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20 APRIL 1987

SOUTHEAST ASIA REPORT

CONTENTS

AUSTRALIA

Canberra Protests U.S. Broadening of ABM Interpretation (Peter Samuel; THE AUSTRALIAN, 13 Feb 87)	1
U.S. Attention to Pacific Affairs Welcomed (Editorial; THE AUSTRALIAN, 25 Feb 87)	2
Beazley Announces Initiatives To Counter USSR in Pacific (Peter Young; THE AUSTRALIAN, 21-22 Feb 87)	3
Retiring Defense Chief Dismisses USSR 'Threat' (Marshall Wilson; THE AUSTRALIAN, 18 Feb 87)	4
Senator Evans: USSR Cam Ranh Presence No Threat (THE AUSTRALIAN, 26 Feb 87)	5
Daily Supports Decision on Two-Ocean Navy (Editorial; THE AUSTRALIAN, 27 Feb 87)	6
Trade Minister Returns From U.S. 'Disappointed' (Greg Sheridan; THE AUSTRALIAN, 27 Feb 87)	8
Four Nations Sign Beef Marketing Pact (Julian Cribb; THE AUSTRALIAN, 20 Feb 87)	9
International Support for Hawke Farm Trade Plan (Julian Cribb; THE AUSTRALIAN, 18 Feb 87)	11
Evans: Japan Steel Industry Cuts Hurt Local Economy (Alan Goodall; THE AUSTRALIAN, 16 Feb 87)	13
Editorial Urges Resolve Against Foreign Debt (THE AUSTRALIAN, 23 Feb 87)	14

OECD Report Cites Growing Inflation (THE AUSTRALIAN, 16 Feb 87)	16
Hawke Indicates Need for 'Tough' Spending Cuts (Robert Hadler; THE AUSTRALIAN, 24 Feb 87)	17
Finance Minister Threatens State Grant Cuts (THE AUSTRALIAN, 25, 26 Feb 87)	19
Move To Cut Borrowing, by Robert Hadler	19
Editorial Urges Cuts to States	20
Interest Rate Problem for Hawke Government Analyzed (Paul Kelly; THE AUSTRALIAN, 27 Feb 87)	21
Commission Recommends Cuts in Concessions to Exporters (Mike Taylor; THE AUSTRALIAN, 20 Feb 87)	23
Private Sector Urges Government To Implement Spending Cuts (Robert Hadler; THE AUSTRALIAN, 26 Feb 87)	24
Wheat Production Costs Threaten To Exacerbate Economic Woes (Julian Cribb; THE AUSTRALIAN, 23 Feb 87)	25
'Angry' Farmers Rally at Bank Repossessions (THE LAND, 26 Feb 87)	28
Agricultural Weekly Lauds Mini-Budget, Urges Resolve (Editorial; THE LAND, 26 Feb 87)	29
Federal Candidate Wins Senate Presidency, ALP Deal Cited (Paul Austin; THE AUSTRALIAN, 18 Feb 87)	31
New ALP Alliance Passes South Australia Election Test (Jeni Cooper; THE AUSTRALIAN, 23 Feb 87)	32
ALP Branch Secretary Wins Battle for Position (Matt Robbins; THE AUSTRALIAN, 26 Feb 87)	33

NEW ZEALAND

Australian Envoy Says CER Benefits New Zealand (THE EVENING POST, 14 Mar 87)	34
Lange Stresses Economics in Party Pep Talk (THE EVENING POST, 14 Mar 87)	35
Mounting 'Blunders', Scandals Pose Cloud Over Labor (Richard Long; THE AUSTRALIAN, 26 Feb 87)	36
Survey Finds National Ahead of Labor (Tim Grafton; THE EVENING POST, 14 Mar 87)	38

Douglas Defines Ministers' Roles in Privatization (THE EVENING POST, 14 Mar 87)	40
Douglas Announces Trade Figure Boost, Positive Trend (THE EVENING POST, 14 Mar 87)	41
New Government Cost Cutting Plan Targets \$1 Billion (THE EVENING POST, 19 Mar 87)	42

PHILIPPINES

Magsaysay Foundation Holds Land Reform Forums (Vic Barranco; WE FORUM, 23 Feb-1 Mar 87)	43
Cooperatives, Credit Unions Proposed in Wealth Redistribution (Maurice Malanes; WE FORUM, 9 Mar 87)	45
Local, PRC Land Reform Compared, Contrasted (Alan Jazmines; WE FORUM, 18 Jan 87)	47
AFP Officers Show Support for Ramos With Public 'Manifesto' (SUN STAR DAILY, 1 Mar 87)	49
Military Anticommunist Radio Activities Reported (Marie Avenir; WE FORUM, 9 Mar 87)	52
Daluz Congress Declaration Challenges Duranos (SUN STAR DAILY, 2 Mar 87)	53
Other Cebu Announcements, by Thea C. Rinen	53
Editorial Views 'Equal Odds'	54
Holganza Bids for Cebu Congress Seat at PDP-Laban Meeting (SUN STAR DAILY, 2 Mar 87)	55
Challenge to Cuenco	55
Party Meeting Seen as 'Real Democracy', by Godofredo M. Roperos	56
Public Urged To Monitor Election Spending (Editorial; WE FORUM, 9 Mar 87)	58
Cebu Editorial Urges Candidates Prove 'Talent, Integrity' (SUN STAR DAILY, 1 Mar 87)	59
'Politically Motivated' Killings Usher Cavite Poll Season (Lito A. Catapusan; MANILA BULLETIN, 20 Feb 87)	60
Cartoon Illustrates Expectation of Violent Election (WE FORUM, 9 Mar 87)	61

Southern Luzon NDF Promises Hands Off Elections (WE FORUM, 9 Mar 87)	62
Killings, Evacuations Mark 'Tadtad'-NPA Strife in Cebu (SUN STAR DAILY, 28 Feb, 1 Mar 87)	63
Church Monitors Cite NPA, Tadtad, AFP 'Tadtad' Kills 3, by Allan D. Sorono	64
2,000 More Evacuate, by Edralyn L. Benedicto	65
RUC Chief Denies Operations, by Eileen G. Mangubat	66
Pampango Gunsmith Raid Nets NPA 100 Firearms (ANG PAHAYAGANG MALAYA, 28 Feb 87)	68
Rising Food Prices Reported (J. Jacinto Natividad, Richie Benavides; WE FORUM, 9 Mar 87)	69
San Miguel Rejects Banker's Board Bid (Ellen Tordesillas; ANG PAHAYAGANG MALAYA, 28 Feb 87) ...	70
Loan Fund Launched To Boost Agriculture (Gualberto B. Lumuauig; WE FORUM, 23 Feb 87-1 Mar 87) ...	73
Manila Daily: PCGG Activities Discourage Investment (Editorial; MANILA BULLETIN, 16 Feb 87)	75

THAILAND

General Charuay Political Role on Chawalit's Behalf Examined (NAM THANG, 12-18 Jan 87)	77
Smuggling Earnings, Prospects for Liberalized Border Trade (MATICHON SUT SAPDA, 8 Feb 87)	81

VIETNAM

MILITARY

Culprits in 'Phantom' Delivery of Goods Brought To Trial (Tuan Phuong; SAIGON GIAI PHONG, 13 Nov 86)	84
Workers Illegally Sell Lead Sheathed Cable (SAIGON GIAI PHONG, 27 Jan 87)	87

POLITICAL

Decreasing Volume of Criticisms, Self-Criticisms Cited (Chuc Vu; SAIGON GIAI PHONG, 4 Jan 87)	88
Role of S&T in Future Party Development Stressed (Editorial; KHOA HOC VA DOI SONG, 16 Dec 86)	89

Briefs	92
Party Admissions, Disciplinary Action	
ECONOMIC	
Export of Vegetables, Fruits Reaches Highest Levels (SAIGON GIAI PHONG, 4 Jan 87)	93
Veteran Cadres Suggest Ways To Improve Coal Sector Operations (LAO DONG, 6 Nov 86)	94
Cooperatives To Get More Capital, To Import Without Limits (SAIGON GIAI PHONG, 8 Jan 87)	97
HCM City To Aim at Boosting Consumer Goods Production (Editorial; SAIGON GIAI PHONG, 6 Jan 87)	99
Ho Chi Minh City Units Criticize New Regulations on Autonomy (SAIGON GIAI PHONG, 27 Jan 87)	101
Production Units Hampered by Shortages, Financial Procedures (Nguyen Ngoc Dien; SAIGON GIAI PHONG, 1 Feb 87)	103
Ho Chi Minh City Cement Plant Sets 1987 Production Goals (To Thuy Anh; SAIGON GIAI PHONG, 4 Feb 87)	105
Ho Chi Minh City Holds Second Science-Technology Conference (Thu Binh; SAIGON GIAI PHONG, 24 Jan 87)	106
Briefs	
Privileges of Foreign Currency	109
New Communications Equipment	109
SOCIAL ISSUES	
SAIGON GIAI PHONG To Print Interviews in New Column (SAIGON GIAI PHONG, 6 Jan 87)	110
Overseas Vietnamese Hold Meetings in Support of Homeland (SAIGON GIAI PHONG, 13 Nov 86)	111
Article Outlines Role of Overseas Vietnamese Communities (Nguyen Phuc; SAIGON GIAI PHONG, 13 Nov 86)	112
Vo Tran Chi Meets With Overseas Vietnamese (SAIGON GIAI PHONG, 25 Jan 87)	115
Conference Reviews Vietnamese Chinese Youth Movement (SAIGON GIAI PHONG, 25 Jan 87)	117
Reader Criticizes Overembellishment, Misuse of Terms (Vu An; SAIGON GIAI PHONG, 13 Nov 86)	119

CANBERRA PROTESTS U.S. BROADENING OF ABM INTERPRETATION

Sydney THE AUSTRALIAN in English 13 Feb 87 pp 1, 2

[Article by Peter Samuel]

[Text]

AUSTRALIA has protested to the United States against its proposal to broaden its interpretation of the Anti-Ballistic Missile (ABM) treaty. It received a polite but sceptical American response.

The Australian Ambassador to the US, Mr Rawdon Dalrymple, and an embassy officer visited the State Department on Monday to speak out against a foreshadowed looser interpretation of the treaty.

The Reagan administration is considering the broader interpretation so it can advance its tests of proposed defences against nuclear missiles under the Strategic Defence Initiative (SDI) or Star Wars. Most American allies support the research into strategic defences, but are more ambivalent about going to deployment.

The Australian Government has taken a specially critical line against even the research phase.

Mr Dalrymple met the special adviser to the President and the Secretary of State on Arms Control, Mr Paul Nitze, and told him that the Federal Government did not endorse the US SDI research program, nor the comparable Soviet program.

Radical

He spelt out Australia's view that the continuing integrity of the ABM treaty as traditionally interpreted was crucial to securing radical and stabilising reductions in nuclear arsenals through agreements.

A Foreign Affairs official in Canberra said yesterday that Australia was opposed to the move by Washington to shift to a broad interpretation of the ABM treaty and believed there should be no change from the more restrictive interpretation.

State Department sources said the ambassador's message was "not well received". One official said that Australia seemed to be "jumping on an anti-American bandwagon".

A number of European allies of the US, including Britain, West Germany and Italy have also been protesting at the move to a looser interpretation of the ABM treaty.

Officially the Reagan administration welcomes consultations with allies on their attitude to the ABM treaty. Unofficially there is considerable irritation with the attitude of the allies.

These surfaced publicly yesterday at a conference of the

American Legion (the American service veterans' organisation) when the director of the Arms Control and Disarmament Agency, Mr Kenneth Adelman, said the allies had

"no business" telling the US how to interpret a bilateral treaty between the Soviet Union and the United States.

"I don't really think they have any qualifications for telling us what is the right interpretation of the ABM treaty," he said.

It was "nice" to have the views of the allies on the treaty, he said, "but it is nicer to have the views of the allies on issues they know more about".

Mr Adelman said the US had determined two years ago that the broader interpretation of the treaty was a correct view after a lengthy legal analysis and did not like to be accused of abrogating a treaty by proposing to adhere to an established legally permissible interpretation.

The allies had let the US know they did not like the broad interpretation, but "this is our agreement with the Soviet Union, and they have not seen the negotiating record".

He said the allies had constantly urged the US to make concessions to the Soviets in order to get new arms control agreements, but they "ricocheted" on the Iceland summit proposals by President Reagan that intermediate range missiles be eliminated.

He said: "The same people (ambassadors) who come into my office week after week for the last four years saying, 'we need an arms control agreement, any arms control agreement, almost any agreement would do', since Reykjavik have been coming in to my office saying, 'now we have to be cautious ... you have to slow down a little'."

/12828

CSO: 5200/4308

U.S. ATTENTION TO PACIFIC AFFAIRS WELCOMED

Sydney THE AUSTRALIAN in English 25 Feb 87 p 8

[Editorial: "Waking up to Pacific"]

[Text]

It is about time the United States administration woke up to what is happening in the Pacific, so reports that President Reagan may despatch a high-level envoy to the region come as a welcome, if belated, response to the changed expectations of the island States.

Mr Vernon Walters, the highly experienced Ambassador to the United Nations, seems likely to head a team of officials whose principal objective will be to try to restore American prestige and influence in the wake of Washington's short-sighted neglect of an area that is of such critical importance to Western interests.

The past year has seen the beginnings of a Soviet economic and diplomatic thrust into the region.

Despite this, an adequate American response to the challenge has been a long time coming. Washington's grudging and long-drawn-out response to the attempts by the islanders to obtain adequate recompense for the activities of the American tuna fishermen was highly damaging to Western interests.

In relation to the huge size of the American Budget, the amount being requested by the Pacific States was paltry. One delegate at the tuna fishing meeting in Tonga last October was applauded when he bitterly pointed out that the projected cost of the bilateral agreement between the island States

and America was about the same as that being invested in the America's Cup challenge by Dennis Conner.

There is no doubt that America's understandable rejection of the South Pacific Nuclear-Free Zone Treaty is the cause of new animosity, and that the sort of mission being suggested for Mr Walters is urgently needed to explain the Reagan administration's stand on this issue.

Just as Washington is showing new awareness of the challenge posed by the region, so too is Australia seeking to project its influence with a new vigour. Canberra's announcement of expanded defence co-operation with the island States helps compensate for the collapse of ANZUS and will be welcomed by all those who wish to see an effective counter to the Soviet thrust.

There are, all the time, new manifestations of Soviet intent in the region, and the arrival in Australia next week of the Soviet Foreign Minister, Mr Eduard Shevardnadze, is yet another sign of Moscow's heightened interest in an area that we can no longer regard as an exclusive preserve of Western interests. The challenge for both the US and Australia is to regain the initiative. For too long there has been complacency. There is a need for active engagement in the region's affairs, and the sooner the better.

BEAZLEY ANNOUNCES INITIATIVES TO COUNTER USSR IN PACIFIC

Sydney THE AUSTRALIAN in English 21-22 Feb 87 p 3

[Article by Peter Young]

[Text]

AUSTRALIA is to expand its defence role in partnership with the island States of the South Pacific in what is being widely interpreted as an attempt to counter the growing Soviet military presence in the region.

The Minister for Defence, Mr Beazley, yesterday outlined a series of initiatives "to help protect and extend the strategic interests Australia shares with its island neighbours".

These include:

MOVES to help island countries upgrade their national maritime surveillance systems by the provision of patrol boats, naval advisory assistance and training.

A WIDER program of ship visits by the Royal Australian Navy and long-range maritime surveillance flights within the region and island States to our north.

INCREASED defence co-operation activities providing technical support to island defence and security forces.

These initiatives will be developed in close co-operation with the United States and New Zealand. Mr Beazley said both countries would be giving increased priority to their defence contacts in the South Pacific region.

Mr Beazley said Australia did not want to impose its view on smaller, less powerful nations. These moves would be made in partnership with the island States, after continuing consultation with island leaders.

The aim will be to assist in the management and protection of the maritime resources and national sovereignty of the island nations occupying the vital sea lanes between Australia and its main trading partners and allies.

Mr Beazley said it was hoped that in the longer term these moves would encourage and facilitate the co-ordination of defence co-operation and an upgraded maritime surveillance on a regional basis.

He said that in recent years most of the island countries within the area had gained independence and had begun to develop their own national and regional approaches in dealing with the outside world. In turn, the region had begun to attract increasing international attention.

Australia must recognise that "these changes have made our regional environment more complex".

Encourage

Mr Beazley later denied these measures were aimed at the Soviets. But he said changes in the region carried "the risk of disputes between the major powers and influences that could be harmful to our longer-term strategic interests".

It was against this background that the Government sought to encourage common views, attitudes and approaches to international and strategic and defence issues.

Measures being considered include a doubling of the number of surveillance flights from five to 10 a year – possibly using airfields within the region – and the provision of

12 specially designed coastal surveillance patrol boats.

Mr Beazley said the Government intended to give island nations the same priority in defence co-operation given to older and more substantial defence relations established with South-east Asian nations during the past four decades.

These new initiatives follow the recommendations of the Dibb Report, which called for greater levels of defence co-operation with South Pacific Forum nations and regional states.

The report argued Australia's foreign policy, aid programs and deterrence policy should be carefully co-ordinated with other regional States – particularly New Zealand – "so as to discourage Soviet naval visits or other unwelcome military access in the South Pacific".

But the scope of Mr Beazley's new proposals is believed to extend well beyond the 1000 nautical mile radius of operations recommended by the Dibb report. They will go to a range of up to 3500 nautical miles in an arc to the east and north-east of Australia.

This would include Papua New Guinea to the north and the Solomons, Vanuatu, Fiji, Kiribati, Tuvalu and Tonga to the north-east and east.

In the debate that followed the Opposition attacked the Government for its "indifferent, apathetic and short-sighted attitude towards the region" – citing the recent cuts in aid to Papua New Guinea.

/12828

CSO: 4200/468

RETIRING DEFENSE CHIEF DISMISSES USSR 'THREAT'

Sydney THE AUSTRALIAN in English 18 Feb 87 p 7

[Article by Marshall Wilson]

[Text]

THE retiring Chief of the Defence Force, General Sir Phillip Bennett, yesterday dismissed as a threat to Australia the Soviet penetration of the south-west Pacific.

General Bennett, 59, in Victoria for the last time before standing down in April after 40 years in uniform, rejected the Opposition's claims that the Federal Government was secretly aligning foreign policy to favour the Soviet bloc.

"The Soviet Union is intent on matching the influence of the United States in the Western world in all areas of activity and in all geographic areas. It seems to me they have been pushing themselves into the Pacific because they probably see it as a very important region of the world in the years ahead," General Bennett said.

"I think quite properly we are endeavouring to ensure we have a satisfactory dialogue with all nations in the world, and the Soviet Union is one of them that is probably very important to us in terms of trade.

"But I see no evidence of getting into bed with the Soviet Union. I think that's ridiculous."

Awarded the Distinguished Service Order after serving in Vietnam, General Bennett said the increasing presence of the Soviet Union in the south-west Pacific was of con-

cern, but entirely predictable.

He denied there was anxiety in the United States hierarchy over the controversial Dobb report, which outlined Australia's defence role in the decade ahead.

"There were some misunderstandings perhaps of the content of Dobb's report, but when it was pointed out that it was not a stand-alone document which purported to state fully and clearly the totality of Australian policy, then I think they understood the shorthand that was used in parts of it," he said.

Farewell

Like the analyst who prepared the report, Mr Paul Dobb, he agreed there was no immediate perceived threat to Australia, although there was no guarantee threats would not develop.

"Right at the present time there are no circumstances which indicate we should be concerned about our future security, but we acknowledge that the future is uncertain and therefore we must prepare in a sensible way for deteriorating circumstances in the future," he said.

General Bennett described the defence alliance with the US as "rock solid".

General Bennett was at the Melbourne-based Defence Centre complex in St Kilda Road on the first leg of a nation-wide farewell tour.

SENATOR EVANS: USSR CAM RANH PRESENCE NO THREAT

Sydney THE AUSTRALIAN in English 26 Feb 87 p 8

[Text]

SOVIET military activity at Cam Ranh Bay in Vietnam was not a direct threat to Australia or the South Pacific, the Senate was told yesterday.

The Minister for Resources and Energy, Senator Evans, representing the Minister for Defence, Mr Beazley, said the Soviet force based in Vietnam was "of very great strategic significance in the North Pacific and South-East Asian context, but not in the context of the South Pacific".

Replying to a question from Liberal Senator Baden Teague (SA), Senator Evans rejected a suggestion that he had deceived or misled the Senate last October.

He also stood by an earlier statement that "the Government has no evidence that the Soviet Union has deployed weapons systems in Vietnam which directly endanger Australia".

Senator Evans said some weapons systems at Cam Ranh Bay could constitute a threat in a hypothetical scenario.

"But if you're talking about a real world situation of a force based there of a kind which could be construed as directly endangering Australia ... I have nothing to add," he said.

AAP

/9317

CSO: 4200/466

DAILY SUPPORTS DECISION ON TWO-OCEAN NAVY

Sydney THE AUSTRALIAN in English 27 Feb 87 p 8

[Editorial: "Navy's Pacific Role"]

[Text]

THE Federal Government's decision to develop a two-ocean Navy finally gives effect to strategic imperatives first articulated as long ago as 1922, and which have, in the light of Australia's defence and economic interests, recently gained even greater force and urgency.

The need to be able to deploy on both the east and west coasts is incontrovertible. It has become more pressing as Britain has withdrawn from the area, the United States Navy has become overstretched in the Pacific and Indian Oceans, and the extent of Soviet encroachments has become apparent.

It is essential that we should be in a position to defend our own interests, and that is what the Defence Minister, Mr Beazley, clearly hopes to achieve with his announcement that half the Australian fleet will be moved from Sydney to HMAS Stirling, in Western Australia, and that the other half will be relocated at Jervis Bay, in NSW.

The maintenance of Australia's links with the other democracies, particularly the US, is no less necessary than it ever was, but the country cannot afford to depend on the goodwill of other nations for its defence.

Australia has long and exposed trading routes that are vital links with the international community. These need constant protection, and with new strategic infrastructures on the west coast the Navy will be in a much better position to provide the sort of security that is needed in the Indian Ocean.

There are historical reasons for basing the Navy in Sydney, but the reality is that much of the country's natural wealth is on the west coast, in the Pilbara and elsewhere, and that it would be short-sighted not to ensure the sort of deployment that can best protect it.

The move to Jervis Bay is inevitable, for a congested metropolis does not lend itself to developments that are needed for the Navy.

Together, both Jervis Bay and HMAS Stirling should be able to provide the infrastructure that will ensure the greatest efficiency for the fleet. It may seem eccentric that at a time of Soviet expansion into the South Pacific, Australia should redeploy half its Navy from the east to the west coast. That, however, is a misconception, for the essence of naval defence is fleet mobility, which

is expanded by establishing infrastructures on the west coast.

The greatest potential threat to Australia's interests appears to be in the Pacific, and it is to be hoped that in pursuing the two-ocean policy the Government will ensure that there is no diminution of vigilance in relation to that area. There should also be no lessening of the commitment to alliances such as the ANZUS Treaty.

Implicit in Mr Beazley's statement is recognition of the need to increase the power of the Navy, and for this he should be applauded. Sending half the fleet to the west coast must not mean any reduction in either its strength or strategic mobility. On the contrary, it must presage reinforcement of its capacity, for only strong naval defences can ensure the country's security.

/9317

CSO: 4200/357

TRADE MINISTER RETURNS FROM U.S. 'DISAPPOINTED'

Sydney THE AUSTRALIAN in English 27 Feb 87 p 6

[Article by Greg Sheridan]

[Text]

THE Minister for Trade, Mr Dawkins, left Washington a disappointed man yesterday.

At a conference in San Diego, he had been unable to get the US or Europe to agree to the Australian Government's co-ordinated plan to freeze and then reduce agricultural subsidies on a multi-lateral basis.

Then in Washington, he had been confronted by complacency.

Many people agreed with him about the problem but no-one would do anything about it.

In his final press conference yesterday, and at an interview with *The Australian*, Mr Dawkins repeated several times that he was disappointed at the indifference of official Washington to the plight of the agricultural sectors in efficient agricultural countries, which also had close relations with the United States, countries such as Argentina, Thailand and, of course, Australia.

He repeatedly used terms such as "languid disregard" and "lazy indifference" to describe the attitude of US policy-makers to farmers around the world.

While Mr Dawkins was at

pains to remain polite to both the administration and Congress, he none the less seemed to sharpen his criticism of US trade policy.

He found US complaints about unfair trading practices by Japan sanctimonious.

"It does seem to me that there's been a certain lack of introspection in America," Mr Dawkins said.

"They've allowed their own manufacturing sector to become inefficient. It's quite unfair to see this as Japan's problem. Americans would be crazy to see it like that."

Mr Dawkins said it would be "disastrous for the whole world" if US relations with Japan and the other trade surplus countries of East Asia were to be gravely damaged.

Australia exports many raw materials to Japan and other East Asian countries and they are processed there and exported to the world. A significant reduction in exports from those countries could in turn harm Australia.

However, Mr Dawkins does not believe US-Japanese relations will deteriorate because of trade.

Referring to the fact that the huge US Budget deficit is

financed in part by Japan, he said: "Americans blithely ignore the fact that you can't insult your bank manager."

Mr Dawkins said a crucial component of solving the world trade crisis was for Japan and West Germany to increase their consumption.

Overall, Mr Dawkins concluded from his talks that "immediate prospects for resolution of the crisis gripping world agricultural trade are bleak".

He repeated his earlier gloomy assessment that the administration's proposals for reducing agricultural subsidies were extremely unlikely to get past Congress.

He said he could not cite one reason for the indifference of senior US figures on the world agricultural crisis.

On the same day as Mr Dawkins was making these gloomy comments, the US Secretary for Agriculture, Mr Richard Lyng, was speaking on the administration's Budget proposals for agriculture.

He said: "The expansion of US agricultural exports continues among the highest priorities of this administration."

/9317

CSO: 4200/357

FOUR NATIONS SIGN BEEF MARKETING PACT

Sydney THE AUSTRALIAN in English 20 Feb 87 p 2

[Article by Julian Cribb]

[Text]

AUSTRALIA'S plan for resolving the world farm trade crisis has been given a big boost by cattle industry leaders of the United States, Canada and New Zealand.

In a joint communique yesterday, delegates of the four cattle nations meeting at Surfers Paradise gave unanimous endorsement to global action to open up the world beef trade.

The communique was signed by the president of the Cattle Council of Australia, Mr Wally Peart, the US National Cattlemen's Association president, Mr Jack Dahl, the Canadian Cattlemen's Association president, Mr Van Wilson, and the deputy chairman of the New Zealand Meat Producers Board, Mr Norman McRae.

The Australian Government's proposal calls for a moratorium on agricultural subsidies and comprehensive action to reform domestic agricultural support policies that distort world trade.

The four nations' cattle industry leaders stated their opposition to any further protectionist measures restricting the international beef trade.

The group emphasised the importance of the Japanese beef market to the cattle industries of the countries represented. Negotiations on new access arrangements for beef to Japan are due to start in June. It was agreed to ask each nation's government to apply increased pressure on Japan to free up its import access arrangements.

The four nations' cattle leaders said it was unfair for

Japan to continue imposing tight quotas on beef imports, especially when Japanese farmers enjoyed the highest cattle prices in the world.

