased and the result was an increase in the interest rate for loans. The problem is bank efficiency, not the reasons for the rise in the interest rate.

Another mistaken perception on the part of the public is about government banks. The public often compares the achievements, for example, the efficiency, the independence, etc., of government banks to those of private banks. Those factors are irrelevant. "What is relevant is what has happened to government banks over time, not comparing government and private banks. The most important thing is a comparison over time," said Sabirin.

09846

Business Leader Calls for Deregulation Acts Implementation Instructions

42130135b Jakarta SUARA PEMBARUAN in Indonesian 27 May 88 p 11

[Excerpt] The government should affirm that each act of deregulation includes instructions for carrying out that deregulation as well. That way field managers will not be able to use the excuse that they cannot carry it out because they have not yet received instructions.

"This affirmation is very important; the 1987 December Policy Package (PAKDES) is incomplete because some people are still waiting for instructions from above to carry it out," said Dr H. Sukamdani S. Gitosardjono, general chairman of the Indonesian Chamber of Commerce and Industry [KADIN], at a press conference in Jakarta yesterday afternoon in connection with KADIN's national working meeting and leadership meeting to be held on 1 and 2 June 1988.

He said that field managers could not be blamed if they use the lack of instructions as an excuse because regulations do not explain how this is to work. He said that the Indonesian KADIN suggests that every time the government issues a deregulation order that it also state that the deregulation itself includes directions to carry it out.

Sukamdani said that Drs Radius Prawiro, coordinating minister for Economy, Finance and Industry, will provide some guidance at the leadership meeting on 2 June. At the same time KADIN will mention the problems of deregulation, especially in the provinces, as well as presenting evidence of these problems, so that they do not occur again in the future.

09846

Pay Raise for Estate Workers Announced

42130132a Jakarta SUARA PEMBARUAN in Indonesian 3 May 88 p 1

[Text] Jakarta, 3 May—As of 1 April, the wages of all estate employees, whether on daily or monthly pay scales, were increased an average of 14 percent per

month, Minister of Agriculture Wardoyo said on Tuesday morning [3 May] at a ceremony for the signing of an agreement with Minister of Manpower Cosmas Batubara on cooperation in the raising of wages in the estate sector.

In Sumatra, estate wages rose from 1,275 to 1,450 rupiahs per day, plus 15 kilograms of rice for each worker, 9 kilograms for a worker's wife, and 7 kilograms for each child age 18 and under.

In Java, South Kalimantan, and the eastern part of Indonesia, wages for PTP [government-owned agricultural enterprise] and PNP [state-owned estate enterprise] workers on daily pay scales rose from 1,500 to 1,700 rupiahs per day. For employees of PTP X, in Lampung and South Sumatra, daily wages increased from 1,200 to 1,370 rupiahs.

Daily pay rates for sugar and gunny sack estate workers rose from 1,500 to 1,700 rupiahs.

Minister Wardoyo said these rates are merely base wages, for there is also additional income in the form of premiums, overtime, and benevolent payments such as bonuses, annual production awards, and other allowances, which include housing and medical care.

Minister of Manpower Cosmas Batubara viewed the signing of the agreement as very important because the increased wages for PTP/PNP workers on both daily and monthly pay scales involve the lowest paid workers.

Higher

Cosmas said that with the pay increases provided for in this agreement the lowest wages of PTP/PNP workers become higher than minimum wages in their respective regions and approach the minimum physical requirement of a family with two children.

6942

Farm Income Reported Up 8 to 10 Percent

42130132b Jakarta KOMPAS in Indonesian
20 May 88 p 12

[Excerpts] Jakarta, KOMPAS—The income of rice farmers has risen an estimated 8 to 10 percent over previous harvests, because the selling price of their paddy remains higher than the basic price. The possibility of higher prices is further enhanced by BULOG [Logistics Bureau] and KUD [village unit cooperatives] paddy purchases at prices above the basic price.

After calling on President Soeharto at the Bina Graha on Thursday [19 May], Bustanil Arifin, minister of cooperatives and chief of BULOG, added that the current basic price of hulled rice is now 344 rupiahs per kilogram, whereas BULOG buys it in Java at prices from 370 to 375 rupiahs. In Aceh and procurement areas outside of

Java, BULOG pays about 380 rupiahs, which is also greater than the basic price. "Thus, the income of farmers will now be better," he said.

According to Bustanil, farmers now have become smarter. They do not want to sell their paddy immediately following harvest, but they prepare it first to improve its quality and thus ultimately get a higher price for it. This attitude conforms to a suggestion by President Soeharto himself, who wants their incomes to be higher.

"So, if anyone says farmers are suffering losses, he is mistaken. You may check it for yourself," he declared.

Food Procurement

The minister had reported to the president that food procurement has reached almost 800,000 tons of paddy. Therefore, by the end of May it is expected that 1 million tons of the year's target of 2 million tons will have been reached. "These results are very different from original estimates, in which I was pessimistic over our reaching that quantity," he asserted.

The leading procurement areas are East Java and West Java, followed by Central Java, South Sulawesi, West Nusa Tenggara, South Sumatra, Aceh, and West Sumatra. Rice supplies for the holidays are reported to be secure and very adequate.

Commenting on the rains that continue to fall, Bustanil said they have not reached the point of interfering with harvests. "Because the rains fall at night, farmers have opportunity to sun their rice all morning and afternoon," he said.

6942

Military Commander Contends Campus Demonstrations Not Political

42130130b Jakarta ANGKATAN BERSEJAJA in Indonesian
3 May 88 p 10

[Text] Army Major General Setijana, commander of Command IV/Diponegoro, stated that recent campus upheavals by some students have not involved politics.

Commander Setijana told reporters in Semarang on Thursday [28 April] that demonstrations have mostly been caused by internal campus problems and are far from political.

After inaugurating the Semarang DANDIM [military district], Commander Setijana said that he thought that incidents have been internal to the campuses and upheavals have not occurred for any other reason. There have been recent upheavals on some private and state colleges in Central Java and in Yogyakarta. Student dissatisfaction with some academic decisions have been behind these upheavals.

Army Major General Setijana said that recent student demonstrations and outbursts have been the result of purely internal dissatisfactions and of poor communications.

The Commander said that such demonstrations may have been caused by the fact that the heads of the colleges involved had not communicated well with their students and had not gone and discussed everything with them.

The Commander pointed out that students, armed with the knowledge obtained in their courses, should be able to consider matters rationally before taking any actions, and their actions must be constructive and controlled.

He also warned students not to act illegally because such actions would disturb public peace and order. If students act illegally, they will automatically lose public sympathy.

College leaders should be flexible and should not put their personal interests first by pushing aside the interests of the majority, added the Commander without pointing to anybody in particular.

The Commander hoped that university administrators would be more loyal to the public "because if they are no longer loyal, things will become more difficult."

09846

Riau Official Faults Transmigration Program
421300112D Jakarta KOMPAS in Indonesian
14 Apr 88 p 2

[Text] A fundamental error has been made in implementing the transmigration program in Riau. A large number of the transmigrants who have been sent to or placed in the area are paddy farmers (irrigated fields) but the agricultural land in Riau is best suited for estate agriculture, for rubber and oil palm in particular.

Drs H. Baharuddin Yusuf, acting executive officer of the Riau governor, described the situation to a team from Parliamentary Commission IV last week at the governor's offices in Pekanbaru. The team, headed by Drs Affandi of the armed forces fraction, is on a working visit to Riau.

Baharuddin said that the error made in the placement of transmigrants in Riau was not recognized until after a nucleus of estate projects for rubber and oil palm were started in the area. Within 2 to 3 years after the rubber and oil palm estates began producing it became evident that the farmers participating in the projects were receiving enough income to improve their standard of living. Their income will continue to increase proportionally with the increase in the productive age of the rubber and oil palm estates they farm.

Conversely, many of the regular transmigrants placed in Riau during the same period have been unable to improve their standard of living and remain as poor as they were in their area of origin. There has even been a decline in food crop agriculture at some transmigration sites in the province. This has increased the misery of the transmigrants and created a long-term burden for the regional national governments.

Case of Failure

Drs Suyoko of the Riau Transmigration Zone Office reported that some 63,000 families comprising 315,000 persons were placed in Riau from the First 5-Year Plan until just before the end of the Fourth 5-Year Plan. Originally all of these farmers were directed to engage in food crop agriculture.

Baharuddin Yusuf said that after the transmigrants had been in Riau for several years it was finally recognized that many of them would be unable to improve their standard of living. In some cases the transmigration sites were clearly unsuitable for the development of food crop agriculture, and in other cases the transmigrants were unable to market their produce.

Dalu-Dalu provides an actual example of the failure of food crop agriculture at a transmigration site. Dalu-Dalu is part of the Pasir Pangarayan transmigration project in Kampar kabupaten and is now occupied by 3,516 families comprising more than 17,500 persons. Much of the soil at this site is sandy and food crops cannot be grown there using normal methods. In addition, Dalu-Dalu is in a remote area, some 40 km from an economic road, so even successful transmigrants have difficulty marketing their produce.

There are also 850 families, more than 4,000 people, living in very stressful conditions in the Natuna islands (part of Kepulauan Riau kabupaten), a remote area near the South China Sea. These transmigrants are practically unable to market their agricultural produce because of the limited availability of sea transportation in the area.

Suyoko noted that a somewhat different situation exists at Lingga island (also part of Kepulauan Riau kabupaten). Some 350 houses and hundreds of hectares of land that have been readied for transmigrants have gone unoccupied for the last 3 years. "The Transmigration Zone Office has offered these facilities to spontaneous transmigrants coming to Lingga island at their own expense, but they refuse to be assigned to this ill-conceived site and housing," he said.

5458

Minister Explains Policy of Sending Muslim Scholars to West

42130135c Jakarta PELITA in Indonesian
30 May 88 p 1

[Text] IAIN [National Islamic Institute] and the Department of Religion never intended shifting their focus to the West when preparing Muslim intellectuals and thinkers. Intellectuals and thinkers have been sent to the West to broaden their viewpoints in all areas, rather than just studying science in the Middle East.

H. Munawir Syadzali, minister of religion, made that statement yesterday morning to Middle East alumni at the Al-Ittihad Mosque in South Jakarta. The minister made that statement because the public and the Muslim scholars have been hinting that that policy is incorrect and that there has been a tendency to shift the focus to the West in producing Muslim intellectuals and thinkers.

A Heavy Dose of Islamic Teachings

He also affirmed that there has been not only a tendency to send cadres to the West but also to place ambassadors there. However, this is not a real problem. The problem is how we and Islamic study groups can implant Islamic teachings in the younger generation in particular and in the public in general.

One of the results of sending cadres to the West to deepen their knowledge of religion and science has been the development of society's ability to think in the areas of religion and in other educational areas. Knowledge of Islam has increased noticeably in recent years. "The role of the Middle East alumni has been to deepen the understanding of society and of the younger generation's Islamic study groups," added Munawir firmly.

The minister also stated that there is no difference between Middle East alumni and Western alumni. They are all the same because we can see how many Middle East alumni and Western and other European alumni have positions in and are playing a role in government affairs. The only problem is the lack of sufficient positions so that many Middle East alumni are playing no role in dealing with national problems.

09846

Scholars View GOLKAR's Attraction to Muslim Intellectuals

42130132e Jakarta PELITA in Indonesian
24 May 88 pp 1, 12

[Text] Jakarta, PELITA—The Islamic community in Indonesia is increasingly realistic and open-minded in its political choices. That spirit is affected by the existence of a new vision among Indonesian Muslims, who do not want Islam to be exclusive.

This was the gist of opinions expressed by Dr Nurcholish Madjid and Drs Lukman Harun in separate interviews yesterday. The two thinkers and Indonesian Islamic figures were asked for their views on signs of the growing popularity of GOLKAR among Islamic intellectuals, as was observed by Dr Burhan Magenda.

According to Nurcholish Madjid, the rising popularity of GOLKAR among members of the Islamic community, including its intellectuals, is directly proportional to the attention being given within GOLKAR itself to the Islamic community.

Drs Lukman Harun believes that Indonesian Muslims are increasingly realistic, meaning they will choose the dominant party and the one that is most beneficial to them. "Emotional voters become fewer with each passing year," said the chairman of the Muhammadiyah PP [Central Executive Council] with conviction.

In commenting on the shift of Ridwan Saidi from the PPP [Development Unity Party] to GOLKAR, Burhan Magenda saw a new realism among Islamic intellectuals in not viewing GOLKAR as a secular political organization but as a good vessel for their idealism.

The strongest influence on this new realism, according to Burhan, has been the fact that since its inception GOLKAR has given much attention to the advancement of the Islamic community.

Qualitative Changes

Nurcholish Madjid is of the opinion that GOLKAR, as an organization trying to be a central force, naturally has sought to assemble all groups found in Indonesian society. In addition to the attitude of GOLKAR leaders, who are attempting to erase the trauma of the past, there has arisen a new realism in GOLKAR toward giving increasingly proportional attention to Islam.

The new realism, which Nurcholish views as a healthy, qualitative change, is based on the fact that most Indonesians are Muslims.

Citing an example of eradication of the trauma of the past, Nurcholish noted that an office worker who diligently practiced daily prayers often used to be considered an "extreme rightist." Now, he said, that kind of viewpoint has disappeared, and there are, in fact, many government officials and GOLKAR members who, without any psychological barriers, have established or lead Islamic boarding schools.

Another thing that makes GOLKAR ever more popular in the Islamic community is the absence of an Islamic party. The absence of an Islamic party, he continued, is beneficial to Islam itself, since Islam is thereby not exclusive but increasingly open to, and owned by, all Indonesians.

As for that opinion, Nurcholish was known in the early seventies for his position, "Islam, yes; Islamic party, no." "The existence of an Islamic party would limit our own action," he asserted.

According to Nurcholish, it is in the interest of the Indonesian Islamic community to strengthen its nationalistic ethic. As Muslims, he said, it is of course through Islam that we strengthen the principle of nationalistic ethic. That means, he declared, that if it were via an Islamic party, Islam would never be nationalized.

Nurcholish feels that many intellectuals prefer GOLKAR because of the weaknesses of parties, not to say "leaks" in the parties. As for the PPP [Development Unity Party], Nurcholish said that naturally we hope the PPP will be able to stabilize itself as an open party. "It's too bad its leaders are not capable," he asserted.

Realistic

Drs Lukman Harun stated that since Pancasila has now become the principle of all the parties, Muslims of course will see which party is most likely to convey their aspirations. Having observed GOLKAR's campaign, in which it also gave attention to the advancement of Islam, Muslims will naturally think that GOLKAR as the dominant party will certainly be able to fulfill the promises that are the hope of all the people.

GOLKAR's considerable attention to the advancement of the Islamic community, in Lukman Harun's opinion, is because GOLKAR needs the support of Indonesian Muslims, who constitute the majority of Indonesia's population.

The issue now, according to Lukman Harun, is that GOLKAR will be tested to see whether the hopes of the Islamic community, which GOLKAR embodied in promises in its last election campaign, will be realized.

Explaining the position of Muhammadiyah itself, Lukman Harun Muhammadiyah has given liberty to all its members to vote for any party they wish. The reason is not only that Muhammadiyah is not an organization oriented to politics but the action also expands avenues of evangelization for Muhammadiyah.

He said Muhammadiyah so far has not faced any problem from the liberty its members have to choose their political parties.

6942

PMKRI Press Release Stresses Sociocultural Nature

42310112B Jakarta *PELITA* in Indonesian
12 Apr 88 p 12

[Text] Student organizations such as the PMKRI (Republic of Indonesia Catholic College Students Association) no longer operate as political movements aimed at the power structure but rather tend to be more in the nature of sociocultural movements, that is, movements that aim at developing the quality of human beings and that try to promote social engineering in the future of society.

This statement was contained in a press release issued by the central executive committee of the PMKRI and signed by Paulus Januari, presidium chairman, and E. Bineratno, secretary. The press release was issued in connection with the organization's plans to hold its 15th MPA [not identified] and 16th Congress at the Public Education Center in Surabaya from 1 through 8 May.

The press release noted that various activities will be discussed at the two meetings, including a social development program, assimilation in daily life, independent activities in the field of education, improving the welfare of the underprivileged, transmigrants and other organizational matters.

A basic and contextual study of the current and future situation and needs of society will be made in the 15th MPA and 16th Congress. The PMKRI also will more clearly define its role as a student organization that develops professional, national cadres, cadres that hopefully can contribute to the just and prosperous society based on the Pancasila that is aspired to by all of the Indonesian people.

The press release also said that in the interest of developing cooperation and solidarity with all of society, the PMKRI was open to all Indonesian college students without restriction.

According to plan, delegations from PMKRI branches throughout Indonesia will attend the MPA and Congress. New executive officers will be elected at the meetings. They also will provide an arena for giving thought to the future continuity of the organization as it faces situations in the world of student affairs.

5458

PEOPLE'S REPUBLIC OF KAMPUCHEA

Integration of Refugee Returnees Discussed 42000385 Bangkok *THE NATION* in English 18 Apr 88 p 9

[Article by Mary Kay Magistad, Compass News Features. A policy of national reconciliation by the Kampuchean Government which extends to the guerrilla rump of the Khmer Rouge is aimed at a smooth transition when Vietnam withdraws its remaining troops. But at grass-roots level deep suspicion prevails.]

[Text] Phnom Penh, Kampuchea—The People's Republic of Kampuchea (PRK) government is calling on the terrorists of the "killing fields"—the Khmer Rouge—to lay down their arms and return to the fold.

Except for those in the "Pol Pot clique," the government says, all will be forgiven.

The policy of "national reconciliation" was introduced in mid-1987 but has been stepped up sharply with insistent new propaganda in recent weeks.

Even the traditional Khmer theatre in Phnom Penh has changed its story to show contrite soldiers returning to the open arms of their families and villages, ready to resume productive lives within Kampuchea.

"We want to disarm, not kill, these soldiers," said Prime Minister Hun Sen in an interview with Compass News Features in Phnom Penh.

"They will become useful citizens to this society. They can rebuild their new lives according to their wishes."

Ask Kampucheans if they believe 40,000 or more adherents to the genocidal Khmer Rouge can be peacefully reintegrated into society after one of the great slaughters of modern times and a decade of jungle warfare, and you'll almost invariably get a response of insistent optimism.