The four cattle nations also launched a strong attack on non-tariff barriers to international beef trade, in particular the intended imposition by the European Community of restrictions on the use of a range of farm chemicals and veterinary products, which they said was without scientific basis.

The four cattle nations also took the first tentative steps towards co-ordinating an international drive to promote beef consumption.

They recognised the greatest challenge to their cattle industries was to reinstate beef in a dominant position in the world food market.

They agreed to co-operate closely in developing a com-

mon strategy to counter popular misinformation about beef and improve beef's image.

Countries exporting to the US now contribute to its \$US60 million (\$90 million) beef promotion effort through a \$1 per head import levy. The Canadian cattle industry is seeking a similar levy system to fund an upgraded beef promotion program.

The four nations agreed to co-operate in the successful implementation of these promotion campaigns.

The Federal Minister for Primary Industry, Mr Kerin, told the meeting: "Perhaps the two most important factors in declining beef consumption relates to the misinformation and misunderstanding of the nutritional value of red meat consumption, and to the changing lifestyles of people in the more highly developed countries.

"If market opportunities are to be maintained and developed, it is imperative that consumers be presented with the true facts that meat is a valuable part of a balanced diet and that cooking of meat need not necessarily be an inconvenient or time-consuming preliminary to a meat meal."

[Boxed item, p2]

THE world's four leading cattle nations have been urged to launch a \$300 million-a-year campaign to promote beef.

A prominent NSW cattleman, Mr Sinclair Hill, yesterday renewed his call for a radical revamp of Australian and international beef promotion, at a four-nation cattle conference in Surfers Paradise.

Mr Hill said Australian beef consumption had fallen 37 per cent in 10 years and continued to decline. World beef consumption had also dropped sharply.

"Most households in the Western world have the misconception that beef leads to

bad health. This is not true, but it is hardly surprising beef is not fashionable," Mr Hill said.

"We in the beef industry will now take on the enemy: complacency, apathy, competitive foodstuffs, fads, fashions, misconceptions, mismanagement and poor leadership," he said.

He called for Australia's share of the promotional campaign to be raised by a 1 per cent levy of all cattle transactions to raise \$32 million to create a "beef marketing machine to revitalise the industry's promotional drive, connecting beef with everything that is Aussie, good and wholesome".

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INTERNATIONAL SUPPORT FOR HAWKE FARM TRADE PLAN

Sydney THE AUSTRALIAN in English 18 Feb 87 p 7

[Article by Julian Cribb]

[Text] AUSTRALIA'S seven-point plan for solving the international farm trade crisis is gaining momentum.

Support is growing for a significant commitment to tackle the problem at the World Economic Summit in Venice in June.

The Federal Minister for Primary Industry, Mr Kerin, has returned from talks with senior European government ministers and officials, optimistic that the Australian strategy has achieved early promising results.

He said signs of real pressure for reform were emerging in the present European Commission farm budget proposals while the policy of the Reagan administration to reduce farm subsidies was clearly a move in the right direction.

His visit came after the unveiling on January 30 of Australia's seven-point initiative by the Prime Minister, Mr Hawke, at Davos in Switzerland in which he called for:

A COMMITMENT to halt farm subsidy increases.

REDUCTION in the gap between internally administered farm prices and real world market prices.

A MOVE towards responsible management of stockpiles of surplus farm commodities.

DECOUPLING of farm support measures from farm commodity prices.

ACCEPTANCE of a set of principles for world agricultural trade liberalisation.

AN accord on international agricultural reform to be agreed at the Venice summit.

NEGOTIATIONS on agriculture in the Uruguay round of the Multilateral Trade Negotiations to apply effective discipline to farm subsidies, price support programs and increased market access.

Mr Kerin said Australia's strategy had been to dramatise the extent of the world farm crisis and circulate facts about it, then show that solutions were possible.

Australia was moving into the second stage of trying to win multilateral support for the proposals and seeking a commitment for reform from government leaders.

Mr Kerin was guarded in not seeking credit for reforms proposed in the US and the European Community (EC), but senior sources told *The Australian* that Australia's plan and the country's lobbying effort had been recognised as having a significant effect on policy development in both and was a catalyst in helping them to find a solution.

Mr Kerin said the EC's latest price proposals for a freeze on wheat prices and 2 to 3 per cent reduction in prices for other grains were consistent with what Australia had put to them.

"The terms of debate have changed enormously since I first started banging my head against the EC brick wall," he said.

"They are now really trying to find ways and means through the problem."

Mr Kerin warned that world grain prices were unlikely to recover earlier than 1991.

[Boxed item p 7]

THE Federal Opposition yesterday accused the Government of bungling the establishment of a congressional liaison unit in the Australian Embassy in Washington.

The Opposition's spokesman on foreign affairs, Mr Andrew Peacock, said the unit was still a phantom at a time when Australia's overseas trade figures continued to deteriorate.

"The Government should stop pussy-footing around. The Congress will have been sitting for a considerable time before this Government gets its act together," he said.

"By the time the successful applicant is appointed, in place and fully effective, another half year will have gone.

"The Government's repeated statements expressing concern at trade development ring hollow by its passivity towards quickly putting in place the congressional liaison unit."

Mr Kerin said the time lag in establishing the unit had been due to normal Public Service procedures of interviewing applicants and the importance of finding the best person for the job.

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EVANS: JAPAN STEEL INDUSTRY CUTS HURT LOCAL ECONOMY

Sydney THE AUSTRALIAN in English 16 Feb 87 p 12

[Article by Alan Goodall]

[Excerpts]

JAPAN'S powerful Ministry of International Trade and Industry (MITI) has ordered a save-the-steel rescue operation as the fourth steel giant, Kawasaki, announced drastic workforce cuts at the weekend.

Industry leaders see little prospect of a steel recovery before 1990.

The "sharing the pain" that Australia's Minister for Resources and Energy, Senator Evans, promised Tokyo last week will hurt for at least another year, probably more.

Kawasaki, among the big five and a major buyer of Australian raw materials, is the latest to confirm Japan's steel pain. Australia faces a reduced demand for Australian coal and iron ore as a result.

Steel analysts forecast a grim rationalisation period, based on the Japanese currency continuing at a high 150 yen to the United States dollar and tougher competition for sluggish world markets.

It was this projection, plus the company balance sheets openly discussed for his benefit, that convinced Senator Evans last week that Tokyo is indeed not exaggerating and that Australia must also endure the pain.

Japan's crude steel production must drop from 95 million tonnes a year at present to 90 million by 1990 if it is to hold markets and remain the dominant force in both steel and steel-making raw materials markets.

Hard, coking coal sellers from Queensland and NSW, confronted with the same facts, reluctantly agreed to price cuts of about \$US5 a tonne and delivery reductions of up to 20 per cent.

The Australian complaint that coal and iron ore producers have had to bear most of the hardship of Japan's downturn was partly true in the past, though an ineffectual bargaining point.

For Australia, already painfully aware that Japan's coal demand is down 7 per cent this year to 55 million tonnes, the rescue of Japanese steel is not necessarily the answer.

As Japan turns faster to alternative, non-steel metals, Australia must work harder on the upcoming newly industrialising countries to sell more coal and iron ore.

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EDITORIAL URGES RESOLVE AGAINST FOREIGN DEBT

Sydney THE AUSTRALIAN in English 23 Feb 87 p 8

[Editorial: "Time for resolve on foreign debt"]

[Text]

THE surge in Australia's gross foreign debt past the \$100 billion mark serves as a timely reminder that we have been living beyond our means for far too long.

It is a sad commentary on the nature of Australian politics that the warning about our parlous debt position announced with the downgrading of our international credit rating last year was quickly forgotten.

Smashing the \$100 billion mark is only the start of record-grabbing headlines as our gross foreign debt marches inexorably toward the \$150 billion mark and beyond by the end of the decade.

This should not come as a rude awakening. It is the harsh arithmetic calculated by the Economic Planning Advisory Council that clearly states the magnitude of the adjusting task ahead of us.

Let there be no mistake, there is no running away from our debt problems. There is no resource boom just around the corner that will miraculously provide us with a windfall.

Each time a new record debt level is reached, financial markets will put the screws on the economy and pressure the Government to make appropriate adjustments.

The plain fact is that the standard of living of all Australians will have to fall as a larger proportion of a smaller national income take is allocated to

paying off our mortgage to the rest of the world. Such is the cost of past mistakes.

Australia has traditionally been a capital-importing country, but the recent growth of both foreign and public-sector debt has been rapid by historical standards.

While the private sector accounts for about two-thirds of Australia's net foreign debt, the main borrower in recent years has been the public sector.

Governments at both the Federal and State level have attempted to circumvent economic realities to meet the political imperatives of quick-fix election budgets.

The large and growing share of government debt has been used to finance current rather than capital expenditure — that is, borrowings spent on welfare, health, defence, public servants' salaries and interest on the stock of accumulated public debt.

This is not to deny that private-sector borrowings haven't been a cause for concern. Some corporate borrowings have been for purposes which have not provided a return to the economy as a whole.

But the cause of the malaise is less important than the measures taken to rectify the situation. Unfortunately, recent governments have resorted to the easy remedy of high interest rates to attract foreign funds.

This has permitted Australia to run Budget and balance of payments deficits for longer than would otherwise have been possible. However, with the slump in world trade and a poor export performance, tight monetary policy has only bought us a little time at a very high cost.

Workers have been forced, through continuing wage restraint, to bear the brunt of the terms of trade collapse, the slump in the dollar and high inflation and interest rates. Corporate activity has also been restrained.

The Federal Government has signalled the path that should be pursued by reducing its Budget deficit and the public-sector borrowing requirements, but doubts remain about its resolve following the scrapping of the trilogy commitments and hesitation over the need for a main expenditure statement. It cannot expect the States to follow unless an example is set.

Australia has not yet reached banana republic status, and it is unlikely that the International Monetary Fund will intervene while prudent policies are maintained. However, if appropriate adjustment policies are not pursued, and our external position deteriorates, then the risk to our sovereign status cannot be underestimated.

Australia needs a significant and sustained boost in investment if it is to achieve the productivity growth required to maintain and improve our international competitiveness. This is the key to reducing our current account deficit and achieving higher employment and national living standards.

Achieving and maintaining a better balance between fiscal and monetary policy is necessary. A prosperous future will quickly fade away unless urgent action is taken to reduce public-sector deficits and high interest rates.

OECD REPORT CITES GROWING INFLATION

Sydney THE AUSTRALIAN in English 16 Feb 87 p 1

[Text]

AUSTRALIA was one of only four industrialised countries where inflation was higher in 1986 than the previous year.

A report released yesterday by the Paris-based Organisation for Economic Co-operation and Development (OECD) showed inflation in most of the 24 OECD nations fell to its lowest level in 23 years — but Australia's average annual inflation rate rose from 6.8 per cent in 1985 to 9.1 per cent last year.

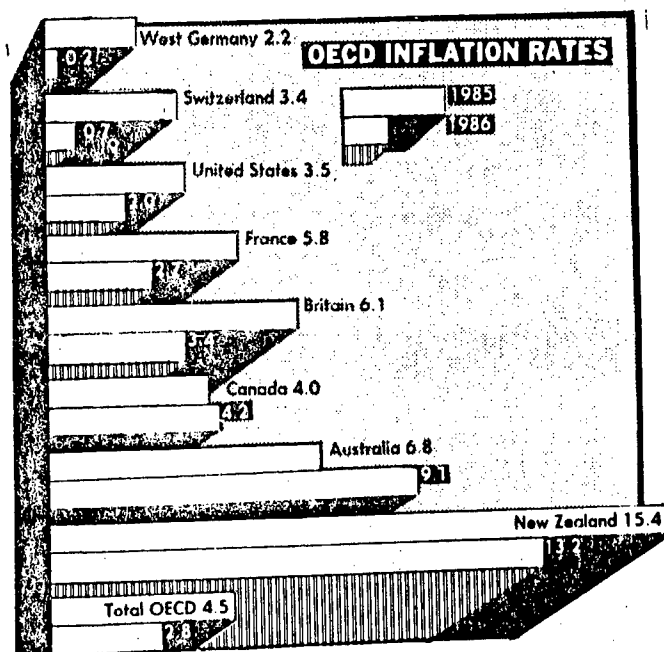
Two-thirds of the OECD member countries had average annual inflation rates below 5 per cent last year.

The United States inflation rate fell from an average of 3.5 per cent in 1985 to 2 per cent in 1986, while inflation in the United Kingdom dropped from an average of 6.1 per cent to 3.4 per cent.

France's inflation rate dropped by more than half, from 5.8 per cent in 1985 to 2.7 per cent, and Luxembourg's fell from a 4.1 per cent average to 0.3 per cent.

West Germany reduced its average of 2.2 per cent to -0.2 per cent.

The big seven industrialised countries — the US, Japan, West Germany, France, the UK, Italy and Canada — experienced an average rate of 2



These inflation rates are based on an average of four quarters

per cent last year, compared with 3.8 per cent in 1985.

Canada, Greece and Norway were the only OECD countries, besides Australia, to record higher average inflation rates last year over 1985.

A spokesman for the Federal Treasurer, Mr Keating, said

yesterday that he was not surprised by the figures.

"Australia has to wear it until we can get on a better footing."

"The J-curve is like turning around the QE2. It takes a long time," the spokesman said.

HAWKE INDICATES NEED FOR 'TOUGH' SPENDING CUTS

Sydney THE AUSTRALIAN in English 24 Feb 87 pp 1, 2

[Article by Robert Hadler]

[Text]

THE Prime Minister, Mr Hawke, has indicated that a further round of tough spending cuts to be announced in an expected May expenditure statement should start as early as possible.

The warning came as the extended Expenditure Review Committee (ERC) met for the first time yesterday to examine possible savings in each portfolio.

However, the decision to announce the May statement is not expected to be made for at least another four weeks, and will hinge on whether key savings are available.

The growing pressure for further spending cuts and borrowing restraint received added impetus yesterday with a strongly worded statement in Perth from the Institute of Public Affairs (IPA).

The director of the IPA policy unit, Mr Les McCarrey, criticised the spending and borrowing record of both the Federal and State governments and called for further restraint to reduce the public sector borrowing requirements.

Tough

Speaking on commercial radio yesterday, Mr Hawke confirmed that the Government was still considering whether to have a May statement, but indicated a clear preference to get on with the spending cutting task.

"We are very much keeping that option open. It is something that may well be necessary," Mr Hawke said.

"We are just settling into the tough Budget preparation process now and that is a possibility. I think the Australian people would expect it. If tough things have got to be done, then let's start doing them."

Mr Hawke agreed that the economy was in bad shape but guaranteed that the next round of tax cuts would still stand.

"Of course we are having tough times. I just hope that people will understand that if you have \$6 billion wiped off your national income, as we did during the past 18 months by the drop of our terms of trade ... then the standard of living has to suffer. There is no magical way in which you can avoid that fact," he said.

"I do not think reducing the tax cuts is possible since we have got to try to get as much incentive as we can into the whole operation of the economy consistent with the revenue and expenditure requirements of the Commonwealth."

Mr Hawke also denied that the inflation rate was still rising.

"No it is not still rising ... We had the December quarter, which took the annual figure up to 9 per cent, but during 1987 it is our best judgment that the inflation rate will be going down," he said.

The Federal Treasurer, Mr Keating, did not disagree with the comments made by Mr Hawke, a spokesman said.

The spokesman said the ERC would not be considering tax options and was continuing its normal round of meetings to discuss possible expenditure savings.

The Minister for Social Security, Mr Howe, joined the ERC yesterday, and Mr Keating effectively took over as chairman after Mr Hawke dropped out to concentrate on the run up to the election.

The inclusion of Mr Howe is a significant victory for the left wing of the Labor Party, which has complained about lack of representation in the key Budget group.

The IPA statement by Mr McCarrey criticises the Federal Government for not reducing spending as much as the States, noting that much of the reduction in the federal Budget has been achieved by reducing assistance to the States.

"Since the present Commonwealth Government assumed office, Commonwealth outlays for its own purposes have increased by 62 per cent while total State outlays have increased by 47 per cent," Mr McCarrey said.

"Moreover, in each year since 1982-83 the growth in the Commonwealth's outlays for its own purposes has been significantly higher than for Commonwealth assistance to the States."

But Mr McCarrey also criticised the State governments for contributing to the recent surge in Australia's growing debt burden.

"While it is true that State government expenditure has been more restrained than that of the Commonwealth, the States have made no real progress in reducing the burden of government," he said.

"State governments have also played a major role in building up Australia's high, and unsustainable, level of public debt. This partly reflects a failure of Commonwealth policy, which Mr Keating must have been aware of for some time."

Mr McCarrey said the "global approach" had failed and that the Federal Government had been forced to bear the brunt of the spending cut burden.

"It has been clear for some time that the borrowing limits set by Mr Keating under the so-called global approach did not require any effective reduction in the net State sector borrowings, but, on the contrary, allowed some States more than they needed to fund on-going expenditure," he said.

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FINANCE MINISTER THREATENS STATE GRANT CUTS

Move To Cut Borrowing

Sydney THE AUSTRALIAN in English 26 Feb 87 pp 1, 2

[Article by Robert Hadler]

[Text]

THE Federal Government yesterday gave its strongest indication yet that it intends cutting back severely on grants to the States as part of its drive to reduce total government borrowing and pressure on interest rates.

The Minister for Finance, Senator Walsh, last night emphasised the tough approach needed to cut borrowing with a strong warning that the 2 per cent real increase in grants to the States may be abolished.

Senator Walsh said the key payments to the States, financial assistance grants, had been fixed at the inflation rate plus 2 per cent when most State payments such as wages have been declining at the less than the inflation rate.

"In other words, a major portion of State income from the Commonwealth has been indexed to an inflation-plus base and their payments out have been indexed to inflation minus," he said.

Senator Walsh said it was pretty clear, under these circumstances, that this could not be allowed to continue.

The need for key spending cuts was highlighted yesterday by government figures that showed that public debt interest payments have soared to nearly \$1 billion a month.

The statement of federal government transactions for January shows that public debt interest increased by \$905.9 million, increasing pres-

sure for spending cuts in other areas.

Senator Walsh said yesterday that while most outlays were broadly in line with the budgeted growth for the year as a whole, the notable exception was public debt interest.

Senator Walsh said an overrun was in prospect due to the larger volume of federal government securities on issue and higher interest rates, which have added to the associated interest costs.

The latest statement of federal government transactions shows that public debt interest increased by \$190 million in January to \$905.9 million - \$250 million higher than for the same month a year ago.

While the May statement aims to slash government spending and borrowing programs, the accumulated debt means that interest payments will rise for some time.

Public debt interest is estimated at \$7514 million, or 10.1 per cent of total outlays in 1986-87. However, public debt interest for the first seven months of the financial year already total \$5037.1 million, or 11.3 per cent of total outlays.

The Government has already indicated that higher public debt interest payments will blow out the Budget deficit from the initial estimate of \$3.5 billion to about \$4 billion.

This has placed great pressure on the Government to reduce spending in other areas, risking a political back-

lash in an election year, to hold down the Budget deficit and reduce interest rates.

The Prime Minister, Mr Hawke, said on Monday that the Government would examine measures to reduce spending this year as well as in 1987-88.

"We will be looking at perhaps some additional measures that may be taken in respect of this financial year as well as preparing for next financial year," Mr Hawke said.

"We are aiming to bring this year's Budget deficit in as close to the Budget deficit announced last August by the Treasurer as is possible."

While outlays were up 6.9 per cent at the end of January, receipts were higher at 11 per cent, in line with the Budget estimate for the year as a whole.

A decline in the cumulative growth rate of income tax collections reflects the impact of the tax cuts brought in on December 1. But greater than estimated revenue from the fringe benefits tax (FBT) made a significant contribution to the revenue raising task.

The FBT raised a further \$101.5 million in January, bringing the cumulative figure for the first seven months of the financial year to \$223.6 million.

This figure includes part of the second FBT instalment due on January 28. Additional second instalment collections are expected by the end of February.

Editorial Urges Cuts To States

Sydney THE AUSTRALIAN in English 25 Feb 87 p 8

[Editorial: "Expenditure cuts must hit States"]

[Text]

WITH its announcement that it will bring down an "expenditure statement" on May 14, the Federal Government has made clear its recognition of the necessity to make substantial cuts in public spending if the Australian economy is to be revived.

This decision ought to be widely welcomed, not least by business. Provided Cabinet is not deterred by the pressure groups that will strongly resist reductions in expenditure in those areas in which they are active, it is possible that a significant advance will be made towards achieving the needed reduction in the Budget deficit.

Not least among these pressure groups are the States. Since 1982-83 the Commonwealth has reduced its net borrowings from 3 per cent of Gross Domestic Product to an estimated 1.9 per cent in 1986-87. Over the same period, State borrowings have increased by 45 per cent and have barely changed as a proportion of GDP at 2.8 per cent.

The Government has publicly abandoned the aspect of Mr Hawke's "trilogy" that provided that tax revenue would not be increased as a proportion of the GDP. The expenditure statement will deal with only one side of the Budget. It will be concerned solely with government spending cuts, and not with the raising of revenue or taxation measures.

Cuts in public spending are obviously intended to play a central part in the Government's economic strategy. If this were not so, the May 14 statement would not be worth making.

The Government's announcement is a welcome response to the growing body of evidence that we have a deteriorating economy. Unless radical measures are taken, our skyrocketing foreign debt of \$100 billion is likely to

rise while our credit ratings continue to fall.

There is no sign of worthwhile improvement in our unemployment rate or our inflation rate. We have interest rates that a few years ago would have been regarded as unbelievably astronomical and that make the buying of a modest home a nightmare for most Australians.

The sense of urgency that is becoming increasingly apparent throughout the community should reinforce the Federal Government's determination to respond to widespread concern about the public-sector borrowing requirement and to challenge the State governments, which are no less guilty of unjustifiable expenditure than is the Commonwealth.

It is commendable that the announcement of the May statement was coupled with the scheduling of a Premiers' Conference and meeting of the Loan Council for May 25. Unless the States can be induced to reduce their spending with the same zeal as is required on the part of the Commonwealth, the Federal Government's efforts will be at best only half effective.

Mr Hawke and his colleagues will not be able to avoid huge expenditure reductions in such sensitive areas as social welfare, health and education. The success of the Government's economic management depends on its determination to carry out the necessary cuts in the face of the resistance of organised lobby groups.

The Federal Government has shown that it is aware of the magnitude of the problem that confronts us. It has before it the task of putting into effect the remedies it knows are essential to Australia's economic recovery.

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CSO: 4200/468

INTEREST RATE PROBLEM FOR HAWKE GOVERNMENT ANALYZED

Sydney THE AUSTRALIAN in English 27 Feb 87 p 9

[Article by Paul Kelly]

[Text]

WITH one spectacular gaffe Senator Susan Ryan has swung attention from the Sir Joh "bubble" to the reality of 1987 - that the Hawke Government faces a mammoth task in pulling down interest rates for any election this year.

The real significance of Senator Ryan's gaffe is that the Housing Department assessment that cuts in the home loan rate cannot be expected until the first half of 1988 is neither outrageous nor unreasonable. Many analysts believe it is dead right.

When the Treasurer, Mr Keating, delivers his economic overview speech to the Economic Planning Advisory Council (EPAC) today he will send a clear signal to the money market - there will be no premature easing in monetary policy. In simple terms, this means no easing in interest rates.

Mr Keating has been very careful in his own predictions about lower interest rates. He has talked only about promoting "a better climate" which allows them to fall.

The Prime Minister, Mr Hawke, has also been careful in going a fraction further and referring to "a cautious optimism about the economy including a fall in interest rates in 1987".

Note the words - interest rates. Not home loan rates. The truth is that in present circumstances home loan rates will fall only six to 12 months after an easing in money market rates.

Yet it is a political axiom in the ALP that home loan rates must be falling before the end of this year. Therefore Mr Hawke was compelled yesterday to brand the Housing Department assessment a "mistake".

He added that it originated from "a non-economic forecasting department" and said it was "not an accurate statement of government policy".

It may not have been an accurate statement of government policy. That policy, due to political necessity, is optimistic. But it was certainly an accurate statement of the economic problem confronting the Government.

The real dynamite in the document Senator Ryan kindly tabled is that the forecasting committee of the Indicative Planning Council (IPC) has reported to the IPC its view that any fall in market rates this year "will not be sufficient to allow reductions in housing loan interest rates in 1987".

Who heads the committee? Professor Fred Gruen - one of Australia's most eminent economists. What is this committee? An economic forecasting

committee. Who sits on it? Representatives of the housing industry, banks, building societies and Treasury and the Reserve Bank. What is its job? To predict trends in the industry.

So much for Mr Hawke's sleight of hand about a "non-economic forecasting department".

Just for good measure, the public servant who wrote the document has a PhD in economics, formerly headed the economics area of the Prime Minister's Department and is the Housing Department representative on the IPC.

Starting to get the picture?

Many market analysts would agree with the IPC assumptions despite Mr Hawke's description of the document as a "mistake". The mistake was its release, not its content.

The issue goes far beyond any immediate political embarrassment over the Ryan gaffe. It is a timely reminder of the magnitude of the economic problem facing the Government.

The present high level of interest rates is driven by Australia's record current account deficit. It is a direct function of our trading crisis. That is why Mr Hawke correctly stresses that the timing of any interest rate falls will be influenced by external events, commodity trends and the trade figures.

Mr Hawke also insisted yesterday that his Government

"was not in the business of artificially reducing interest rates".

As 1987 unfolds there are two basic trade-offs which lie at the heart of the Government's economic strategy for the election year:

THE continuing belief that exchange rate stabilisation is more important than interest rate reduction. This view is critical in both economic and political terms. Mr Keating knows the economic consequences of a further \$A depreciation would shake the ALP-ACTU accord and threaten a downward turnaround in the inflation rate.

He also knows from experience that the electorate turns against a government that presides over a depreciating currency. Mr Keating is living with high interest rates to stabilise the currency — but this tactic has a limited life.

THE easing of interest rates while averting any \$A depreciation depends upon a shift of the economic burden away from monetary policy towards spending and wage policy.

Hence the relevance of the May spending statement, the Premiers Conference and the looming national wage decision. They will collectively influence the timing of any successful interest rate cuts.

If the Government eases monetary policy in May then some fall might register in the home loan rate just before the end of 1987.

This view is probably optimistic. Certainly the Government will be battling to ease monetary policy before May without taking big risks since the current economic status quo remains fragile.

The spending challenge this year will be daunting. The 1986-87 projected Budget deficit of \$3.5 billion is now heading towards an outcome of \$4.2 billion.

Mr Keating has said that, in

addition to the May statement, the Government will look at further cuts in the current year to force down the extent of the blowout. The Government would like to get back to its \$3.5 billion target but it cannot. A figure just below \$4 billion is more realistic.

The starting point, based on initial estimates for next year, 1987-88, is a deficit of \$6 billion (before cuts). That is, spending will need to be shaved \$2 billion just to reach the \$4 billion deficit outcome for 1986-87.

But this is just the start.

Any nominal reduction in the deficit will demand cuts above this level — assuming there are no new taxes. And the Government is going to be forced into cutting the deficit in 1987-88 or facing financial market retaliation against the \$A.

The Government can only look with dismay upon some of the early Budget deficit tests being raised by business and industry lobby groups. The Business Council wants a 1987-88 deficit of only \$2 billion (which means a spending cut of an extra \$2 billion) and most other groups are tougher than the Business Council.