The possibility raised by Kampuchea's former ruler, Prince Norodom Sihanouk, that the Khmer Rouge have covertly infiltrated the country's towns and villages with a fifth column that will rise up and fight again is more than most Kampucheans want to think about.

The reconciliation offer has been extended also to 30,000 troops in the Sihanouk camp and Son Sann's Khmer People's Liberation Front.

Behind the idea of forgiving now is the hope of avoiding trouble later.

Vietnam, which has occupied Kampuchea for the past 9 years, says it will pull out its remaining 140,000 troops by the end of 1990.

As an independent and sovereign government for the first time, the PRK does not then want prolonged hostility with opposition groups which will slow down the process of rebuilding the country.

So far, a Ministry of Foreign Affairs spokesman says, about 4,000 soldiers have taken up the offer; they blended back into Kampuchean society with few ripples of discord, officials say.

"The majority of these soldiers were fooled or forced to join the opposition," Hun Sen said. "So it will be easy for them to abandon the other side and return to their villages.

"Automatically they will enjoy rights of citizenship, the right to vote and stand for elections...and their own families will take charge of re-educating them."

Not all observers in Kampuchea paint quite as rosy a picture of this attempt to close the chapter of the Khmer Rouge.

One Western aid worker who travels frequently in the countryside said he has seen villages where returning soldiers are far from peacefully reintegrated.

At the very least, he said, they suffer the same sort of alienation and disorientation experienced by many American soldiers returning from Vietnam.

But in this case, the soldiers also have to get used to serving a government that they have been fighting for years to overthrow.

And the local population has to get used to living with Khmer Rouge soldiers who may have killed their loved ones.

"No matter what the government tries, it will take a long, long time for there really to be unity between the Khmer who left and those who stayed when the Vietnamese moved in," a senior Western aid official said.

The main reason for deep distrust between locals and the returning guerrillas is that the crimes laid against the Khmer Rouge are of dimensions that only the Nazi holocaust in modern times can rival.

Marxist leader Pol Pot led the country into the dark ages between 1975 and 1978 as he sought to create a new socialist state on classically controlled lines.

Intellectual, the middle classes and the "unproductive" were executed by the tens of thousands as they were driven out of the towns into the "killing fields" of the countryside.

Between 1 million and 3 million are thought to have died under Khmer Rouge terror from violence, hunger and disease.

It is not just the opposition soldiers who have been outsiders over the past 9 years.

Almost 300,000 Kampucheans wait in crowded holding camps, just on the Thai side of the Kampuchean border, for the chance to go home. And, technically, the national reconciliation policy applies to them too.

Hun Sen has said any refugees who want to are welcome to return.

But only two refugees have applied to return to Kampuchea. One, an elderly paraplegic woman, was just given the green light by Phnom Penh to return—6 months after she applied. The other applicant is still awaiting the go-ahead.

“There are all kinds of reasons for this slowness,” said an informed senior Western aid official in Bangkok.

“The PRK is wary of accepting too many people back who could turn out to be hostile.

“The Thai Government doesn’t want to allow an exodus of refugees from the camps—because their presence is a kind of bargaining chip.

“And the refugees themselves don’t necessarily want to spring up and volunteer to return, because they know from past experience that declaring their hand too openly can get them in trouble.”

Officials working with refugees in the camps estimate that several hundred would return to Kampuchea as soon as possible, if they could be guaranteed safe passage and be assured that they would not be harassed once they got back.

But their situation is complicated by the fact that virtually all the border camps are tied to one or another of the opposition armies—and are highly politicized.

To declare the desire to return to Kampuchea while Vietnamese troops are still there would likely incur the wrath of opposition cadres—and possibly even of other camp residents. So most refugees choose to remain silent.

In the one non-politicized camp, the officially closed but still operating Khao-I-Dang, one teenage boy described how his mother had walked across Kampuchea and over the border to find him.

Once she saw he was all right, she decided to return to her young daughter back in Kampuchea; and rather than use the apparently safer official channels available, she planned to smuggle herself in.

“If you go back with UNHCR or some other organization, everyone will know you are an outsider—that you left the country,” he said.

“It’s much better just show up in your old village one day, and be able to say that you were in another part of the country.”

Such an attitude seems typical among the refugees in the border camps—many of whom have changed names and identities as often as some people change shoes.

“We learned under the Khmer Rouge that if people don’t know too much about who you are and where you’re from, you might live longer,” a refugee said.

Despite these obstacles, the office of the United Nations High Commissioner for Refugees (UNHCR) is now discussing with the PRK government the possibility of repatriating the border population soon.

S.A.M.S. Kibria, special representative of the UN Secretary-General in Bangkok, even visited Hun Sen in February to discuss this and other issues.

But the United Nations continues to hold out for assurances from both Thai and Kampuchean governments that the refugees will be granted safe passage and that the United Nations can monitor their continued safety once they return to Kampuchea.

/9604

State Minister Declares Vigilance in Fight Against Communists

42130134B Kuala Lumpur BERITA HARIAN in Malay
10 May 88 p 3

[Text] Kota Baharu, Monday [9 May]—Besides using weapons against them, communists terrorists surreptitiously instigate the people and security personnel to weaken the government and the nation.

Chief Minister Datuk Haji Mohamed Yaacob said communists never remain quiet, and security personnel are always their targets in their attempts to weaken the government.

"If the government is weak, the enemies of that state will seize power and govern with an iron fist and terrorism," he said when offering holiday sweetmeats to 4,393 members of the security forces today.

He said the communists will use any means to achieve their evil ends. However, he felt they would not succeed as long as the people and all sides stood firmly behind the government.

According to the Ministry of Home Affairs, some 157 communists are operating in peninsula jungles and another 1,200 are in hiding along the Malaysia-Thailand border.

Packages of sweetmeats were received by Brigadier General Abdul Aziz Abdullah, commander of the 8th Brigade Headquarters, State Police Chief Mohd. Ismail Che Rus also senior assistant commissioner II, and Datuk V. Ramachandran, commander of the 1st Sea Region.

Those who also received sweetmeats were Police Chief Hussein Jall also a government officer of the 11th PPH [Police Field Force], and Lieutenant Colonel Yassin Tahir, an officer of the 105th Rentah (AW) [Territorial Army], and Mr Mohd. Amin Rebutan Haji Che Husin, director of the state's Native Affairs Office.

The sweetmeats were a gift from the state government through the Kelantan State Security Executive Committee (JKKN).

Datuk Haji Mohamed, acting as director of State Operations, said the government tries to help security personnel whether they are on active duty or have left the service.

"For those who have retired from the service, the government tries in every way to help them by providing them with a variety of facilities that are not offered through their units," he said.

New UMNO To Hold Vice Presidential Elections at Next Congress

42130134A Kuala Lumpur BERITA HARIAN in Malay
9 May 88 p 1

[By Mus Chairi]

[Text] Melaka, 8 May—The three UMNO [United Malays National Organization] (new) vice presidents will be elected at the party's next congress, said Mr Ghafar Baba, the UMNO (new) deputy president, today.

At the recent extraordinary congress, he said only the president, deputy president, secretary general, treasurer, and the information chairman were elected. Speaking to newsmen here this afternoon, he said, "The elections for other positions, including the vice presidents will be held at the party congress."

He noted that no elections were held for the three vice presidential positions at the recent extraordinary congress.

The three UMNO (old) vice presidents were Datuk Sri Amar Wan Mokhtar Ahmad, Datuk Abdullah Haji Badawi, and Mr Anwar Ibrahim.

Asked about the campaign to collect signatures, launched by Datuk Harun Idris, the former UMNO (old) vice president, Mr Ghafar said no comment was necessary since the question had been answered.

"The speech I gave at the closed meeting of the UMNO (new) held in the Tun Dr Ismail Room of the Kuala Lumpur World Trade Center on 1 May, published in a Malaysian-language daily newspaper, made this clear.

"Therefore, I need not expand on this," he said.

The newspaper MINGGUAN MALAYSIA published the full text of the UMNO (new) deputy president's speech today. Among other things, he asked Malays not to raise issues that could disrupt the political climate because this was futile and destructive.

"Personal interests should be set aside. We want to see the Malays unite and advance. Merely that," he said according to the published text of his speech.

Mr Ghafar Baba explained the establishment of the UMNO (new) was the best way to settle the crisis the organization faced after the court declared the old UMNO illegal.

The UMNO (new) deputy president also talked about whether the crisis faced now would end if the old UMNO were revived. He said Malays needed a strong political party to protect them, and the UMNO (new) was the only party capable of fulfilling their aspirations.

"Therefore, shouldn't the UMNO (new) be supported? What's in a name? The party is merely the vehicle; it can be replaced. Only Allah is eternal. What is important for us is whether the future of the Malays is secured or not," he said.

Last night Dato' Harun Idris launched a campaign to collect signatures on a petition urging Datuk Sri Dr Mahathir Mohamad to revive the UMNO (old). Reportedly it was launched spontaneously after a meeting held in Shah Alam to open the fasting period.

6804

Deputy Prime Minister Assists Establishment of UMNO Branches

42130136b Kuala Lumpur *UTUSAN MALAYSIA* in *Malay* 11 May 88 p 5

[Text] Kuala Lumpur, 10 May—UMNO (Baru) [(New) UMNO] will set up its branches through the country by the end of 1988 or by the beginning of 1989, at the latest. Abdul Ghafar Baba, the deputy president of UMNO, announced this on 10 May.

He added that if the party administrative apparatus functions well and encounters no problems, the (New) UMNO Youth Movement [Pergerakan Pemuda UMNO (Baru)] is also scheduled to be formed at the same time as the party branches. He said that what is helping the efforts to speed up the formation of the party branches is the existence of obstacles set up by certain groups which continue to take UMNO (Baru) to court.

In any case, he said that the party machine is making final preparations to speed up as much as possible the formation of party branches and the (New) UMNO Youth Movement.

Speaking on 10 May before hundreds of former members of the old UMNO Youth Movement at the conclusion of an open religious meeting held at the Tabung Haji building, he said: "When the party branches have been formed, I think that there will be no further obstacles in the way of our establishing the youth movement, because we don't want to waste any more time."

Najib Tun Razak, former chairman of the UMNO Youth Movement, when he was interviewed after the previously mentioned meeting was held, said that in his view after a party branch is formed in the morning of a given day, a branch of the (New) UMNO Youth Movement could be established on the afternoon of the same day.

Policies

According to Najib, youth activities can be fully undertaken after the formation of the UMNO Youth Group at the end of 1988 or the beginning of 1989.

In his remarks Abdul Ghafar Baba, former deputy president of UMNO, also declared that he wanted the UMNO Youth Group to play their role in making sure that party policies function well after the party is formed in the future. He said: "I myself, together with Doctor Mahathir, have no power to determine what party policy will be. It will be all of you who will determine party policy, because finally we will work together to pick an appropriate date for the holding of the general assembly."

He continued: "At the general assembly of the new party it is you who will determine the direction of our party, and not me or 2 or 3 other people. For that reason I urge all of us not to waste time discussing unimportant details. Rather, we should join in our efforts to make a success of UMNO (Baru)."

Ghafar also condemned a small group of former cabinet ministers who are presently engaged in a campaign here and there to blame the prime minister and the present government for the achievements of the new economic policy [Dasar Ekonomi Baru]. He urged the Malay community not to be influenced by these activities. He again raised the question as to what kind of former ministers would wish to wash their hands of all of the successes and failures of all of the policies of the government, when they had previously served in the cabinet and indeed had held a number of important positions in it.

He said: "I do not agree with people like this who again attack the government and the party when they no longer hold important positions. For them loyalty to the party and to the government is only appropriate when they are in office. However, when they are relieved of their important offices, they do not wish to bear responsibility for the policies which were adopted when they served in office and participated in making important decisions."

Meanwhile, in his speech Najib Tun Razak declared that the top leadership of UMNO (Baru) has already extended proper recognition to the Youth Movement. He also declared that no one can properly say that UMNO (Baru) is not a continuation of the old UMNO.

He said: "Our meeting on 10 May is to express our unwavering support for UMNO (Baru). Our meeting is also being held to commemorate the old UMNO on 11 May."

05170

Ghafar: Barisan Nasional Will Continue To Rule

42130136c Kuala Lumpur *BERITA HARIAN* in *Malay* 12 May 88 p 2

[Text] Kuala Lumpur, 11 May—The position of the Barisan Nasional [BN—National Front] as the government party will not be affected, even though there are

members of Parliament who previously ran for office as BN candidates who have declared themselves independent of any party. This was stated by Ghafar Baba, deputy prime minister.

He also said that the BN still has a majority of the votes in Parliament, even though there are reports that 24 more BN members of Parliament will declare themselves independent.

Ghafar made this statement to reporters after an open religious meeting held in Kuala Lumpur on 10 May with the chairmen of UMNO Sections in the Capital Area.

He said: "It is up to them whether they want to be independent members. What is clear now is that, since they have not applied to become members of UMNO (Baru), they have no party affiliation."

Elections

Two former BN members of Parliament who have publicly stated that they have no party affiliation are Shahrir Abdul Samad (Johor Bahru) and Tawfik Tun Dr Ismail (Sungai Benut).

Ghafar did not mention the names of the 24 other members of Parliament who, it is said, will declare themselves independent members.

Asked about the registration of members of UMNO (Baru), he said that all applications which have been received by the State Communications Section and the Supreme Council of UMNO (Baru) will begin to be processed as soon as they are sent to party headquarters.

Regarding the position of Wang Choon Wing, former minister of youth and sports who was sentenced to 18 months in prison, Ghafar said that a special election will be held in the Kuala Lipis Parliamentary District, should the former deputy minister be determined to have lost confidence as a member of Parliament.

05170

UMNO Constitution Amendment Approved

42130137B Kuala Lumpur *BERITA HARIAN* in Malay 14 May 88 p 1

[Text] Johor Bahru, Friday [13 May]—The organization registrar approved the amendment to the UMNO [United Malays National Organization] (new) constitution 3 days ago, said Datuk Mohamed Rahmat, the UMNO (new) secretary general.

He said it would make the UMNO (new) a democratic party.

Speaking after attending a meeting to open the fasting period, held at the Gelang Patah Mosque near here this evening, he said the UMNO (new) would be a strong party with grass roots support.

The amendment to the constitution was approved at the UMNO (new) extraordinary congress held last month.

Under that amendment each candidate for the presidential and deputy presidential positions will obtain 10 additional votes from the district that nominated them.

The amendment is aimed at ensuring that the opinions and the decisions of a majority of the members be given priority especially in electing the party leaders.

This new method also is aimed at ensuring that delegates do not disregard district decisions on the nominations and at guaranteeing that the districts' members decide on whom they want to nominate.

Regarding the membership form, Datuk Mohamed said a half million had been printed and sent to the districts for registering former party members.

Datuk Mohamed Rahmet, who also is the minister of information, said several states were short of forms, and his office has printed additional forms.

According to the minister, the shortage of forms was among the topics discussed at a meeting of the secretariat of the state UMNO (new) executive committee's liaison body.

"The meeting also discussed and settled questions before the executive committee on registering new members," he said.

He said an UMNO (new) congress would be held at the end of this year to approve the party constitution.

6804

S. Samy Vellu Reprimands MIC Leaders

42130136a Kuala Lumpur *UTUSAN MALAYSIA* in Malay 11 May 88 p 3

[Text] Kuala Lumpur, 10 May—S. Samy Vellu, president of the MIC [Malaysian Indian Congress], warned leaders of his party on 10 May that he did not want to keep "dead wood" in the party. He declared that if MIC leaders at all levels are not capable of working actively and performing their roles in an impressive way, it would be better for them to resign, so that there would be no more "dead wood" in the party. Speaking to reporters after holding a press conference in Kuala Lumpur on the construction of Tamil schools, Samy said that the MIC does not need leaders who have no authority. He said: "If the leaders at the branch level are not able to collect membership dues and do not know what role they ought to play, it would be better for them to resign."

He added that it is not proper for a leader to be entrusted with presiding over a party branch or section if small matters like collecting membership dues cannot be handled correctly.

He said that membership dues are important because they are evidence of the members' commitment to the party. Samy said this when he was asked about MIC branches which have still not yet received dues from their members, although extra time has been given them to pay. Regarding branches which will be abolished, he said: "The MIC will not abolish any party branches. It will put this action off to allow an investigation to be made."

Samy also denied rumors that he and S. Subramaniam, his deputy, have been involved in a clash. He asked: "I have never had a disagreement with Subramaniam. Can you provide any evidence that we have had a difference of opinion?"

05170

Navy Defends Purchase of WASP Helicopters
42130137A Kuala Lumpur UTUSAN MALAYSIA in Malay 13 May 88 p 4

[Article by Aziz Ishak]

[Text] Lumut, 12 May—With the six WASP helicopters acquired for the Air Force Branch of the Royal Malaysian Navy (TLDM), Malaysia will have a strong naval regional defense capability. Vice Admiral Datuk Sri Abdul Wahab Haji Naw, commander of the Navy, said the TLDM plans to equip its aircraft with the most modern weapons systems, such as torpedo systems, for defense against warships and submarines. "Toward the year 2000, the TLDM will have the strongest armada and will be fully capable of averting aggressive acts of submarines," he told newsmen after visiting the TLDM base here today. Six "organic" helicopters of the Westland WASP (the HAS MK 1)-type have been ready for installation at the TLDM base here. The British-made aircraft arrived in this country on 26 April.

It is understood that Malaysia is the 16th nation in the world and the 2d in Southeast Asia to use helicopters to reinforce its armada, especially to destroy submarines.

The six helicopters will be called "Squadron 499" in honor of Vice Admiral Datuk Sri Abdul Wahab who has the same military serial number.

The navy commander explained that the purchase and use of the WASP helicopters is not a waste of money, rather they make a "big" impact on the modernization of the TLDM armada by the year 2000.

UTUSAN also understands that a WASP helicopter costs \$600,000. These aircraft have been used by the British army for almost 20 years.

"The assessment we made found that WASP helicopters could still be used and have a good serviceability rate. In my estimation how old an aircraft is is unimportant as long as its use makes a big impact on national security," he explained.

According to the admiral, these helicopters are still used by many countries and have a major function in maritime warfare.

Vice Admiral Datuk Sri Abdul Wahab reported that the WASP helicopters are superior from the standpoint of certain characteristics such as their adaptability to use at night and to maritime warfare, and they require only a small landing field.