Senator Walsh indicated this week that the existing agreement under which the States have their grants pegged at the inflation rate plus 2 per cent will probably be abolished in May.

This will provoke a major outcry from the Labor premiers. That cry will be even louder when the cuts in their borrowings are announced. The prospect of a Labor squabble is very real. The electoral kudos for the Hawke Government can only lie in the perception that it is taking the tough decisions.

This means the Government must attend to its own spending cuts as well as those of the States. The lesson of its May 1985 statement stands as a milepost.

That statement involved cuts of about \$1.2 billion but the financial community was not impressed. This is because it was a careful exercise of cutting odds and sods.

Today the big savings can only be generated from cutting the big programs. The financial and business sector will accept nothing less. The days of working away to find politically acceptable ways to cut spending are finished.

The big programs are easy to identify: education, health, welfare — the traditional Labor heartland. The force propelling ministers into wielding the knife is Australia's trading crisis.

The decisions taken by the Expenditure Review Committee of Cabinet must stick — that is one reason why left-wing Social Security Minister, Mr Howe, was added to the committee.

It may be an election year. But the economic test remains as great as ever. At stake is whether the Hawke Government still possesses the will to govern or whether that will to govern has been lost.

The Government is yet to co-ordinate its political strategy for re-election with an economic policy of renewed restraint. Perhaps it should remember the words this week of one of its heroes — J.K. Galbraith.

He called for a return to "wise fiscal and tax policy" and a new low interest rate regime. If Australia is to restructure its economy it needs the investment generated from low interest rates and the reshaping of its budgetary policy to deliver them.

The issue is simple. The Hawke Government cannot rest on its record. Any such approach would be inconsistent with the economic demands placed upon it. The Government must show by its decisions in 1987 that it retains the claim of being the best economic manager for the nation — but that might lose votes.

COMMISSION RECOMMENDS CUTS IN CONCESSIONS TO EXPORTERS

Sydney THE AUSTRALIAN in English 20 Feb 87 p 2

[Article by Mike Taylor]

[Text]

THE Industries Assistance Commission has recommended a winding-back of export concessions applying to Australian industry, dismissing the existing regime as doing "little to address the serious decline in the performance of our trade sector".

It would remove a substantial slice of the cost of the concessions, which the IAC report says totalled \$70 million in 1984-85.

The IAC report is likely to find favour with the Government, because it fits in with its deregulatory approach to the manufacturing and export sectors.

The IAC has recommended the abandonment of duty drawback and related export concessions for inputs during five years, leaving concessions in place on items such as ships' stores and goods temporarily imported for repair.

Operate

It has also recommended that the Government scrap the concessions applying through goods manufactured in bond and the 2 per cent revenue duty, while advising that the Commonwealth would not provide assistance to trade

zones such as that established near Darwin, in the Northern Territory.

"The export concessions considered in this report do little to address the serious decline in the performance of our trade sector," the IAC report says.

"Further, the concessions cannot be relied upon to contribute in any systematic way to the development of an efficient industry structure which is a stated objective of the Government's industry policy."

The report says concessions provide relief for some efficient exporting activities and a limited recognition of the cost burden of tariffs.

"However, they also assist inefficient activities and, in practice, operate to change relative assistance levels in arbitrary and unintended ways. Further, the concessions may confer substantial benefits without being subject to public scrutiny," the report says.

It says that claiming concessions is costly for industry and administration of the concessions is costly for government.

"Improving Australia's standard of living will require an ongoing effort to improve productivity and to reduce costs. Export concessions do little to help," it says.

"In the commission's view, reforms in other areas such as the deregulation of the financial market and the removal of exchange rate controls, the commitment to reduce tariffs

and unnecessary regulation and initiatives to contain labour costs and to remove outmoded work practices would make a much greater contribution to encouraging the development of efficient, internationally competitive industries."

Dealing with the removal of concessions during five years, the commission says that it recognised many users of the concessions are efficient and internationally competitive.

"By itself, removal of the concessions might well lead to a decline in exports and to a small deterioration in the balance of trade," it says.

"However, providing time for exporters to revise their sourcing and marketing strategies could mitigate against this effect.

Removing concessions would eliminate the possibility of arbitrary and undesirable changes in the structure of assistance.

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PRIVATE SECTOR URGES GOVERNMENT TO IMPLEMENT SPENDING CUTS

Sydney THE AUSTRALIAN in English 26 Feb 87 p 3

[Article by Robert Hadler]

[Text]

LEADING business and research groups have urged the Federal Government to implement across-the-board spending cuts of between \$3 billion and \$7 billion in its May 14 economic statement.

The toughest stand yesterday was taken by the National Farmers Federation (NFF), which urged the Government to slash \$10 billion from its forward estimates — \$7 billion in the May statement and \$3 billion in the August Budget.

The NFF's president, Mr Ian McLachlan, claimed cuts of \$2 billion quoted by government officials would do no more than tackle the blow-out in the present Budget.

The Business Council of Australia (BCA) set a target of at least \$3 billion for 1987-88, saying the reduction was needed to lower next year's Budget deficit to about \$2 billion.

If implemented, this would involve a 1.5 per cent cut in real outlays — a substantial tightening from the zero real growth outlays forecast for the present Budget.

It would also be a much more painful exercise than the 1985 May statement, which implemented spending cuts of \$1.25 billion through relatively minor reductions across a wide range of programs and deferred areas of spending.

The BCA's executive director, Mr Geoff Allen, indicated yesterday the council would be presenting a detailed submission

in a few weeks.

Mr Allen said the BCA supported means-tested welfare payments and the rationalisation of transfer payments to middle-income earners to help those most in need.

The BCA also advocated across-the-board cuts in economic programs designed to help business to ensure that the cuts would be credible.

The Institute of Public Affairs (IPA) welcomed the announcement of both the May statement and the Premiers Conference on May 25.

However, an IPA senior fellow, Mr Des Moore, said reports from Canberra suggesting the aim was to chop only about \$2 billion from next year's forward estimates indicated the Government was far from tackling the gravity of Australia's position.

"Such a reduction would, in the absence of other action, still leave a substantial Budget deficit in 1987-88 and would, once again, leave real outlays virtually unchanged," he said.

"If there is to be any prospect of a significant easing in pressures on interest rates and on the external account, the Commonwealth will need to run a Budget surplus in 1987-88 and to make a substantial real cut in government outlays."

According to Mr Moore, this would need spending cuts of at least \$5 billion or even more.

He said: "It is no good the Treasurer calling on the States to play the game. The time has long since past playing games. The Commonwealth must either itself accept full responsibility for cut-

ting the PSBR (Public Sector Borrowing Requirement) or take much more drastic action than it has hitherto in regard to controlling State borrowings and outlays."

The NFF, meanwhile, called for huge reductions so that pressure would be eased on financial markets to enable interest rates to fall.

Mr McLachlan said: "Independent research commissioned by 38 business organisations through the National Priorities Project already had identified more than \$7 billion in potential spending cuts from just four areas — health, welfare, education and failed labour market programs."

"The NFF warned last year that drastic cuts in government spending would be necessary, but our call for a mini-Budget was rejected by the Prime Minister at an aborted meeting in December."

The rural sector was prepared to play its part in the expenditure review process, he said.

"We are prepared to consider adjustments in farm programs as part of \$10 billion cuts across the community," he said.

The Australian Small Business Association (ASBA) said the Government would need cuts of between \$4 billion and \$5 billion in the May statement if it were to retain any economic credibility.

The ASBA's federal president, Mr Peter Boyle, said the 1987-88 Budget would prove to be a crucial test of the Government's willingness to take the tough decisions necessary to bring Australia back to the path of economic sanity.

The main cuts to expenditure would have to come from the social welfare, health and education areas.

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CSO: 4200/468

WHEAT PRODUCTION COSTS THREATEN TO EXACERBATE ECONOMIC WOES

Sydney THE AUSTRALIAN in English 23 Feb 87 p 9

[Article by Julian Cribb: "Harvest of despair in the wheat belt"]

[Text]

FARMER John Caratti can clearly see a day coming when he won't be sowing a wheat crop.

This year he'll probably sow a bit less than half his former acreage, but already he has run budget projections on moving out of wheat altogether.

Peter Smart has also cut his wheat area by half in the past few years and anticipates further reductions.

Those two decisions alone should set the alarm bells ringing in Prime Minister Bob Hawke's Canberra office, because John Caratti and Peter Smart are the nation's biggest wheat farmers and their intentions regarding Australia's second largest export industry will flow through to affect the lives, wages and living standards of every Australian.

Both farmers have a reputation as hard-headed businessmen who set themselves exacting standards of efficiency and financial performance — but their analyses of the economic prospects for wheat farming have produced conclusions no different to those being reached by tens of thousands of other grain growers across the nation.

The recently completed harvest saw many gazing with despair at wheat cheques insufficient to cover even basic production costs. To plant a crop in 1987 in anything other than a bumper season for rainfall spells a guaranteed loss for many.

For those with the foresight of resources to switch to sheep or alternative crops in time, it is a question of belt-tightening. For those without the ability to change income tack, or faced with the demands of a massive debt burden, it is the ultimate no-win situation: sow a crop and lose money, don't sow a crop and lose money.

And lose money is what more than 20,000 of the nation's 43,000 grain farmers are expected to do in 1987-88 — just as they did in the two previous seasons.

Already Australia's wheat acreage has plunged by 1.7 million hectares in three years: where it will go this year is anybody's guess.

But John Caratti, who at his peak harvested 40,485ha, will this year probably sow just 18,220ha, while Peter Smart's wheat area has come back steadily from 11,340ha to a probable 5670ha.

Throughout the main wheat growing areas from the WA wheat belt to South Australia's Eyre Peninsula, the Victorian Wimmera, the black soil country of northern NSW and the Darling Downs of Queensland, the talk is of cutting wheat plantings by 30 to 50 per cent. Many claim they won't sow a single paddock.

The decisions of farmers, large or small, may seem remote from the daily lives of urban Australians, but already in less than a decade the erosion of profitability in the cropping industry has reached beyond the farm gate to eliminate 45,000 jobs in the tractor

and machinery industry through the biggest sales slump on record. Undoubtedly it has touched tens of thousands of others up and downstream in the economy.

What happens to wheat has a critical bearing on Australia's overall economic performance; the balance of payments, capacity to service foreign debt and the value of the dollar.

Australian Wheat Board chairman Clinton Condon recently said: "If we see a substantial fall in planting we will begin to see a major disaster in wheat flowing on to consumers and everyone in this country."

Two years ago, at its peak, the industry earned Australia \$3 billion in export revenue.

Now it is conceivable its earnings could dwindle to less than half that level, impelled by three factors:

FALLING world prices, precipitated by the continuing global farm subsidy war between the US and EC, with other nations now being forced to participate.

CUTBACKS in plantings by farmers.

DRAMATIC reductions in the use of fertiliser.

A massive cut in wheat plantings is not without precedent: during the slump of the mid-1960s, the area under crop plummeted from 11 million to 6.6 million hectares. Today, many farmers stress, real wheat prices are worse and costs far higher.

The industry is highly efficient. Last year Australian farmers grew wheat for \$1.48 a bushel while US farmers enjoyed a return of \$4.48 and Europeans \$6.65 a bushel. They carried interest and inflation rates several orders of magnitude greater than those in the US and EC.

But the rate of losses is mounting, and everywhere farmers are deciding that it is better not to plant than to multiply losses by seeding a larger area.

Of the three issues, fertiliser use is the real sleeper. Australia with its shallow, infertile soils cannot sustain productivity without fertiliser. Each year we export hundreds of thousands of tonnes of elemental nutrients in the form of grain, wool and wheat.

Unless they are replaced the nation's fertility bank will gradually dissipate. Our ability to farm for high productivity will increasingly be on borrowed time.

Recent statistics show that fertiliser use on wheat declined by 23 per cent between 1981 and 1985, and has probably fallen more rapidly since then.

The effects of this are already being felt in the form of poorer crop yields in many areas and a sharp decline in relative production of high-value protein wheats.

Australian Wheat Board general manager Ron Paice says that in the last five years production of prime hard wheat has fallen from a peak of 10 per cent to 4.5 per cent of total production and hard wheat from 20 to 13 per cent.

Many farmers are now unable to afford even maintenance levels of fertiliser application, let alone the more costly trace elements and micro-nutrients increasingly required to sustain production.

"The rundown in the national fertiliser bank is bound to cost Australia a lot of grain," says Peter Smart.

"I think we'll see a lot of poor crops, especially in the lighter country. It really boils down to the fact that over the last few years, farmers haven't put on

the trace elements and when the year is not quite right that's when the deficiencies really begin to show up."

Present soil analysis, he adds, is not sensitive enough yet to account for other deficiencies whose cause is unknown but whose effect can linger for years.

This underlines the real point: fertility loss is not a one-off effect. The effects of low fertiliser use today will still be felt on many farms and in Australia's trade performance in the mid-1990s.

The other huge question hanging over the industry is simply how many of its farmers will survive.

Half the crop farmers in NSW are at risk of bankruptcy for the second year running, says the Bureau of Agricultural Economics.

In the WA wheat belt it is crunch year for almost one third of farmers. Those carrying heavy debts — sometimes as high as \$1 million — have watched helplessly as their asset values crumbled by 50 to 75 per cent while the debt continued to bloat.

As John Garland, manager of Garland National Properties Pty Ltd, said in a recent letter to WA Minister for Agriculture, Julian Grill, "1987 is destined to be one of the worst years for WA agriculture".

According to WA Agriculture Department economist Jack Ripley the cash margin on growing wheat has dwindled by two thirds in the last seven years — from \$87 a hectare in 1980-1 to \$27 this year. That is nowhere near enough to service debts of several hundred thousand dollars.

Farmers in trouble are caught in a two-way jam: even if they wished to sell out they cannot because nobody is buying farm land and while interest rates remain high it seems unlikely they will. Banks and finance houses have even given up, for the most part, on mortgage sales because there are no bidders.

Increasingly there are reports of banks simply cutting off all further credit, denying these farmers the capacity to plant a crop and try to trade out and, literally, starving them out.

To sociologist Thea White the real tragedy lies in the disintegration of the social fabric in country areas under the hammer blows of prolonged stress.

Many farming areas, she warns, are now in the same situation as American farmers in Iowa where a financial crisis coincided with a huge upsurge in suicide and divorce rates.

Australian Bureau of Statistics figures show that the proportion of suicides as a cause of death among male farmers in the 15-64 years age group rose from 3.5 to 5.7 per cent between 1983 and 1985.

The difference between America and Australia, says Thea White, is that farmers there have succeeded in winning the empathy and support of city people and politicians, whereas in this country the message still isn't getting through.

In many districts, local farmer action groups have been formed to warn banks off making evictions and, if necessary, to physically disrupt forced sales.

There has so far been a curious reluctance on the part of

major trading banks to acknowledge their potential role in precipitating the collapse of large parts of the nation's second largest export industry, but farm leaders are hopeful that the light is starting to dawn in one or two oak-panelled boardrooms, and that by means of "schemes of arrangement" or rural property trusts, an exodus can be averted, or at least postponed until economic prospects improve.

The Grains Council of Australia president, Mr Mick Charles, says the Federal Government and the National Farmers Federation now face a serious dilemma.

During the 1970s and '80s it was decided that Government should subsidise rural industry during drought and market collapse in order to preserve national productive capacity.

This proved to be a wise investment, he says, because livestock flocks and herds were kept intact to earn fresh export income when otherwise they would have been decimated.

Now, Mr Charles believes, it has become necessary for the Government to seriously consider how to maintain the structure of the wheat industry to avoid tragic loss to national export earnings.

"The best way would be through a straight-out cut in interest rates across the board; but even so that smacks of subsidy and we're opposed to subsidies.

"However there is now little choice if the export earning capacity of the wheat industry is to be preserved intact."

Mr Charles said the reduced use of fertilisers by grain farmers was "a very disturbing trend - it means farmers are being compelled to cut costs they shouldn't be cutting.

"The pricing mechanism is also forcing them to cut plantings and everywhere growers are taking deliberate decisions to reduce wheat production

"On my farm we will this year cut the wheat area by 36 per cent.

"There is no doubt that what is happening to the wheat industry today spells a net loss of income for Australia and will place more pressure on our balance of trade and fundamental economic problems," he said.

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CSO: 4200/468

'ANGRY' FARMERS RALLY AT BANK REPOSSESSIONS

North Richmond THE LAND in English 26 Feb 87 p 7

[Text]

ANGRY farmers tried to disrupt a machinery auction near Molong, in the Central West, yesterday.

"Farmers stand together - it may be your machinery, farm or business next," exhorted a leaflet they handed out.

The spirited demonstration was organised to focus attention on the plight of farmers left without big farm machinery after repossession by finance companies.

Yesterday's sale, one of a growing number throughout the NSW wheat belt, included 13 agricultural tractors and 12 headers.

According to the agent, P.L. Pickles and Company, of Newcastle, the equipment was mainly offered on account of "leading finance companies" -- in effect, most of the items had been repossessed from farmers unable to keep up their payments.

The demonstration, organised as a "grass roots affair" by farmers, Peter Carter, of Wellington and Peter Ryan, of Canowindra, started out quietly with the leaflets being handed to visitors as they passed through the gate.

However, it gained momentum as the sale began, with protesters call-

ing on the agents to "give it (the equipment) back", and offering bogus bids in an attempt to disrupt the auction.

'Bankrupt'

Some farmers carried placards stating, "Don't steal our tools of trade" and "Bankrupt farmers, bankrupt nation".

Peter Ryan, who is chairman of the Canowindra Rural Reform Committee, addressed about 100 supporters before the sale, calling on other farmers to join in the attempt to foil the auction.

He said sales like the Molong auction would increase as industry problems continued, leaving increasing numbers of farmers without the means of generating income.

"Any farmer who thinks he is immune from repossessions is living in a fools' paradise," he said.

"Without machinery - his tools of trade - a farmer cannot produce any income, and this can only force more properties onto the market. The end result is lower equity for everyone."

Another Canowindra Committee speaker, David O'Dea, said the protest represented not only those farmers with machinery already repossessed, but

all farmers who had leased machinery.

He pleaded with farmers present not to bid, saying this would force finance companies to go back to the farmers from whom the equipment was repossessed and renegotiate a "better deal".

But despite the protesters' efforts, the auctioneers reported a "pretty normal" 80pc clearance of the 78 lots listed, with prices on a par with recent auctions.

Sales included a John Deere 7720 header at \$52,000, a Steiger Cougar 4WD tractor with 4500 hours at \$25,000, and a John Deere 8640 4WD tractor with 7000 hours at \$20,000.

Pickles and Co auctioneer, Russell Secars, said auctions such as that at Molong would continue to be held, and attempts to disrupt them would only disadvantage other farmers.

Nor were all the farmers at the Molong auction sympathetic to the demonstrators' cause. Some took the view that farmers unable to service machinery debts had only their own bad management to blame.

Others disagreed, saying two years ago competing finance companies had been offering deals "too

good to refuse", and now many farmers were paying the price.

At one point, Canowindra farmer, John Maher, interrupted the selling to call on the auctioneer to act as mediator between farmers and finance companies.

The rationale of the demonstrators was questioned later by Bernie Mellare, credit manager for a leading finance company in the farm machinery market, Australian Guarantee Corporation.

Mr Mellare said any attempt to deter buyers from bidding at repossession auctions would only tend to depress prices leaving indebted farmers holding a greater residual bill.

He said AGC had always been prepared to sit down with a client in trouble and work things out, and in many cases this was happening.

However, the company had to be confident of a client's long-term prospects.

"We can only consider each case on its merits, but of course it's no good us leaving a machine with a farmer who's in trouble if his bank won't come to the party as well with carry-on: it's got to be a three-way thing."

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CSO: 4200/357

AGRICULTURAL WEEKLY LAUDS MINI-BUDGET, URGES RESOLVE

North Richmond THE LAND in English 26 Feb 87 p 8

[Editorial: "A Crucial Time for the Nation"]

[Text]

THE farm sector can only applaud the Prime Minister's announcement this week of the Government's decision to bring down a "Mini-budget" in May.

Farmers, after all, have been as vocal as other business and political groups in demanding tough fiscal measures from the Government as a first step in rescuing the Australian economy.

Just why the Prime Minister decided to announce the Mini-budget is a matter for conjecture. One reason could be that the Government anticipates a serious blow-out of the 1986-87 Budget deficit -- a situation predicted by the National Farmers Federation.

Alternatively, it could represent an attempt by the Government to extract some concessions from the electorate early in an election year so as to leave time for dispensing vote-catching favors in the August Budget, closer to ballot-box time.

Again, the move could be a direct response to the "Joh factor", which has dented support for the Hawke Government in the opinion polls, thereby signalling that the conservative parties' stepped-up calls for Government expenditure cuts might carry more popular weight than previously thought.

Whatever the reason behind the Mini-budget decision, it now remains to be seen just how much resolve the Government really has. To slash its spending sufficiently to have any impact on the world's financial markets and so ease pressure on the Australian dollar -- will call for a steady nerve and an iron will.

It will certainly call for more resolve than that displayed by the last Coalition Government, which left untouched the more extravagant (but electorally popular) inheritances from the Whitlam era, while putting the nation further in hock by signing up for a parliament house that would do justice to a country 10 times our economic size.

The danger is that in announcing the May 14 Mini-budget this week, Mr Hawke has given more than 10 weeks' notice to the various lobby groups who see their interests as targets in any major razor program.

Already we have seen some preliminary salvos fired by the education lobby, and the health and welfare lobbies must even now be girding their loins for a bitter campaign.

It will be a test of Mr Hawke's powers of statesmanship, to see whether he can convince his party -- a party traditionally subservient to self-interest -- of the need for unpopular decisions.

He must convince any "Nervous Nellies" that, whatever the vocal lobbyists might say, the weight of public opinion is on the side of expenditure cuts. This has been borne out by the "Joh Show".

Australians today realise that their only hope of relief from crippling interest rates -- the biggest problem across the nation -- is through the Government showing the world that it is serious about reining in its deficit.

Of course, while it is the major expenditure areas such as welfare, education and States grants that will need to be cut to produce the

necessary result, huge savings could also be made: just by eliminating the enormous wastage, inefficiency and extravagance that is rife within all government departments.

This is no time for politicians to worry about their prospects at the next election. Nor is it a time for clinging to the precious ideological precepts that make up so much of the Labor Party's platform. There is a more important issue at stake: Australia's economic future.

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CSO: 4200/357

FEDERAL CANDIDATE WINS SENATE PRESIDENCY, ALP DEAL CITED

Sydney THE AUSTRALIAN in English 18 Feb 87 p 6

[Article by Paul Austin]

[Text]

THE Federal Government's nominee for Senate President, the NSW right-wing Senator Kerry Sibraa, yesterday easily defeated former ALP senator George Georges by 67 votes to nine.

Senator Georges, who resigned from the ALP last December in protest against the Government's decision to introduce an identity card, stood against Senator Sibraa as a sign of his anger at the Left's exclusion from last Monday's Labor Caucus allocation of three parliamentary vacancies.

The Opposition nominated South Australian Liberal Senator Don Jessop, ensuring a three-way contest in the secret senatorial ballot to replace former ALP senator Mr Doug McClelland, who resigned last month. He has been appointed High Commissioner to London.

In the first ballot, Senator Sibraa polled all 33 ALP votes, plus one from the six Democrats and four Independents, while Senator Jessop attracted an equal number of Coalition votes and Senator Georges (now an Independent) the nine remaining Democrat and Independent votes.

Senator Georges was subsequently eliminated, and in the second ballot eight of his votes were transferred to Senator

Sibraa, with one going to Senator Jessop.

Senator Georges later apologised to the Senate for "causing a slight delay" to the poll, saying he had contested the vacancy because "no government should be allowed to cynically use this House to effect its organisational changes".

This was a reference to last Monday's Caucus meeting, at which a factional deal ensured that the Right won two of three vacancies — the Senate presidency and deputy leadership — while the Centre Left secured the ministry vacancy for Senator Michael Tate, the new Special Minister of State.

Senator Sibraa — at 49 the Senate's youngest President to date — took the Chair before the House rose for a private reception hosted by the Governor-General, Sir Ninian Stephen.

Earlier, Sir Ninian administered the affirmation of allegiance to Senator Sue West, who was appointed earlier this month to fill the NSW ALP Senate vacancy created by Mr McClelland's departure.

The Governor-General usually swears in new senators only after an election. Single senators are mostly sworn in by the President.

NEW ALP ALLIANCE PASSES SOUTH AUSTRALIA ELECTION TEST

Sydney THE AUSTRALIAN in English 23 Feb 87 p 3

[Article by Jeni Cooper]

[Text]

A POWERFUL alliance formed two weeks ago in the ALP's South Australian branch by two influential federal Caucus right-wing numbers men yesterday passed its first crucial test.

The senior vice-president of the State ALP branch and State secretary of the Federated Liquor Trades Union, Mr Trevor Crothers, 48, was elected by an overwhelming majority at a special State ALP convention to fill a vacancy in the State's Legislative Council.

Mr Crothers, a prominent member of the Centre Left

faction, secured 58 per cent of the 202,385 votes cast.

The alliance between the Centre Left and Right factions - formed after a trip to Adelaide by Senator Graham Richardson and Senator Robert Ray - ensured the sound defeat of the Left's candidate, Ms Gay Thompson, who received 82,598 votes. The third candidate, Mr Dennis Crisp, who is non-aligned, received 9841 votes.

The convention result has set the scene for the isolation of the ALP Left in future ballots, as the deal between the two factions ensures their

candidates will win at least five safe Labor seats soon to be vacated in the House of Assembly.

Yesterday's convention was also significant as it was the first to be held under the new 60-40 balance of representation ruling, made at the ALP national conference in July last year.

The ruling means that in South Australia union representation has dropped from 75 per cent to 60 per cent, while the sub-branch share has risen from 25 per cent to 40 per cent.

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CSO: 4200/468

ALP BRANCH SECRETARY WINS BATTLE FOR POSITION

Sydney THE AUSTRALIAN in English 26 Feb 87 p 3

[Article by Matt Robbins]

[Text] THE Queensland ALP State secretary, Mr Peter Beattie, appears to have waged a successful campaign against branch moves to sack him and is now expected to stand down next year to take a safe Labor seat in State Parliament.

Mr Beattie's term as secretary will be extended from September until preselections for the 1989 State election begin in mid-1988 under a deal to be offered by the Queensland branch's ruling Socialist Left-Centre (SL-C) alliance.

Senior SL-C sources said last night that the factions would use their numbers on the State electoral college to secure a safe seat for Mr Beattie, if necessary by disendorsing one of the long-serving Labor Unity MPs.

Mr Beattie was gagged by the State administrative committee meeting on Sunday for forcing his Centre Left faction's cause in the branch by using the media rather than fighting within the organisation, where he does not have the numbers.

Without actually having said a great deal, Mr Beattie continued this strategy this week to stalemate moves by the SL-C to enforce the gag by sacking him.

The senior SL-C sources said they were far from happy that Mr Beattie, who has been a constant source of headlines in Queensland this week, had continued to wage his war in the media.

However, the feeling was that any further confrontation would only make him more of a martyr at the party's expense.

"He's very good at using that (media) support base and we've had to accept the reality that there's no point in making more martyrdom for him," one source said.

"The general feeling is that we should back off."

Mr Beattie was assisted in his stand this week by the Leader of the State Opposition, Mr Warburton.

A meeting of the State Caucus yesterday unanimously endorsed a motion calling on the administrative committee to meet as soon as possible to "reassess" its gag decision.

The resolution stated that the parliamentary Labor Party believed the committee had "erred" in its decision.

AUSTRALIAN ENVOY SAYS CER BENEFITS NEW ZEALAND

Wellington THE EVENING POST in English 14 Mar 87 p 13

[Text]

The New Zealand economy would have been seriously impaired without the Closer Economic Relations treaty (CER) according to the Australian High Commissioner, Leslie Johnson.

Speaking on the West Coast, he said the International Panel and Lumber (IPL) plant at Gladstone (near Greymouth) which is 70 percent Australian-owned, was free to enter the Australian market without any barriers because of the four-year-old treaty.

"The plywood industry has had access [to Australia] of a more unfettered nature than its competitors from other countries would have.

Better access

"The CER has facilitated better access for the mutual benefit of both countries," Mr Johnson said during a visit to Greymouth.

Trade between the two countries had made great gains since CER had been in place and next year a total review of the treaty would be undertaken to see whether it could be changed to serve the interests of both countries more effectively, he said.

New Zealand had now almost reached parity with Australia in terms of trade arrangements.

Mr Johnson also visited the IPL plant at Greymouth, where up to 30 staff were to be made redundant because of an international slump in marketing and sales. He said the company's future had a good deal to do with the buoyancy of the economies of New Zealand's trading partners.

The whole world was being adversely affected by the fall in commodity prices.

"We're hoping that, by playing a part in reducing subsidies, we can get things back to a normal plane," he said.

Strong action

"The Australian Government is taking strong action, subjecting the people to some bitter medicine, in the hope that we'll be able to sustain a good growth level next year and that might provide New Zealand with bigger export opportunities.

"That's where your future lies, in exporting your primary goods."

Mr Johnson said the destinies of the two countries were inter-related.

"Australia and New Zealand will rise or sink together and the two countries are playing a concerted role to overcome these problems on an international basis."

Housing downturn

Mr Johnson said there was a "good and substantial demand" in Australia for the products of the IPL plant, but he acknow-

ledged that there had been a downturn in housing across the Tasman, reflecting high interest rates.

"The Government is trying to keep interest rates down by keeping its Budget deficit down and measures of that kind."

"I suppose the only assurance I can give to Greymouth workers is that there is hope that Australia, as one of your customers, will get its affairs in order and that the housing and building industry in general will expand its capacity."

Mr Johnson said he viewed tourism as one of New Zealand's most rapidly expanding industries.

North America

"You are great merchandisers of tourism, getting a big response from North America, Japan and many other places," he said.

Close to half the tourists visiting New Zealand each year were Australians and they were the ones who tended to stay longer. — NZPA

LANGE STRESSES ECONOMICS IN PARTY PEP TALK

Wellington THE EVENING POST in English 14 Mar 87 p 2

[Text]

Prime Minister David Lange urged party candidates to be clear and confident about changes in the economy as they prepare for the election.

"First, last and always in this election we come back to the economy," he said at a conference of Labour candidates in Wellington.

"It comes down in the end to whether people feel well or badly off. It comes down to whether they feel secure or insecure.

"We knew when we became the Government that we would be in a race against the electoral clock."

The party knew the negative side of change had to come before the benefits.

"There is a low point right now in terms of confidence because we had a false dawn last year when it seemed that everything was falling into place and all our problems were behind us," Mr Lange said.

"When the indicators started to wobble it was only human for people to suppose that the whole deal had come unstuck."

Mr Lange urged candidates to satisfy themselves about the nature

of changes that had taken place in the economy.

"We win if we are clear about our purpose and confident in our future," he said. Some candidates would be under great pressure to go on the defensive. "We do not give in to it," Mr Lange said.

The National Party would try to exploit public fear about the difficulties of change.

"I think the latest round of public opinion polls shows that the Muldoon element is still very strong in the National Party's appeal to the electorate," he said.

"The appeal of that kind of politics is built on its fundamental dishonesty.

"It appeals to people who are worried or frightened because it offers instant answers like price freezes, or hope for the future like Think Big projects, and does not mind for a moment that they are all a deception."

Mr Lange said National was paralysed because it had a leader "who was brought up in the school which teaches that the business of Government is to prop up private interests, but he has had it drummed into him that that style of politics has gone

out of fashion."

The thrust of National's campaign was not hard to see.

"It will try to build on an undercurrent of anxiety by setting up minority groups as targets and linking in Government schemes like the Maori access programme," he said.

Caring

"It will talk about the Government as uncaring and offer itself as a party which will — in ways which are absolutely unspecified — manage the economy without hurting anybody.

"The first way we deal with that as Labour candidates is to say plainly what National is doing: to show, for instance, how it feeds on the real fear which people have about crime and violence and offers solutions which have no basis in reality."

Candidates should also point to National's record if they insisted on a Government being caring. The Leader of the Opposition, Mr Bolger, presided over New Zealand's record unemployment.

"The fact is, National had no answer then, and it has no answer now," the Prime Minister said. — NZPA

MOUNTING 'BLUNDERS', SCANDALS POSE CLOUD OVER LABOR

Sydney THE AUSTRALIAN in English 26 Feb 87 p 6

[News Analysis by Richard Long]

[Text]

THE tide could be running out for New Zealand's fourth Labor Government.

With only six months to the general election, Prime Minister David Lange's Government, rocked by mini scandals and major blunders, is showing every sign of being on the ropes.

A seething discontent in many sectors of the economy is drawing comparison with 1975 when the third Labor Government was toppled by Sir Robert Muldoon in the biggest political landslide in New Zealand's history.

The omens from this must be very obvious to the Government in Canberra. The trans-Tasman swing quite often works in tandem.

Even the free market economic policies of Finance Minister Roger Douglas, which have opened up the previously stifled and protected New Zealand economy, appear likely to count against the Government.

In the short term this has pushed inflation to 18 per cent and interest rates into the twenties, meaning the Government will enter the election in August or September facing the worst possible economic indicators. There are also fundamental underlying problems with the Budget deficit and the balance of payments.

While the Government holds a narrow 7 per cent lead in the public opinion polls, even government strategists admit that this is likely to disappear in the months ahead.

About the only thing going for Mr Lange's Government is a weak Opposition, whose leader Jim Bolger has a low poll standing and which appears to be floundering in the absence of firm policy alternatives.

One of the biggest blunders and embarrassments for the Government was the need to intervene this week to limit to 10 per cent higher salary award determinations of up to 30 per cent to MPs, senior civil servants and the judiciary.

With other wage settlements held down this year, the Government clearly does not want to enter into an election with this particular albatross, especially after higher salary increases of up to 38 per cent in 1985 were still rankling among the public.

Two years ago the Government would not intervene to halt the bigger pay-outs, saying it was not in the business of intervention or retrospective legislation.

The Government also upset its economic efficiency drive last week by departing from economic orthodoxy and agreeing to subsidise 600 loss-making New Zealand post offices.

Mr Lange defended this on the ground of social need.

Probably the most damaging of all to the Government's credibility was a drawn-out crisis known as the Maori loan affair. This episode, which started before Christmas, had uncanny similarities with the Khemlani loans affair.

While Maori Affairs Minister Koro Wetere offered his resignation over the affair, which involved officials from his department entering unauthorised loan negotiations with Hawaiian middlemen for Maori development, this was not accepted by Mr Lange.

The affair created so much resentment in Maoridom that Mr Wetere could stand on an independent ticket and be re-

turned with a solid vote of support by his people.

The Maori loans affair demonstrated a desperation within Maoridom about its plight and what it sees as a lack of support from the Government for Maori development.

With up to 50 per cent of Maori youth unemployed in some areas (national average 6 per cent) and with a hugely disproportionate Maori jail population, New Zealand is facing a racial time bomb unless it can come to terms with the problem.

Far from helping, the loans affair has made the task more difficult and this has been exacerbated by a scandal over government work contracts for Maori gangs.

Wellington Faces a Racial Time Bomb

This scheme, funded from the Relief Work Fund, was aimed at giving work to unemployed Maori youth in the cities so they were gainfully employed.

Police and Labor department reports of the schemes have shown, however, that the unskilled work projects were sometimes issued under duress and were costing the taxpayer up to treble the amount that was being tendered by private contractors.

That pinpointed a major political problem. Many pakehas (non-Maori) resent the additional Maori support schemes for Maori education

and housing and were incensed over the work schemes that have enabled some Maori gangs to become relatively wealthy institutions, with expensive cars for their leaders and fortress-like headquarters.

Many believe the gangs should be broken up and their fortresses demolished.

This public view is enhanced by some appalling incidents, such as the recent pack rape of a girl at a convention of members of one of the biggest gangs, the Mongrel Mob.

Such gangs have their foundations in the urbanisation of Maori youth.

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CSO: 4200/467

SURVEY FINDS NATIONAL AHEAD OF LABOR

Wellington THE EVENING POST in English 14 Mar 87 p 6

[Commentary by Tim Grafton: "Polls bode ill wind for Government"]

[Text]

IT may just have been a faint stirring in the political air, but there was enough in last week's Heylen poll to bode an ill wind for the Government.

One poll does not an election make. But for the first time since July 1984, National had leaped ahead of Labour, commanding 50 percent support to the Government's 45 percent.

Until then, lethargy had begun to sink on the polls that had consistently shown Labour holding its own, regardless of what it did. As for the Opposition, the results seemed to confirm impressions that there was no credible alternative to what the Government was doing.

People just weren't entertaining the idea of Prime Minister James Brendan Bolger. At a speech to business leaders in Wellington last year, Mr Bolger drew laughs of derision when talking about the economy.

Yet, just six months out from the election and about six months since that speech, it is looking decidedly grey for the Government.

For, even the NRB (National Research Bureau) poll — which came out on the same day as Heylen, showing Labour had a 6 percent lead with 50 percent support — shared one significant indicator with Heylen: the large size of the uncommitted vote.

In November last year, the uncommitted vote in the Heylen was 13 percent, compared with 18 percent at the end of February. NRB registered 23 percent were uncommitted, as compared with 18 percent last December, and a 9 percent non-vote in the July 1984 election.

Breaking down its figures for February, NRB said Labour had lost 29 percent of its 1984 voters, with most of them — 19 percent — saying they were now uncommitted. In fact, 1984 Labour voters make up almost one-third of all the uncommitted, while 1984 National voters comprise only 12 percent of that group.

WELLINGTON political scientist Nigel Roberts expresses little surprise at the number of uncommitted coming from Labour. Its policies, he says, simply have not advantaged traditional Labour supporters.

The foreign policy and education areas are among the few excursions to his observation. Certainly, though social policy has been secondary to the Government's economic priorities and that has angered the Left of the party.

What that may lead to and what might explain the nature of the uncommitted vote is a move to abstain from voting among Labour supporters. And it was that pattern, together with the vote for the Values Party in 1975, which brought down the third Labour Government.

Some consolation comes for Labour, according to Mr Roberts, in that there is a big divide to cross from Labour to National, or vice versa in consecutive elections. For that reason, and with the third parties not offering an attractive alternative, National may be hard-pressed to pick up disaffected Labour voters in 1987.

He suggests 1990 might be the election, if Labour were to win this year, that National could expect to carry those voters as well.

WHAT must be equally worrying for the Government, apart from abstentions, is the past pattern of poll results leading up to an election.

The third Labour Government had, like this one, enjoyed substantial

support in polls up until March, 1975 — eight months before the election. Then National took a 4 percent lead and, though that narrowed, maintained it up to its landslide victory in November.

In the last three elections there has been a firming up for the Opposition party in the last few months leading up to the election. Labour received more votes than National on election day, even though it failed to gain the majority of seats in 1978 and 1981.

Another factor that draws comment is the low rating of Mr Bolger in the preferred Prime Minister stakes where he is continually eclipsed by his former leader, Sir Robert Muldoon. The fact that Mr Bolger does not receive the taunts of his predecessor, Jim McLay, indicates the party is not unduly concerned.

To some extent there is historical justification for that. Mr Roberts says that, for example, Norman Kirk scored an equally low rating while Leader of the Opposition, but on becoming Prime Minister was swept away with enormous popularity.

And Mr Lange, too, on becoming Opposition Leader did not receive the support he now gets.

It has also been suggested that Mr Lange will be a net asset for Labour in the elections, totally dominating

his counterpart. His outbursts of the past couple of weeks must now lay serious doubts over that contention.

AND the benefits of having a strong leader with a high profile at the helm may seem more than they are. Mr Roberts says his research shows that while Sir Robert was a net asset for National in 1975, he was a net debit for them at every election afterwards.

While Mr Bolger may have lost the popularity he had during his first months as leader, there is an aspect to him that, if regained, could work to his advantage.

Mr Roberts sums this up as an almost deliberate picture of him as a neighbour, the sort of guy you can trust, who isn't a "smart alec." Unfortunately, the image of trust and sympathy he evoked was not backed up with policy at the time, but that may change in the months ahead.

The signs are there that National is realigning its strategy. For example, it avoids the head-on debate with the Government on nuclear issues by wearing down public credibility in the ability to provide an adequate conventional defence.

That has had some measure of success. And in the economic area, National can be expected to paint a

picture of an amiable middle-ground between the free-market and tight intervention — something that gives a little both ways to appeal to the middle-of-the-road voter.

WITH that background, the question that remains is whether National can pick up the handful of seats it needs to win. It now holds 38 seats to Labour's 55 and the Democrats 2.

Most observers accept that the two additional seats to be contested at the election for a 97-seat House will go to National.

In addition, Democrat leader Neil Morrison's majority of less than 200 over National at the 1984 election could well mean National starts off with 41 seats before any swing against the Government is taken into account.

Mr Roberts has calculated that National now needs an overall swing of 4.4 percent against Labour in its favour to win the election under present boundaries. Such a swing would mean Labour would lose Horowhenua, Wairarapa, Waitaki, Hamilton West, Glenfield, East Cape, Hawke's Bay and Hamilton East.

A swing of 4.6 percent would also net Ohariu in the National bag.

Labour, though, may be heartened by the poll results that show they are picking two third party votes from the last election to every one National receives. But, as Mr Roberts points out, that would not compensate for the uncommitted vote that went Labour's way last time and may be more characteristic of urban rather than provincial voters.

Where the third party vote for Labour, particularly that of the New Zealand Party came up into play for the Government, is in one or two urban seats. For example, the relatively affluent Auckland seat of Birkenhead, held by National by 1700 votes could go to Labour.

Certainly, Labour are reported to be encouraged by canvassing in that electorate. Fielding a one-time Labour candidate in Mr Barry Gustafson, National may find their traditional voters would prefer not to go for a turncoat.

On the other hand, another Auckland seat, Eden, marginally held by an able but low-profile MP, Richard Northey, is said to be showing signs of leaning National's way. There, National's candidate, former Race Relations Conciliator Hiwi Tauroa, is enjoying a "Mr Nice Guy" image.

This will also be an election where, perhaps for the first time in many years, the focus may not be so intensely on the leaders.

Sir Robert Muldoon, National leader at the past four elections, will not be heading his party. Labour may not wish to play up Mr Lange and National may wish to shield Mr Bolger.

Whatever picture the polls begin to emerge with in the next few months then, there are several factors at play that will make the election outcome very unpredictable. □

WORK by Mr Roberts indicates personalities run third to party and policy in determining voter preference. However, as was the case in Dunedin North in 1975, the selection of a poor candidate can tip the balance of the swing one party's way.

So, what the polls may not pick up so clearly are the local peculiarities of candidates in some seats, the extent of the urban/rural split and where the third party vote from those areas is going, as well as that of the uncommitted vote from Labour.

DOUGLAS DEFINES MINISTERS' ROLES IN PRIVATIZATION

Wellington THE EVENING POST in English 14 Mar 87 p 2

[Text]

The Minister of Finance, Mr Douglas, yesterday defined the roles the Government has allocated to Ministers and officials in negotiations on the business value of the new state trading corporations.

Negotiations between the Crown and the new Coal Corporation had begun and would shortly commence with the other eight State trading corporations, he said.

The negotiations, which involve businesses worth some billions of dollars, are being undertaken to establish the value at which those businesses will be transferred to corporation ownership.

Cabinet had taken note of major errors which characterised the behaviour of Government Ministers during negotiations over the Think Big projects, he said.

Ministers at the time made advance political commitments, and held private meetings with the opposing parties, in a manner which had totally undermined the negotiating position of Crown officials.

'Huge bill'

"The taxpayer and the nation now face a huge bill, in part because Ministers did not adopt appropriate roles in relation to those negotiations. Those mistakes must not be repeated," he said.

Ministers were responsible for approving the negotiating strategies to be adopted by the Crown's expert team of officials, consultants and commercial lawyers who would conduct the negotiations themselves, Mr Douglas said.

Cabinet had instructed Ministers to stand apart from the negotiations. Ministers would not approach, discuss, or entertain representations or correspondence from the corporations on these negotiations.

The agreements which emerged would come back to Ministers for consideration, and would require Cabinet approval, Mr Douglas said.

Mr Douglas said the public had a right to understand the Government's general attitude.

"The Crown will not be seeking the highest achievable price from the new corporations for the assets they take over," he said.

"There are major disadvantages to the nation in any price which is either too high or too low."

The Crown would be totally open with the new corporations. It would lay all the facts at its disposal on the table for examination to assist in achieving a totally fair evaluation.

An excessively high price would create a situation where the organisations always looked badly managed, no matter how well they performed, and would ensure low returns to the taxpayer, he said.

Too low a price, in Mr Douglas's view, had equally serious disadvantages:

- The corporations could present themselves as efficient organisations, without achieving even an average standard of business performance.
- They would be able to undercut and force out of business any actual or potential competitor, even other organisations of greater efficiency than themselves.
- They would compete on an unfair and preferred basis for resources which could have created more jobs and wealth elsewhere in the economy.

DOUGLAS ANNOUNCES TRADE FIGURE BOOST, POSITIVE TREND

Wellington THE EVENING POST in English 14 Mar 87 p 3

[Text]

New Zealand's best terms of trade figures since March 1985 come on top of a round of positive economic indicators released in the last fortnight, Minister of Finance Mr Douglas said today.

"Our terms of trade have consistently improved over the last three quarters, reaching 74 points at the end of the December 1986 quarter. "This appears to have been significantly influenced by improved international commodity prices," he said in a statement, (details page 12).

"During this period of major economic adjustment, there are many positive achievements - both in the statistics and in the way people are embracing change," Mr Douglas said.

He said other recent positive economic indicators include:

- A \$600 million improvement in the balance of payments current account deficit for the year to January.
- An improvement of more than \$900 million in the balance of merchandise trade in the first nine months of the 1986-87 trade year. This reduced the balance-of-trade deficit from more than \$1000 million a year ago, to \$131 million.
- A 0.5 percent increase in the food price index for the month of January, giving a rise in overall food prices in the third of a year since gst was introduced of less than half of 1 percent.
- Major forecasting agencies continuing to expect inflation in sin-

gle figures in the early part of next year.

- Evidence that retail conditions since gst have become highly competitive
- Lower total overseas debt figures, which would have been lower still were the Government not borrowing to refinance the Think Big projects. This was creating a temporary build-up in official reserves.
- Trading bank surveys showing generally stable business confidence compared with last year, and optimism for some growth this year
- Fiscal deficit tracking well against Budget-night forecast.

Mr Douglas said more general indicators include:

- Growth in numbers employed of about 30,000 between August 1984 and August 1986.
- Total unemployment, including those on subsidised work, in January 1986 some 25,000 down on January 1984 totals.
- Economic growth of more than 6 percent since the July 1984 election.
- The fiscal deficit reduced from 9 percent of gdp under National to an expected 5.5 percent this financial year; major structural elements in the deficit tackled. — NZPA

NEW GOVERNMENT COST CUTTING PLAN TARGETS \$1 BILLION

Wellington THE EVENING POST in English 19 Mar 87 p 1

[Text] **A new Government cost-cutting exercise will begin on April 1, and could save about \$1 billion.**

This was indicated by Finance Minister Roger Douglas today as he expanded on last night's statement that announced a fresh cost-cutting exercise.

And while the exercise follows a similar one done in mid-1986, Mr Douglas maintained that on balance, the Budget deficit for this year would still be about \$2.9 billion, or slightly less in line with his last forecast in January.

Mr Douglas said the exercise was not just a question of increasing revenue by expanding services and charges to customers. It would also involve greater efficiency and getting better value for every dollar spent, he said.

He likened the exercise to one applied to the Customs and Agriculture and Fisheries Departments last year when their expenditure was thoroughly reviewed and placed on a five-year path.

He said other departments would get the same principles applied across the board as part of the normal round of pre-Budget talks.

Begun earlier

Mr Douglas said the pre-Budget round had begun earlier this year to enable decisions to apply from April 1 instead of after the Budget.

Asked how much he hoped to save from the exercise, Mr Douglas declined to give a figure but said it

could be worked out from his statement. That sought a 10 percent reduction in all areas except for benefits, Government superannuation debt servicing and other items that amounted to a little more than half of net Government spending.

On that basis, savings sought will be around \$1 billion.

Mr Douglas said the deficit of the previous Government and Think Big had created a continuing problem wherein the deficit was perpetuating itself because interest payments on debt moved up as a percentage of Government spending. That would jump again this year because the Government had taken Think Big debts on to its books, he said.

The moves, he said, would not inconvenience the public in any way, but would achieve lower interest rates, a lower deficit, and ultimately lower taxes and more money available for social spending.

Asked whether the cuts could lead to staff reduction, Mr Douglas said the cuts would not be of that nature. However, he indicated that departments could reorganise their staff to perform different functions in order to make savings.

Mr Douglas was to meet with Ministers over the next two weeks and, after Cabinet endorsement, significant announcements can be expected from April 1.

Opposition leader Jim Bolger today predicted a new raft of increases in Government charges as a result of what he claimed was Mr Douglas's latest admission that spending was out of control.

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CSO: 4200/469

MAGSAYSAY FOUNDATION HOLDS LAND REFORM FORUMS

Quezon City WE FORUM in English 23 Feb-1 Mar 87 p 7

["Town Crier" column by Vic Barranco: "Solving the Problems of Our Farmers"]

[Text]

If President Cory Aquino, Minister Heherson Alvarez of Agrarian Reform, and heads of ministries, commissions and bureaus that extend support services and facilities to the land distribution program, consider and adopt some ideas and plans given by guest speakers at the Ramon Magsaysay Award Foundation current forums on Vital Issues confronting the nation, the administration will likely accelerate its land-for-the-landless program to the mutual satisfaction of peasants and big landowners, and ultimately stamp out insurgency in both the rural and urban areas.

The government is giving land reform program the top-most priority, and various sectors and organizations, like the Ramon Magsaysay Award Foundation and the Magsaysay Society, have voluntarily offered their "time, talent, and treasure" to boost the smooth implementation of the agrarian reform goals.

Dr. Dioscoro Umali, chairman of the R.M. Award Foundation board of trustees and an internationally known authority on land reform, has presided at those series of forums on the Insurgency Problem and Rural Development.

"We shall not accept the life sentence of hunger and poverty for 70 percent of our people," said Dr. Umali as he presented the giant-size problem in a nutshell, "It is the people who till the land who go hungry, and it is the hungry who feed the well nourished . . . The present regime must therefore act decisively to alter this trend . . ."

Gen. I. Agunod, assistant secretary for plans and programs of the Ministry of National Defense said during one of the programs that "there could be no rural development in the country if there is insurgency."

Alfredo B. Saulo, former Huk ideologist and recruiter of peasants to the communist movement, echoed Gen. Agunod's view that insurgency and rural development problems are so intertwined that one cannot be solved in complete isolation of the other."

Luis Taruc, former Huk Supremo and former congressman is now a firm and ardent believer of the democratic system after his ideological brushes with Presidents Roxas, Quirino and Magsaysay. He has been convinced that the rebels and insurgents can win their cause and attain their material goals not by violent revolution but by democratic, peaceful processes.

Taruc, one of the speakers in one of the Magsaysay Foundation forums, appealed to the insurgents in the barrios and villages and the urban communities as well, to lay down their arms, to come together and end the fratricidal war, to contemplate the useless bloodshed that has also victimized the innocent farmers and tillers of the soil, and stunt rural development.

Taruc and Saulo are *compadres*. For their communist activities and active involvement in the HUK campaign to overthrow the government, they had to spend 16 years of their young years in Army prison camps. They have, however, not abandoned their campaign against multinational corporate investments and holdings in the Philippines.

"Agrarian reform and rural development under Marcos became a mockery, because Marcos facilitated the entry of foreign multinational corporations in the field of agriculture," said Saulo.

The Federation of Free Farmers (FFF) under Dean Jeremias Montemayor, is also involved in the struggle for the improvement of the lot of the rural poor and landless farmers.

Montemayor's far-flung FFF provincial chapters take the role of watchdogs that expose anomalies and corruption in the implementation of land reform program. They have exposed many such anomalies in Marcos' regime, specially during martial law period.

Former Minister Conrado Estrella of Agrarian Reform under Marcos who also addressed one of the forums, said: "For all intents and purposes, qualified farmer beneficiaries clearly own the land they till, whether or not their former landlords have been fully paid by the Land Bank or directly by the farmers."

Estrella's point raised a lot of controversy, legally and in actual cultivation of the farm either by the farmer who holds the Land Transfer Certificate (LTC) or the land owner who has been dispossessed of his real estate.

The problem is that many farmers could not pay amortization, and neither is the Land Bank willing to assume the obligation that Marcos (not Estrella) decreed as function of the LB.

On this particular problem, Minister Jimmy Ongpin may do well to suggest to President Aquino to declare an amortization amnesty or the benefit of delinquent, obligated farmers. If there is tax amnesty for tax payers, majority of whom can actually pay their taxes as assessed, why not amortization amnesty for the poor farmers who cannot pay?

The recommended amortization plan may be total or partial, in varying degrees according to how long a farmer has tilled the land, how long he has been trying to pay; also on natural calamities in his province or town, on whether his region is economically depressed or not, or according to how big his family is.

"We cannot generalize land reform program for all crops, for all regions," said Dr. Umali. The program of production after farmers have legal ownership of the land, should be planned for each agro-ecological zone and a given crop, according to Umali. To get the maximum benefits for the farmer-owner in the development of his land, government agrarian workers should adhere to location specific, crop specific, time specific, etc.

To implement the objectives of agrarian reform, the government should first zero in on the idle government or private lands and the sequestered lands grabbed by the deposed Marcos regime. There are around 3,000,000 hectares of those public lands which are idle, not utilized, and perhaps half a million hectares of them are held by absentee landlords who are Marcos' cronies, or members of his family.

When the government finally solves the agrarian reform problem, it will, hopefully, stamp out, or reduce to the minimum the component problem of insurgency. Peace then can't be far behind.

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CSO: 4200/356

COOPERATIVES, CREDIT UNIONS PROPOSED IN WEALTH REDISTRIBUTION

Quezon City WE FORUM in English 9 Mar 87 p 2

[Article by Maurice Malanes: "How To Redistribute the Nation's Wealth"]

[Text]

LAOAG CITY — The establishment of consumer cooperatives and credit unions may be a major key to the successful redistribution of wealth in the Philippines, where only a few families own and control both natural and financial resources.

Ilocos Norte's German Cabillo, an Ilocos priest who studied cooperativism at the St. Francis Xavier University in Nova Scotia, Canada, says cooperative building among the country's low-income population in both the rural and urban areas could "narrow the widening gap between the rich few and the poor majority."