Other characteristics of the aircraft are: it weighs 5,500 pounds, has an air speed of 9 knots, carries 5 passengers, has a Rolls Royce Nimbus engine and MK 4 and Mk 46 torpedo weapons systems.

The vice admiral added that nine TLDM pilots, who have been specially trained, will conduct adaptation tests of the aircraft for several months prior to the squadron's operation.

He said eight other TLDM pilots are being specially trained to fly helicopters. "Construction of a permanent station for this squadron is underway in an area of this base. The inauguration of the TLDM Air Branch may take place in September," he explained. Meanwhile, when we met with Major Abdullah Hamzah, who heads the TLDM Air Branch, he said the use of helicopters is the best strategy to avert warship and submarine aggression.

"Warships usually have a limited radar scanning capability. With the WASP helicopters, we can destroy a submarine, for instance, by dropping torpedoes," he explained.

6804

Malaysian Navy To Get Submarine Force
42000381 Kuala Lumpur NEW STRAITS TIMES 22 May 88 p 13

[Article by Khor Eng Lee: "Building Up Our Own Submarine Fleet"]

[Text] Defence Minister Tengku Ahmad Rithauddeen has said that the Ministry is negotiating to purchase a submarine for the Royal Malaysian Navy (RMN). Although the plan for a submarine force, conceived way back in 1978, has been stalled for lack of funds, the green light has evidently been switched on for its timely launching.

Why does Malaysia require a submarine capability? How many subs do we need? When is the envisioned submarine force expected to come into full operation?

Malaysia will purchase submarines basically for self-defence. According to Tengku Ahmad Rithauddeen, a submarine will be acquired to beef up the defence capability of the Malaysian navy. He has said that one is needed as soon as possible to strengthen the navy and, in view of recent security developments in the region.

"As we can see, most strong nations depend a lot on their naval strength and there is a need for us to act accordingly within our means," he told reporters in Port Klang last Sunday. "The purchase of the submarine is a priority project and we will try to get one as soon as possible."

As a matter of fact, the RMN has two main priorities under the Fifth Malaysia Plan (1986-90). They are the formation of a naval air wing, and laying the foundation for a submarine squadron (including the training of future Malaysian submariners).

Coastlines

Both anti-submarine warfare (ASW) helicopters and conventional patrol submarines are needed by the RMN to form a more balanced, efficient and deterrent naval force to protect the country's vast Exclusive Economic Zone (EEZ) outside the coastal territorial waters up to 320km (200 miles) from Malaysian shores. Malaysia's EEZ covers a maritime area of more than 412,800 sq km (160,000 square miles)—larger than its own land area.

The air wing was established in 1986 with 15 commissioned helicopter pilots. Nine of them completed their training in the first batch and graduated in May 1986. Half a dozen British-made Wasp anti-submarine helicopters (described as the "eyes and ears" of the RMN) have been purchased.

A couple of offshore patrol vessels (OPVs) have also been acquired for deployment in the South China Sea to protect offshore oil rigs and exploration platforms as well as the long coastlines of Sabah and Sarawak. They are KD Musytari and KD Marikh, both of which are slightly bigger than the recently purchased West German corvettes.

The RMN has also been sending officers for training and study tours to France, West Germany, the UK and Sweden since 1984. They have gone in groups of four to study the various makes of submarines in these four countries.

The proposed purchase of submarines and ASW helicopters is also regarded as part of the technological upgrading and modernisation of the Malaysian navy. Chief of Navy Laksamana Madya Datuk Seri Abdul Wahab Haji Nawi has described the technological build-up as "vertical expansion in technology and minimum lateral expansion in size" (more technology-intensive with more or less the same manpower).

How many subs do we need? Four to six submersibles is the tentative answer. A French naval officer, Lt-Commander Jean Petite, has said that four is considered the optimum number for the RMN. One is for patrolling the Straits of Malacca, another the South China Sea, the third one is for training purposes, and the fourth for the dry dock (a sub has to be refitted or overhauled every five years).

Datuk Seri Abdul Wahab was reported about a couple of years ago to have said that four medium-tonnage subs would be the minimum number needed for a submarine fleet. Last July he said the RMN would need about six submarines to patrol the length and breadth of the Malaysian economic zone.

According to Captain J.E. Moore, a British veteran submariner, the rule of thumb is that "to retain one on patrol, a total of three is needed—one on station, one on passage, and one in harbour (for periodical docking and examination). The only variation to this rule is when the distance to the patrol area is short, such as in coastal surveillance operations in home waters."

Do we buy new or old boats? Tengku Ahmad Rithauddeen has said that the first submarine, which will be used for training purposes, is likely to be a second-hand vessel. According to him, there is no need to purchase a brand-new submarine as yet because of the lack of experience in handling one.

As a refurbished sub is expected to cost only slightly more than half that of a new one, six old subs may be obtained for the price of four new ones. According to Deputy Defence Minister Datuk Abang Abu Bakar Mustapha, a recent RMN feasibility study on submarine deployment has recommended the purchase of second-hand subs to form the core unit of the RMN submarine fleet. They will be used mainly to train RMN personnel in submarine warfare. If needed, however, they can also be deployed for operational duties.

Minelaying

Nevertheless, the RMN may eventually emerge with a more formidable and resilient mix of old and new submarines.

They are likely to be purchased from one or more of four European countries which have a sound reputation for making conventional patrol submarines: UK with a likely choice between the Oberons and the new Vickers Type 2400 subs, France with the Daphne class and more recent Agosta class to choose from, West Germany with Type 209, and Sweden with its Draken class boats.

Laksamana Madya Datuk Abdul Wahab has said that Malaysia can have a submarine force in operation by the turn of the century if the RMN embarks on its submarine project by 1989. "To have a submarine service is not like

forming a battalion," he said in Lumut last July. "It is a long process. If we start now, we probably can get the submarines ready for combat by the year 2000."

According to the Navy chief, it will take 11-12 years to develop a fully operational submarine force.

Commander R. Compton-Hall, another British veteran submariner, has written: "Experience shows that it takes 12 years for a navy to create an efficient submarine

attack force from scratch. Covert operations like minelaying, not involving action with anti-submarine warfare (ASW) units, are all it can be expected to manage with confidence any earlier."

A fully operational submarine force by the year 2000 appears to be a realistic as well as desirable goal for the RMN.

/12223

Aborigines Reported Linking With Tribal Filipinos Against U.S. Bases

42000383e Sydney *THE SYDNEY MORNING HERALD* in English 16 May 88 p 8

[Article by John Stapleton]

[Text] A meeting organised to help enlist about 200 Australians to march on the Clark Air Base in the Philippines was held at Tranby Aboriginal College, Glebe, yesterday.

The organiser of the campaign, Ms Joy Balazo, from the Philippines, said the main objective was to achieve a Pacific region without military bases linked to the use of nuclear weapons.

"People are not aware of the implications of the bases," she said.

Mr Tiga Bayles, chairman of the NSW Aboriginal Lands Council, drew a parallel between the tribal Filipinos, the Aetnas, in the Central Philippines, where two United States bases are located, and Aboriginal people.

"Our lands have been stolen for use by a foreign military power," he said. "We are very interested in building links with other indigenous peoples in the region."

Hundreds of delegates from the Pacific region, including New Zealand, are expected to join Filipinos for the 80-kilometre march from Manila to the air base next January.

Other activities will include picketing embassies in Manila and an international festival and peace conference.

The national coordinator for the Australian Anti-Bases Campaign Coalition, Mr Dennis Doherty, said he felt it was important for Australian men, who had such a bad reputation in the Philippines for being interested in little more than women and drink, to make a stand.

Sixty Australians have already enlisted.

/9604

Australian Columnist Cites Aid Official on 'Dealing' With NPA

["A Matter of Trust With Overseas Aid" in "Politics" Column by B. A. Santamaria]
42000339g Sydney *THE AUSTRALIAN* in English
19 Apr 88 p 11

[Excerpts] When Mr Hayden was in Manila last week, the information handed to him by Philippines Defence Minister, General Fidel Ramos and its Foreign Minister, Mr Raul Manglapus, made headline news in a number of Australian dailies and even on the ABC.

As usual the more spectacular aspects was the less important. Philippines military intelligence allegedly displayed film showing Australian nationals with the Communist New People's Army and visiting one of its "safe houses".

Although Australia's Foreign Minister "expressed concern", it is difficult to understand how he could have been surprised. On February 13, under the text of Consular Advice: Travel to the Philippines, his own department had issued advice to Australians in that country warning them that co-operating with the CPP or the NPA was a breach of Philippines law.

More important was Mr Hayden's further statement that "Philippines government officials had also produced documents seized during the recent capture of several communist leaders which point to the diversion of Australian funds to the guerrillas and their urban assassination squads". (SYDNEY MORNING HERALD, April 14)

Mr Hayden went on to "warn Australian organizations to make sure that funds sent to the Philippines were not misdirected to the guerrillas... Australian authorities suspected that money sent for legitimate, lawful purposes might be reaching the NPA. It was sad that the deep and compassionate commitment of church bodies was being misused in this way". (AGE, April 14)

Very sad indeed; and not so much because the "deep and compassionate commitment" of church bodies is being misused. Sad rather, because when, for more than five years, these bodies have been repeatedly warned as to what was actually happening, their only response has been either to deny the facts, or to allege that those who had produced the facts were unbalanced extremists, if not deliberate liars.

The executive director of the Australian Council for Overseas Aid, Mr Russell Rollason, at once moved to distract attention from the significance of Mr Hayden's statement by attacking Philippines military intelligence (ABC, April 13); and by asserting that "non-government aid to the Philippines was directed at projects, that monitoring and reporting was strict enough to ensure that no money could be diverted." (AGE, April 14)

On the following day, Mr Hayden lent a hand by stating that "an initial study of so-called documentary evidence... has failed to sustain the allegations". He added that "such allegations were not new". (AGE, April 15)

Indeed they are not. And their credibility does not depend on that of Philippines Military Intelligence, which may or may not be better than ASIO's.

Another aid agency, Community Aid Abroad, has not only stated that it is dealing with the Filipino communists, but when criticized for so doing, it actually defends its co-operation.

In its submission last year to a parliamentary joint committee, Community Aid Abroad acknowledged that in 1985-86 requests for CAA support were "coming mainly from what are described as "organized" barrios, i.e., barrios (villages) where "church workers, social activists or (the NPA) have completed a radical education/mobilization program". The submission detailed "one such program" in which CAA aid had been augmented by a federal government subsidy.

Mr Hayden attempted to exonerate the aid agencies by stating that the misdirection of funds, if it existed at all, was caused not by anything done in Australia but by people in the Philippines abusing "the deep and compassionate commitment of (Australian) church bodies".

Back to Mr Rollason and his statement that "monitoring and reporting" on funds sent by Australian aid agencies is "strict". If monitoring is "strict", then presumably the Australian aid agencies must have known where the money was going. If they did not know, as Mr Hayden implies, how "strict" was the monitoring? The Australian aid agencies can be exonerated. They have no effective machinery at the ground level in the Philippines to supervise what is done. When they claim that they have, they are deluding themselves, if few others.

If, however, one exonerates them on the plea that they do not know, perhaps it should be remarked that these are trust moneys, handed over to the aid agencies by people motivated by religious or charitable purposes. Is this an acceptable way to handle trust funds?

07310

Military Officers Discuss Propaganda 'Cold War' Against NPA in Bicol

*42000378a Manila MANILA BULLETIN in English
26 May 88 p 9*

[Article by Salvador D. Flor]

[Text] Legazpi City (Interco Press)—The war of words in Bicol between the New People's Army (NPA) and the military, described as very similar to the American-Soviet cold war, shows no sign of easing up.

But despite the consequence that it can trigger, many people welcome it with one reason: The 'battle' brings no casualties, no bloody encounters.

To people in areas where skirmishes frequently occur, the cold war is a much welcome relief.

The military which contents itself with debunking charges of alleged atrocities against the civilians has learned to use the trick employed by the insurgents.

Three weeks ago, former NPA rebels conducted a rally at the Penaranda Park in Legazpi where they denounced the communist system.

One speaker named Ka Lea asked her former comrades in the hills to surrender.

Maj. Benjie Pacistol, new chief of the Civil Relations Service at the Bicol Regional Command, Camp Bagong Ibalon, said the military had nothing to do with the rally.

Pacistol's statement was designed to keep away from the military the suspicion that it sponsored the rally.

The verbal attacks against the rebels by their former comrades were considered damaging to the NPA cause.

Days later, people sympathizing with one Avelino Lopez who was found dead in Arimbay Elementary School in Legazpi denounced the perpetrators of the crime.

They did not name the culprits but people knew whom they were hitting.

The victim was abducted by unidentified armed men and killed, a report said.

Sometimes the propaganda campaign launched by both sides takes the form of slogans on the walls of government buildings.

In Tabaco, Albay, more than a year ago, bold letters were painted on the walls of the public market and other government buildings, some directed against the military, the others against the insurgents.

The slogans were written side by side on the walls of buildings and concrete fences. No one had seen those who did the job.

The cold war has affected some broadcasters. Sometime ago, an Army officer based in the third district of Albay pointed to several radiomen as unwitting tools of the communist rebels.

The report even identified the radio stations airing alleged NPA coded messages.

Brig. Gen. Eduardo Taduran, Bicol regional commander, sneers at what the NPAs describe as effective propaganda against the government.

He said that the rebels' propaganda is no match for the government's which is doing everything to uplift the people's living standard.

Bicol military leaders have, however, admitted that about 32 percent of the barrios in the region are either under the influence or control of the NPAs.

But, they said, the military is on top of the situation.

/12913

AFP Statistician Finds Ratio With NPA Narrows
42000378f Quezon City WE FORUM in English
30 May-5 Jun 88 p 16

[Text] A former senior military officer of the Armed Forces of the Philippines (AFP) said the New People's Army, armed component of the Communist Party of the Philippines with which the AFP is locked in battle for nearly 20 years now, is nearing a "stalemate" with the AFP.

In a talk before a group of Manila newsmen recently, former Navy Capt. Danilo Vizmanos assessed the relative strength of the two armies in terms of personnel, possession of high-powered rifles and ammunition and combat-effective formations. He based his figures on the pronouncements of AFP and American military experts, NPA claims as well as on knowledge gained from several years of working with AFP intelligence.

Vizmanos said the actual AFP strength is 160,000 broken down into 70,000 Philippine Army (PA), 44,000 Philippine Constabulary (PC), 28,000 Philippine Navy and Marines, and 18,000 Philippine Air Force (PAF) men. The AFP strength, he added, is boosted 250,000 by some 40,000 members of the still undismantled Civilian Home Defense Force (CHDF) and 50,000 members of the Integrated National Police (INP).

The AFP has 86 actual maneuver battalions or forces that can effectively conduct operations. (The 1988 target is 90 battalions, according to congressional records.) The maneuver battalions, he added, which normally include the Infantry, Marines, Rangers, Army and General Headquarters, but not the Philippine Constabulary have increased from 77 in 1982 to 80 in 1985.

At full strength of an average of 600 troopers each, the 86 battalions is equivalent to 51,600 men. At 60 percent strength, the 66 battalions would add up to 30,960 troopers or 52 battalions. The former AFP officer claimed, that AFP's actual number of maneuver battalions is only 52 which comes close to estimates of retired US Army General Richard Stilwell and American military expert Bernard Trainor.

This also jibes with AFP moves to trim down administrative personnel and redeploy them in combat area.

On the other hand, the NPA strength is estimated at 20,000 full- and part-time guerillas and 30,000 militia members operating in about 60 fronts, which the NPA defines as contiguous areas that can even encompass a province.

The high-powered rifle arsenal of the NPA has been laced by the underground National Democratic Front (NDF) publication Liberation at 10,000 and by Defense Secretary Fidel Ramos at 16,000. Based on this range of estimates, the NPA has from 100 to 160 companies and from 33 to 53 battalions.

Based on Vizmano's estimates, the NPA can have an average of 2.1 companies per front or one undersized battalion per front.

The AFP to NPA combat ratio can vary from 5.2 to 1 and 1.9 to 1, Vizmanos estimated. Using the 51,600 (86 battalions) figure as the upper limit and the 30,960 (52 battalions) figure as the lower limit of AFP battalion strength; and the 53 battalions as the upper limit and 33 battalions as the lower limit of NPA battalion strength, the senior AFP officer was able to extrapolate the following combat ratios:

If the NPA were able to increase its HPR (high-powered rifle) strength to 25,000 from its current 10,000-16,000, the officer said, a 2 to 1 combat ratio can be achieved (with the AFP upper limit number). At most a 1.24 to 1 ratio (with the AFP lower limit number) is likely to occur. Thus, a military stalemate situation is in the offing, provided the NPA increases its armed strength and the AFP remains the same or grows weaker.

To be more effective, the AFP wants its combat strength increased to a 10:1 ratio with the NPA. Budgetary constraints and recent reassessments of military combat strategy have, however, prompted defense officials to at least maintain a comfortable 5:1 fighting ration. (PNF)

/12913

ASEAN Business Leader Plays Down Official Growth Forecast, Fears 'Crisis'
42000383d Manila MANILA BULLETIN in English
28 May 88 pp 1, 18

[Article by Brenda Tuazon]

[Text] While the economy grew by 7.57 percent in the first quarter of 1988, "it still does not provide enough basis for us to significantly jack up our economic performance expectations."

This was stressed yesterday by Aurelio Periquet Jr., head of the ASEAN (Association of Southeast Asian Nations) Chambers of Commerce and Industry and chairman of the Employers' Confederation of the Philippines.

There are even fears of a balance-of-payments crisis "if we do not generate enough export revenues and garner more investment inflows," Periquet added.

He cited a 4.5 percent decline in exports compared to a 23.2 percent rise in imports, which caused a P830-million trade deficit.

Periquet warned that the expansion of industry will raise imports further, adding that there are no boom prospects for exports.

"Moreover, dollar remittances from our overseas workers are also not growing as fast as they used to, given the slowdown in Middle East construction activities and the greater competition posed by other (including cheaper) sources of expatriate manpower," Periquet said.

"Thus far, our economy is being propelled by internal steam," he said. "It is bound to sputter if additional sources of growth—particularly exports and investment inflows—are not obtained in significant proportions."

Periquet said that were it not for foreign perceptions of political risks here, the economy would now be boosted by investments.