"In cooperatives, as in credit unions, whatever gains there are go back to the members. Gains in the form of dividends and patronage refunds are redistributed to each member according to how often he/she used the cooperative," the priest, who also chairs Ilocos Norte's Provincial Food and Agriculture Council (PFAC), told PNF recently.

Depositors and borrowers in credit unions are themselves the owners. Members' savings are pooled and made available as loans without collateral. Borrowers amortize loans in easy installments at low interest rates.

"Credit unions therefore would save ordinary citizens from tight credit and high interest rates imposed by money-lending institutions, as well as from usurious practices common in landlord-dominated communities," Cabillo said.

Another advantage of cooperatives is that members can purchase goods from them at wholesale prices.

As PFAC head, Cabillo plans to help facilitate the organization not only of credit unions, but also of consumer cooperatives which will cover gasoline stations, fertilizer, insecticides, animal feed, and basic consumer items. "This will hopefully pave the way for the abolition of multinational control over these consumer goods," he said.

Cabillo also said cooperatives can help small farmers get a fair deal for their products because they would have full control over the marketing of their crops.

Citing as example the Ilocos garlic (an herb used as spice and medicine) industry which is in near-bankruptcy due to the flooding of local markets

with smuggled garlic, Cabillo said cooperatives will shield garlic raisers from unscrupulous big business-

men who manipulate market prices. The farmers themselves, through the cooperatives, can find better markets here and abroad.

Although Cabillo's program on cooperative-building in this province is still in the planning stage, he revealed that he and other PFAC personnel have gone

to different villages spreading the idea. Himself a regular commentator in three local radio stations, he is also using radio to disseminate information on cooperativism.

Target beneficiaries of Cabillo's program include farmers, workers, small businessmen, professionals and members of the religious sector.

The Divine Word College Cooperative, Inc., a credit union set up by priests, nuns and lay work-

ers in this capital city of deposed president Marcos' home province, can serve as a model for the formation of more credit unions and cooperatives in this province and in other areas nationwide, Cabillo said. The credit union started with a capitalization of P2,000 (\$1,150) in 1984, and now has almost P200,000 (\$10,000) in its coffers.

Cabillo is optimistic that cooperative building will usher in economic development at the grassroots. "In Nova Scotia, Canada, where once upon a time people were also poor and inert, the populace started to develop their economic life when they adopted the ideas of the cooperative movement," he said. He said a coopera-

tive in Nova Scotia which started with \$26.40 as capital more than a decade ago has more than \$5 billion at present.

Meanwhile, the Organismo Dagiti Nakurapay nga Umili ti Siyudad (ORNUS - Organization of Urban Poor Dwellers) in Baguio city also said it has made breakthroughs in organizing cooperatives in urban poor communities in that city, as a measure to improve the economic lot of urban poor dwellers, according to ORNUS chairman Matthew Guiniden.

The idea of cooperativism and credit unions is not new. In other Asian countries like Indonesia, Japan, Malaysia, Papua New Guinea, People's Republic of China, Hong Kong and Thailand, credit unions under the umbrella of the Asia Confederation of Credit Unions (ACCU) have been flourishing for decades.

ACCU claims that aside from providing a nest-egg which members could fall back on in times of financial stress, credit unionism has proven to be significant in terms of returns in self-reliance and individuals and collective participation in grassroots development. (Philippine News and Features)

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CSO: 4200/356

LOCAL, PRC LAND REFORM COMPARED, CONTRASTED

Quezon City WE FORUM in English 18 Jan 87 pp 4, 7

["Paninindigan" column by Alan Jazmines: "On the Role of Markets"]

[Text]

Lately, it has become fashionable to interpret the economic reforms that China has introduced as a capitulation to the idea that a "capitalist" system is superior. In my mind, such an interpretation reflects a misunderstanding of the actual role of markets in an economy.

The Chinese reforms have set up the system whereby farmers now sell part of their products in the open market. This has resulted in greater incomes for these farmers' increased output in agriculture. The question is then asked, why can't the same thing happen in the Philippines especially since both the NEDA plan and the constitution have expressed a heavy emphasis in agriculture?

The answer is that such a result cannot be expected in the Philippines. The Chinese reforms succeeded because the preconditions for their success are permanently in place while in the Philippines such preconditions are only a gleam in the Aquino government's eye.

These preconditions have little to do with feeder roads and irrigation systems, in which the Philippines probably has a noticeable advantage.

It has more to do with the distribution of economic assets. This distribution sets the stage for China's reforms because they have ensured that the gains from such reforms will accrue to the small farmer. China's land reform and long experience in agricultural extension were the preconditions that were required. The agricultural extension, mostly carried out through the collectives that operated before the reform, permitted the dissemination of the currently available agricultural technology.

In the case of the Philippines, land reform has been principally a venue for propaganda and agricultural extension a half-hearted enterprise.

This little example provides us with important insights about the role of the market in an economy. Markets do not change social structures; they only confirm the existing distribu-

tion of economic capability.

In the case of China, the shift to the market confirmed and revealed the capability that had been previously built up in agriculture. Such a capability was not built up through the market, but through social intervention.

This has been the experience in many countries with successful economic experiences such as South Korea, Taiwan, and Japan. Such experience contradict the World Bank and IMF view that it is the imposition of markets that will result in structural changes in the economy. The structural reforms must be carried out first; markets will only confirm what is already there.

Indeed, the World Bank and the IMF do not even practice their own orthodoxy when they deal with socialist countries such as Poland or China. For these countries, they do not require the dismantling of the import control system or a freely floating exchange rate.

We predict that the heavy reliance on the

market by the NEDA medium-term plan will be a practice in self-delusion. The operation of the market to determine which industries will be set up in the Philippines will only have the result that no manufacturing industries will appear since these are always uncompetitive at the start.

Markets are useful apparatuses for re-allocating economic resources among people. They have been often found to be more efficient for this purpose than man-made bureaucracies. Thus, the gain in China. But they can do no more than this.

Markets cannot be relied upon to bring about asset redistribution as would occur in a land reform program. They cannot even make sure that citizens who have the most need for some products, say antibiotics or education, would have access to these since markets rely on the distribution of purchasing power and those who have most

need have less income.

Especially in the case of an industrialization policy, their full working has to be modified or suspended in order for such a program to be prosecuted.

The lesson is that a market, just as American-style democracy in the political sphere, is not the solution to the problems of the Filipino people. It will only seem to be the solution when the underlying conditions for its successful operation have been put in place.

A capitalist system is not characterized by the reliance on markets; a capitalist system is more characterized by the unequal access to assets that are required by a human being to secure his means of life. Neither are socialist economies recognizable by their non-reliance on markets which continue to be used, especially in consumer goods, even in countries that have practiced socialism for a long time.

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CSO: 4200/356

AFP OFFICERS SHOW SUPPORT FOR RAMOS WITH PUBLIC 'MANIFESTO'

Cebu City SUN STAR DAILY in English 1 Mar 87 p 3

[Advertisement]

[Text] MANIFESTO

WHEREAS, General Fidel V Ramos is our Chief of Staff of New Armed Forces of the Philippines;

WHEREAS, our Country is beset by diverse internal security problems;

WHEREAS, such problems, if left to the inexperienced and the unexperienced, would tear our Country asunder;

WHEREAS, General Fidel V Ramos is the Officer possessed of wisdom of years formed from the crucible of fire and constant test and tribulations;

WHEREAS, General Fidel V Ramos has ably demonstrated his leadership under the most trying conditions and upheavals, emerging there from always a better man and Officer;

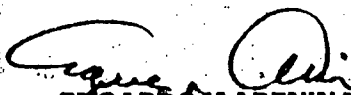
WHEREAS, General Fidel V Ramos is, at present, the singular, towering and indispensable cohesive and unifying factor among the Military;

WHEREAS, General Fidel V Ramos possesses the highest possible credibility so vested by the citizenry;


WHEREAS, there is now a disturbing yet sinister swelling maneuver to discredit and denigrate his leadership with the end in view of removing him as Chief of Staff of the New Armed Forces of the Philippines;


NOW THEREFORE, by the above premises, WE, Armed Forces INP Elements of Region 7, by and by virtue of this testimonial, do hereby, without equivocation and reservation, pledge our total, absolute, and unqualified acceptance of, and belief in the leadership of General Fidel V. Ramos; and, his keen capability to deal with multiple national crisis situations, specifically, by striking a delicate balance between control and reconciliation, an uncommon task which he has performed with unparalleled success.


FURTHER, that by this MANIFESTO, as a sign of our sincere and strong desire to squelch any move to retire General Fidel V Ramos, we recommend to General Fidel V Ramos to strengthen the command of the Armed Forces of the Philippines, more particularly by his exposure and visibility to the troops in the field, so that for some he would cease to be a distant leader, and for others, thereby assert a strong and positive military posture against insurgent/criminal elements, but always loyal to our people and country.


EDGARDO M ABENINA
Brig General, NAFP
Regional Commander/Dir, INP


ROMULO C QUERUBIN
Brigadier General, AFP
COMRUC7

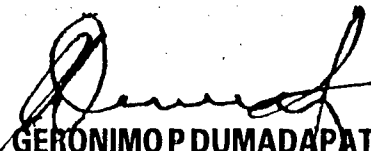

BENJAMIN M DIVINAGRACIA
Brig General, NAFP (Ret)
Member, Council of Elders

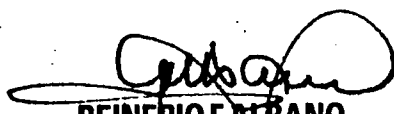

RUBEN G ROMERO
Brig General, NAFP (Ret)
Member, Council of Elders


LUIS CAMOR
Brig General, NAFP (Ret)
Member, Council of Elders

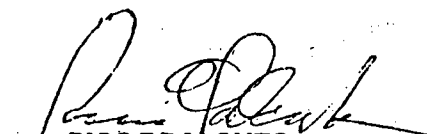

ISMAELA SABARRE
Brigadier General (Ret)


VIRGILIO B BAS
Colonel, (FA) PA
Commanding Officer, 3/3 Bde

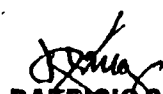

GERONIMO P DUMADAPAT
Colonel, (GSC) PAF
Group Commander, MIG7


REINERIO F ALBANO
Lt Colonel, (GSC) PC
Dist Commander, CISD7


ALBERTO C MENDOZA
Lt Colonel, (GSC) PC
Dist Commander, CHPDG7


RICO E PALCUTO
Major, PC
Commanding Officer, RSU7

PABLO SONG
Captain, (GSC) PN
Commander, CVNE


PATRICIO S BARZ JR
Major, PC
Commanding Officer, NRU7


CRISPIN J RAMOS
Lt SG, PN
Commander, NID7

VALENTIN VELASCO
Brig General, NAFP (Ret)
Chairman, Council of Elders

CESAR VILLARIN
Brig General, NAFP (Ret)
Member, Council of Elders

MANUEL S. MERCADO
Brig General, NAFP (Ret)
Member, Council of Elders

EMILIO ALCOSEBA
Brig General, NAFP (Ret)
Member, Council of Elders

ALFONSO E. ALCOSEBA
Brigadier General (Ret)

BUENAVENTURA C. CASEÑAS
Brigadier General (Ret)

DOMINGO L. CASÁS
Colonel, (GSC) PAF
Wing Commander, 220thAW

ALFREDO RAMOS
Colonel, (GSC) PA
Group Comdr, 7th CRG, CRSNAFP

BENITO DIAMOS
Colonel, (GSC) PAF
Resident, MAB

JORGE G. LAGERA
Colonel, (GSC) PAF
Dep Wing Comdr, 560thAW

VIRGILIO S. JAVIER
P/Colonel, INP
Commandant, INPTC7

RODOLFO L. ORQUIN
Captain, PC
Commanding Officer, RFSU7

LUIS MINDO M. RONDAEL
Major, PC
Commanding Officer, CRTC3

ALBERTO BOREVILLO
Captain, (GSC) PN
Commander, 2CGD

FRANKLIN S. ALFABETO
Captain, PQ
Commanding Officer, 6COSAC Coy

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CSO: 4200/471

MILITARY ANTICOMMUNIST RADIO ACTIVITIES REPORTED

Quezon City WE FORUM in English 9 Mar 87 p 5

[Article by Marie Avenir: "AFP Invades the Airlanes"]

[Text]

If the CPP, NDF and NPA have the *Liberation*, the once-underground weekly paper now being sold at the sidewalks of Makati, the Armed Forces of the Philippines has DZAF, the military's new radio station. With DZAF, the anti-communist propaganda of the AFP grinds full blast everyday right into the living room of radio or stereo owners in the country. All radio listeners have to do is tune in to 1134 khz, AM radio.

Called "Your Defense and Armed Forces Radio," DZAF is like no other radio station in the Philippines after playing the latest hits on the air, anti-communist propaganda variably comes next. A DZAF lady announcer with a first-rate newscaster's voice tells the listeners: "... Because of the class struggle appeal, liberation theologists cooperate with communists as in Nicaragua but in the end they also become communists. Let us then distinguish those who teach God, for the salvation of man's sin and those who use God to further their goal for power through an armed revolution. That was another troop information

bulletin brought to you by your friends here at DZAF..."

Aside from undertaking the military's anti-communist propaganda, DZAF also helps "repair" the military's badly-damaged image. Most of the radio programs are designed to bring the military closer to civilians. Every eight o'clock in the evening from Monday to Saturday, "Love Notes, Part I" is aired. The aim of "Love Notes" is to encourage listeners to make friends with one another through DZAF. Listeners may send letters about themselves, then Lady Glo, the program's host, reads the letters on the air. The sender's real name is withheld and only his or her alias is mentioned publicly. A listener interested in a sender whose letter has been read may, in turn, send a letter about his or her self, likewise with an alias to DZAF. If the corresponding listeners want to know one another personally, they may do so only through the intercession of Lady Glo and at the DZAF station.

A two-hour program, *Sari-Sari Espesyal*, updates listeners on public services recently rendered by military men.

Officials of the different AFP divisions are also interviewed by DZAF announcers on their professional and personal lives. Soldiers are also reminded of their duties and recently-released directives such as when and how they should wear their fatigue and khaki uniforms.

A religious program hosted by nuns and priests is also aired by the station.

Late last year, copies of an article on the military's anti-communist propaganda entitled "Beating the Communists in Propaganda Warfare" and published in an army newsletter was distributed by then rebel negotiator Antonio Zumel to newsmen. The article, according to Washington Post reporter Keith Richburg, "was 'adapted from a speech by a newspaper editor' and 'says the army must realize the battle is a battle of the minds' and should therefore strive for a 'systematic manipulation of public opinion.' To achieve this, the article recommends 'stereotyping' of Communists, enlisting priests and nuns in the army propaganda effort, better 'sloganeering'..."

DALUZ CONGRESS DECLARATION CHALLENGES DURANOS

Other Cebu Announcements

Cebu City SUN STAR DAILY in English 2 Mar 87 pp 1, 2

[Article by Thea C. Rinen]

[Text] Local Governments Undersecretary Nenita Cortes Daluz will officially announce her congressional candidacy for the province's fifth district on Saturday, March 7 at the Danao city hall.

The formal turn-over rites of the city mayorship to Vice Mayor (OIC) Jose V. Cuenco will also be on Saturday March 7 at the Cebu City Hall.

Six official senatorial candidates of the Aquino administration will hold its initial sortie in Cebu on March 11 Wednesday.

Cebu City (OIC) Mayor John H. Osmena, Panaghiusa co-chairman and senatorial aspirant, made these disclosures in a talk with Sun Star Daily yesterday.

Osmena also said the final Panaghiusa congressional ticket will be announced on Wednesday. So far only the sixth district remains unresolved, he said. (See Separate Story)

During a Panaghiusa meeting, Saturday night, Osmeña said that Daluz is the prospective party's official candidate for the fifth district, better known as a Durano stronghold.

She is set to announce it on noontime Saturday at the Danao city hall, said Osmeña.

Sun•Star Daily tried to reach Daluz at home for comment but was told she had already left for Manila. In previous pronouncements however, Daluz had expressed desire to put an end to the Durano clout in the district.

Meanwhile, Osmeña said that he expected to receive the appointment papers for at least

four key positions at the City government on Wednesday.

Those to be appointed are Vice Mayor Cuenco to replace Osmeña; City Councilor Augusto Go for vice mayor and two others for two vacant seats at the City Council.

Osmeña however said they still have to decide whom to put in the local legislative body but did not disclose any prospective names.

Meanwhile, six of the 24 candidates of the official Aquino government slate who will be here in Cebu are: former Sen. Raul Manglapus, Metro Manila Governor (OIC) Joey Lina; Budget Secretary Alberto Romulo; Santanina Rasul; former UP President

Edgardo Angara and Osmeña himself.

According to Osmeña the group will be in Cebu city for a brief stop on Tuesday March 11 at the Cebu International Airport before proceeding to Tagbilaran, Bohol where the first campaign sortie will be held.

A press conference at the airport will be held at 9:30 a.m. on March 11.

However the group will be back in Cebu the next day for a series of speaking engagements.

On Wednesday, they are expected to visit also Tabunok, Talisay and Dalaguete.

The next day, they will proceed to Dumanjug, Barili, Pinamungahan, Balamban among other towns.

Cebu City SUN STAR DAILY in English 2 Mar 87 p 5

[Editorial: "Daluz takes on the Duranos"]

[Text] **The word is out that Local Government Undersecretary Nenita Cortes-Daluz has already decided to run in the fifth district and tackle the political giants that are the Duranos. Between private decision and public announcement, however, she may yet change her mind, but, already, the aficionados in the game called politics are betting on who's going to win.**

They are calling it a battle royale, for each adversary has relatively equal odds to overcome the other.

The Duranos have their long-entrenched machinery to rely on - a network built through the years by patronage and spoils. They are more experienced in political contests, they know the intricacies of elections - from campaigning to balloting, and they practice politics the whole year through.

They dominate the city of Danao and a number of towns in the North called Durano country for their influence spreads all over the area like tentacles that reach almost every home. Heading the political clan is the old former congressman, Ramon Durano, who despite his protestations that he has retired, can't be expected to be just twiddling his thumbs while his favorite son Ondo Nito will battle with Inday Nita.

On the other hand, Undersecretary Daluz has a sizable following in the district, collected through se-

veral election campaigns when under alleged threats of repression she led motorcades and rallies in Durano territory. There is also a perception that the downfall of Mr. Marcos and the assumption of President Aquino have liberated Danao from the "chain" of the warlords. There are huge cracks in the solid North through which Mrs. Daluz can lead her campaign to victory - or so this viewpoint contends.

The factors favoring Inday Nita include the purging of the registration lists of allegedly fake and nonexistent voters and, on election day, the checkmating of Durano forces by a saturation of soldiers, cadets, and Namfrel volunteers to assure that no one will be tempted to use fraud and violence.

Mrs. Daluz will be riding high on the issue of freedom ("Liberate Danao!") and end to warlordism, but her opponent will be borne on propaganda wings of paternalism and security ("The Duranos have taken care of Danaoanons - from birth to death").

It will be the election fight to watch: the personalities and the issues are interesting. More fascinating will be to see how the Duranos, widely known political institutions, can hold on to their political turf with the advent of the new regime and a new and larger threat.

HOLGANZA BIDS FOR CEBU CONGRESS SEAT AT PDP-LABAN MEETING

Challenge to Cuenco

Cebu City SUN STAR DAILY in English 2 Mar 87 pp 1, 2

[Text] Ribomapil Holganza Sr., Partido Demokratiko ng Pilipinas-Lakas ng Bayan (PDP-Laban) national vice president yesterday announced his candidacy for the city's southern congressional district in the local party's consultative assembly dubbed as "Decision '87."

The whole day affair at the Guadalupe Elementary School mini sports complex drew local party members of the different barangays in the city's southern district.

Holganza's decision to run in the southern district will pit him against Political Affairs Secretary Antonio V. Cuenco, co-chairman of Panaghiusa who is candidate for the same seat.

Chapter members formed workshops to decide whether or not to field Holganza for the congressional race. The participants estimated by organizers at 2,000 came out with a unanimous decision in favor of Holganza's candidacy.

They said the equity of the incumbent policy of President Aquino would negate democratic processes and would be tantamount to dictatorship.

Holganza, in a more than 30-minute acceptance address, described his candidacy as "the start of the political revolution of the masses."

He said he would not allow the poor and the oppressed to be exploited by the "political opportunists."

He also said he anticipated the move of "petticoat candidate who are tugging at the President's skirt to invite President Aquino to Cebu city to endorse their candidacies."

Asked whether he would abide by a decision of the national coordinating council if it decides against his candi-

dacy in the city's southern district, Holganza told Sun* Star Daily "they've got to have a very good reason to reverse the decision of the PDP-Laban Cebu assembly."

Holganza gave the impression that regardless of an unfavorable council decision, he would pursue his candidacy when he told his party members "no power can make me change my mind regarding your decision."

Meanwhile, Cebu City (OIC) Mayor John H. Osmena, Panaghiusa co-chairman and senatorial candidate, said "this is a free country" in reaction to Holganza's decision to run.

Cuenco had earlier said he would like to see Holganza run for the same district so that the people will have a wider field of choice.

Meanwhile Holganza denied reports that he had asked for the city mayorship in exchange for his congressional bid.

He said it is likely that Panaghiusa would try harder to get what it wants.

Talks of the mayorship offer to Holganza ran high as the fight for the southern district between Holganza and Cuenco took off.

Also during yesterday's consultative assembly, former Sen. Manuel Manahan, chair-

man of the National Union for Christian Democrats (NUCD) was observing the workshops.

He described the consultation as "democracy in action" adding that he was observing in order to scout for prospective congressional bets here who will be supported by NUCD. TCR

Party Meeting Seen as 'Real Democracy'

Cebu City SUN STAR DAILY in English 2 Mar 87 pp 5, 17

[Article by Godofredo M. Roperos]

[Text]

YESTERDAY, at the school grounds of the Guadalupe Elementary School, we witnessed a demonstration for the first time in our part of the country, of a carefully knitted politicized mass in action. This was the consultation which Ribomapil "Dodong" Holganza Sr. held with his people in Cebu City's south district where the former political detainee intends to contest the political seat. It was clearly real democracy in practice.

While the gathering may not be indicative of political strength enough to make the candidate they will support win, still it shows a developing strong political will among an increasing number of our electorate in the city, and hopefully, in the province as well. All those who attended and registered as members of the Partido Demokrata Ng Pilipinas-Lakas Ng Bayan (PDP-Laban), underwent a seminar on the party's ideology before they were taken in as members.

The PDP-Laban then, becomes the first party in the country which has systematically recruited members based on an ideology which is

oriented to social democracy. It shares with the National Union of Christian Democrats (NUCD) the thrust of leadership that is based on the political will of the people. The latter party, it may be recalled, has grown out of the erstwhile Progressive Party of the Philippines of former Senators Raul Manglapus and Manuel Manahan.

Consequently, it was only fitting that Manny Manahan, one of the top lieutenants of the late President Ramon Magsaysay, graced the gathering with his presence. He exhorted the delegates who come mostly from the lower half of the district's social make-up, to avail of the opportunity now to make their voices felt in the developing new political spectrum of the country, as envisioned in the recently ratified new Constitution.

The participants who had broken up into small group to discuss the problem their party was confronted with, and to arrive at a decision as their common will dictates, listened to the country's top social democrat, who as chairman of the NUCD, is committed to the development of a new kind of politics which will allow the poor but qualified Filipinos to rise and become leaders of

their people on their own merit, integrity and public acceptability.

The gathering was impressive in its simplicity. It was clearly the people's affair, judged by the absence of big name traditional politicians either from the present regime or the immediate past deposed regime. This distinctive feature of Dodong Holganza's political

show yesterday tacitly gives notice to his opponents in the district that if he pushes through with his candidacy, he will not be a pushover, but someone to reckon with.

With Political Affairs Secretary Tony Cuenco, former City Mayor Ronnie Duterte, and former City Councilor Pabling Abella contesting the congressional seat with Dodong, the result may become anybody's guess. For with a district of a highly politicized electorate, where the lower levels of the population is definitely more than the affluent higher level, the candidate who gets the support of the poorer majority will necessarily be elected.

This is granting, of course, that the majority's new orientation, or their politicization to the new politics, is so entrenched in their political will, they will no longer be carried or swayed by money or promises.

In a district setting such as the city's two districts, the political campaign may be waged more in the media or the use of media facilities, directed to the educated consciousness of the voters, rather than to their hearts and sentiments.

The political gambit of Dodong Holganza which is anchored on the people's real rejection of our traditional politics that employs the so-called three Gs- guns, goons and gold - might just succeed this time, where the PPP of Manglapus and Manahan before, had grossly failed. There is a good chance the greater percentage of our electorate has become so revolted by the old political

ways which exploited and used them, and then ignored them afterwards.

If this is the case in the south district, then Dodong Holganza clearly has the edge at this stage. This is one reason why the coming political contest in this district bears serious watching. It could be the trend-setter for the kind of politics a true democracy must nourish and spawn, one that emanates from the political will of the people.

PUBLIC URGED TO MONITOR ELECTION SPENDING

Quezon City WE FORUM in English 9 Mar 87 p 4

[Editorial: "Comelec's Ban vs Excessive Spending"]

[Text]

The Commission on Elections has come out with drastic measures to prevent profligate spending in the coming congressional elections.

Comelec's decision should be a welcome move, especially at this time when there is a growing sentiment by the public against traditional politicians — that aging breed of opportunists who have no compunction in buying their way to victory in every election.

The poll body's ban against excessive spending by candidates in the May 11 elections should brighten the prospects of less-moneyed aspirants in winning seats in both Houses of Congress.

It is, however, incumbent on the part of voters to safeguard whatever gains earned in the Comelec decision by monitoring the expenditures of each candidate. We urge our voters to report any violation by any candidate of the Comelec spending restrictions.

We likewise hope that the poll body will act on these violations and mete out the punishment without fear or favor to whoever is found guilty of the excessive spending offense.

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CSO: 4200/356

CEBU EDITORIAL URGES CANDIDATES PROVE 'TALENT, INTEGRITY'

Cebu City SUN STAR DAILY in English 1 Mar 87 p 5

[Editorial: "Clinging to Cory's skirts"]

[Text]

There's nothing wrong per se with congressional and Senate candidates holding on to President Aquino's skirts to win votes. That's just being politically pragmatic and enterprising.

For, indeed, the President still basks in the large noonday sun of her popularity and those who cling to her also get a share of the warmth of public affection.

Besides, President Aquino hand-picked the senatorial aspirants of the administration and will play a tremendous role in the choice of candidates for congressmen. She owes it to her appointed would-be members of Congress to lend to them her influence and popularity with the people and even go on the campaign trail to translate that rapport into votes for her team.

However, the voters deserve more than the Cory touch and magic on a candidate for such a demanding forum as the Congress. The candidate himself must show his worth

and qualification and pass the rigorous test of public scrutiny.

The people approved the Constitution, eyes virtually closed to merits or demerits of the document, the hand writing down "Yes" moved principally by a huge quantum of faith in President Aquino.

Surely, in the selection of legislators who will run Congress, the people deserve to get more than just sentiment to guide them in the exercise. The candidates themselves must not just strut like peacocks at public forums displaying the Cory imprimatur; they must also prove that they have the talent and integrity to earn a seat in the highest legislative body of the land.

The people too are expected to be more intelligent and discriminating. They will be voting for legislators, not puppies in the President's kennel — men and women who will help, but at the same time counterbalance, in the stewardship of the country.

'POLITICALLY MOTIVATED' KILLINGS USHER CAVITE POLL SEASON

Manila MANILA BULLETIN in English 20 Feb 87 p 8

["Beatwatch" by Lito A. Catapusan: "Cavite Powder Keg"]

[Text]

A senior colleague asked us to write something about what's happening in Cavite.

True enough, election fever is running high in the province and bears watching. It is exactly 81 days before election day, and the four killings there last Sunday have been described as "politically motivated."

Indeed, Lt. Col. Cesar P. Garcia, Cavite PC commander, has a political powder keg to contain.

"The presence of several private armies would worsen the political situation there," said our colleague.

In Gen. Aguinaldo town, the slaying of Privado Dalusag, the younger brother of ex-Mayor Rafael Dalusag and his cousin Jorge Golfo, could trigger a long-drawn factional war between two political camps, our correspondent Del Villanueva reports.

The suspects, according to him, are closely identified with the political opponents of the victims.

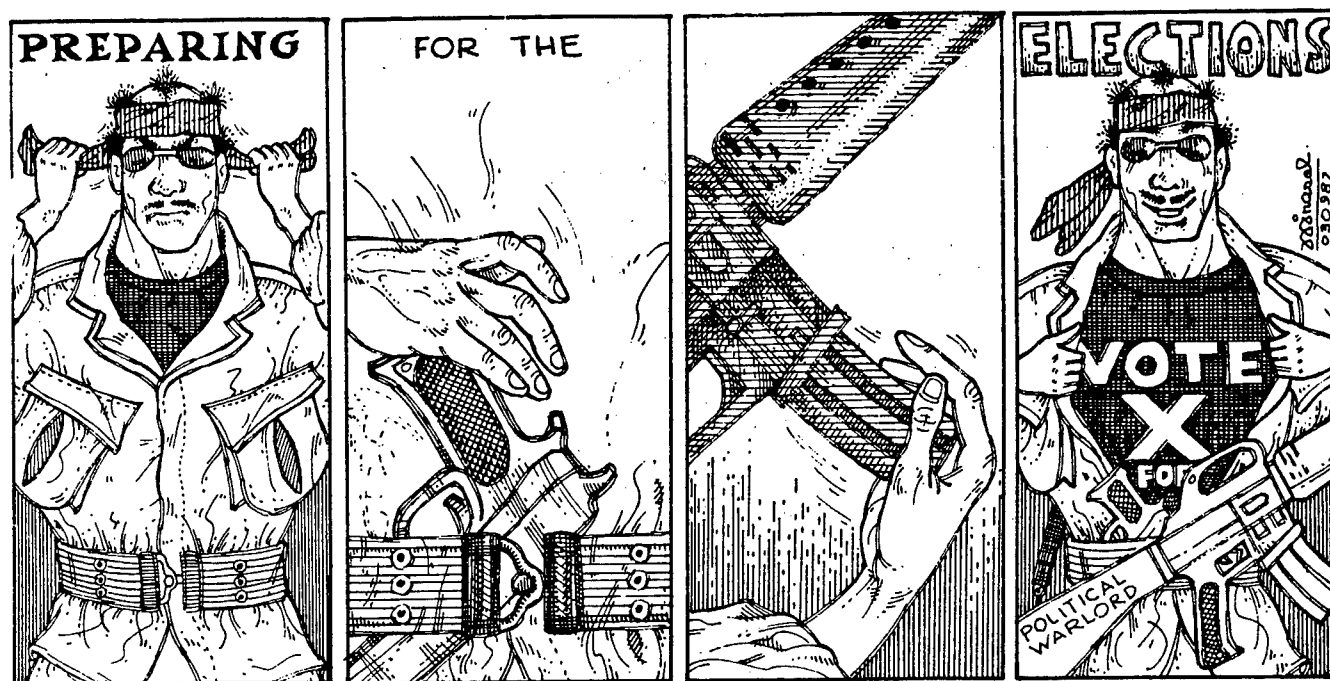
Also simultaneously with the shooting in Gen. Aguinaldo, a driver of a political leader and a six-year-old girl were killed in Rosario town last Sunday when armed men mowed them down.

The driver was mistaken by the killers for their quarry, a political kingpin, while the young girl was hit by stray bullets, Villanueva said.

/9317

CSO: 4200/356

[Cartoon]



61

SOUTHERN LUZON NDF PROMISES HANDS OFF ELECTIONS

Quezon City WE FORUM in English 9 Mar 87 p 1

[Text] Lucena City--A ranking leader of the National Democratic Front (NDF) for Southern Tagalog has assured that communist rebels in the region would not interfere and create trouble in the May 11 legislative elections and the Aug 24 local polls.

Gregorio Rosal alias "Ka Roger" NDF spokesman for Southern Tagalog made the assurance when contacted by mediamen here through a two-way radio.

However, Ka Roger said the NDF will screen all the candidates and then inform the people who among them are pro-Filipino and who are not.

He also said the left-leaning NDF will encourage the electorate to go out and vote on election day.

On the amnesty program of the government, Rosal said the NDF in Southern Tagalog is not keen to accept the offer, saying the rebels are not fighting for their own interest alone but for the interest of the people. (PNA)

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CSO: 4200/356

KILLINGS, EVACUATIONS MARK 'TADTAD'-NPA STRIFE IN CEBU

Church Monitors Cite NPA, Tadtad, AFP

Cebu City SUN STAR DAILY in English 28 Feb 87 pp 1,2

[Text]

A local monitoring group of church workers yesterday said the mass evacuation of over 1,000 farmers from sitio Iba, Talisay was a result of clashes between the "Tadtad," a religious sect used to fight rebels, and the New People's Army (NPA).

The National Citizen's Peace Monitoring Council (NCPMC)-Cebu, in a press release, also urged the Aquino government to reconsider its declaration of war against insurgents in the light of the recent violence that forced mountain residents to flee their homes.

The ongoing massive military operations in the area was also cited as a factor.

The NCPMC said interviews with some Iba residents showed that a series of alleged harassments by the Tadtad and military men preceded a dawn attack by NPA guerillas on a Tadtad group last Feb. 23.

The two-hour firefight left two farmers, both Tadtad members, dead and partly destroyed a schoolhouse sheltering some 35 families of the religious fanatic group.

The mass exodus, said the press statement signed by Leonardo Perez of the documentation/publication desk, is not isolated but part of a

trend of evacuations in other barangays of Balamban, Toledo and Pardo in Cebu.

COUNTER-PRODUCTIVE

The NCPMC, citing the Talisay case, said "full-scale militarization is counterproductive because the farmers can no longer till their farms for fear of being harassed, killed or caught in the crossfire."

Some incidents preceding the Feb. 23 clash as reported by the NCPMC-Cebu are:

- * Some Tadtad members, accompanied by soldiers of the 341st PC Company, were seen combing the area for a certain Moises Padigos, suspected NPA leader.

- * A mentally-retarded nephew of Padigos and an old man named "Berto" were roughly interrogated by the military men.

The nephew was allegedly mauled and the elderly man was made to stand on a rock with a rifle pointed at his face in a form of "psychological torture".

THREAT

- * Tadtad members led by a certain "Bencio" had threatened to kill the residents if they would not leave the sitio as they were suspected of being NPA supporters.

- * When the 341st PC elements withdrew from the area, the Tadtad members camped inside the Iba elementary school with their families, stacking sandbags in front of the building.

The NCPMC said the emergence of "armed fanatical sects" used by the military in counter-insurgency is evidence of "Low Intensity Conflict", a tactic outlined in the alleged CIA plan "Oplan Codenamed Noel".

The strategy is described as one intended to let Filipinos fight each other by organizing and arming religious fanatics to annihilated guerillas and their supporters.

Meanwhile, the Katipunan ng mga Anak Pawis (KAP-Sugbo), in a press conference yesterday, charged the military here for "orchestrating" the evacuation.

Spokesman Fely Ybarita said none of the evacuees belong to their organization, an alliance of militant groups from workers, farmers and urban poor sectors.

The military, meanwhile, has also labeled the evacuation as an "orchestration" of the Communists.

Evacuees interviewed by Sun*Star Daily/ expressed only fear for their lives because of the armed hostilities in their hinterland homes. EGM

'Tadtad' Kills 3

Cebu City SUN STAR DAILY in English 1 Mar 87 pp 1,2

[Article by Allan D. Sorono]

[Text] Three men, including a barangay councilor were killed yesterday morning by heavily-armed men in the mountain burangay of Candulawan, Talisay.

Two of the victims, Teodorico Ejaco and barangay official Santos Llamado, both 46-years-old, were found dead with gunshot wounds in their heads near a hilltop chapel.

A third, 49-year-old Clemente Amancia of Simbal, Pardo was also killed at the site.

His wife Lourdes, related in a radio interview, how she watched helplessly as armed men bursts into their house at noon and dragged him outside.

The assailants mauled him, cut his throat and then shot him in the head, the widow said.

The death triggered a new wave of evacuations by some 184 families from Candulawan and sitios of Tulod, Simbal and Cabangkalan in Pardo, Cebu city.

Police and military sources said the victims were said to be sympathizers of the New People's Army (NPA), giving rise to the theory that the killings were an act of revenge by "Tadtad" members.

The "Tadtad" is a religious fanatic group used to fight Communist rebels, but military officials said they still have to verify their presence in Talisay pending investigation.

All victims died on the spot according to medico-legal officer Dr. Jesus P. Cerna.

Amancia was found with his throat slashed, aside from stab wounds on the nape and cuts and bruises on his face. The victim was also shot in the back of his head by what appeared to be the bullet of a carbine.

Llamado was shot in the head and had wounds penetrating his chest.

Yesterday's murders closely follow the killing of two farmers in sitio Iba, Talisay, earlier this week.

The incident caused hundreds of families to flee to the city from armed hostilities in the hinterlands.

Some farmers had just begun to return home yesterday, aided by government social workers, when the new batch of evacuees came down.

A witness, Vicenta Augis, 41, said a group of six armed men took two of the victims away while they were gathering with neighbors yesterday in Candulawan.

Augis, a cousin of the slain Llamado and Amancia, said one armed member approached saying, "Kuyog namo kay dili kami pareho sa NPA nga passagad lag tira." (You join us, We're not like the NPAs who shoot indiscriminately)."

The witness told Sun Star Daily, a neighbor, Pamping Basera urged his cousins to go with the group.

It was only when they reached San Antonio chapel up a hill that the companions heard gunfires.

2,000 More Evacuate

Cebu City SUN STAR DAILY in English 1 Mar 87 pp 1, 2

[Article by Edralyn L. Benedicto]

[Text] A fresh wave of more than 2,000 evacuees from the mountain areas of Pardo and Talisay were temporarily housed last night in three evacuation centers in Bulacao, Pardo, this city.

The evacuation, according to fleeing mountain residents, stemmed from yesterday's killings of three men in Candulawan, Talisay allegedly by religious fanatics called Tadtads (see separate story).

The Candulawan evacuees, particularly the families of the three victims said the Tadtads, a certain Eddie and Bencio, were allegedly in the company of men wearing fatigue uniforms and long firearms believed to be military men.

But Cebu Metrodiscom Chief Col. Anselmo Avenido told Sun Star Daily last night that he did not deploy any military personnel in Candulawan yesterday.

Meanwhile, Government officials led by Local Government Undersecretary Nenita Cortes-Daluz and Cebu Gov. (OIC) Osmundo Rama, took the affidavits of the evacuees who say the incident at the Bulacao, Pardo, barangay hall where some of the evacuees are presently staying.

Daluz and Rama vowed to get into the bottom of the incident.
ORCHESTRATION

A strong clamor for a military revamp here is brewing among the ranks of government officials who went to evacuation centers and interviewed the evacuees. They are afraid that what they perceived to be a "military hamletting" may give bad image to the Aquino government.

Initial accounts of the evacuees indicated alleged involvement of military men in the killings. But RUC 7 Chief Brig. Gen. Romulo Querubin hinted that the men in fatigue uniforms were actually communist guerillas who disguised themselves as soldiers.

Querubin was basing this supposed tactic from a captured communist document which indicated that actions will be taken in areas where an "orchestration" can gain political support.

Yesterday's evacuees arrived at almost the same time the evacuees of two days ago were safely returned to their homes.

The provincial office of the Department of Social Services and Development (DSSD) ferried home yesterday some 1,000 evacuees from barangays Maghaway, Iba and Upper Lagtang, all in Talisay.

ALARM

As of last night's official listing of the DSSD, the evacuees came from the following areas: Candulawan, Talisay - 82 families, settled at the Knights of Columbus office behind the Pardo Catholic Church; Pardo mountain areas of Tubod, Simbal and Cabancalan - 50 families, settled at Bulacao's barangay hall; and Badyang, Buad and Tuong - 50 families, who were given the area above Pardo's cemetery as their evacuation center.

The DSSD has still to return to their residences some 200 families who came during the first wave last Feb. 25.

DSSD provincial officer Amelita Costas expressed alarm that the remaining residents will refuse to go home because of yesterday's killings. She coordinated the relief services to the new evacuees.

The alleged Tadtads, identified only as Eddie and Vencio, were said to be the ones who pointed at those who were suspected to be communist sympathizers and were brought to the area near the Candulawan chapel.

Crestita Ejaco, widow of victim Teodoro, told Sun*Star Daily her husband was taken from the house of one Pampee Basera where they were supposed to take lunch.

Ejaco was accompanied by Santos Llamendo, a Candulawan councilor. Llamendo was also killed in the same incident.

PLEADED

Teodoro was visiting the barrio to survey a land owned by Aznar Realty for white soil mining. Ejaco, a resident of nearby barrio Sumbal, was accompanied by Councilor Llamendo to explain to the armed men that they had gotten the wrong man.

Narcisa Cabalona, another wit-

ness said that after both men were killed a certain Clemente Amancia was felled down when he tried to get out of the circle surrounded by the armed men.

Cabalona said her husband, Marcos, would have become another victim had she not pleaded to Vencio.

The Tadtad members, Narcisa said, were angry that her husband was giving support to the communist guerrillas.

The Cabalonas and Rito Gaviola, 27, admitted they gave food to the rebels who went to their house asking for assistance. They said they did it out of fear.

The evacuees said the Tadtads wore red masks with "pinutis" (samurais) tucked in their waists.

One was angrily lecturing them on the evils of communism, Cabalona said. She described him as a Chinese mestizo without a shirt on.

The evacuees said the Tadtads were not residents of their barrio but from Barrio Iba, a neighboring area. Both the Tadtad and the men in fatigue uniform, they said, were carrying firearms.

Col. Avenido, however, said the military men deployed at Barrio Iba were transferred yesterday in Lagtang, Talisay hence making it impossible for them to be in Candulawan at the time of the incident. It was said to occur about 10 a.m. based on the account of the witnesses. ELB

RUC Chief Denies Operations

Cebu City SUN STAR DAILY in English 1 Mar 87 pp 1, 21

[Article by Eileen G. Mangubat]

[Text] Regional Unified Command (RUC) 7 Chief Brig. Gen. Romulo Querubin yesterday clarified that a 48-hour ultimatum given to rebels as announced earlier by another commander "is not a warning" of a future full-scale military offensive in Metro Cebu.

He added "we have no operations in Talisay," scene of renewed killings and evacuations linked to insurgent activity. The local military, he said, is keeping its "defensive posture" against the communist New People's Army (NPA) despite the end of the ceasefire period.

Querubin made these statements in the local TV talk show "On the Spot" where he was a guest last night with Cebu Metrodiscom Chief Col. Anselmo Avenido and Talisay Vice Mayor (OIC) Virgilio Tangarurang.

His reply indicated a different appraisal of military actions in Cebu from that of his subordinate PC-INP Recom 7 Chief Brig. Gen. Edgardo Abenina.

Querubin's remarks followed questions raised in the show about the "alarming" announcement of Gen Abenina earlier this week that the military will launch commando type assaults on rebel lairs.

THE BOSS

The operation was described by Abenina as a major one in Metro Cebu "the magnitude of which has not been seen yet."

Querubin remarked after: "But actually I'm the boss here. I orchestrated the (anti-insurgency) operation."

"The RUC never mentions things that get (the public) apprehensive," he said, apparently referring to the reported 48-hour ultimatum.

Meanwhile, Querubin also revealed partial contents of a document allegedly captured from rebels last Feb. 25.

The RUC 7 chief, quoting from the paper, said the Communists are "open to attacking any area we (the NPAs) are capable of.. (and where it can) be sure it can be defended politically."

INFILTRATED

Querubin said he took it to mean that the rebels plan attacks in areas where they can rely on their front groups to protest the ensuing conflict as a violation of human rights.

Talisay, he said, cannot be cited as an example of military harassment.

Querubin said it was only yesterday that the local military transferred its PC detachment from Bulacao, Pardo to Lagtang, Talisay as a result of renewed violence that has driven hundreds of hinterland farmers down to Cebu city.

He estimated that Talisay has been "infiltrated" by Communists since 1981 as well as almost 85 percent of mountain barangays in Metro Cebu.

But he dismissed as "impossible" the establishment of control by rebels in any population center in Cebu.

SHADOW

The presence of rebel elements in the coastal town was confirmed by the Talisay vice mayor.

"Not everyone in Talisay is a sympathizer of leftist groups but there is that shadow," Tangarurang said.

The civilian official also confirmed he has not noticed any military activity in Talisay until after farmers fled down in mass evacuations.

Only then did he observe that helicopters and troopers fielded in the area.

Col. Avenido, meanwhile stressed that the war is being waged against guerillas and therefore is not a "full-scale" or "conventional" war carried out with cannons or mortars.

4 ASPECTS

"The enemy could be your neighbor," he said, in explaining the lack of a clear line between an enemy and a civilian.

Avenido said the counter-insurgency program is not just combat but has four aspects: tactical operations, intelligence gathering, law/police enforcement and civic action.

Querubin noted that Cebu presents a "unique" situation for an anti-insurgency campaign because the people are "highly politicized."

The reported presence of the "Tadtad," a fanatic sect that fights Communists, could not be confirmed by Col. Avenido as it is still being investigated.

He said they have "no complete picture" on it yet because of lack of witnesses to verify whether the armed religious group is, in fact, part of the armed hostilities that have caused Cebu's mountain residents to evacuate.

PAMPANGO GUNSMITH RAID NETS NPA 100 FIREARMS

Quezon City ANG PAHAYAGANG MALAYA in English 28 Feb 87 pp 1, 8

[Text]

Communist guerillas yesterday raided a gunsmith's shop north of Manila killing the owner and a police commander and seizing 100 firearms, the official Philippine News Agency (PNA) reported.

Some 10 New People's Army, (NPA) guerillas barged into the shop near San Luis town, in Pampanga, at noon and shot dead gun repairer Honorio Navarro before fleeing with the weapons, PNA said.

As they retreated in the victim's jeep and two other vehicles, they opened fire on the car of the town's police chief, Joselito Carlos, killing him, PNA said, citing local police. His driver was unhurt.

It was the biggest reported arms seizure by the 24,000-strong NPA since a 60-day ceasefire with the Philippine government ended Feb. 8.

PNA said the guns were mostly owned by military men and licensed civilian owners, who had left their weapons at the shop for repair.

Meanwhile, Defense Secretary Rafael Ileto admitted that the political popularity of President Corazon Aquino "is not enough" to defeat the 18-year-old communist-led insurgency being waged by the NPA.

While Ileto stressed that the government as well as the military is "doing all it can" to eliminate the communists, he told newsmen

in an interview that "it is more than just the willingness of the people" that can solve the insurgency.

Ileto, in effect, partly sided with the views earlier raised by Armed Forces Chief of Staff Gen. Fidel V. Ramos.

In a recent forum with businessmen, Ramos, in what was believed to be his strongest message to political leaders, declared "most of them would argue that people power would solve the insurgency problem and that the Communist Party and its military arm, the NPA, would lay down their arms voluntarily and participate with the people in nation building."

"This is a dangerous half truth which carries with it seeds of destruction," he said.

At the same time, Ileto said the military has not been applying enough armed pressure on the rebels.

"I think we are not putting enough pressure on the enemy (the rebels)," Ileto, a one-time vice chief of staff of the Armed Forces, said as he pointed out that only "limited operations" has so far been launched since the ceasefire with the leftist National Democratic Front (NDF) col-

lapsed Feb. 8.

During the Huk campaign, he said, they conducted operations against the rebels in the hinterlands for a month in the minimum. "We would go down from the mountains after an operation with long beards," he said.

MAXIMUM PERIOD

Now, Ileto added, the maximum operating period of the military is four days.

"It takes time to train troops," he said.

Five government troopers, including a police station commander, and three NPA rebels were killed in separate clashes between government troopers and communist rebels in Antique, Davao, Albay and Leyte, reports received at Camp Aguinaldo said yesterday.

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CSO: 4200/471

RISING FOOD PRICES REPORTED

Quezon City WE FORUM in English 9 Mar 87 pp 1, 7

[Article by J. Jacinto Natividad and Richie Benavides]

[Text]

PRICES of basic food and commodities are rising, even before the announcement of oil increases. The prices of pork and beef registered the wildest fluctuations among six markets and supermarkets surveyed by *WE Forum* over the weekend.

Only Nepa-Q-Mart in Quezon City has maintained the December pork price level of P45 per kilo, while it is P46 in Farmer's, P57 in Shoemart EDSA, P50.15 in Fernando's Las Pinas, P48 at the Alabang Market and P70 in Rustan's Cubao. Beef at Q-Mart is still P60, while the same cut is P65 at Farmer's, P72 at SM EDSA, P59.40 at Fernando's, P64 at Alabang Market and P85 at Rustan's.

A meat vendor at the Alabang Market said pork prices increased because of a shortage of supply. An official of Foremost Farms, which supplies 5 per cent of Metro Manila's pork requirements said that pork had always been in short supply, ever since the Marcos days. Pork used to be imported from Australia, Taiwan and other countries to fulfill local demand. Foremost produces 3,600 kilos a day, at a farm gate price of P32 per kilo.

According to the same official, 80 per cent of Metro Manila's supply come from the provinces, with other institutional growers accounting for 15 per cent. The current price of pork is controlled largely by middlemen who buy pigs for slaughter from "viajeros."

The price of chicken per kilo has decreased from its P39.42 price levels in December to its current P35.15 average because the Magnolia

plant strike in Batangas has been settled. As Magnolia production is in full swing, a glut of chicken has been observed in the market.

The price of galunggong hovers between P14 to P25, depending on the supply. Fishermen and vendors' excuses range from "depende sa buwan" to "walang mahuli."

A bar of detergent (same brand) costs as low as P6.50, up to P8.00 among the six places surveyed. Sugar

(brown) is P5.75 to P6.50.

These price movements point out to an ineffective price control system, if there is any. The Foremost Farms official also said that businessmen are not too keen on investing in agriculture and food production since many production inputs are not within their control, while end products are often under strict price control.

Foodstuff for Metro Manila, specially, depend highly on marginal farmers, whose products are controlled by middlemen bulk buyers. It is these middlemen who in turn dictate market prices to end-users.

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CSO: 4200/356

SAN MIGUEL REJECTS BANKER'S BOARD BID

Quezon City ANG PAHAYAGANG MALAYA in English 28 Feb 87 pp 1, 8

[Article by Ellen Tordesillas]

[Text] The San Miguel Corp. yesterday opposed the entry of United Coconut Planters Bank chairman Ramon Sy to its board, citing "conflict of interest."

Sy was nominated by PCGG on Feb 24 to replace Abraham Sarmiento who was recently appointed to the Supreme Court.

The SMC board action, corporate observers said yesterday, could signal a frontal clash between the PCGG nominees in the board and other members who are believed loyal to the Soriano camp.

The present board of the country's biggest and most diversified food and beverage firm is composed of six PCGG nominees, one representing the Government Service Insurance System and eight representatives of various stockholders groups identified with Soriano.

Earlier, Good Government Commission Undersecretary Ramon Diaz laughed off newsmen's speculation that Sy's nomination to the SMC board would be rejected by Soriano.

An SMC statement following a board meeting yesterday said on motion of director Aquilino Pimentel, the board of directors of SMC deferred action on the election and appointment of Sy to the board. The board will reconvene on Tuesday, March 3.

The reason for the deferral as cited by SMC external legal counsel Leonardo Siguion-Reyna in a letter to Diaz was conflict of interest.

A portion of Siguion-Reyna's letter said: "While our client will carry out your instruction, our client is constrained to respectfully make of record its misgiving on the matter in view of the conflict of interest between Mr. Ramon Sy and our client.

"As is known to you, there are presently pending various litigations between our client and the UCPB, which Mr. Ramon Sy represents, wherein the latter seeks, among others, not only the forfeiture in favor of UCPB of the P500-million downpayment made by Neptunia Corp., Ltd. in connection with the

suspended acquisition of the 33.1 million SMC shares but also the award of enormous sum against our clients.

"Our client has in the past, fully and readily cooperated with the administration in the election of its nominees to our client's board of directors. In view, however, of the conflict of interest with Mr. Ramon Sy and our client, it is a matter of legal concern for the present members of the board of directors to knowingly vote and elect to the board which is a very fiduciary position, a person whose avowed interest conflicts with the interest of the corporation."

The boardroom battle developed after San Miguel submitted to the PCGG a stock dispersal plan that PCGG officials said may strengthen the control of chairman Andres Soriano III.

Under the plan, three to five million of the 38-million shares supposed to be owned by the farmers but held in trust by the United Coconut Planters Bank, are to be sold to the 18,000 employees of SMC.

The employees are expected to deliver proxies for these shares to Soriano who has only 1.7 per cent of the outstanding shares.

The plan also gives the A. Soriano Group Companies, the right to buy up to 19 million of the shares.

Aside from his 1.7 per cent holdings, Soriano also holds proxies for 11.3 per cent of San Miguel's outstanding shares.

PCGG incoming Secretary Ramon Diaz said he sees the possibility of Soriano strengthening his control over the country's largest food and manufacturing corporation with the stock dispersal plan.

Diaz said he will ask SMC for clarification on a number of items which he finds questionable. He said SMC has told him the plan is not final and they are open to suggestions.

Under the plan, SMC is offering UCPB P3.8-billion for the 38-million shares, or P100 per share.

The shares, according to the plan will be disposed of as follows:

About 16.6-million shares are to be offset against claims of SMC with UCPB amounting to P1.6 billion.

SMC said no cash outlay will be involved and the shares will initially and temporarily revert to Treasury and will therefore be non-voting.

An additional 2.5-million shares will be acquired by the SMC Retirement and Death Benefit Plan through an offset of the peso proceeds of its deposit with UCPB.

The balance of 19-million shares will be offered to two or more institutional investors whose interests are consistent with national and corporate interest as determined by the SMC board of directors.

A. Soriano Group of Companies will seek equal opportunity to participate for the purchase of the 19-million shares under competitive terms and condition with the approval of the government, the plan stated.

The SMC assets to be offset with UCPB shares are the P500-million downpayment made for the 33-million shares last April; P500-million worth of UCPB preferred shares; P210-million of uncollected dividends on UCPB preferred shares of 1984, 1985 and 1986; and P400-million advances to CHF Trading Companies, for a total of P1.6 billion.