He said that investment-led growth is more probable than export-led growth in the medium term.

"Consider alone the tremendous amount of foreign investible funds scanning for suitable outlets in the Asia-Pacific region," he said.

"Only a minute part of these foreign investible funds has gone into the Philippines thus far, but an uptrend has been noted."

Periquet said investment inflows for the first quarter of 1988 totalled \$128 million, compared to the \$54 million of the same quarter last year.

Much of these investments came from big foreign companies "which foresee their doing business here for the long term," he added.

He expressed the hope that the entry of these giant companies will create a bandwagon effect.

Periquet called for action against adverse publicity against the Philippines abroad.

"The government should launch a more effective campaign that would better inform the world of the gains made by the Philippines and the business opportunities here," he said.

He also called for better policy coordination "so that government agencies and officials will stop and avoid contradicting one another, and instead be unified and supportive of their developmental goals."

The government must show unity of purpose so that the citizenry will not become disenchanted with it," Periquet said.

On the first quarter growth, he said this came mainly from the strength of consumer spending which grew by 5.25 percent and the 58.8 percent growth of investments.

The investment growth came mainly from purchases of durable equipment and private construction, as well as from the stockpiling of inventories by both suppliers and users anticipating heavier demand and higher prices, Periquet said.

/9604

King's Instructions to Chawalit on Lao Border Issue, Others

42070122b Bangkok LAK THAI in Thai
7 Apr 88 pp 24, 25

[Text] The funeral for those who were killed in the line of duty that was held at Wat Phra Si Mahathat in Bang Khen on 23 March was attended by the king, queen, Crown Prince, Princess Surinthon, Princess Chulaphon, and Squadron Leader Wirayut Ditsayasin, her husband.

After the king lit the flame and senior government officials lit the funeral pyre, Gen Chawalit Yongchaiyut, the RTA CINC and acting supreme commander, approached the king to give him a memorial book. Gen Wanchai Ruangtrakun, the deputy RTA CINC and the person who organized this funeral ceremony, gave one to the queen. The king and queen chatted with Gen Chawalit and Gen Wanchai.

The king leaned toward Gen Chawalit Yongchaiyut, who was sitting on the floor of the dais with his hands together in respect, and gave him some instructions. The millions of people who were watching the ceremony on television saw this. Many others saw this picture in the newspapers.

The King's Conversation

The king talked with Gen Chawalit about several matters. LAK THAI has learned that the king is very concerned about the Ban Rom Klao problem. He asked about the situation in general and about the negotiations between Thailand and Lao. Maj Gen Thonglai Kommasit led a team of negotiators to Thailand, and MR [royal title] Kasemsamson Kasemsi, the under secretary of foreign affairs, took a negotiating team to Vientiane. But neither round of negotiations produced any results. The king asked about the problems that have arisen, about the lack of progress in solving the problems, and about what can be done to solve the problems.

Gen Chawalit Yongchaiyut told him everything that had happened since the very beginning, including what had taken place at the talks with Gen Sisavat Keobounphan, the commander-in-chief of the Lao People's Army. He said that obstacles had arisen after the talks in Bangkok and the Thai team went to Vientiane to continue the negotiations. But it is thought that progress will be made, because the two sides are working to solve the problems. It is thought that we will be able to solve these problems. Gen Chawalit said that from what he has observed, Laos is sincere about wanting to negotiate. But for reasons having to do with Laos, the negotiations have stalled.

Green Northeast

The king, who had received a report from Gen Chawalit on the Green Northeast Project, asked Gen Chawalit whether the northeast is experiencing another drought like last year. Gen Chawalit replied that in many places,

the situation this dry season is much better because of the project activities carried out during the past year. The project has hit the targets in solving the immediate problems in certain areas such as Na Khun District in Maha Sarakham Province. Last year, there was a severe drought in this district. But this year, the situation is much better, because many of the water sources that used to be dry now have sufficient water to meet the needs of the villagers. The king asked what problems and obstacles have been encountered during the year that the project has been in effect. Gen Chawalit said that during the past year, in carrying out the royal water project for the green northeast, all sectors have cooperated well in order to help the northeast overcome the effects of the drought. The project has hit all the targets set. The royal water project has made progress and brought happiness to and helped solve the problems of the northeasterners. Everyone truly appreciates the king's great kindness. The king kindly made several other suggestions concerning the soil and water in the northeast in order to solve the long-term problems. Gen Chawalit listened intently to what he said.

What Will Things Be Like in 1992?

The king talked with Gen Chawalit about the green northeast. He is concerned about several matters. The project has been underway for 1 year now and is scheduled to conclude in 1992. He asked whether the targets will be hit by then. Gen Chawalit replied that it is thought that all the targets of the project, which has been divided into immediate, short-term, and long-term problems and occupational development, will be hit. The king said that the work should be carried on continuously and that means and possible adverse effects should be studied. He said that consideration must be given to the advantages and disadvantages and to the problems. Because in carrying out something, there are always problems. Gen Chawalit bowed and indicated that he would carry out the king's instructions.

11943

Chawalit Belittles Domino Theory, Comments on Politics

42070123 MATICHON SUT SAPDA in Thai
24 Apr, 1 May 88

[Article by Gen Chawalit Yongchaiyut, RTA CINC and acting supreme commander: "A Democratic Society, the Ideal Society of the Future"]

[24 Apr 88 pp 10, 11]

[Excerpt] MATICHON note: This special article is based on a speech entitled "Thai Society in the View of Gen Chawalit Yongchaiyut" that was given by Gen Chawalit Yongchaiyut, the RTA CINC and acting supreme commander, in the main auditorium at Sinakharinthawitrot University on 22 January 1988.

On "Opinion" and "Theory"

First of all, I would like to make it clear that views on various issues, particularly on the problems of Thai society, depend on each person or the individual.

As you probably know, the basis that we use for things is sometimes referred to as our platform or program and sometimes it is referred to as "theory," which refers to a summary of all activities. This is the form, or theory, to which we adhere.

"Thrutsadi" [theory] is a Sanskrit word. In Pali, they say "thithi" [opinion]. Summarizing a theory or a way of looking at a problem depends on how close we can approximate reality. I am sure that everyone understands this. A theory formulated by many people may be erroneous. Take the domino theory, for example. I and other officials in the military have been fighting this theory for many years. We have finally succeeded in proving to people that the domino theory is the theory of the vanquished and that it is erroneous. It was based on an hallucination. I have used the word "hallucination" on purpose, because this theory was not formulated in accord with reality.

In Buddhism, correct theory is referred to as "right views," which, as you probably know, is an important element of the Buddha's Noble Eight-Fold Path to enlightenment. He stipulated that the first step is "right views." If it is a "mistaken view" or erroneous theory, we can use the word "ignorance." Thus, I would like to start by saying that my views are based on the theories to which I subscribe. As to whether they are correct or not, we can discuss this.

An important problem is the nature of politics. How we view this, with hope or dejection, depends on the foundation.

Democratic Society Is the Ultimate Goal

If someone here were to ask me what my social ideals are or what my highest social goals are, I would probably respond the same way as Nehru when he was asked what his social ideals were. He said that his social ideal was a democratic society. If someone asked me this question today, I would say the same thing.

What is a democratic society? This is something that I would like to explain. In my view, an ideal society is one that has the following characteristics:

1. It must be a society that makes the nation secure and enables it to survive. This is the most important thing. The most important thing is national security and survival. Thus, we often say that national security is foremost.

If you understand the problem of national security, your views will probably be in line with mine. A country is composed of various elements, including problems concerning a unified territory and economy and a common language and culture. An independent nation also has problems concerning common political elements and various security elements. We refer to these things as national security.

We can't hope for everything. But there must be security; otherwise, the country won't survive. This is why this is at the center. This must be part of our ideals and our desire to see our society survive.

2. Economics, stated simply, refers to the nation's economic prosperity. Most people talk about more specific matters, such as the fact that income distribution must be equitable or that most of the income must go to most of the people. Another way of saying this is that the per capita income of the people must be roughly equal, and this must increase. But I am using the words "economic prosperity" in a much broader way.

3. Political problems: What are the highest ideals of society, and what are the people's rights and freedoms?

Rights and freedoms are very important, regardless of whether it is the U.S. Declaration of Independence that was announced on 4 July 1776 or what we have long adhered to as expressed in the words liberty, equality, and fraternity. The matter of people's rights and freedoms is a basic issue. But these rights and freedoms must have limits, which I will discuss later.

4. Something that is very important with respect to our society is the judiciary. That is, there must be pureness and justice in society.

5. Conflicts in society: Whenever there are conflicts in society, the ideal society or the society of which we dream must be one in which the people in that society cooperate and work together to solve the problems. If people unite and work together, it means that the problems or social conflicts will be solved peacefully instead of using force to attack each other and create more problems.

Dream, But Don't Have Hallucinations

Dreams and aspirations are good. Everyone must have dreams and aspirations. But I am opposed to "hallucinations." Dreams and aspirations motivate us. We have to have aspirations, because they motivate us to build the society desired. But hallucinations can cause problems.

What are hallucinations? Of course, it will be very difficult to bring about the ideal society. Thus, everyone has their own ideas on how to transform society. This is

another way of saying that each person has his own theory. But if that theory is not in accord with reality, we call that an "hallucination."

To give you an example, in my view the policies of the People's Council and the policies of many of the political parties following the administrative change of 1932 were incorrect. Why were they incorrect? If they had been correct, today, 50 years later, our country would be in a better position than it is and we wouldn't be so worried about social problems. I wouldn't need to be giving this lecture today. This is the logical answer to this question.

Many people feel that Thailand should do things like a large company. This, too, is an hallucination. Because if we did that, instead of transforming our society based on the four-five points discussed above, we would transform society into one dominated by the minority. This is an hallucination. If we chose those paths, we might encounter obstacles and problems.

There are also people who have proposed new ways of developing our society, such as in the communist system. These people hope to build and improve society. But looking at the great revolution that occurred in the Soviet Union 70 years ago, so far, it has not accomplished that or reached that point.

The Future Society, a Democratic Society

The four-five ideals of society discussed above, that is, the survival and security of the nation, economic prosperity, the rights and freedoms of the people, which do not violate or infringe on the rights and freedoms of others, purity and justice in society, and peaceful solutions to society's problems with mutual understanding and cooperation—these are the ideals of a political ideology that is referred to as "democracy."

The political ideology known as democracy is the ideology that, up to now, has been most in line with society in this world. It has played a role in solving the problems that have arisen in society, regardless of whether the problems have concerned ethnicity, religion, the economy, making a living, and so on.

Democracy is an ideology that gives people an opportunity to think, and it can satisfy people's material needs, unlike other ideologies, which are either psychologically satisfying but do not satisfy people's material needs or which stress material aspects but are very narrow psychologically. Thus, it can be seen that a democratic society is a society that has ideals that are in accord with what we want. In my view, the Thai society of the future will definitely have to be a democratic society.

There are many ideologies that try to use the word "democratic" or even the name democracy. Just using the name is of great significance. Today, many political

parties are using this, and many factions are trying to use this to their advantage. But democracy belongs to all, to all factions and not just to certain individuals.

Some ideologies have used the word democratic or democracy, such as in the phrase "people's democracy." But this is not democracy. Rather, it is the ideology of a country that is trying to benefit from the meaning of the word democracy. Another example is "proletarian democracy."

During the period of absolute monarchy, the stone inscription of King Ramkhamhaeng and the Magna Carta of King John clearly express democratic ideas. All monarchs who acted in accord with democratic ideals were highly respected. King Rama 5 tried to reform everything in order to turn the country into a democracy. This tendency continued during the reigns of King Rama 6 and King Rama 7.

What we want is a democratic society, because this is in accord with and will give rise to various factors that are the ideals of society as discussed above. Or if not us, I would like us to look toward the future. I would like this to arise through our dreams and aspirations, not hallucinations.

[1 May 88 pp 12-14]

[Excerpt] The Truth about Military Dictatorship

After 1932, we felt that we had obtained what we wanted. There were constant changes. It's strange that after that change, the country, which was transformed from an absolute monarchy, which is a system in which power rests with a single person or a small group of people, returned to a similar type of administrative system many times. Usually, this was carried out by the military. But I would like to point out something about those national administrative changes that are referred to as imposition of a military dictatorship through a coup. If we look at this more deeply, it can be seen that in fact, others were behind this. The military was their underling. That was the military's position.

But I can't deny that if we understand the problems of society, if we understand the problems of the administrative system that we really want, if we adhere to what will benefit society, and if we have a little patience, such things will not happen again and the country will develop as desired more quickly.

The Beginning and Expansion of the Communist Party

Because of the various changes in society, a new ideology arose in Thailand in 1942. That was the starting point of communism here. That was the year that the Communist Party of Thailand [CPT] was founded. The CPT proposed a new social line for the country.

I would like to pause here and consider whether communism would have arisen here if our society had developed satisfactorily. It is clear that communism can arise in a country that is a dictatorship. But communism cannot arise in a society that has transformed itself into a perfect democracy. Or if communism does arise, it will not be strong. It will be the type that wages a parliamentary struggle, which can be called a left-wing democracy.

If our society had been good since 1942, a major armed struggle would not have started in 1965. In 1965, what happened in Renu Nakhon in Nakhon Phanom Province was the start of the armed struggle by the CPT. That showed that society during the period 1942 to 1965 was not good, otherwise that would not have happened.

They began waging an ordinary armed struggle in 1965, and by 1969 this had become a civil war, because the CPT had succeeded in forming an army known as the Thai People's Liberation Army. An army is the instrument of the state. This showed that a communist state had been formed in Thailand. There was a state within a state. It had its own administrative zones and zones of state power. It had an organization. There was a communist administrative system here. That was in 1969.

For these reasons, we concluded that the development of society in the desired way had encountered great difficulties in that period. After 1969, the CPT expanded continually. Its zone of influence and state power expanded from 2 provinces to 18-19 provinces. Today, wherever there is a provincial ISOC [Internal Security Operations Command], that means that that province was once infiltrated by the communists. About 30-40 of the country's 70 provinces were infiltrated by the communists. Our country almost went communist. It was on the verge of choosing communism instead of democracy.

Thailand's Democratic Society

Today, the five targets are still targets. They remain our dream and aspiration, and they are not just my dream or the dream of those here today.

I am sure that all Thai kings, particularly those who took the lead in making political reforms, took steps to ensure that Thai society was in accord with reality, make it a society that could bring about security and economic prosperity and provide rights and freedoms to the people, and make it a pure and just society and society that would choose the path of compromise. The features that I have described are those of a democratic society. But I haven't finished. What we really want is a "democratic society of Thailand." I have added the words "of Thailand" because the word "Thailand" is of great significance.

The country is sacred. Our country has existed for a very long time and has a wonderful history. The country is filled with what we refer to as the "nation's social inheritance."

First, one of Thai society's very important national legacies is its adherence to the monarchy. In every period, the monarchy has helped build the country and improve living conditions. It has served as the guarantor for everything in Thai society. Thus, the monarchy is a national legacy.

Second, one of the country's most important legacies is its search for peace. Looking at a map, in the past, Thailand was much bigger than it is today. But what I would like to point out is that even though we may have gone as far as Ha Tien or south along the Malay Peninsula, Thailand was never the aggressor country. If you read history, you will see that those things happened because of some great hurt. They happened after we had finally lost all patience.

Take Vietnam, for example. I would like you to read the letter that King Rama 3 sent to Chao Phraya Bodin, the commander of the Thai forces in Cambodia when we fought the Vietnamese. I would like you to look deeply into history. Laos does not like us to call Suranari a heroine. But we call her a national heroine because she saved the country.

The Thai people are very patient. This is a national legacy. The Thai people long for peace. They like to compromise and coordinate interests. This is a national legacy.

Adding these national legacies to democratic principles gives us a Thai-style democracy. As has been said very often, this must be a democracy with the king at the head.

11943

Government To Refinance Debts for State Enterprises

42000384a Bangkok *THE NATION* in English
29 Apr 88 p 14

[Text] The government plans to refinance the debts of the public sector and state enterprises up to U.S.\$2,000 million beginning this year so that the country can save 2,500 million baht in interest spending.

This was disclosed yesterday by Deputy Finance Minister Dr Supachai Panitchpakdi during a speech delivered to the Thailand Management Association at Regal Landmark Hotel.

He said it is the government intention to reduce the country's external debt for the public sector and state enterprise and boost the economic potential for more stability.

Dr Supachai, who maintains a positive view on Thailand's economic outlook, also expressed concern over unexpected fluctuations in the international financial and stock markets which may be "shocking" because such a situation normally comes without warning.

He said the government has been cautious in creating more external debt. At the same time, it is trying to reduce foreign loans whose annual ceiling has been set at U.S.\$1,000 million this year.

Supachai said the government intends to reduce the annual external borrowing to U.S.\$800 million which is realistic in light of the current situation.

The government wants to reduce the debt-service ratio from 21 percent in 1986 to 18 percent in 1987 and 16 percent this year and next year. There are clear signs of the economy improving as the government showed receipts of 16,000 million baht over the target during the first 6 months of fiscal 1988.

The government also plans to repay foreign loans before maturity dates for both the government sector and state enterprises. Through refinancing, the government will turn to borrow more from domestic sources and this is possible for major state enterprises with profitable operations.

These units include the Petroleum Authority of Thailand, Government Housing Bank, and Thai International. They can issue debt instruments such as debentures, bonds which will stimulate the domestic bond market.

He also pointed out that the Finance Ministry intends to maintain the market for public bonds by not trying to redeem them before maturity dates unless it is very necessary.

Dr Supachai said the Thai economy has been accepted as sound by other countries. The improvement is better than that of Malaysia. Japanese financial institutions rate Malaysia as A plus but give Thailand AA minus. "We are heading towards AA status. But there is also concern among economic policy planners that the Thai economy is growing at a fast pace."

"Now that we have developed our economy to a certain extent, it is time to boost stability," he pointed out.

Though Thailand is having more fiscal and monetary stability, everything will not be smooth as hoped all the time. There should be sharp fluctuations which can change the situation overnight, he added.

He referred to big swings in the movements relating to world stock trading similar to 19 October Black Monday crash on the New York stock market which failed to give any early warning. He did not rule out the possibility of a recurrence of such crash.