SMC said as soon as it is practicable or within six months if market conditions permit, the 16.6-million shares will be dispersed as follows:

Three to five million shares will be offered to SMC's 18,000 employees through liberal payment terms.

11.6 million to 13.6 million shares will be offered to existing stockholders on a pro-rata basis under an attractive payment scheme to ensure fair treatment of their equity.

Any shares remaining unsold after the employee and stockholder offerings may be placed with institutional investors whose interests are consistent with national and corporate interests.

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CSO: 4200/471

LOAN FUND LAUNCHED TO BOOST AGRICULTURE

Quezon City WE FORUM in English 23 Feb 87-1 Mar 87 p 11

["Looking Up" column by Gualberto B. Lumuauig: "1st Salvo in the War Against Rural Poverty"]

[Text]

The war against poverty in the rural areas has begun, and the first salvo was fired Thursday last week. This initial salvo was in terms of financial ammunition to boost agricultural productivity.

Calculated to provide the rural farmer with the financial weapon to drive away the crippling lack of funds needed to enable the poor farmer to procure much needed production inputs like seeds, fertilizers, pesticides so that he may be able to cultivate his farm, obtain seeds to plant, fertilize the crop and protect it from pests — is the CALF, created last Thursday.

CALF stands for "Comprehensive Agricultural Loan Fund" — actually a guarantee fund of P700 millic. the first in an expected round of financial loan funds eventually intended to come up to more than two billion pesos to capitalize the take off from the ground of our country's long underdeveloped agriculture.

Immediate implementation of the release of this fund to the chosen conduit rural banks or cooperative rural banks can

mean a big boost to agricultural production of farm products. Since these lending outlets may immediately rediscount the farm loans, the financing scheme will actually enable the fund to be lent many times over as speedily as the banking efficiency of the cooperative and rural banks management will operate.

Flow of money into production channels in our rural countryside as early as possible will work like a timely blood transfusion into the arteries of our farmers who have been suffering from lack of funds needed for procuring farming inputs and farm operations. This inflow works not only as "pump priming" to enliven rural life and productive effort, but also injects fuel into the engines of rural service and commodity suppliers in the various commercial groups bringing essential commodities to the vast countryside population.

At this point, it may be relevant to ask as one housewife in the Cordillera notes: "Will the farm loans reach also our upland farmers planting not only staples of palay and corn but also vegetables and root crops?"

The honest response to this vital question from our montanosa population lies in the top council programming. This

credit committee is composed of the government agricultural department, agrarian and land reform institutions particularly the Land Bank and the credit mechanism supervised by the Central Bank. Committee action need not bog down because the agricultural guarantee loaning system is not new; what is to be decided only is its extension of coverage.

* * *

Completion of the Agrarian Reform Land Transfer Urgent

Hand in hand with the financing scheme now in place once more, the last stage of agrarian reform should be able to advance toward final completion. Long delayed implementation not only holds back the momentum of farm activity but has also weakened the faith

The broadening result of agricultural space in our vast countryside to even include fertile mountainsides, incidentally, means the onset of more agricultural income earners in new rural households rendered capable of honest productivity, not just relief doleouts.

Since increased rural incomes right away translates into added purchasing power to absorb the products of our own essential industries, one readily sees the emerging solution to the long disheartening problem of rural poverty.

Soon, we hope, the rural household can say: GOOD-BYE POVERTY, WELCOME PROSPERITY.

of our toiling agricultural population in the sincerity of government. There is urgency to fulfill promises to remove the shackles of feudal land ownership that spurs restive farming families to look up to revolutionary ideologies.

Complementing agrarian reform, as announced recently, is total agricultural land program reform that spells delivery of cultivable land into the hands of our still many landless families. It is not difficult to imagine the resulting panorama of once idle lands emerging as cultivated farms under the invigorated hands of otherwise idle countrymen, particularly those of the growing adult population.

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CSO: 4200/356

MANILA DAILY: PCGG ACTIVITIES DISCOURAGE INVESTMENT

Manila MANILA BULLETIN in English 16 Feb 87 p 6

[Editorial: "PCGG's Bautista Discouraging Cory's Investment Policy"]

[Text]

PRESIDENT Cory Aquino has been inviting businessmen to invest in the Philippines wherever she goes. The same thing is true with Vice President Doy Laurel, Trade Minister Jose Concepcion, Tourism Minister Antonio Gonzalez, and other high officials. In inviting investors they assure them, among other things, of the traditional Filipino hospitality.

Strangely enough, Commissioner Mary Concepcion Bautista of the PCGG wrote Immigration Commissioner Enrique Joaquin a letter dated Feb. 5, 1987 — a letter which was given wide publicity here a few days ago — asking for the deportation of 10 Hong Kong Chinese technicians, eight of whom had working

visas, because of the termination of their employment in two sequestered garment firms — American Inter-Fashion and De Soleil Apparel Manufacturing Corp. One of those Chinese was the representative of the foreign investors. In an order of Dec. 29, 1986, the PCGG had ordered that the production departments of the two firms be put solely in Filipino hands.

If Commissioner Bautista had only given due consideration to President Aquino's investment policy, she would not have asked for the deportation of the technicians, for the act deprives the investors of their participation in the operations. Hence, their interests are now without needed safeguards. Such an act, therefore,

negates the policy of attracting investors as it gives the country a bad image.

Most investments abroad involve a transfer of technology and skills. We are sure the Chinese technicians were asked to work here because they had skills which could be transferred to Filipinos. If there were already enough Filipino technicians to take their place, they could have been told politely that their services were no longer needed. But they should not be deported like common criminals!

We shudder to think of what will happen if in order to give employment to 10 Filipinos, thousands of other Filipinos will not be able to find jobs because foreign investors have been scared away by Philippine government hostility to foreign technicians and capitalists. For because of Bautista's act, word will spread abroad, especially in Hong Kong, about what the PCGG is doing to foreign businessmen. That will be the economic tragedy of our time, for it will surely derail the economic recovery program of President Aquino.

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CSO: 4200/356

GENERAL CHARUAY POLITICAL ROLE ON CHAWALIT'S BEHALF EXAMINED

Bangkok NAM THANG in Thai 12-18 Jan 87 pp 19-21

[Article: "Do Not Overlook Lt Gen Charuay Wongsayan, the One Who Showed the Way for 'Big Chiew'"]

[Text] Among the army officers from the Chulachomklao Royal Military Academy, class 1, under the leadership of General Chawalit Yongchaiyut, leader of the parade of responsibility for the entire army, some have taken control of important jobs at Supreme Command Headquarters. This is not only because of the political and military timing and personal abilities of General Chawalit Yongchaiyut and the Chulachomklao Royal Military Academy, class 1, army officers, but also because of another person whose ability and performance should not be overlooked. This person is Lt Gen Charuay Wongsayan.

This officer rose as a staff officer. When he was a lower-grade officer, he was with Army Region 2. He is close to Gen Prem Tinsulanon and General Athit Kamlang-ek. Once, when Gen Prem Tinsulanon was inspecting the construction of the Chulachomklao Royal Military Academy at Khao changok, Nakhon Nayok Province, he said to Lt Gen Charuay Wongsayan, who greeted him: "Charuay, your barb is frightening, isn't it?" This was because Lt Gen Charuay Wongsayan was wearing a black militia uniform with a battle scarf around his neck and sporting a large knife.

It seems that Lt Gen Charuay Wongsayan was responsible for civil affairs while fighting communists in Army Region 2 as he moved up in his career. In addition, when Gen Athit Kamlang-ek suppressed the Young Turks in 1981 and became a powerful figure in Bangkok, Lt Gen Charuay Wongsayan followed him to Bangkok and worked at Suanruenrued; he had responsibility for civil affairs, Gen Mana Ratanakoset's unit.

When General Mana retired from the service on 30 September 1986, Lt General Charuay moved up to be the army's assistant chief of staff for civil affairs. At present, he holds another position as director of civil affairs in the Internal Security Operations Command [ISOC].

The position doesn't sound very exciting because it is neither a combat position nor one that is concerned with the complicated intelligence work associated with the ISOC in the past.

In particular, after the army defeated the Communist Party of Thailand [CPT] and ended the war, the civil affairs field became more important because, after the war was over, the CPT rank and file had to go into the cities to make their living just as other people had to and as permitted by government officials. For those with no job skills, ISOC would help provide land, for example, or tools. This is the job of Lt Gen Charuay Wongsayan; it is a very big one and he has a budget of about 100 million baht.

Civil affairs does not mean that things are done openly in terms of development or assisting former members. It also includes security matters, which involves taking a close look at the behavior of those who are now in the cities as well as on civilians' political roles. It is this officer's responsibility to analyze these reports and submit conclusions to his boss and good friend, Gen Chawalit Yongchaiyut.

It cannot be denied that the secret role of Lt Gen Charuay Wongsayan, in the past as well as the present, plays a role in guiding the way for Gen Chawalit Yongchaiyut and helps him avoid obstacles and pitfalls en route to the top civilian position, that of prime minister.

If we draw conclusions about Lieutenant General Charuay Wongsayan's support for his boss and good friend, the major ones are as follows:

Gathering and unifying firm ideas before ejecting General Athit Kamlang-ek from the position of commander-in-chief of the Royal Thai Army on 27 May 1986. There were five events concerning the dismissal, including the incident at Phuthamonthnn, 3 weeks before the dismissal. On the night of 26 May, while Chawalits friends and subordinates prepared for the affair, Gen Chawalit Yongchaiyut stayed overnight at Lt Gen Charuay Wongsayan's residence in order to wait for the order at 0700 27 May 1986.

After we had talked to Lt Gen Charuay Wongsayan at a hotel in Loei Province in September 1986, we learned that another of Lt Gen Charuay's important jobs is to collect intelligence that gets back to the Royal Thai Army commander-in-chief on political matters. This could include interviews, with the commander-in-chief, Royal Thai Army, when he says that the military must not get involved in politics, and the Senate's denial of protection for Mr Amat Khamthetthong and Mr Sawat Lukdot concerning the 9 September coup.

Another secret job that Lt Gen Charuay successfully accomplished and orchestrated concerned the members of Parliament who wanted to cut the army's secret funds. Looking back on the situation, at the beginning of December 1986 after Air Chief Marshal Phaniang Kantarat minister of defense, considered cutting 53 million baht at the ministerial level from the 343 million baht secret fund. It went to [parliamentary committee] where it was cut another 4 million baht. At that time, several members of Parliament, including Mrs Yenchit Raphiphat and Mr Samphan Paenphat, took advantage of the situation to clobber the military and make a name for themselves.

The army was under heavy attack by members of Parliament, especially when the Bureau of the Budget responded to the proposed 53 million baht budget increase with only 12 million baht. This added fuel to the fire for MPS in attacking Chawalit who did not know how to solve the problem. He moaned that "it hurt a lot" because he was the first and only Royal Thai Army commander-in-chief whose secret fund had ever been cut.

In that critical situation, a new idea surfaced in the army--"everyone must be made to understand"--the originator of that idea was Lt Charuay Wongsayan.

Gen Chawalit Yongchaiyut invited in writing the members of the special committee on the proposed 1987 fiscal year budget to listen to the army's explanation at the army's meeting hall. The invitations were issued on the morning of 8 December 1986, and after a while, there was severe back-and-forth in Parliament because members of Parliament who were members of that committee verbally attacked the army, saying that its action of inviting the committee to listen to the army's explanation was disgusting because every other government agency has to go to the committee because it is the approving authority for the budgets of the agencies.

The situation on 8 December almost got the army into trouble even though on the day before that Gen Chawalit had met Gen Prem to explain the invitation to the members of parliament to listen to the explanation of the need for the secret fund. But when the invitations were sent out, they were attacked seriously and the government coalition party, the Democrat Party, reacted by sending only 1 of its 11 members of the committee, Mr Samphan Lertnuwat.

Finally, the secret fund affair ended beautifully when members of Parliament like Gen Mana Ratanakoset, Mr Wattana Atsawamek, and Police Capt Chalerm Yubamrung helped out. That day, the army was able to get 24 votes from the members of Parliament and another 2 votes from members of the committee who were not members of Parliament for a total of 26 or half of the committee's 52 members.

On the day the army secret fund issue was decided in Parliament, the army won handily when Parliament allowed an increase of 12 million baht in the army secret fund by a vote of 171 to 73. This plan and all its moves were those of Lt Gen Charuay Wongsayan, who is in charge of civil affairs.

The most recent, major secret project undertaken by Lt Gen Charuay was checking Gen Athit Kamlang-ek's interview tape on Channel 5. Later news reports said that there were some changes to the tape.

The story is that the producer of a program called "Celebrity Biography," airing at 2300 on Channel 5, had interviewed General Athit Kamlang-ek about his life after retirement and had sent the tape to the Radio and Television Broadcast Commission for review. It was approved for broadcast on 15 December.

For some unclear reason, there was a report that the interview with Gen Athit that was to be broadcast had several parts in which others were implicated. Most notable were his references to homosexuals, known as "gays." Also, there were some questions from the moderator which praised Gen Athit too much. For example, he was asked "if people get together and they want you to be the leader, what will you do?"

That afternoon Lt Gen Charuay Wongsayan and Lt Gen Arun Pariwatham, assistant chief of staff, Royal Thai Army, appeared at Channel 5 and prohibited the broadcast of this tape and called for a substitute program. Lt Gen Charuay and Lt Gen Arun inspected the tape in detail once more before they left.

That evening, 30 minutes before broadcast time, an order was given allowing the tape to be broadcast with deletions of some parts which powerful people did not like. The order concerning this videotape contained three elements: it was not to be erased, it was not to be viewed, and it was not to be duplicated.

Another project Lt Gen Charuay is studying quietly is the Kra Canal project, which already shows some movement.

The committee for this is chaired by Mr Wattana Asawamet, People's Party member of Parliament from Samut Prakan. He has been studying the idea and trying to get the army involved by claiming that the Royal Thai Army commander-in-chief agrees with the project and will support it. Major General Panya Khwanyu, deputy director of civil affairs and deputy chief of staff had explained the army's opinion, but he seemed to be warning against involvement. There could be bad results because some members of Parliament from Songkhla Province who would benefit by digging the canal along A5 between Satun and Songkhla so that land as well as other things could be sold.

Today, Lt Gen Charuay Wongsayan still looms as large and mysterious, and his term of service lasts until 1992. If the general staff still firmly leads the army, a professional army officer like Lt Gen Charuay Wongsayan who is serious, loves his work, and is loyal to his boss, might not find it difficult to get ahead fast.

13216/9190

CSO: 4207/127

SMUGGLING EARNINGS, PROSPECTS FOR LIBERALIZED BORDER TRADE

Bangkok MATICHON SUT SAPDA in Thai 8 Feb 87 p 10

[Article: "Cross-border Trading, Proof of the Policy of "Not Benefiting From What Is Near You"]

[Text] In the past 2-3 years, protectionism has been used in world trade, especially by superpowers, like the United States, they have used it effectively to pressure competing countries. The aforementioned policy has spread to other parts of the world. Even European countries and economic superpowers like Japan have successfully used this policy. The effects of the aforementioned policy usually strike a group of countries known as developing countries.

Even Thailand could not escape its effects. It has lost about 10,000 million baht from trade protectionism." Because of the aforementioned crisis, government and private agencies have started to review cross-border trading policies seriously. This was shown by the questionnaires, sent by the Thai Chamber of Commerce to the provincial boards of trade of all 16 border provinces, concerning problems in and obstacles to cross-border trading. A conference was organized also on "addressing doubts concerning cross-border trading" for 9 October of last year. The trade board chairmen of the 16 border provinces participated and expressed their opinions on a wide range of issues.

This initiative of the Board of Trade of Thailand stimulated the government agencies to see the light and pay more attention to reviewing cross-border trading policy.

Reports from government agencies concerning Thai exports to neighboring countries, for a 6-month period in 1986, showed that exports to Malaysia amounted to 4,832.9 million baht while exports to Laos amounted to only 309.85 million baht; to Burma, 201.8 million baht; and to Cambodia, only 10.1 million baht. If we look at the figures the government agencies report for cross-border trading for the first 6 months of 1986, they are shocking because Thai exports to Laos amounted to only 73.4 million baht; between the Thai border and Burma at Mae Sot, Tak Province, only 5.4 million baht; and at the same time, on the southern border between Thailand and Malaysia, 2,353 million baht.

If we only look at the figures recorded by government agencies, we might not know whether cross-border trade is worth it because the neighboring countries are governed under systems opposite to that of Thailand. But what we cannot deny is that the trade outside the system, known as the "black market," posts figures far higher than those of the government agencies. The estimate of businessmen on the Thai-Lao border is that the figure there is no lower than 1 billion baht; on the Thai-Burma border, no lower than 1.5 billion baht. On the southern border it is estimated that ant-armies not caught by the government bring across no less than 1 billion baht per year. On the Cambodian border, the guess is that although there is not much there is no little smuggling. The estimate is that there is no less than 5 billion baht per year in trade outside the system.

The question is why the value of trade outside the system or on the "black market" is much higher than the value in the normal system. The answer is the government agencies concerned can't escape responsibility. There are several regulations which hold down cross-border trading, for example, those which designate strategic goods. These number 273 items, which does not correspond with the real situation because these include several items which the trading partner-countries need. Although there has been an announcement decreasing the number to 61, this is still too high; it should be reduced further in order to expand cross-border trade.

The 20,000 baht per transaction trading limit is another obstacle to progress in cross-border trading because the amount was determined not less than 10 years ago and has not been changed. That amount of money is too small and not worth the cost of doing business. There are requests to increase the limit from 20,000 baht to 100,000 baht to make the transactions worthwhile. Finally, there was an attempt to increase the limit by authorizing the provincial governors to allow 50,000 baht worth per transaction, which is still under consideration by the Ministry of Finance.

The biggest obstacle and problem that holds back progress in cross-border trading is the corruption of customs officials along the borders. Their behavior burst into view during the Chamber of Commerce conference 9 October of last year. There were disclosures of the incomes of the officials. Because of the 20,000 baht limit, customs officials have to issue exchange vouchers. Border businessmen call "chartreuse EC bills." They require a fee of 50 baht, each but the truth revealed in the conference was that the businessmen have to pay 600-650 baht for each voucher. In Ranong Province, they cost 615 baht; in Tak Province, 635 baht; and in other provinces it costs about 600 Baht. It is estimated that each year, cross-border businessmen have to pay no less than 2 billion baht to these parasites. The actual income realized by the country is less than 500 million baht.

Besides this, we need to review increasing the number of trading points because what we have now compared to the length of the border is too little. This makes smuggling easy, especially on the border between Thailand and Laos, which is 800 km long. There are only three trading points on this border: two in Nong Kai Province and only one in Mukdahan.

What the government should seize on at this time is the trade on the Thai borders with Burma and Laos because the trade between Thailand and Burma at Mae Sot is getting lively. The Burma-China border is a thorn in Thailand's side due to the fighting between the minorities in Burma and government troops. This has resulted in Burmese businessmen doing more business with the Thai after the recession when the Burmese devalued the kyat in 1985. If Thailand does not hurry, it will lose a great deal of money because the Burmese government has already started to allow Japanese investors to invest in the building of shopping centers in big cities like Rangoon.

Concerning Laos, although it has a close political relationship with Vietnam, communications between Laos and Vietnam are difficult and inconvenient for trade. Therefore, there is an opportunity for the government to seize the advantage.

All of these constitute some of the problems and facts which we want to stimulate the government agencies to quickly act upon seriously after being infatuated with the "not benefiting from what is near you" policy, that is, follow the ass of the Westerners and go bankrupt.

13216/9190
CSO: 4207/127

CULPRITS IN 'PHANTOM' DELIVERY OF GOODS BROUGHT TO TRIAL

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 13 Nov 86 p 2

[Article by Tuan Phuong: "Through a Crime of Importing 'Phantom' Goods"]

[Text] In past years, the cutting and processing of timber, though attaining definite results, has been rife with many flaws in the way of managing, in cutting and, particularly, in shipping and receiving lumber for flooring for export. So, "timber stem borers" can work at and disintegrate a large amount of the state's foreign currency. In this article, we refer only to the flaws in managing the export flooring lumber in the Native Forestry Import-Export Branch in Ho Chi Minh City which is subordinate to the Native Forestry Import-Export General Corporation (Ministry of Foreign Trade). This is the place which lost 1,131.74 cubic meters of flooring lumber, and damaged the state budget by hundreds of thousands of dong in foreign currency.

When the warehouse custodian is in cahoots with the warehouse accountant and warehouse deputy in bringing in nonexistent goods....

Nguyen Ky Nam guarded the warehouse at 2/18 Tan Thuan Street which belongs to the Native Forestry Import-Export Branch. Taking advantage of assigned tasks and the fact that the branch did not inventory the warehouse, over the 2 years from September 1979 to October 1981, Ky Nam, in collusion with the warehouse accountant Le Thi Thuy and the deputy of the warehouse Nguyen Thi Tuyet Mai, on many occasions took in nonexistent flooring lumber for installations and tangled up the entries in the ledger in order to appropriate state property.

Knowing that the Native Forestry Import-Export Branch had signed an economic contract with the Dong Nai Forestry Service and that the latter would assign installations at Ho Nai-Bien Hoa as Tan Phu 1, Tan Phu 2, Tan Phu 3, Vinh An 2, and Ma Da to cut the timber, Nguyen Ky Nam hooked up with these five installations to work illegally.

Ten cubic meters of flooring lumber is recorded in the delivery certificate for the Native Forestry Import-Export Branch when, in fact, the installations delivered only 8 or 9 cubic meters. Yet Nam still signed for the certificate that he received the full 10 cubic meters. There were even some installations that delivered no goods, yet Nam "let it pass" and signed for full receipt. For every cubic meter of "phantom" flooring lumber Nguyen Ky Nam signed for in

this way, the installations paid Nam from 250 to 300 dong. On 19 October 1981, the Native Forestry Import-Export General Corporation (Ministry of Foreign Trade) inventoried the warehouse at 2/18 Tan Thuan Street and discovered a shortage of 1,131.74 cubic meters of flooring planks, damages in the amount of 904,000 dong (old currency).

And nonexistent exports

Along with the nonexistent entry of flooring lumber, and in order to correspond with the amount of goods short in the warehouse, Nguyen Ky Nam used the money to bribe and be in cahoots with a number of drivers from the Merchandise Shipping and Receiving Corporation (Foreign Trade Service) such as Ta Ngoc Tu, Nguyen Van Quang, etc., so they would carry the delivery certificates without the goods to the port for loading on foreign ships. To do this, the drivers had to work in cahoots with stevedores and inspectors. For each delivery to the Saigon port, Nam gave a driver from 500 to 800 dong to split among the inspection personnel. Phan Thi Kim Anh and Phan Ngoc Duyen, two stevedores of the Saigon Port Corporation, accepted Nguyen Ky Nam's "split formula" and signed for receipt on Nam's certificates for the nonexistent delivery the drivers brought. Specifically, Kim Anh signed certificates for nonexistent export for Ta Ngoc Tu for two trips and earned 1,600 dong. Phan Ngoc Duyen also signed for two delivery certificates to receive 800 dong.

According to the 25 November 1982 report from the Native Forestry Import-Export General Corporation in Ho Chi Minh City, there were complaints about the export of flooring planks for the ships of Bulgaria and the Soviet Union because of a shortage of 713 bundles and because quality was not guaranteed. The general corporation had to abolish the contract with Bulgaria and had to repay the Soviet Union 170,000 dong in money from the Vietnam budget.

A Couple of Observations

Nguyen Ky Nam, the perpetrator of this crime, sought every way possible to make a profit and seriously damage the property of the state. On 24 October 1986, the Ho Chi Minh City People's Court heard the defendants' cases and sentenced Nguyen Ky Nam to life imprisonment, Nguyen Thi Tuyet Mai to 10 years in prison, Phan Thi Kim Anh and Phan Ngoc Duyen to 2 years in prison each, Ta Ngoc Tu and Nguyen Van Quang to 2 years in prison each. All defendants were compelled to pay 22,634,800 dong to the public fund; all the machinery and equipment of the 5 timber cutting and processing installations in Ho Nai-Bien Hoa was confiscated. This punishment is appropriate and severe for Nguyen Ky Nam and his cohorts, and was applauded by the people of the city.

But a question which should be raised is why Nguyen Ky Nam and his cohorts were able to steal 1,131.74 cubic meters of flooring planks for export. The main reason is the lax management of the Native Forestry Import-Export Branch in Ho Chi Minh City in shipping and receiving goods from timber cutting and processing installations in Dong Nai. On the other hand, the branch also did not regularly inventory the warehouse at 2/18 Tan Thuan Street. The evidence is the period from September 1979 to October 1981. This means that it was after Nguyen Ky Nam had served as the warehouse custodian for 2 years that

they inventoried and discovered the shortage (a very valuable amount of goods for the foreign trade sector). Furthermore, the signing of economic contracts so installations can cut timber and process it for direct shipment of products to the warehouse custodian is a flaw that should not be approved. Public opinion recommends that responsible and legal agencies deal appropriately with those who have concern and responsibility in this crime.

6915

CSO: 4209/229

WORKERS ILLEGALLY SELL LEAD SHEATHED CABLE

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Jan 87 pp 1, 2

[Article by V. Q.: "Illegal Trade in Lead Sheathed Cable from Haiphong to Ho Chi Minh City"]

[Text] An illegal transfer and sale of three spools of lead sheathed cable (about 6 tons) from Haiphong to the city has been discovered by workers of Post and Telecommunications Project Corporation 2.

The trade in this lead cable was initiated by Le Duc Vien--a material supply worker in Project Unit 1 of Post and Telecommunications Project Corporation 2. The deal should actually have been accomplished by the material supply office of the corporation with the necessary contracts in accordance with management principles. However, upon receiving the information from Vien, the corporation deputy director, Huynh Thanh Phong, signed a suggestion that the Haiphong Post and Telecommunications Service give up three spools of type HQTH lead sheathed cable, 929 meters in length, and did not inform the material supply office.

When the ship VX-01 reached the city, the unit managing the VX-01, the Haiphong Marine Products Joint Enterprise, sent a notification requesting that Post and Telecommunications Project Corporation 2 pick up the cargo (the notification was dated 5 January 1987). Although "amazed" by these three unexpected pieces of freight, the corporation carried out all the procedures. When personnel from the corporation arrived at Tan Cang [Newport] to pick up the freight (3 days after receiving the notification), the three rolls of cable had already been picked up! The unit receiving the freight was Project Unit 1.

Immediately after returning, the chief of Project Unit 1 gave permission for chopping up and selling 230 kilograms at a price of 230 dong per kilogram. The amount of money received was 190,900 dong. The sale was discovered by cadres, workers and civil servants, and halted for disposition by internal affairs.

Although the lead sheathed cable above was scrap material, the recovered lead (melted down) is an essential material. The illegal acquisition, chopping up and sale of this lead by personnel from Project Unit 1 are clearly not within the production objective of Post and Telecommunications Project Corporation 2. The incident above must be clarified.

7300

CSO: 4209/337

DECREASING VOLUME OF CRITICISMS, SELF-CRITICISMS CITED

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 4 Jan 87 p 4

["Things We See" column by Chuc Vu: "Seasonal...Criticisms"]

[Text] After the 6th Party Congress had been held, criticisms and self-criticisms suddenly decreased in volume and even stopped altogether in some localities, committees, and sectors.