"This is because agreements between countries have not yet been implemented. The United States has not been able to solve its trade and budget deficit problems. Japan, which is not doing much to reduce its advantages in international trade despite the sharp yen appreciation," he said.

The debts amassed by Latin American, African and some Asian countries are timebombs because of the accumulating interest on the loans. This may lead to something unexpected and warrant a meeting similar to the one which produced the Bretton Woods agreement after World War II.

He said the stable situation involving the value of U.S. dollar, Japanese yen and interest rates will enable the local money market to reach equilibrium in deposits and lending in the second half of this year.

This will help maintain interest rate stability though lending in the first quarter showed a 24 percent growth. He insists that it is still necessary for the government to help strengthen the position of financial institutions.

By this, the authorities will be strict in their scrutiny of low-quality assets, loan-loss provisions and capital increase. In 1987, financial institutions raised their capital by 10,000 million baht, compared with only 1,700 million baht in 1986. These measures have to continue until the whole system regains stability, he said.

"We will go all out without fearing any criticism. We stand on a correct principle and what has been spent in doing so was not lost," he declared.

He said that the monetary authorities should still sell the finance units under their responsibility back to the private sector. He hopes that commercial banks with sound operations can help shoulder this burden because the private sector has more flexibility.

Meanwhile, a Thai Farmers Bank executive said that external borrowing in the private sector this year will be between 18,000-20,000 million baht to offset the declining liquidity and increasing loan demand.

Senior Vice President Thep Rungthanapirom said the bank predicts that the Thai economy this year will be better than last year due to the country's comparative advantages in international trade such as cheap labour, raw materials, land and exchange rates for the baht.

Exports and tourism continue to grow while there are more new investments particularly in the construction sector which has been instrumental in stimulating economic growth during the past 3 years.

Last year, there were 30,000-40,000 million baht of liquidity in the market. Forecasts show that money demand in the market this year will be 228,000 million

baht, comprising 168,000 million baht in private borrowings, with 23 percent of lending growth, and 40,000 million baht in government borrowings.

He pointed out that 20,000 million baht is in the refinancing of debt for state enterprises. Money in circulation will be 210,000 million baht including 40,000 million baht of surplus funds carried over from last year. Deposit mobilization will be 140,000 million baht or an increase of 18 percent from last year. The country's trade deficit of 40,000 million baht will be offset by 50,000 million in earnings from the tourism industry. Therefore, net foreign borrowings will be 18,000-20,000 million baht to offset the gap.

They said banks still have 92-93 percent of the loan-to-deposit ratio which is normal. It will not be tight if the ratio climbs up to 94-95 percent. There are only three banks which are net lenders and this may lead to an increase by one percent for the minimum overdraft rate.

Banks are offering between 10-10.5 percent per annum for two-year fixed deposits, compared with 9-9.5 percent when the liquidity was still high.

/9604

External Debt Committee Sets 14th Yen Loan
42000384b Bangkok BANGKOK POST in English
14 May 88 p 13

[Text] The External Debt Committee yesterday set the amount to be borrowed under the 14th Yen Loan at 45,924 million yen at an interest rate of 3 percent per annum.

The committee, chaired by Finance Minister Suthee Singsaneh, also decided that the 14th Yen Loan will be spent on the implementation of 12 projects mainly for development of industrial infrastructure, such as railway links between Sri Racha-Laem Chabang and Sattahip-Mab Ta Phud, and three highways, Dr Suthee said.

He said the borrowing amount and projects will be submitted for Cabinet approval and which Japanese officials will take about 6 months to study the proposed projects. Also, the governments of both countries will take another 6 months to sign the loan agreement.

"So, the 14th Yen Loan will be available in fiscal 1989," he said.

The maturity of the loan will be 30 years and the interest rate of 3 percent per year will remain unchanged for the duration of the loan.

"At first, the Japanese Government intended to raise the interest rate to 3.5 percent, the same level as it charges Malaysia, as the Tokyo administration viewed that Thailand's economy had improved a great deal.

"However, it was lucky that the local interest rate trend in Japan went downward, so it is very likely that the interest rate on the 14th Yen Loan will not be raised," the finance minister said.

Dr Suthee said the committee will consider approving loans for various projects along five principles:

- The projects must develop fundamental infrastructure and have a high rate of return.
- For projects belonging to state enterprises, the borrowers must be capable of earning their own incomes for loan settlements.
- For projects belonging to government agencies, they must give a high rate of return, and/or help promote exporting.
- If the projects belong to the private sector, the Government will extend loans to them if their operations are good and of benefit to the country.
- They must be projects which are stated in the National Economic and Social Development Plan.

Dr Suthee also said the committee approved the implementation of a project to install a radar system at Hat Yai airport. This will be one of the projects to be implemented under this fiscal year's external debt ceiling of \$1 billion.

This brings the total number of projects receiving loans this year to 24.

However, the total borrowing of external debt this fiscal was still \$941.68 million, lower than the ceiling of \$1 billion.

Of the 24 projects to receive loans this year, eight of them have already received a combined loan of \$433.07 million.

They are the tourism promotion scheme, the baht supplementary programme, the highway improvement plan, the purchase of Thai's first Boeing jet, the efficiency increase of the State Railway of Thailand, the efficiency improvement of the Telephone Organisation of Thailand, a power station at Khanom, and the loan for the Bank for Agriculture and Agricultural Cooperatives.

/9604

Economic Intelligence Unit Proposed
42070122a Bangkok LAK THAI in Thai 21 Apr 88 p 30

[Text] For several years now, government officials have been wanting to establish a national economic intelligence center to supply clear data to government units. Today, there are various trade problems that must be discussed with various countries worldwide, especially the problem of protectionism, which has become a major problem during the past 2 years. It can be said that in the past, each department and division gathered data on its

own for its own purposes. These data were not disseminated or collected at a center in order to furnish factual-data to government officials that could be used in carrying on trade negotiations with other countries. But now that protectionism is a problem throughout the world, current data is a very important tool in international trade negotiations.

For the above reasons, the Department of Business Economics, Ministry of Commerce, which is the technical department of the Ministry of Commerce and which used to be a small and rather insignificant department in view of the fact that it's only function was to collect data on prices and consumers, has become a much more important unit now that the situation has changed. This is because having trade data is essential for carrying on international trade negotiations. This also benefits those in the private sector in exporting goods and carrying on domestic trade. It is also essential to have marketing data on the various types of goods. The Ministry of Commerce is the ministry that is concerned with trade and, therefore, it is the ministry that must collect trade and commercial data for government officials and ensure that the private sector has accurate data to help it penetrate foreign trade markets. It is important to compile lists of goods and products and identify what types of Thai goods are in demand abroad. These are the things that Thai merchants need to know. Merchants also want to know what means can be used to penetrate foreign trade markets. Japan, for example, has the most efficient system in the world for obtaining trade data. Data and funds are provided to those in the private sector for research purposes in order to learn which industrial, agricultural, and commercial products will make advances. Japan has a private organization, Jetro Jayka, that gathers data from countries around the world and feeds the data back to Japan. Data collection units are sent abroad in order to collect various types of data of benefit to Japan. Those data can be used to make 3-5 and even 10-year predictions about those countries. Thus, Japan is very strong on trade matters because of the data that it has. Its data is even superior to the data of the countries involved, because it collects data in a variety of ways and can check the data carefully. It has analysts to make predictions for each type of product in

each country. That they have excellent data is evident from previous Thai-Japanese trade negotiations. Japan always knows what our weaknesses and plans are. It even knows what goods Thailand wants to sell and where the price weaknesses are. It can be seen that before Japan begins negotiating with someone, it studies that country very carefully and establishes the power of the negotiating limits. But this power is not total. In holding trade talks with Japan, Thailand rarely receives a clear answer. All it receives is a promise that may not be possible to keep. Because Japan often sets various conditions.

It is essential that Thailand establish a national trade intelligence center as soon as possible. The Ministry of Commerce has passed a resolution to establish this center at the ministry. Data will be collected from the various departments and stored at this center. The Department of Business Economics will serve as the link. Trade data on domestic markets, the price of goods, and the domestic situation will come from the Department of Internal Trade. Trade data on major agricultural products such as rice, corn, and cassava and goods for which quotas have been set, such as textiles and clothing, will come from the Department of Foreign Trade. Data on businesses and commercial registration concerning oil and prices will come from the Department of Commercial Registration. Data on foreign markets, trends in penetrating markets, and stratagems will come from the Department of Commercial Relations. Data on life insurance and insurance against destruction will come from the insurance offices. There are also important data from the various ministries. Data on upland field crops, number of production sources, and quantities will come from the Ministry of Agriculture and Cooperatives. Important industrial data on factories and mining activities will come from the Ministry of Industry. Data on financial and monetary matters will come from the Ministry of Finance.

It can be seen that all these data are important to the country's trade growth. We must establish a national trade intelligence center so that we can negotiate intelligently with other countries.

POLITICAL

Issues Raised at 5th Youth Union Congress

42090186a Hanoi THANH NIEN in Vietnamese
Jan 88 pp 12-14

[Article by Kim Long: "Social Justice and Social Realities!"]

[Text] The "Social Policy" center was one of those drawing the attention of many delegates to the recent Fifth National Ho Chi Minh Communist Youth Union Congress in Hanoi during November 1987.

The pressing issues concerning and affecting the lives of youths that were receiving concern:

Social policy! Social justice!

These issues are closely related to the life of each individual, and determine the rights, duties and position of youth in society.

At the center, the issue being emphasized heavily by the delegates was that, "policies being too outmoded, state subsidization and negativisms from and due to deficiencies, lack of concern for the individual, and a loss in social justice are adversely affecting and "altering" a great social force—the youth.

In his speech at the union congress, General Secretary Nguyen Van Linh stated, "While highly evaluating the contributions of the youth and the Ho Chi Minh Communist Youth Union, with a spirit of looking straight at the truth and with the full responsibility of communist youth, we must acknowledge that many deficiencies still exist in the youth union and in union work.

In many areas of activity, there is not yet truly a youth movement, and the political role and effect of the youth union in many fields have not been clearly expressed. On the platform of this congress, I must say to you that the party and state also have shortcomings concerning the youth, and it is probably not exaggerating to state that many party committee echelons and administrative levels only give attention to the use of youths but have not yet fully recognized their great role and the strategic importance of youth motivation, education and organization. Cases are not rare in which party committee and administrative echelons only remember youths when there are difficult situations to resolve that demand the strength of the young, but afterwards almost forget them, seldom draw near to understand their thoughts and aspirations, and give little concern for their elementary and advanced training or answering the legitimate and genuine requests of the youth!"

Tran Dinh Hoan, Vice Minister of Labor, announced at the center: "The entire country presently has 32 million youth laborers. This number increases annually by about 1 million and as such, by the year 2000 will be 46 million people." No small force!

On the two fronts of construction and combat, the young are constantly the primary attack and assault force! It may be said that wherever there are difficulties and hardship on these two fronts, the presence of many youths is always noted! This contribution is really and truly a great one! However, as delegate Sach from Quang Nam-Da Nang said, "The youth are evaluated as having made a great contribution but when entering life, they are largely unable to find a position in society. The state subsidization system has ejected advanced and talented youth from their rightful place, and many of their courageous preliminary plans have been buried."

Speaking after Sach, army delegate Mai said, "We army youths are a great force standing on the front line of combat, enduring every hardship and sacrifice for the fatherland, a dynamic and cultured force but one constantly worried and concerned about our future. We don't know how we will live after we complete our military obligations and return. What will we do? Is there a place in society reserved for us?"

An Giang delegate Kinh stated that in his province, many discharged soldiers, including the wounded, still had no jobs and there was still no course for providing any.

Actually, not many provinces or administrative and youth union echelons have coordinated in successfully providing jobs for discharged soldiers or have a policy for meeting returning troops who have completed their military obligations such as Quang Ninh.

How can youths be prepared to join the army and have peace of mind in taking up arms in combat to protect the fatherland when going to work or study in foreign countries are this son and that nephew of someone holding position and power? The power of those who "have money ready in their hand!"

What damage to the national honor is caused by those opportunists, criminal offenders and lazy workers who slip through the net to engage in foreign cooperative labor and then create turbulence in friendly countries? Those ready to sacrifice themselves to protect the fatherland who have now completed their obligations to the nation are forgotten!

What does this situation say about social justice?

Why don't the union organization and those representing the interests of the young stand up and fulfill their official duties? First of all, it must be stated that many union ranks have not truly been zealous or wholehearted in their responsibility to represent the interests of the youth.

On the other hand, something that leadership levels and especially the party and administrative leaders must recognize is that in the actual management mechanism at the present time, the union organization has no standing in representing the young! Precisely as stated by General Secretary Nguyen Van Linh: not a few locations in all levels of the administrative apparatus give only nonspecific contracts and priority to the youth union in recruiting troops and the public welfare labor force. In selecting laborers and providing jobs, especially foreign cooperative labor, the union is only invited to sign and complete the procedures when everything for the festival dinner has already been arranged.

There are even times when union documents are not unified with functional agencies or in other words, union functions are still not systemized.

Maybe the time has come for the young and the union organization to struggle for their own legitimate interests.

By "tasks to be done immediately," the young must declare war on bureaucratism, authoritarianism and every negativism in society as well as in social policies!

The struggles against negativism and authoritarianism to establish social justice are arduous and violent but necessary, and no one other than the young must declare war on them in order to restore their own confidence and to ensure order and social justice—to build the future!

No one can select the policy, and better still, the quality of a young laborer other than the union organization and youth collective at the basic unit level.

Chat, youth union affairs committee chief in Bulgaria, stated, "I suggest that selectees for work in foreign countries be those who have fulfilled their military and labor obligations. The union must have participation in this matter!"

The entire center voted unanimously that to provide jobs for youths, the union must take the initiative and have a high responsibility. The union must make proposals, struggle and create that capability for itself!

The union does not "beg for jobs" for the youths but must by every means seek autonomy and independence in this matter!

The delegates also presented six formulas for providing youth employment:

- By relying on state-operated economic units to provide jobs.
- By organizing a concentrated assault youth formation.
- Through small industry and handicraft cooperatives.
- By establishing service cooperative teams.
- Through family economy activity.
- Through international cooperative labor.

In conjunction with providing jobs for youths, the union organization must also assist them in conditions for a good understanding and concept of their work and gradually eliminate any complexes among them about the labor profession inside and outside the state rolls.

Along with the right of requiring a job is the one indispensable right of the young, that of studying and having a good time!

Our country has been independent for more than 40 years and completely liberated for more than 10 but in the highland border areas, 80 to 85 percent of the youths are still illiterate?

Sung, Youth Union Secretary of Son La Province, said, "The policy on ethnic minority youth is still on paper. Did the party belittle itself when Resolution 26 of the Political Bureau was not supervised and developed? A social program is necessary before the three economic programs are presented."

Actually, in not a few provinces, cities, wards and districts, Resolution 26 exists only in the form of a document on a desk.

Under the eyes and hands of many management cadres in administrative agencies, the old way is still "If the work is yours, you do it," while for the youth union and youths, it is "Who cares about you!"

Son La Province Youth Union Secretary Sung also stated, "The border defense force is becoming unilateral. Recently, a missionary, 36 years old and able to speak the ethnic minority language, gathered the youths and issued 36 weapons to his followers." The Lang Son delegate said that 80 percent of the ethnic minority youths in the border area cross the border to do business.

Due to backwardness and poverty and because the economy and life are difficult, we mass everything into the "economy" and forget the greatest need of concern for the individual!

The level of perception and capability of each individual, and the spiritual and cultural life of each person in society are the basic roots creating and deciding other issues.

The center also touched upon many other issues such as: youths and the problem of resisting negativism, female cadre policies, the issues of childbirth and family planning, etc.

It may be said that anywhere and in any problem of society at the present time, youths are the primary force with a decisive effect on victory. The youth union must promptly formulate a plan for organizing, training and guiding actions so the young can truly fulfill their responsibility.

For the youths to truly take control and occupy a worthy position in society demands that the youth union organization make great effort in both organization standards and work methods. To renovate the youth union, the first problem requiring mention is the timely supervision of the party and the response of administrative echelons in proper social policies to ensure social justice and the autonomy of the youth union!

The failure of the youth union to represent the interests of the young is partially due to the fact that union cadres at all levels are still weak and few in numbers, and that union organization is still substandard and not yet dynamic in this or that aspect.

However, the essential fact must be stated, that the party, state and administration have not yet assigned the youth union the means to organize and assemble the young; that is autonomy concerning the interests and obligations of the young. Return independence to the organization.

7300

Discussion on Merits of Socialism
42090174 Hanoi THANH NIEN in Vietnamese
Mar 88 pp 5-8

[Article by Trung Thanh: "Conversation With Youths on Socialism"]

[Text] Why is this conversation necessary?

Everyone in the country, regardless of age, is familiar with the word "socialism." Every morning, young children wearing red scarves chant the words: For socialism, be prepared! From general school to college, students take countless tests and answer countless questions on socialism. And when people go to work at a factory, work site, state farm, agricultural cooperative, or agency, they live with socialist principles, now no longer in books but in the reality of daily life with all its variety and contradictions. People compare reality as experienced with the things that they have learned from books and are happy when something fits their conception of socialism. But they are often confronted by something masquerading as socialism but which they know is not

socialism at all and which is distorting the wholesome things in society and the good things of socialism, things of which they can justly be proud.

Confronted by this situation, how can we not be worried!

A number of our youths (perhaps the number is quite large) have had their confidence in socialism shaken.

I must also mention the effects of today's world situation. Like it or not, our country is still in the information currents of the world. And those currents are influencing people's concepts, particularly the concepts of youths, in contradictory ways depending on the source and direction of each current. Besides the information currents that are "working for" socialism, there are many other information currents that are "working" in an opposite direction, that is, against socialism. There are information currents emanating from the enemies of socialism. There is nothing strange about this. In their words, the difficulties and crises of socialism are depicted as the end of socialism. The temporary strengths of capitalism (many beautiful goods, for example) are said to be the specific ideals of mankind.

There is no need to conceal anything. Just a few years ago, the real situation in a number of socialist countries, including—and primarily—the Soviet Union, confused a large number of people, including many loyal people. Looking back at that time, an overseas Vietnamese intellectual with a PhD in psychology who had returned from France told me that "capitalism is like cholera, and socialism is like the plague. I don't know which to choose." Of course, that is the view of an intellectual who has been profoundly influenced by capitalist propaganda. But that observation is not entirely groundless. Negative phenomena in socialism in the Soviet Union and the East European countries reached a very serious level and seriously distorted socialist ideals. For decades, "sluggishness" in the Soviet Union led to a "monetary crisis" in Soviet society, and that damaged the prestige of socialism. Fortunately, socialism has had sufficient vitality to turn the situation around. Reorganization and reform of the various processes are revolutions that are taking place in almost all the socialist countries, and this has restored people's confidence in socialism. But it cannot be said that our youths have regained full confidence.

Confused by a number of domestic realities, many youths are also confused by the currents of information in the world. Where can they find convincing and ready-made answers?

Although no study has been done, I think that most youths are not in such a state of confusion. Basically, the youths in our country are still closely connected to socialist ideals. The problem is that that connection is not strong enough intellectually or emotionally. We must strive to "solidify" that connection.

Those are the reasons for having this conversation.

A conversation is not meant to impose a single way of thinking (imposing your ideas can lead to results that are contrary to those desired, because in many instances, this generates only formal approval). Thus, holding a dialogue means discussing things in an unbiased manner.

Below, I would like to reprint a conversation on socialism between a middle-aged communist and two youths, one from the north and one from the south.

For convenience, I will refer to these three people by the letters A, B, and C. By the context, readers can recognize which is which.

A: Let's get to the heart of the matter. Socialism has been recorded in the party's documents for a long time, almost 60 years if we count from when the "Political Thesis" was drafted by Tran Phu. And it's more than 30 years if we count from when the north was liberated and entered the period of socialist revolution. Of course, because half of the country had still not been liberated, the leading task of the country was to complete the revolution to liberate the people. We could not concentrate all our strength on building socialism. That had to wait until after April 1975. Only then was it possible to launch the socialist revolution throughout the entire country. More than 10 years have passed since then (almost 13 years to be exact).

But to be frank, not everyone understands that selecting the socialist path was a historical necessity for our country. Many people wonder whether socialism was the only correct choice for our people. During this conversation, we will concentrate on the topic "The Historical Choice of the Vietnamese People." Do you agree?

C: Yes. To be honest with you, I grew up under the old system in southern Vietnam, a system that is usually referred to as the American-puppet system. Although I threw myself into the struggle to liberate the south, I am still perplexed by this. Perhaps it's because I once read a number of books about socialism that were published in Saigon, including "Nothingness and Endlessness" by (Koxlo), and the "Gulag Archipelago" and "The First Circle" by Solzhenitsyn. Thus, to be honest, I don't have much sympathy for socialism. Why did I fight for freedom only to be robbed of freedom? Socialism can perhaps bring food and clothing and create jobs for people, but what about freedom? I am still watching to see how. After liberation, I heard about and personally witnessed socialism in the north (I visited northern Vietnam several times). And I have witnessed socialist construction in southern Vietnam these past years. There are many things that I like, but there are also many things that are difficult to understand and that have made me even more skeptical about socialism. Can it be that socialism has made society even poorer? Has socialism resulted in social decline? No, I am not exaggerating.

Our newspapers have reflected these points to a certain degree. On many occasions, when talking together frankly, I and a number of other young intellectuals in Ho Chi Minh City have said that if for some reason neocolonialism one day springs up here again as during the puppet period, we would certainly struggle against this once again just as we did in the past. But to be frank, to become involved with socialism as at present is not what we long for.

B: My attitude is different. Youths such as myself who have grown up in the north have enjoyed the fruits of the new system. My parents were peasants in Thai Binh. Fortunately, they escaped the famine of 1945. Peasants of that time had only one thought and that was how to avoid starving, how to obtain a house and well, and how to get their children through secondary or even just primary school. Today in my village, there are dozens of people who have been to college and a large number have completed secondary school. For us, socialism has become a part of us. It is a way of life and way of thinking. People can say whatever they want about socialism, but I am closely connected with it. To me, it is a wonderful ideal. But to be honest, I have been concerned on many occasions. Many times, the socialist principles that we read about in books and heard about in the classroom have not been carried out in life. In many cases, real life has been just the opposite of these ideals. Let me cite one principle as an example: From each according to his abilities, to each according to his labor. If this is the principle, then why do some people with labor abilities have a poor standard of living, the poorest in society, while parasites, smugglers, and children of officials live like kings and live a carefree life at the expense of many others? Why do we allow negative phenomena to continue to erode social relationships and ruin the wonderful feelings of people? Why...but that's enough. I don't have the energy to raise a whole series of "whys." It's not that I don't understand that we won't encounter obstacles and make mistakes when starting along the path of socialism. I am concerned by just one thing: Are these difficulties and mistakes the result of objective reasons or are they the result of subjective reasons, meaning that there is still room here for people to choose?

A: Don't you think that older people are concerned about the social situation, too? We are worried about many things. It must also be said that among those who participated in the revolution from the start of the uprising, there is a phenomenon that can for the time being be called "division." The great majority still hold to the ideals. They are working to ensure that the ideals are fulfilled. They live a pure life and endure undeserved privations in life, but they are still filled with revolutionary romanticism just as in the past. The only difference is that today this is tinged with a bitter taste. Some people have told me that: "My children have said that I am foolish and too impatient and, therefore, why have I achieved. But I just laugh, because they don't understand

me. It can be said that most of the old revolutionaries are upset by the present decline in society. Is this what all of their efforts achieved?

Besides these people, there are many others who have lost their ideals and who live their lives in a "pragmatic" way. (Being practical is fine, but pragmatism is bad and wrong.) They compete with others for profits and use whatever they can. They are intent on profiting personally. Some have committed terrible crimes. It is these people who are responsible for today's decline and crises. Of course, there are other causes as well, but this is certainly one of the causes. But we will return to this later.

A moment ago, C raised a very important point: "If the struggle to eliminate the old system in order to reach socialism is like this, then this is not our dream." That is being very honest, but it also shows faulty understanding. Socialism like this? Today, do we have a perfect socialist system? In our country today, we have some of the elements of socialism. But the nonsocialist elements still outnumber the socialist elements. The mistake made by many people is that at a time when we do not have a perfect socialist system, or to be more exact, at a time when we have just begun to build socialism and socialist construction has encountered many difficulties and mistakes have been made, people think that the country is already a socialist country!

C: But our country has been called the Socialist Republic of Vietnam for more than 10 years now.

A: Perhaps that is a manifestation of a type of voluntarism: thinking can quickly transform the country into a socialist country. But the fact is that that name reveals the country's clear-cut direction and people's choice.

C: Except that I and perhaps other people are afraid that we chose the country's path a little too quickly. To be frank, why didn't we choose some other path, a path that would have led to a society like that of Sweden, for example? That country has a high standard of living and social justice. Wouldn't that have been better?

B: I have a few thoughts on this matter. I am not familiar with any other social system besides the existing system. I support this system, because it has greatly improved my standard of living and that of my family and village. But I am aware of the fact that there are still problems that need to be solved. All you need to do is look at the rural areas. In the cooperative fields, the harvests are much lower than on the "5-percent" plots or on the recently-divided quota plots. (Although now, the quota fields have declined greatly, too.) Perhaps this is because of the peasants' tendency toward private ownership. Given today's technical conditions, perhaps individual work methods are more suitable than socialist collective life.

And if that is true, why is socialism considered to be essential? Can it be that we stepped into socialism a little too soon, that is, before the material and technical conditions were right?

A: Then what path should we have taken?

B: I haven't thought about that. But I still think that we became involved in socialism too soon, especially in the rural areas.

A: Your views are very typical. Many others share your views. For them, socialism is not essential. Thus, the people could have made some other choice, is that right?

To understand whether it was necessary for the people to choose socialism, the question must be posed against the background of mankind's present situation and the history of the entire world. This is a period of transition from capitalism—which has ended—to socialism. Please pay attention to the word "historically." Capitalism can no longer play a progressive role in the history of mankind. It has become the main obstacle to the progress of mankind. It has placed mankind in danger of nuclear annihilation. The danger of a new world war, a war involving missiles with nuclear warheads, stems from imperialism and capitalism at its highest level. It is digging a deep hole between the so-called "developed" (or rich) countries and the "developing" or "third-world" (poor) countries. It is creating obstacles to make it difficult to solve the difficult universal problems: energy, food, environmental pollution, depletion of the natural resources, and so on. Mankind must shift to a more progressive social system to ensure the happiness of people regardless of where they live in the world. That system is socialism. Socialism is replacing capitalism historically. That is not a fabrication in the mind of someone, although the genius Karl Marx saw this. The socialist and communist viewpoints came into being long before Marx was born. Today, as you can see, the progressive political movements are all leading toward socialism. Ironically, there are reactionary trends posing as socialism (such as Hitler's Nazism). For more than two-thirds of this century, the spearheads of the imperialists have been aimed at socialism. If socialism does not threaten the existence of capitalism historically, why is capitalism expending so much energy on this?

In the present age, there are only two paths of development for mankind: capitalism or socialism. There is no third path. This does not mean that we can classify all the countries in the world as either capitalists or socialists. A number of countries, especially third-world countries, are searching for a path and changing themselves on the way. They have not made a decision. Many countries are in a period of transition. As to what they are moving toward, that depends on many internal and external factors. But looking at developmental goals, in the end they must become this or that. They cannot remain in transition forever.

B: We have heard these things many times in school. Of course, they are of value, but we would like a direct response to the question posed by C. Why didn't we choose capitalism?

A: I was about to answer that question.

Recently, two French researchers, J. Y. Garfantan and C. Condaminas, wrote a book that deserves attention. The title of the book is "Who is Afraid of the Third World?" In the book, they confirm that economic growth based on the capitalist model cannot help underdeveloped countries.

11943

January 1988 THANH NIEN Table of Contents
42090186b Hanoi THANH NIEN in Vietnamese
Jan 88 p 32

[Text] **Table of Contents**

Fifth National Congress of the Ho Chi Minh Communist Youth Union	1
Speech by Nguyen Van Linh	2
Tran Do: Some Opinions on "Culturalizing" Union Activities.....	9
Kim Long: Social Justice and Social Realities.....	12
Vu Binh Minh: "You Must Save Yourself.....	15
Tran Hoang Linh: Renovating Education—Emphasizing Quality and Effectiveness	18
Nguyen Van Trung: We Stand Firmly at the Frontier.....	20
Nguyen Trong Hoang: The Responsibility Is Ours.....	21
Introducing a Number of Delegates to the Fifth National Youth Union Congress	23
Communist Youth Union—Democratic School	26
(Riurikop): Some Words on Sexual Psychology.....	28
"Is Being a Youth Easy?"	29
What Is Love?	31
Display by: Le Thi Na	

7300

Chronology From 15 January-14 February 88
42000392 Hanoi VIETNAM COURIER in English
Apr 88 p 32

January

[Text] 15-16. Hanoi: With financial help from the World Wildlife Fund (WWF), the Vietnam Resources and Environmental Centre holds an international symposium on a "programme for the protection of the gaur". The papers read at the conference put forward measures to protect and multiply this species of which rare specimens now exist only in Vietnam, Laos and Kampuchea.

15-21. A delegation of the Communist Party, of Vietnam led by Hoang Bich Son, member of the Party Central Committee and head of its External Commission pays an official friendship visit to Iraq.

16-23. A delegation of the Vietnam Committee for Solidarity and Friendship with Other Peoples led by Mrs. Nguyen Thi Binh, Vice President of the Afro-Asian Peoples' Solidarity Organization, and Presidium member of the Vietnam Committee for Solidarity and Friendship with Other Peoples, pays a friendship visit to Syria.

19. The Japanese Government decides to grant 150,000 dollars in aid and send a shipment of medicines worth 15 million yen to Vietnam's Nghia Binh and Phu Khanh provinces to help overcome the aftermaths of storms and floods in 1987.

19-21. Ho Chi Minh City: Opening of a round-table Conference of Asian-Pacific journalists with the participation of more than 60 journalists from over 20 countries. Party General Secretary Nguyen Van Linh addresses the conference.

20-22. Hanoi: 20th session of the Conference of home-trade ministers of the Council for Mutual Economic Assistance (See Panorama, page 1).

22. Warsaw: Signing of a protocol on goods exchange for 1988 between Vietnam and Poland.

26-27. Ho Chi Minh City: 13th session of the Vietnam - USSR Intergovernmental Commission for Economic, Scientific and Technological Cooperation.

27. Vietnamese circus artiste Nguyen Quang Minh awarded a silver medal at the International Circus Festival in Paris.

+ Hanoi: The Ho Chi Minh Communist Youth Union Central Committee presents five tonnes of rubber as gift to the organizing committee of the 13th World Youth and Students Festival to be held in Pyongyang (Democratic People's Republic of Korea) in 1989.

30. Ho Chi Minh City: Commissioning of the Indira Gandhi jute factory, whose building started in April 1985. This project jointly undertaken by Ho Chi Minh City and the Indian Simco and Birha Companies, can produce six million jute bags per year.

29. Jan.-2 Feb.: A delegation of the General Political Department of the Armed Forces of the USSR led by General A.D. Lizitchev, member of the CPSU Central Committee, deputy to the Supreme Soviet, and Chief of the General Political Department of the Soviet Army and Navy, pays a friendship visit to Vietnam.

February

2-4. Moscow: Vietnam attends the 126th Session of the Executive committee of the Council for Mutual Economic Assistance.

3. Putting into operation of the Thac Ba - Yen Bai - Lao Cai 110 KV power transmission line and the Yen Bai 110 KV transformer station. The national power grid has thus reached Lao Cai - a northern border town.

3-9. A Vietnamese Government delegation led by Nguyen Canh Dinh, Minister of Water Conservancy and President of the Vietnam Section of the Vietnam-Iraq Committee for Economic, Scientific and Technical Cooperation attends the fourth session of the committee in Baghdad.

4-9. An Indonesian army delegation led by general T. Soetrisno, Army Chief of Staff, pays a friendship visit to Vietnam.

5-6. The SRV State Council holds one of its regular sessions.

5-10. El Hadjibrahima Soumane, adviser to Guinean President Lansana Conte, visits Vietnam.

7. A news item in the NHAN DAN newspaper announces that following the promulgation of the Law on Foreign Investment in Vietnam, the Vung Tau - Con Dao Tourist Agency has signed a contract with the Hotrimex Company (Hong Kong) setting up in Vung Tau a joint transport and tourist company to be named - VIKARANG.

7-12. The Australian ballet troupe "The North" visits and performs in Vietnam.

11. Hanoi: Signing of a protocol on goods exchanges for 1988 between Vietnam and Kampuchea.

—The SRV State Council decides to release and reduce the sentences imposed on 6,412 prisoners including 1,014 former officers and members of the Saigon administration on the occasion of the lunar new year.

13. A spokesman of the Ministry for Foreign Affairs of the Socialist Republic of Vietnam denounces Thailand's land-grabbing operations on Lao territory in the Nabo noi area in Sayaboury province, and demands that Thailand immediately end its hostile acts and respond to Lao goodwill with a view to settling outstanding problems between the two countries through peaceful negotiation.

+ Hanoi: The Central Committee for Overseas Vietnamese receives Vietnamese residents abroad coming home for the Tet festival.

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MILITARY

General Officer Discusses Quality in MR 5 Militia Building

41090180 Hanoi *QUAN DOI NHAN DAN* in Vietnamese 4 May 88 p 2

[Article by Major General Chau Khai Dich: "Military Region 5: Strengthening Militia, Self-Defense Forces by Emphasizing Quality"]

[Text] In contrast to the previous war, the war of liberation, in the people's war to defend the fatherland, the combat opponent of the self-defense forces consists of main force troops of the enemy. Militia and self-defense forces are therefore capable both of independently conducting attrition operations, wiping out enemy elements successively in small engagements, and of conducting coordinated operations in combined arms formations; they fight the enemy invading from outside, while preventing and putting down disturbances from within; they fight out in front, while they are capable of holding fast in the rear and fighting on both flanks of enemy formations; they protect the rear area, while working in production and preparing to replace main force units. They practice control and offensive, offensive and control, and they hold fast to each inch of ground, in order to defend the local area and contribute to the defense of the fatherland.

The nature and mission of militia and self-defense forces in the people's war to defend the fatherland as outlined above are the point of departure for the requirements to innovate organizational guidance and leadership and strengthen and raise the quality of self-defense forces of Military Region 5 in keeping with the situation of the revolutionary task and with the spirit of innovation of the resolution of the Sixth Party Congress and the resolution of the Political Bureau on national defense.

The organization of militia and self-defense forces must be based on the mission of countering the war of destruction waged by the enemy on multiple fronts and of fighting the gang of bandits and on basic defense plans of each locality and basic-level installation approved by higher echelons, having necessary strengths, appropriate organization and equipment, a constant increase in quality, and the power necessary to accomplish immediate and long-term missions.

The task of organizing, strengthening, and raising the quality of militia and self-defense forces is a regular and long-term task requiring extensive research on a scientific basis, working while deriving experience, organizing execution in each type of installation, activating initiative to achieve high quality and effectiveness, and avoiding the tendency to copy or to depend only on experience. The effort must be closely coordinated with all others, especially with building and strengthening the

political base, reforming and perfecting production relations, allocating work, arranging the distribution of population, organizing production, strengthening mass organizations and government, building the party, building mobilized reserve forces, etc., in order to build and strengthen militia and self-defense forces.

The task of strengthening and developing militia and self-defense forces must be put on the basis of local state planning and programming, with legal standards formed by short-term and long-term annual planning and planned organization for execution suitable for the practical ability and the requirements of the political task of each locality and installation. The organization of militia and self-defense forces must be suited to the party leadership organization in the administrative organizational base, tied to production organization and not deviating from production, tied to mass organizations, and on a political basis that grows constantly stronger, making each militia and self-defense force cadre and unit member a good fighter and at the same time an excellent member of the youth union and an advanced worker.

The above concerns, which have the nature of principles, are the scientific basis for organization and the source of strength for militia and self-defense forces.

In installations in which the movement is still weak, a good effort must be made to develop mass self-awareness to execute the task of building and defending the fatherland, to discover and train a core, and to build militia and self-defense forces from the bottom up and from concentrations to broad areas, avoiding hasty and impetuous growth by a showy signing up of names.

The organization of militia and self-defense forces must adhere to the principle of widespread strength with primary emphasis on quality, resolutely resisting the disease of ostentatiously and formalistically pursuing quantity, and at the same time opposing habits of excessive meticulousness, arbitrariness, and of doing things to whatever point they reach without adherence to plans or programs and without responding to the combat and combat readiness mission.

Pursuant to orders of the military region commander, from now until 1990, concentrate on quantitatively and qualitatively building and strengthening the militia and self-defense combat forces throughout the military region. Concentrate on properly building up and ensuring strength and widespread capability for firm control in each installation. The highest echelon for each collective and production unit or each hamlet and ward is the platoon. The highest echelon for villages, sub-wards, state farms and forests, and enterprises is the company; the platoon in cooperatives, administrative offices, and factories; the squad in production units, factory shops, etc. In training or in combat, they operate in company formations; when the mission is over they return to

activities on the basic level—they are not organized separately into party chapters and union chapters within the mobile combat militia and self-defense force company.

Service branch combat militia and self-defense forces are to be organized according to the basic defense plan; the branch of service needed by each installation is to be organized for that installation, without organizational uniformity. The highest echelon is the gun crew or platoon; the small industry or handicrafts trade and agricultural cooperative stations and farms are to be relied on for organizing them.

The highest echelon for large-scale state-operated fisheries is the company. Other installations organize platoons and squads. Efforts to organize and build reserves are to be closely coordinated with efforts to build militia and self-defense forces. Mobilized reserves formed according to mobilization plans within the framework of the standing organizational program are not to be inducted into militia and self-defense forces. In every village and sub-ward organized in framework B of self-defense force management and mobilized for use when needed, youths of age for being prepared for induction and reservists who have not yet been officially inducted into reserve units can be inducted into the militia and self-defense forces, but are to be organized into separate squads and platoons so that when they are mobilized they will not disrupt the organization of the militia and self-defense forces. Select only discharged reservists and persons in health category B for training for long-term service as command cadres of militia and self-defense forces.

In the task of organizing and building militia and self-defense forces, it is extremely important to build the ranks of village, sub-ward, and state self-defense installation military cadres from squad level on up. Enlarge the effort to train, develop, and raise capability to match the assigned mission. Stabilize the position of the long-term task to make it possible to accumulate experience, respond to the requirements of combat operations, and avoid disruption. Village, sub-ward, and state self-defense installation military cadres and militia and self-defense squad, platoon, and company cadres are to be party members or members of the youth union who are candidates for party membership. The commandant of the village or sub-ward military school should be a member of the party committee or its standing committee.

The organizing of militia and self-defense forces must follow principles and procedures. Mass organizations and production organizations introduce volunteers to village and sub-ward party committees and administrative committees for approval. The commander of the provincial military headquarters announces the decision to form units of company-size and larger. The district military commander announces the decision to form units up to platoon size. Record management must be performed well, with accurate and up-to-date changes.

Records must be clear and neat and must be handled like classified documents. The training regimen must be strictly adhered to. Weekly activities of the squad, monthly activities of the platoon, and quarterly activities of the company are to be undergone so that training embraces the mission situation.

Research must be done on equipping militia and self-defense forces with weaponry commensurate with the immediate mission for each area of operation of the militia and self-defense forces. First, sufficient quantities must be equipped for in-place combat militia and self-defense forces and mobile combat militia and self-defense forces operating on islands and militia and self-defense forces operating at sea, in coastal areas, and in a number of other critical areas. Remaining quantities of weapons should be kept in storage at villages and sub-wards and state self-defense installations to be issued only when they are training or out on a mission. Plans must be made for the production of rudimentary weapons for widespread training of militia and self-defense forces and the people.

During 1988 the guidance effort should emphasize concentrating cadres on building up and strengthening militia and self-defense forces on islands, at sea, on coasts, on borders, and in areas with a complicated situation such as communications hubs, religious areas, cities, market towns, state farms, state forests, enterprises, and schools. The number and quality of militia and self-defense forces at state installations with a large material and technical base must be greater than in other areas, and efforts must be made to see that there are no populated areas or state installations without militia and self-defense forces.

There are currently some localities that still have active-duty combat militia and self-defense forces exempted from production work. This must be studied to provide appropriate concrete guidance to each installation, possibly utilizing the experience of Dien Nam Village in selecting young people who meet prerequisites for building up the party to be formed into squads of active-duty combat militia and self-defense forces. They perform their combat mission while at the same time engaging in cultural and political studies and being sent for cadre training when it comes time for each. Over the past few years, Dien Nam trained nearly 100 party and youth group members with capabilities and qualities for serving as a core for the movement.

With the leadership and guidance of the various levels of local administration, the cooperation of mass organizations, sectors, and production organizations, and the people's spirit of patriotism and love of socialism, militia and self-defense forces operational in Military Region 5 are undergoing a build-up that progresses day by day.

Militia and self-defense forces have manifested effectiveness in their mission of pursuing bandits, repressing counterrevolutionaries, opposing the war of destruction

waged by the enemy on multiple fronts, countering gangs coming across the ocean and crossing the ocean to foreign countries, and capturing enemy commando spies infiltrating the interior. They have contributed to the maintenance of political security, order, and safety on the basic level, served as the core in productive labor and protecting production, and participated in efforts to overcome shortcomings and nature.

Nevertheless, accomplishments achieved are only the beginning. Generally, quality is still low, organization is still not strong, and aspects of training and combat operations are ineffective and irregular.

The principal obstacle slowing down development of militia and self-defense forces is the continuing failure to see to developing the corps of military command cadres at the various ranks—the military cadres at villages, sub-wards, and state self-defense installations, whose skills and qualities are not yet commensurate with the assigned mission.

In organizing the effort to build local militia and self-defense forces, quantity is still pursued without true emphasis on quality; formalistic display persists.

Since 1987, the military region commander has directed an expansion of guidance and a synthesis and strengthening of quality in militia and self-defense forces by every means possible.

In conjunction with the effort to strengthen each person, we have carried out reorganization, inspected equipment and held military training and political education, raised living standards, and sounded the alarm for inspections and drills to raise the level of combat readiness.

To date, we have basically completed the 2-year training program announced by the General Staff for nearly all combat militia and self-defense forces and, in conjunction with consolidation, have reviewed force development.

9830

Lang Son Military Balances Defense, Economic Work

42090172 Hanoi QUAN DOI NHAN DAN in Vietnamese 18 Apr 88 p 2

[Article by Phuc Nguyen: "Changing Understanding and Actions in National Defense Work in Lang Son"]

[Text] We have heard many ideas put forth by the military cadres in the locality concerning present difficulties in local military work. The situation is that in many localities and sectors and at many production installations, the party committee echelons and authorities have not given attention to military work. Of the two strategic tasks, they have concentrated only on

building the economy and solving the problems concerning living conditions. Military work has been viewed as a type of "movement," and some places have given "blank-check" contracts to the military organizations.

The present situation is very difficult. Production is increasing slowly, there is a shortage of grain, natural disasters have occurred in many areas, and production and life have many "burning fronts." In view of this, if the party committee echelons do not provide firm leadership and the authorities at the various echelons do not guide things closely, national defense work in general and local military work in particular will easily be set adrift. If the party committee echelons and authorities do not give attention to this and do not lead and control things, regardless of how strong the military organizations are, they will not be able to carry out the national defense tasks effectively.

In Lang Son, the situation is different. We had a chance to meet La Thang, a member of the Party Central Committee and the secretary of the Provincial CPV Committee, Nguyen Minh Quat, the deputy secretary of the Provincial CPV Committee and chairman of the Provincial People's Committee, and a number of district and village leadership cadres in Loc Binh. It was clear that they all shared the same viewpoint: The only way to survive and grow in Lang Son is to give attention to both production and economic construction and national defense. Even if we are not at war, we must still give attention to defense work in order to be ready for sudden enemy activities. If the enemy steps up operations against us, we must strengthen our national defense potential. This realization is like a law and is in accord with the province and everyone in the hamlets and villages.

The provincial leaders said that ever since the Sixth National Party Congress, particularly in the past several months, the Lang Son Provincial CPV Committee has implemented two special resolutions on local military work, and the regular resolutions contain sections on national defense work. In the new situation, the provincial party committee has instructed the party committee echelons and authorities that they must do an excellent job in strengthening national defense and increasing the strength of the main-force and local units and the militia and self-defense forces. Building up the armed forces and strengthening the armed forces of the localities is the responsibility of the entire province and of each district and village and of all the people. Regularly educating the cadres, party members, and people concerning the evil plots of the enemy, the party committee echelons and authorities in the province have led the people in a resolute struggle to oppose the enemy's multi-faceted war of destruction, defend our coastal areas, maintain public order and security in the area, and make good preparations to handle the situation if the enemy should start a major war.

Perhaps because it borders the enemy and constantly has to deal directly with the enemy, Lang Son is very vigilant and pays much attention to national defense. It considers national defense to be the leading task. La Thang, the secretary of the Provincial CPV Committee, said:

We must pay special attention to educating the people and making the people understand the importance of national defense. Based on this, we have coordinated the two strategic tasks in a way that is suited to their localities and production installations. Because we are on the front line and bear responsibility for defending the border of the fatherland, during the past 10 years since February 1979, the party committee echelons and authorities in the province have given much attention to security and national defense. However, because this is a long-term task, we have instructed the entire party and all the people and troops in Lang Son that they must constantly coordinate the two tasks well and link carrying on production and stabilizing life with improving national defense. Because these two strategic tasks use two different types of laws and have points of contradiction, we must find a way to eliminate the contradictions. Only if the economy is strong, living conditions are good, the troops are strong enough, the militia and self-defense forces are carrying on operations well, and the province's economic potential is strong can we have a strong national defense.

One of the ideas of the secretary that gave us great confidence was that each person must be given a concept of protecting himself, his family, and his hamlet. Production must always be tied closely to protecting production, not only at the village and district levels but also at the family level. The people in many villages near the Vietnamese-Chinese border have built underground hideouts in which to hide property and production materials in case the enemy launches a sudden attack. If people help defend their own hamlets and villages, they will have contributed to defending the fatherland.

Clearly, in the present situation, production cannot be separated from national defense. The leaders in Lang Son Province all agree that we cannot require a militiaman or self-defense fighter to leave his home and family the whole year round to be on combat alert at a strong point. Even if he is paid additional work points, in his position as head of the household, he has countless problems to solve. Today, each hamlet and village in Lang Son has detachments that take turns making patrols and standing guard. And while carrying out the production tasks, each militiaman also protects production and is prepared to fight the enemy. No matter how important the tasks of the militia are, to maintain the militia and make it really effective, it must be tied to the daily work and production area.

Nguyen Minh Quat, the chairman of the Provincial People's Committee, said that the understanding of the party committee echelons and authorities from the province to the committees, sectors, districts, villages, and

hamlets concerning national defense work has clearly changed since the policy of turning the province into a defense zone was implemented. The various echelons realize that national defense is their responsibility. Today, the contents of local military work is not limited just to recruiting troops or building militia and self-defense forces. Rather, it includes many other important tasks such as building local and border defense forces, militia and self-defense forces, and reserve forces, building localities that are strong politically, economically, and militarily and strong concerning science and technology and social culture, being prepared for mobilization in time of war, implementing the economic plans in coordination with national defense, and making plans to protect the technical rear service for war. The province thoroughly understands the party's concept of guidance: Each production installation and locality must make all-around preparations in order to be ready to defend itself.

The role of the party committee echelons and authorities in national defense work is becoming increasingly clear. Through actual practice, the provincial and district leaders in Lang Son have affirmed that the party mechanism should provide unified leadership, the authorities should regulate matters, and the military organizations should be in command in national defense work.

However, in the face of the new demands, Lang Son, as are many other provinces and cities, faces many difficulties at the center of which is cadre work. The party, administrative, and military organizations must continually be improved so that they are in harmony with the mechanism mentioned above. The party cadres and authorities must lead and guide things in national defense work. An urgent requirement is to improve the standards and increase the military knowledge of the party cadres and authorities. Today, the key cadres of the committees, sectors, and localities must be military experts as well as excellent managers. Lang Son Province is resolved to implement the policy of training and increasing the knowledge of the regular cadres. There are many forms: studying the party's resolutions on military work, studying the party's military and national defense lines, participating in annual military training activities, directly commanding militia and self-defense forces, and so on. The province has suggested to higher echelons (the military region and ministry) that supplementary classes be opened to provide basic military knowledge to the key cadres in the localities and at the production installations and to the scientific and technical cadres. The province has also set standards for selecting and promoting cadres and requirements concerning military standards.

ECONOMIC

Sweden's Aid Agency Making Contingency Plan for 1990 Pullout

36500102 Stockholm DAGENS NYHETER in Swedish
23 Apr 88 p 14

[Article by Kaa Eneberg: "Agency Makes Twofold Plans for Vietnam Aid"]

[Text] The Swedish government's decision, last year, to cut back support to Vietnam after 1990 if the Vietnamese Army does not leave the neighboring country of Kampuchea, has forced the aid agency SIDA to draw up complicated twofold plans for the future.

This came out at a seminar arranged by SIDA last Friday in Stockholm, where those interested in Vietnam and foreign aid were able to meet in person with Foreign Minister Anita Gradin. All of the speakers, including the head of SIDA, Carl Tham, indicated that Swedish aid investments in Vietnam since the beginning of the seventies, involving a total of five billion kronor, have been put to good use and have had a good effect on that nation's development.

Support for Vietnam has been politically controversial, and has been attacked the most by the moderate Union Party. But no critical voices against Vietnam as a nation receiving our support were heard at the seminar. Moderate Riksdag Representative Margaretha af Ugglas, who is a member of the directorate of SIDA, was invited to the seminar, but did not participate. She has requested every year in the Riksdag that aid to Vietnam be cut back, or cancelled entirely.

One Vietnam critic from the Liberal Party, industrialist Sigvard Bahrke, told how his former skepticism had turned into "near-enthusiasm" after 2 years of personal involvement with the Bai Bang project.

He maintained that the 3.5 percent which he calculated that the Bai Bang project had received from the total Swedish support of 85 billion kronor paid out during the developmental phase, 1974-1982, had yielded an "amazingly good profit," from a business standpoint.

Concerning SIDA's bifurcated plans for Vietnam aid, Departmental Chief Borje Ljunggren indicated that if the Riksdag and the government decide not to continue aid, withdrawal must begin, on the practical level, within the next year, in order for SIDA to be able to clarify this issue.

Vietnam, however, has until 1990 to fulfill its promise to withdraw from Kampuchea, which is the condition placed upon further cooperation. Most of the Swedish contracts run out in June of 1990. This means that SIDA will need political indications some time before that.

At the same time, the aid organization is making plans based on continuing work on through the nineties. No plans are being made, however, for any new large-scale projects; the Vietnamese have not asked for them, either. Instead, emphasis will be placed on rehabilitating old rundown industries, soil and forest conservation in connection with the Bai Bang project, corporate management, and health care, including medicine supplies.

9584

Finance Minister Interviewed on Inflation
42090179 Hanoi LAO DONG in Vietnamese
5 May 88 p 4

[Interview with Hoang Quy, minister of finance by correspondent Thieu Mai: "Inflation—Causes and Methods of Striving to Overcome"; date and place not given; first paragraph is LAO DONG introduction]

[Text] During the past few years, inflation in the economy of our country has steadily and rapidly increased. The Political Bureau of the Party Central Committee has a policy aimed at reducing and advancing toward overcoming inflation. For the workers and civil servants to clearly understand this problem, a correspondent from LAO DONG has interviewed Minister of Finance Hoang Quy. Following is that interview:

Question: Sir, what are the causes of the present inflationary situation?

Answer: After the country was reunified and especially during the eighties, inflation in our country has become increasingly serious due to the following primary reasons:

1. Production development has been slow and economic effectiveness too low. In the state plan, economic and financial planning have lacked cohesiveness from the very beginning, the investment structure has been irrational in many aspects, much turmoil has existed in the management structure, and many important annual economic norms have failed to meet initial estimates due to lax material supply and production handling. The operations, administrative and production management apparatus has been too large. Money, goods and capital assets have suffered an increasingly greater imbalance and prices have steadily increased.

2. The increasing separation of free market prices from those of the state has forced the state to institute general price readjustments. However, the results of these readjustments, because failure to increase economic effectiveness produced an increasingly serious material imbalance, created many adverse effects on production, circulation and daily living, and further increased inflation.

3. Budget overdrafts influenced by lax prices, receipts and expenditures are both the cause and the effect of inflation, and propel inflation.

4. The rate of credit has also increased too rapidly, exceeding the rate of increase of the gross social product and the national income. Credit investment exceeding capital source management and mobilization capabilities is one of the causes increasing and further exacerbating the inflationary situation.

5. Supervision and handling have lacked firmness and discipline has not been strict. Economic laws and policies have not been promptly supplemented and promulgated; and coordination between sectors and echelons and between the central government and local areas has not been firm.

Especially, perception of the inflation situation has long been incorrectly evaluated. Even when the price index doubled and tripled, some thought it was not inflation at all or that "inflation was still at a wholesome level"(!) without recognizing that inflation greatly jeopardizes the entire social economy.

Question: What must economic sectors and basic production units do to assist in resisting inflation?

Answer: Inflation is due first of all to poor production effectiveness and a great imbalance between money and goods. The basic unit is the place producing commodities and the place able to quickly contribute to the state budget by steadily lowering production costs and increasing labor productivity.

Actually however, production for the past many years has shown that machine and equipment efficiency in many sectors and basic production units has only reached 40 to 50 percent. The level of supply and raw material waste for many products has also increased to an extremely high level, causing budget receipts per product to decline and forcing many product budgets to compensate for losses.

To overcome this situation, it is necessary first of all to rearrange enterprise production and to swiftly reduce the number of enterprises with low productivity, excessive material and technical waste, and production without economic effectiveness. On the other hand, we must strengthen labor, material and capital management within the enterprise with efforts to surpass the economic and technical norms previously attained (during the 1961-1965 period) and to advance toward achieving the economic and technical norms of other Southeast Asian countries. We need effective methods to halt losses and waste of enterprise supplies, raw materials and property, raise the quality of economic and technical management, swiftly convert capability to achievement, and promote the application of technical advances to production.

During this renovation process, we see that the role of the labor union organization at all echelons is extremely important. The labor union must launch movements of workers and civil servants to develop their collective ownership rights in efforts to resist negative occurrences, lax management and improper application of state stipulations in production and business: such as not ensuring product delivery in accordance with the state plan, withholding goods from the market while waiting for the price to rise, conducting internal distribution to sell for the price difference, and providing bonuses contrary to state stipulations and not on the basis of labor productivity. Recently, some corporation directors set bonuses for themselves at 200,000 to 300,000 dong per month, and some chief accountants earned monthly salaries of 100,000 to 200,000 dong while the salaries and bonuses of skilled production workers were less than 20,000 dong. Abnormal occurrences such as salaries not based on labor productivity, failure to follow the principle of distribution in accordance with labor, etc. must be examined with efforts made to prevent state enterprises from becoming ordinary "guilds" concerned only about the parochial interests of their own unit or of a number of individuals with no concern for the overall interests of the nation and the legitimate interests of the worker class. Successful achievement of these tasks will effectively assist in the struggle to resist inflation and social injustice and to raise the vanguard nature of the worker class.

Question: In the role of the finance sector in resisting inflation, what are the capabilities and expectations for restricting inflation during 1988?

Answer: The finance sector and State Planning Commission are two consolidated and key agencies in assisting the state to manage the nation's economy and finance.

In the inflation resistance mission, the finance sector must first of all coordinate with the Planning Commission in closely connecting the economic plan with the finance plan from the very beginning and throughout the process of plan implementation during the year.

The national financial policy must be supplemented with the purpose of suitably encouraging sources of capital and supervising distribution of that capital in the most rational manner to support the production, life, national defense and security of the nation.

At the present time, due to still commonly manual labor, low labor productivity and backward technology, the contribution level of national production income from economic elements to the state budget is still limited, and we are still permitting excessive failures in all state operated, collective and individual areas. Our contribution rate ranks among the lowest in the world. On the other hand, laborers, workers and farmers in many cases must pay many fees and these fees are used in an extremely wasteful and fragmented manner by many sectors and echelons.

Our Ministry of Finance believes that if the various types of taxes and other credits are correctly and fully collected, and if expenditures are firm and frugal, we can in the next few years advance toward balancing the budget and from there make a great contribution toward resisting inflation.

During 1988 in particular, because we have permitted excessive price fluctuations during the first few months of the year, extremely drastic efforts must be made before budget overdrafts compared with 1987 can be reduced. Regardless, we believe that once every citizen, first of all workers, farmers, intellectuals and cadres at all levels, correctly recognize the dangerous nature of the present inflationary situation and determinedly join the party and state in efforts to effectively develop production aspects while simultaneously, actively and courageously participating in the struggle against every occurrence of negativism, waste, corruption, parochialism, particularism and localism to swiftly restore discipline and order in production, surely we will overcome every disturbance in the present inflationary spiral to gradually stabilize the situation and advance toward halting inflation.

Something requiring additional emphasis is that the struggle against inflation is extremely urgent and decisive but also one requiring firm and continuous steps over many years without impatience or illusion. Even when inflation has settled down, extreme vigilance will still be necessary because inflation is an illness that can easily recur in countries where the level of economic development is still low and the legal system is still lax.

7300

Improving Foreign Trade in Communications-Transportation Sector

*42090175 Hanoi TAP CHI HOAT DONG KHOA HOC
in Vietnamese Apr 88 pp 30-32*

[Article by Le Duc Hao: "Joint Business and Cooperation With Foreign Countries in Communications-Transportation Sector"]

[Text] The communications-transportation sector has had joint business and cooperation with many countries. To bring about greater results, it has adopted 23 specialized subjects for cooperation aimed at resolving its production problems and at the same time made suggestions to the state about improving its cooperation and business with foreign countries.

The communications-transportation sector is an especially varied and complicated material production sector. To fulfill its tasks, it is required to effectively resolve many relations, domestic and foreign. As we look back at the recent time, we find that the relations with foreign countries mainly have been those in production, but at the same time there have been other relations having to do with scientific and technical, labor, and other aspects.

In terms of scope, the sector deals mostly with the Soviet Union, then other members of the Council for Mutual Economic Assistance (the SEV bloc), Laos, Cambodia, and at the same time a number of other countries (economic and scientific relations). In terms of fields of activity, it deals in transportation, industry, capital construction, and services. In terms of means of transportation, it deals with foreign countries mostly in ocean transportation and, to a lesser extent, in rail, river, and land transportation.

In terms of joint business, the sector now has joint sea routes with Germany and Cuba. Preparations are under way for a joint venture with the Soviet Union that involves the use of the LASH barges. A 2-year (1987-1988) advisory assistance project with Finland is being carried out and will lead to a joint venture with Finland to repair ships in the Pha Rung shipyard. The sector also is cooperating with Poland in the manufacture of 30 cars in the Gia Lam railroad shop. In the coming years, the greatest cooperation program will be to build 300 new vessels for the Soviet Union and Bulgaria in accordance with a plan that will last until 1995. As an immediate goal, we are building 15 new vessels for the Soviet Union between now and 1990.

In science and technology, our recent cooperation with foreign countries also has brought about specific results through such forms of cooperation as exchanging specialists, sending over teams of trainees, and promoting scientific and technical cooperation through economic cooperation, aid projects, and advanced scientific and technical programs. After they returned home following their training many such teams have actually applied new industrial techniques to production in their units, including planning for ships operating near the coast, planning for passengers-carrying vehicles, and registering communication projects. Many economic cooperation projects involving scientific and technical advances, such as the ones involving the use of the LASH barges, the accommodation of the container ships, and particularly the construction of Thang Long Bridge and Hanoi terminal, were being carried out. Through the material, technical, and industrial bases brought over by specialists from the Soviet Union the sector has learned and mastered the scientific and technical advances in connection with bridge and road construction, with thousands of its technical cadres and workers achieving a real degree of maturity.

The participation in seminars held by international organizations (such as the International Maritime Organization, the UN Development Program, and so on) remained scarce. In 1987, for the first time we held an international communications and transportation seminar to discuss sea pollution, with the Inspection and Registration Department being its organizer. In 1988 we will organize in Vietnam an international conference to gather ship owners and charter parties.

About labor activities, in the 7-year period of 1980-1986 the sector sent 3,200 persons to work abroad. In 1987 alone we sent 2,000 persons abroad; and for 1988, the sector has signed directly with Czechoslovakia an agreement to send it more than 2,000 laborers. Again in the same 7-year period the sector sent 100 specialists to foreign countries.

About joint business results, we cannot get any actual results yet because some joint ventures, such as the ship-building project, are in their preparatory stage. As to some other transportation and transportation service ventures, we currently are in debt; for instance, we have not yet paid 15 million Swiss francs (equivalent to about \$10 million) to Germany. The sector currently is fulfilling the task of bringing the LASH barges from the location where they have been anchored to the Port of Haiphong at the cost of 125 rubles/barge. According to final calculations based on current exchange rate, this service means a loss. In our joint business with foreign countries, the main difficulty now is the fact that the exchange rate is irrational and too low and fails to truly reflect the effectiveness of a joint venture, nor does it encourage joint business and cooperation activities. The production of some export goods also encounters similar difficulties.

About labor cooperation results, the sending of laborers abroad is based on overall distribution and allocation made by the Ministry of Labor (in the case of general labor) and specialists' cooperation committees (in the case of Vietnamese specialists and laborers sent to Africa). This labor cooperation has so far benefited only laborers and the state; as to the sector and enterprises, they have not enjoyed any material benefits. For instance, of the income brought about by exporting public health and education specialists (of general school and college background) the ministries of Public Health, Education, and Higher and Vocational Education get 90 percent and the specialists' cooperation committees 10 percent. The Ministry of Communications and Transportation and some other ministries do not get anything even when their own public health and education specialists have been sent abroad. The same thing happens to exporting laborers to Iraq and other countries. For instance, in the case of the income obtained from sending laborers to Iraq, the state gets 70 percent of it to pay off debts, laborers get 30 percent, but the sector and enterprises do not get anything even though they have spent much money for the training and selection of these laborers and for other procedures.

In the year of the plan (1988) our state is to send abroad a rather large labor force. According to 1988 plan data (prior to distribution and allocation), it is sending 29,000 to Germany; 6,500 (including 1,500 who go there again) to Bulgaria; 8,000-10,000 to the Soviet Union, Czechoslovakia, with the communications-transportation sector receiving a very small allocation. The sector must be

self-sufficient in terms of enlarging the relations as it has signed with Czechoslovakia and Germany so as to send its own labor force to foreign countries.

The exporting of labor has not been made a national policy so far; there is no coordinated strategy, and it still remains at a rather simple level, which is to send some labor abroad in order to earn some money for laborers and the state. Little attention is paid to other objectives, such as learning from friendly countries' experience, improving domestic production, getting materials supplied by friendly countries, and so on. For the communications-transportation sector, for the first time it is seeking to understand the form of using labor to do work on contract inside the country for on-the-spot export. For instance, to build ships for the Soviet Union is one of the projects calling for labor cooperation with other countries.

To strengthen economic cooperation activities involving other countries and to obtain more results from them the Communications and Transportation Minister has decided to work for 23 specialized subjects, to appoint directors for these subjects, and to report on each and every subject to ministerial heads in the first quarter of 1988. They are the specialized subjects aimed at resolving difficulties in production and include the following:

- Plan for borrowing money to get new sea-going ships.
- Plan for building railroad cars.
- Plan for building lambrettas, autobuses, and motorcycles.
- Plan for resolving problems related to production of paints and oxygen.

All plans are drafted in the spirit of self-sufficiency, for we are to produce most raw materials and spare parts and import only the ones that we cannot produce by ourselves.

About organization, the ministry is strengthening and consolidating the key organ in charge of international relations as it was doing lately. Its International Cooperation Department has been given additional cadres and has switched to taking care of foreign economic relations as its main job while other procedural and ceremonial duties, though necessary, would be considered only a part of its activities.

To create favorable conditions for our joint business and cooperation with foreign countries to be more effective, we suggest that the state and responsible organs change or improve these matters:

- To allow production installations and sectors having cooperative production relations with foreign countries to use some of the foreign currencies obtained to buy materials and equipment so as to continue expanding production and joint ventures with foreign countries.
- The convertible part applicable within the country

should be based on an exchange rate closer to reality, with consideration given to what producers must spend while pursuing exporting work, if we want to encourage their production or services intended for foreign countries. At present, exchange rates used in final calculations are too low compared to actual spending and always are outdated compared to reality right at the time such rates are adopted.

- It is necessary to step up various kinds of services having to do with foreign countries, such as repairs and supply of ships, purchase of goods intended for people going abroad, and so on.
- It is necessary to promote tourism, including synchronized, civilized, courteous, and effective service operations. We suggest that the state consider making tourist activities a part of our national policy, including traffic service of the communications-transportation sector.
- It is necessary to propose special privileges for three countries—Vietnam, Cuba, and Mongolia—in a resolution at the special meeting of the Council for Mutual Economic Assistance, including first of all interest rates and new payment rules to gradually bring these countries to an equal footing with the Eastern European countries in the council, because currently the major problem they face is a lack of capital.
- To be effective in our cooperation with foreign countries in major projects we must have synchronized work projects with well-defined goals, in both setting different categories and mobilizing capital and materials, domestic and foreign, for such projects.
- In exporting labor we must properly resolve the question of benefits for all three—the state, the sector and enterprises, and laborers; draft documents to allocate such benefits to suit the reality better; and adopt a uniform national policy with well-defined goals for exporting labor.
- It is necessary to put under a single authority the three organs that are in charge of labor, namely, the specialists' cooperation committees, the Ministry of Higher and Vocational Education, and the Ministry of Labor, in order to avoid the current state of duplication, now an obstacle for the sectors concerned.
- We must have vertical-organization models in connection with foreign economic relations. At present, this organizational system in different sectors is called by different names along with very different staff organization and operating conditions; their function is a duplication of that of some other departments; and foreign-relations activities in federations still have to be more clearly assigned and defined. There must be learning to improve professional skills; if we fail to have personnel management, we must at least have specialized and professional management of our economic foreign relations system.
- About the mechanism for approval of fleet movement, approval that used to be made by the state and has recently been assigned to the ministry, it now goes back to the state again and includes the fleets that are

financed by the sector with its self-supplied capital. We suggest that the state issue approval only to the fleets that are supported by the state budget.

- There must be a unified mechanism for the three kinds—state, sector, and enterprise—of relations with foreign countries.

Through analyses of the state of its affairs, its capabilities, and the above-mentioned suggestions, with its subjective efforts and the support of the state as some resolutions have mentioned, the communications-transportation sector will certainly move toward fulfilling its international task and properly carrying out our party's three economic programs, including the export program.

5598

SOCIAL

Suggestions for Improving Labor Exports 42090176 Hanoi LAO DONG in Vietnamese 5 May 88 p 6

[Article by Nguyen Le Minh, Ministry of Labor, War Invalids, and Social Welfare: "Some Ideas About Sending Laborers To Work Abroad"]

[Excerpts] To send laborers to work abroad is a very effective way of using labor and is significant in many aspects. For our country it actively contributes to providing jobs, increasing the national revenue, getting more foreign currencies, training technical workers, and improving in a remarkable manner the living standard of laborers.

In the past, many people had thought that only capitalist countries with surplus labor would choose the solution of sending laborers to work abroad. However, in reality, the fact that exporting labor brought them considerable amounts of foreign currencies has convinced even those countries having small populations and no surplus labor that they should consider it beneficial for their balance of payment.

In our country, a report pointed out that spending by Vietnamese laborers abroad for themselves and for paying tax contributions to the fatherland accounted for about 60 percent of their income. This means that they saved 40 percent of their income for themselves and their families through purchases of consumer goods, which they either sent home occasionally or brought along when they returned home at the expiration of their contract. (We have not achieved sending money through foreign trade banks.) For instance, according to a 1985 Soviet customs report, among a group of 2,300 female Vietnamese laborers going home at the expiration of their contracts, they took home with them an average of 1.8 refrigerators, 1.5 sewing machines, 2 bicycles, 5 pressure cookers, and 10 irons per person.

We do not mention yet the exporting of specialized and highly technical labor. According to calculations by the Ministry of Higher Education, a college-level specialist going to the Middle East could contribute to the state from 4,000 to 5,000 dollars a year; middle-level cadres and technical workers would also bring home 3,000 dollars/person/year. Since 1981 we have sent only 632 persons, mainly teaching cadres, to work in five African countries—Algeria, the Congo, Angola, Mozambique, and Madagascar. At the end of 1986 there were additional plans for sending more than 1,000 Vietnamese communications technical workers to Iraq. As we include the more than 80,000 laborers we have sent to work in Bulgaria, the German Democratic Republic, Czechoslovakia, and the Soviet Union since 1981, the total non-trade income of more than 100 million rubles that the state has earned is too modest compared to the billions of dollars that our Asian neighboring countries have earned each year.

It is obvious that the number of people who go abroad to work is nothing compared to the total number of people who want to find jobs, as well as to the number of new jobs that should be created each year within our country. From now until the end of the century, every year we must create millions of new jobs. But we cannot look at the two figures and conclude that exporting labor has no great meaning for resolving the job problem. Some countries have the policy of signing agreements requiring the countries that accept their laborers to create favorable conditions for the latter to buy and send home various kinds of raw materials for production, small pieces of machinery suitable for small industry and family-based agriculture, or machinery usable in the service sector. This is a condition for creating more jobs within their own country. The foreign currencies that are sent home, as we mentioned earlier, also would help the state to stabilize the balance of payment and at the same time to import raw materials to expand domestic production.

The consumer goods that overseas laborers sent or brought home have contributed to enriching life in local areas, reducing market tension, and obviously improving the living standard of their families.

In our country, the 1986 turnover in domestic-goods commerce (state-operated, collective, and private commerce) in the Hanoi area was 18 billion dong (old currency), while the goods sent home by overseas laborers from Hanoi in the same year were valued at 15 billion.

Eighty percent of our country's laborers working in four socialist countries have been employed in technical sectors. The arrangement about their occupations resulting from agreement of both sides pays attention to the expectation that as they return home, they will join the ranks of workers having good professional skills. A few of our workers still have to do heavy manual work requiring little technical knowledge. However, we must

remember that for many reasons the percentage of manual labor in many occupations in the Eastern European socialist countries remains high. In industry as a whole, this is 49 percent. In capital construction, the number of workers who have to do heavy manual and unattractive work accounts for up to 65.3 percent. This figure is even higher, nearly 80 percent, in agriculture. Therefore, in addition to stepping up the application of scientific and technical progress to production, all fraternal socialist countries have policies and procedures that extend on a priority basis to manual laborers, who are not required to have any highly technical skills and whose work is simple, many special privileges (allowances, material bonuses, shorter work weeks, longer leave, and so on). Vietnamese laborers get the same special privileges as the friendly countries' workers do, and some more (such as the ones granted them by the German Democratic Republic). Consequently, it is necessary to plainly explain to our laborers about their work, obligations, and benefits.

About the policy of providing jobs to laborers returning home at the expiration of their contracts, as we understand, so far all ESCAP countries have not yet adopted any definite one or any program in this regard (except for Thailand which has put into effect one on a trial basis). Generally speaking, laborers themselves must look for a job.

In Vietnam's situation, with a clear concept of the existence and development of an economy of many components, and with a new recognition of "employment," this matter still does not present any worrisome problem.

We believe that, in the spirit of the Sixth Party Congress resolution and with the increasing need for labor of the Soviet Union and Eastern European socialist countries, we are totally capable of accelerating the sending of Vietnamese laborers to foreign countries at all three levels, state, sector, and enterprise. Every year we can send abroad not 20,000 or 30,000 laborers but hundreds of thousands of them.

To be able to do so, in our opinion, we must:

- Fully and clearly redefine the important socioeconomic objective and significance of this activity.
- Reduce the cumbersome procedures, which create the conditions for other negative aspects to appear (documents of all kinds, medical examination rules, things to be affirmed and ensured, and so on).
- Set up an overseas labor recruitment organ working in the principle of business accounting and allowing laborers to make direct registration and to pay recruitment fees (in Thailand, these fees depending on occupation can amount to thousands of dollars).
- Issue at an early date regulations and policies to encourage laborers to send home the means and goods usable in production and to allow them to open foreign-currency accounts in foreign-trade bank in our country.
- Help those people who, due to personal needs, want to go abroad again to work, but make them pay higher fees or higher income tax than those who go abroad for the first time.