It was understandable, for arrangements having to do with nominations of people had been made. Quite a few people holding positions of power and authority now felt reassured and relieved as if a burden had been taken off from them!

If things continue going this way, criticisms and self-criticisms can easily become a lost crop because people thinks in terms of season. When the crop ripens everywhere, they loudly talk about it, but then after "the harvest" is over (how can one be sure there has been a harvest) and the paddy has been put away in baskets, they feel they are entitled to some peace of mind.

That was exactly what happened to a certain director who, prior to the season of criticisms, was riding his bicycle (he acted impressively by getting on and off his bike) and showing his incorruptibility, only after he had put away his Peugeot 505 in the garage. Now he remains a director, and the automobile has been taken from the garage. As I suddenly remembered a poem by Giang Nam, I tried to write the following parody:

"In the past you had harshly criticized using an automobile because of a fear for criticisms, for failing to be nominated,

"But now you are crazy about using it because gasoline and oil are plenty.

"As you remember the good times you have spent at Cam Ly Falls,

"You wonder what is the use of refusing to ride in that automobile."

Within the same "seasonal-category" framework, in some localities they again "have begun to continue" reviewing the use of Honda cub motorcycles by female passengers!

5598

CSO: 4209/305

ROLE OF S&T IN FUTURE PARTY DEVELOPMENT STRESSED

Hanoi KHOA HOC VA DOI SONG in Vietnamese 16 Dec 86 p 1

[Editorial: "The Congress of New Thinking"]

[Text] For more than one-half century, ever since our party was born, Vietnamese communists, imbued with Marxism-Leninism, have been correctly defining and skillfully tapping the powerful forces of all society. As a result, the revolution won victory after victory in the cause of national liberation and the cause of winning the country's total independence. Today, our fatherland has entered a new era: the era of socio-economic development in the initial stage of the period of transition to socialism without experiencing the stage of capitalist development. In the view of Marxism-Leninism, it can be said that present day Vietnamese society is a negation of war time Vietnamese society. Therefore, it is contrary to the dialectic to apply deductions based on the strength and forces of war time society as well as ideal war time social models to our society today in a manner that reflects voluntarism.

Most importantly, this way of thinking leads to mistakes in defining and developing upon economic forces under our country's current social conditions. The war time social relations between the individual and the community, such as the relationship between a soldier in combat and the community, are no longer appropriate when performing economic work. The social rules, policies and organizations suited to war time are not compatible with the current needs of society. This is evident in the serious maladies of bureaucratic centralism and state subsidies, which have increasingly shown themselves to be conservative factors impeding the evolution of society.

The mistakes made in economic management and the organizing of society have led to an erosion of confidence. Never before have we been in the situation that we are today: on the one hand, bureaucracy and authoritarianism are rampant. On the other hand, liberalism, the lack of discipline and negative social phenomena are widespread. And, we have used bureaucratic measures to treat the malady of bureaucracy. While we have been appealing for the right of ownership to be upheld, the citizen has lost even the right to enjoy the fruits of his labor. We want to reduce the size of the state staff but it continues to grow. We want to achieve a consensus of will and action but the decline in confidence is becoming increasingly serious...

It truly came as a profound lesson to us when the Soviet Union, the leader of the international communist movement, advanced the slogan: adopt new thinking. And, the general secretary of our party has deeply analyzed this view as applied to the circumstances of Vietnam's revolution.

In contrast to the formal dialectic, which holds that it is possible, from any starting point, to deduce everything about the world through a system of continuous cause and effect, K. Marx always instructed communists to make their starting point the existence of a specific society and research this existence just as the various fields of science study their subjects. Only in this way can communists determine and develop the forces of the revolution. Thus, above everything else, scientific socialism is a science that has an object and a scientific methodology. It is never a dogmatic theory. Scientific socialism requires that we, the persons who are transforming and building society, adopt the way of thinking of scientists, that is, requires that we determine the special laws governing the movement of society squarely on the basis of the realities of social existence.

In the world, there is a movement under way within the proletarian revolution to adopt new thinking. This movement has its origins in the new circumstances of the world, a world in which the scientific-technological revolution has changed many basic social factors and made many concepts outmoded.

The modern scientific-technological revolution is taking place throughout the world and creating new relationships between man and nature. Man is capable of rapidly destroying the environment and also fully capable of regulating the most basic factors of the environment. Nuclear war, "Star Wars," ecological war...all these things lead to the destruction of life on earth. Therefore, man must work with, not against, nature. "Confrontation" must be replaced by "dialogue." War must be replaced by economic emulation in peace.

The scientific-technological revolution is not occurring at the same rate in all regions and nations of the world. The struggle between socialism and capitalism, the struggle between the national liberation movement and colonialism, both old and new, and the struggle among the capitalist countries are becoming increasingly bitter. Socialism and the forces of revolution are fully capable of using and must use the strength of science and technology to win final victory.

The modern scientific-technological revolution is playing the key role and has truly made science a direct production force. As a result, it has profoundly changed the structure of society. Along with the scientific-technological revolution, there has been a revolution in socio-economic management. The scientific-technological revolution is the moving force behind the evolution of society. Therefore, the increasingly large corps of persons engaged in scientific and technical work must become a vanguard force within the proletariat.

On the basis of the theoretical and practical points cited above, we are absolutely confident that the 6th Congress of the Communist Party of Vietnam, the congress of new thinking--revolutionary and scientific thinking--will help us to "closely tie science and technology to social production and life and

quickly make science and technology one of the factors determining the development of the national economy." The scientific-technological revolution will surely play the key role among the three revolutions and advance our country to socialism in a rapid and steady manner.

7809

CSO: 4209/300

BRIEFS

PARTY ADMISSIONS, DISCIPLINARY ACTION--In 1986, 89 party installations in Cu Chi District organized the admission of 187 new party members, including 137 whose cultural background was of level 3 and higher. Almost all of the newly-admitted party members had matured in the basic-level movement for revolutionary action. In addition to promoting the development of new party members, the Cu Chi District CPV Committee was maintaining regular control aimed at upholding party discipline. In 1986, it took disciplinary actions against 38 party members, including 6 cases of expulsion, 8 suspension, 1 dismissal from duty, and 7 warnings. The number of party members having violated party discipline in Cu Chi District last year accounted for 1.1 percent of its total membership. [Article by M.V.: "Cu Chi District Admits 187 New Party Members, Expels 6 Disqualified Members"] [Text] [Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Jan 87 p 1] 5598

CSO: 4209/305

EXPORT OF VEGETABLES, FRUITS REACHES HIGHEST LEVELS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 4 Jan 87 p 1

[Article by T.Q.T.: "Export of Vegetables, Fruits Brings Back Fertilizers, Gas and Oil, and Insecticide Worth Millions of Rubles"]

[Text] As of 31 December 1986, the amount of foreign currencies collected from exporting fresh and processed vegetables and fruits by the Ministry of Food's VEGETEXCO (Vietnam National Vegetable and Fruit Import-Export Corporation) in Ho Chi Minh City has reached the highest levels in 10 years and exceeded the 1986 plan goal by 2.8 percent. Five items that were exported in large quantities were ripe bananas, oven-dried bananas, onion, frozen pineapple, and black pepper. Black pepper export alone exceeded the 1985 level by 70 percent. Of 1,536 metric tons of oven-dried bananas exported by the corporation nearly 1,200 tons had been supplied by Ho Chi Minh City production units.

The corporation has also brought back for producers millions of rubles of fertilizers, gas and oil, insecticide, and so on.

In December 1986 the corporation began to ship Ben Luc pineapples, the well-known product of Long An Province, by air freight and reduced the rate of losses to only .8 percent.

5598

CSO: 4209/305

VETERAN CADRES SUGGEST WAYS TO IMPROVE COAL SECTOR OPERATIONS

Hanoi LAO DONG in Vietnamese 6 Nov 86 p 4

[Article by P.V.C.: "A Number of Regulations Within the Coal Sector Must Be Respected"]

[Excerpts] Editorial Note: during the past 5 years, the state has invested more than 4 billion dong in the coal sector. Of this amount, 1.7 billion dong have been invested in construction and assembly work, thus raising the value of the coal sector's fixed assets 1.7 times between 1980 and 1985. With this investment capital plus the tremendous assistance received from the Soviet Union and the other fraternal socialist countries, the coal sector constructed and put into production a number of additional mines, opened a number of new construction sites at operating mines and opened a number of support projects, such as tipples, rail lines, wharves and storage yards, equipment and vehicle maintenance stations...thereby helping to maintain and increase the sector's capacity.

However, besides the achievements that have been recorded, and against the background of the many difficulties still being experienced by the country's economy, the coal sector has also displayed many shortcomings and weaknesses in production and management, particularly economic management and technical management. As a result, it has been very difficult to implement yearly plans and not all aspects of these plans have been fulfilled.

To help adopt new economic thinking and new ways of working and gradually overcome the stagnation, conservatism, bureaucracy and subsidization within the sector, a widespread exchange of opinions and thoughts concerning the direction to be taken by the coal sector is extremely necessary and will be of positive value. In this issue of the paper, we present to readers an article by Pham Van Cuong, a technical specialist, written on behalf of a number of scientific and technical cadres who have worked for many years within the coal sector.

Our country has coordinated with the Soviet Union in planning the development of the coal sector. We have established a master plan for the development of the coal sector between now and 1990 and a forecast for the development of the sector between now and the year 2000. These are large basic investigation and planning projects that are very detailed, are supported by science and

technology and have been approved by the authorized agencies. We and our friends put together a rather large force of scientific-technical cadres, worked for a long time and spent millions of dong (including foreign currency) to complete this work. These projects should be the compass guiding the long-range, stable development of the coal sector. While further adjustments must be made to these projects each year and during each planning period to bring them in line with specific conditions, we still must respect the basic guidelines and solutions set forth in these projects and absolutely must not ignore these projects of important significance. Regrettable is the fact that the laws on investments and capital construction within the coal sector have not been respected for many years. Investments in capital construction have met less than two-thirds of needs each year. The ratio of overburden stripped to coal mined at mines is incorrect (to date, more than 20 million cubic meters of overburden are "owed" compared to technical designs). At underground mines, the percentage of meters prepared for mining is very low compared to the production of coal. "Mining coal in long, shallow strips" has become a serious, chronic malady that has extensively weakened the fabric of the coal sector. This is not to mention the harm caused by the desire on the part of some leadership cadres to record achievements, a desire expressed in shortsighted policies which entail "doing that which is easy, not doing that which is difficult" and are designed only to achieve high output within a short amount of time at any cost, thus leaving the difficulties for "future generations" to face.

Today, practically all our large mines have been designed and fully equipped with the assistance of the Soviet Union in order to achieve mine capacity. Regrettable, however, as Truong Chinh stressed at the 10th Party Plenum (May 1986), we have not made highly effective use of the equipment provided by our friends as aid and this equipment is still being wasted. There is no other way to achieve stable development within the coal sector on a long-range basis than by developing our scientific and technical potentials in order to make good use of the sector's existing equipment with the aim of achieving the rated capacity of large mines. To meet the pressing requirements of the national economy, the coal sector can quickly extract coal from veins and small mines by means of horizontal shafts, at strip mines where the overburden coefficient is low, etc. However, we will make a very serious mistake and be denounced by "future generations" if we ignore the need to continue to urgently build the large mines and increase their output to rated capacity, thereby creating solid conditions for the development of coal production in subsequent stages.

On the basis of the observations presented above and as cadres and party members who have worked for many years in the coal sector, we earnestly make the following suggestions to the party congresses on the various levels:

1. The targets set under the 5-year plan for the coal sector must not only be to produce 7.5-8 million tons of washed coal per year by 1990, but also to complete the construction of mines as designed in order to achieve the capacity approved by the state and create the conditions for achieving higher output under the 1991-1995 plan.

2. It is necessary to respect the planning and master plan for the development of the sector between now and 1990 and the forecast for development between now and the year 2000 that have been approved by the state. These must be adjusted annually and during each planning period to bring them in line with actual conditions. However, no one may change the basic contents or the guidelines set forth within these documents to suit convenience.

3. Appropriate investments in the form of capital and other needs must be made in the coal sector in accordance with approved technical calculations. We must combat the thinking of placing sole emphasis upon achievements, combat the practice of operating on a day to day basis and stop the practice of "mining coal in long, shallow strips." Each year, we must evaluate the completion of plans and the achievements recorded in production and offer praise and awards on the basis of combined, comprehensive standards, not solely on the basis of the output of coal, in order to preclude wrongdoing and falsified reports.

4. The coal sector must be guided in developing the large potentials that lie in its existing material-technical base under the guideline of simultaneously carrying out the three revolutions, the key one being the scientific-technological revolution.

5. Our thinking concerning cadres must be revised. We must be determined not to appoint to leadership positions on the various levels cadres who lack a long-term sense of commitment and responsibility to the sector and whose thinking is only to record achievements in the immediate future, and who operate in a nearsighted manner that causes serious consequences in the future.

7809

CSO: 4209/300

COOPERATIVES TO GET MORE CAPITAL, TO IMPORT WITHOUT LIMITS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Jan 87 p 1

[Article by D.C.: "Implementing Decision 192 of the Municipal People's Committee--Cooperatives To Borrow 50 Percent of Fluid Capital, 70 Percent of Fixed Capital From Bank, To Import Materials and Equipment Without Limit of Quantity and Time"]

[Text] At the meeting in the morning of 7 January 1987 discussing how to implement Decision 192/QD-UB of the Municipal People's Committee on organizing management and on the policies applicable to the collective segment of the small industry and handicraft sector, Municipal People's Committee Vice Chairman Le Van Triet praised the municipal branch of the State Bank and the municipality's Labor Service and Price Committee for having taken positive measures to guide the efforts to implement this decision.

The branch of the State Bank in the municipality had been allowing the cooperatives that had self-supplied capital to borrow 50 percent of their fluid capital and 70 percent of their fixed capital in order to have more capital available for production or for getting new equipment and expanding production. The Labor Service had been applying the regulation on getting cooperative members to comply with their socialist labor obligation just as the workers and civil servants in the collective sector would have to. The Price Committee had been applying the regulations on fixing the prices for cooperatives to sell their products depending on whether raw materials had been supplied by the state or by themselves. There was a case in which the child of a cooperative member was admitted by the Polytechnic College on an equal footing with children of state workers and civil servants.

The meeting showed a high degree of unanimity toward the new rules specified in Decision 192 and dealing with materials, consumption and import-export, wages and allowances, taxes, distribution of income, and so on. According to these rules, cooperative units (including cooperatives and production cooperative teams) can contribute capital or use foreign exchange obtained from business to import equipment and materials for production without any limits as to quantities and number of shipments; sign contracts with state-operated units for buying materials from them; exchange their products for convertible goods in order to create additional sources of materials; and have power supplied to them on a priority basis compared to individual

production households. In addition to delivering all of the products required in accordance with the goals set in their contracts with the state, cooperatives and production teams can organize sales at agreed prices, including opening stores to sell the products which the state had not bought or had remained unsold after the state's purchases. A number of high-level cooperatives were allowed to use foreign currencies on a trial basis, and the state was encouraging cooperatives to look for markets and to make trips abroad to study foreign markets. As to the products which are made with equipment sent home by relatives living abroad, replace imported goods, or are made of domestic raw materials, which have replaced imported raw materials, all are exempted from income tax for a given period. Cooperatives can lease or buy patent and invention rights, technical secrets, and right of industrial ownership as state enterprises can.

Le Van Triet requested the services, committees, and sectors responsible for implementing Decision 192 that have not yet taken action to materialize their task to do so immediately in order to set up a base for its implementation and thus to put an end to the common situation, which has become a bad habit, in which they are too slow in taking action to implement the municipality's new positions and decisions.

5598

CSO: 4209/305

HCM CITY TO AIM AT BOOSTING CONSUMER GOODS PRODUCTION

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 6 Jan 87 p 1

[Editorial: "Consumer Goods Production, the Municipality's Strength and Responsibility"]

[Text] We are lacking consumer goods, even the more common ones made of domestic raw materials. The consumer goods production program, one of three economic programs with set goals that the 6th Party Congress recommended, is the basic way to overcome this situation and to satisfy at any cost the people's needs for essential consumer goods. Reflecting the spirit of the 6th Party Congress resolution, the chairman of the State Planning Commission has stressed the task of producing consumer goods as a part of the goals set in the 1987 socioeconomic plan, which was presented to the National Assembly: "In 1987 there must be clear-cut changes in order to substantially increase the volumes of the more common consumer goods made available for the people to use, first of all the products made of domestic raw materials. The value of industrial consumer goods output must increase by 10 percent over 1986."

Our municipality is the nation's large industrial center and thus has the strength and capacity to make consumer goods. In past years we supplied 40 percent of the nation's consumer goods. Although the quality of its consumer goods is far from stable, many localities like our consumer goods because of their varieties. However, we have used only about half of the output of our present machinery and equipment (in the state-operated sector only). The responsibilities of the municipality for the nation as a whole and for carrying out the three key economic programs require that it fully use the capacity of this sector's machinery and equipment, at the same time further develop the producing capacity of other economic components, and step up the rate of development of industrial production. The resolution adopted at the 4th Municipal Party Organization Congress also affirms one of the major goals set for the 1986-1990 period: "To strive to develop the industries that make consumer goods and process foods from agricultural products in order to have more goods for export, to create more jobs for our working people, and to gradually build up accumulation from within our own economy."

The greatest difficulty in industrial production in general and in the consumer goods industry in particular is the shortage of raw materials and materials. We must gradually resolve at any cost this lack of balance. To do

so we must make proper investment in order to build at any cost raw materials-supplying areas for the benefit of the sectors that produce consumer goods out of domestic raw materials. Realities have enabled the municipality's industrial installations to see it clearly. The raw materials-supplying areas of the Cuu Long Union of Jute Processing Enterprises and the Municipal Union of Pharmaceutical Enterprises are the initial results of this trend toward producing more raw materials.

In addition to creating new raw materials-supplying areas and looking for domestic raw materials to replace, if possible, raw materials we must import, we must make sure that only the raw materials and materials that have been determined for production would be imported.

In industrial production, we still waste materials and raw materials. To invest science and technology in looking for advanced industrial plans, to reduce the rate of consumption of materials and raw materials per unit of product while still ensuring good quality, and thus to make a larger volume of products with the same quantities of materials and raw materials. That is the important direction for long-term investment in industry capable of helping to overcome, as an immediate effect, the present difficulties in connection with materials and raw materials.

The sector of small industry and handicrafts is putting out a rather large volume of consumer goods. For this sector, in addition to supplying it with materials and raw materials, we must have appropriate policies to encourage its working people. The current policies on contract prices, cash prices of products, grain supply, and so on not only fail to serve as a lever to encourage production but also act as obstacles; therefore, they must be revised. The municipality's Decisions 34 and 192 have opened up the opportunities for private and collective working people in the small industry and handicraft sector to work freely, but producers are still waiting for positive and synchronized regulations in order to start their work.

Those are the urgent problems that now require the party organization and working population of the municipality to concentrate their joint efforts on resolving so as to allow our municipality to make deserving contributions to carrying out the nationwide consumer goods production program.

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CSO: 4209/305

HO CHI MINH CITY UNITS CRITICIZE NEW REGULATIONS ON AUTONOMY

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 27 Jan 87 p 1

[Article by V.H.I.: "Working with Central Management Mechanism Improvement Study Group, Economic Units Declare: Some Stipulations in Resolution 306 and Decision 76 Still Restrict Autonomy and Creative Dynamism of Basic Unit"]

[Text] During the past few days, the Central Mechanism Improvement Study Group, led by Vo Chi Cong, Member of the Political Bureau, Vice Chairman of the Council of Ministers, and Chief of the Central Mechanism Subcommittee, has been working with the city in developing implementation of (draft) Resolution 306 of the Political Bureau and Decision 76 of the Council of Ministers on ensuring the production and business autonomy of basic economic units. The group set aside three and a half days to hear reports from basic economic units, sections and sectors on the changing features of production and business during the recent past.

Vo Thang Cong, Chief of the Municipal Industrial Committee, stated that besides the two services and eight basic units chosen as a test, increasingly greater numbers of units in the city at the present time are responding to implementation of Resolution 306 and Decision 76.

Nevertheless, through actual development and use, a number of stipulations in the two documents above are still restricting the dynamism and creativity of basic units, and still do not ensure the autonomy and responsibility for profits and losses in production and business of basic units. First, under the present unstable price, monetary and financial conditions, stipulations on economic accounting in the two documents prevent basic units from achieving accurate and scientific accounting. Therefore, accounting must be augmented with another type consistent with the production and business operational reality of the units (such as commercial accounting for example). Second is that the distribution of profits in accordance with Resolution 306 and Decision 76 are still irrational and unsatisfactory. Third is that the two documents above have not yet clearly and specifically addressed the issue of making management in economic, technical and specialized sectors consistent with our production and business force standards. Fourth is that Resolution 306 and Decision 76 have not distinguished between the various types of enterprises (lower echelon industry: electricity, water, etc. or the production of machinery, equipment, material supplies, raw materials, etc.) in

order to formulate a consistent production and business position. Especially, Decision 76 and the directions for implementing Resolution 306 are still both incomplete and still have many problems in application, restricting the autonomy of the basic unit.

Basic units have suggested that the group specifically supplement and correct the following points: Distinguish between the two types of plans, the state plan of material supply, and the plan of material self-acquisition by the enterprise; stabilize budget contribution obligations; expand the rights of basic units in setting prices, collecting capital and extracting profits from exports and imports, and the use of scientific and technical forces; and especially study again the stipulations controlling award and welfare funds.

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CSO: 4209/337

PRODUCTION UNITS HAMPERED BY SHORTAGES, FINANCIAL PROCEDURES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 1 Feb 87 p 1

["Speak Frankly, Speak the Truth" column by Nguyen Ngoc Dien, Chairman of the Ngoc Thang Glass Cooperative: "Three 'Chronic Illnesses' of Basic Production Units"]

[Text] As individuals directly engaged in production, we have recently noticed three "chronic illnesses" regularly disturbing basic production units. These three afflicting illnesses are: a hunger for raw materials and supplies, a lack of electricity, and frozen cash. Without much discussion, we also notice that when these three illnesses exist, production in the basic units cannot develop.

Listening to these things, a number of key cadres in concerned responsible agencies find them unbearable, "Already known, really tough, and constantly stated!" This "unbearable" thing is the reality causing those engaged in production like ourselves, although noticing everything, to be extremely "reluctant" to speak out. In this article, we are absolutely not placing the blame on anyone in particular but only wish to present further clarification for mutual solution.

We all know that production first of all requires money to purchase supplies and raw materials. Products are sold, money collected and the production cycle continues. Actually, it should be that simple, but all kinds of difficulties are encountered in application. We say three illnesses but they are constantly wrapped up in each other to form one.

Under conditions in which our country still has many difficulties, basic production units all thoroughly understand that they must actively seek sources of capital in the hands of the laborers in order to establish a foundation and develop production. When the time comes to present the product for sale, the money returns along the bank route and often is stuck there for a long time and cannot be withdrawn. Withdrawals can only be made in extremely small and insignificant amounts. If the basic units cannot receive money, where will money be obtained to purchase raw materials? Only by participating in production can one thoroughly understand the distressing circumstances of basic units waiting to draw money. Although seldom voiced,

deep in the heart of the producer, nearly everyone feels that his confidence in the banks has been shaken to the very roots!

Recently, to assist basic production units in overcoming difficulties in the purchase and sale of supplies, cooperative federations in a number of precincts and districts established material supply stations. Through these stations, basic units can directly exchange goods for supplies and raw materials from the local areas. At first this form extremely pleased the basic units. Recently however, we notice that new forms of delay have arisen. Many material supply stations have levied "entrance and exit" taxes. The methods of collecting these "taxes" have converted these material supply stations into commercial type business corporations, and caused the price of goods to increase. The exchange of goods for material supplies between basic production units is encountering many obstacles. It is suggested that managing agencies examine rational regulations.

The shortage of electricity is a common situation and everyone can see that the rational distribution of electricity to stimulate production development is an issue requiring discussion. To the basic production unit, there is not always a contract for work. When there is a contract, the work is urgent and much electricity is needed for production. When there is no contract, there are many months in which the full amount of issued electric power is not used. We suggest that when the Electric Power Service calculates the issue of electricity to precincts and districts, local areas be given full power for deciding distribution to the basic production units. Only in this way will rational and prompt allocation be achieved following the peak production periods of the basic units in each subprecinct and village.

We believe the burning issues above are things requiring prompt and thorough resolution to assist the basic units in overcoming obstacles in production.

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CSO: 4209/337

HO CHI MINH CITY CEMENT PLANT SETS 1987 PRODUCTION GOALS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 4 Feb 87 p 2

[Article by To Thuy Anh: "Municipal Cement Plant Begins 1987 Plan with Confidence"]

[Excerpts] The production output objective of the Municipal Cement Plant (Construction Service) for 1987 is 11,000 tons of P.200 (Vietnam Standard) cement, including 4,000 tons in Plan A and 7,000 tons in Plan B. The Plan C portion has an additional 1,000 tons of adhesive. The plant has also set norms for the production of 100 tons of experimental white cement and an additional amount of P.300 cement (made from self-baked clinkers and those acquired from other cement plants of the central government).

The Municipal Cement Plant has set forth and developed achievement of management renovation since the very beginning of the year. All sections of the production line have implemented the piecework wage system. Wages correspond to labor, based on unit price levels and supplemented by profits from secondary production; the plant is striving for each cadre, worker and civil servant to have an average monthly income of 2,300 dong during the first quarter of 1987.

Actively making good preparations and synchronizing all aspects for production, the Municipal Cement Plant has begun the new year with firm confidence.

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CSO: 4209/337

HO CHI MINH CITY HOLDS SECOND SCIENCE-TECHNOLOGY CONFERENCE

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 24 Jan 87 pp 1, 2

[Article by Thu Binh: "At Second Municipal Science and Technology Conference, Signs of Change and Renovation"]

[Text] The Second Ho Chi Minh City Science and Technology Conference, working urgently over a period of 3 days from 21 through 23 January 1987, listened to 38 statements and opinions from managers and participants in area and city scientific and technical activity. The conference affirmed that the theme of discussion was aimed at the application of technical advances and scientific accomplishments to support achievement of the three major economic programs of the Sixth National Party Congress and the socioeconomic missions of the Fourth Municipal Party Organization Congress. Through the sincere and frank contributions of scientists and technicians at the conference, we detected signs of change and renovation.

Giving the Research Institute a Breath of Life

"Large head, shrunken buttocks" expresses a condition of reduced human nourishment. This abnormal condition also still exists in scientific and technical management and activity. Many statements and opinions at the conference outlined that at the present time, fairly many research institutes are still drifting aimlessly on the fringes of life. Many have modern equipment and significant ranks of scientific cadres but their operational effectiveness is low and the number of research projects that can be tested and accepted for production is extremely small. Boldly contributing suggestions to resolve the "large head, shrunken buttocks" situation, Pharmacist Tran Tuu, General Director of the Municipal Federation of Pharmaceutical Agent and Drug Enterprises, suggested that the government retain a number of research institutes to shoulder responsibility for problems of an international nature, and shift the greater part of the members in the federation of enterprises to tasks closely connected with production practice with projects applying specific scientific and technical advances. Only in this manner can the research institutes capture the breath of life.

Avoiding the Danger of Downgrading "Grey Matter"

Following the conference, we noticed many of the opinions and remarks were fairly concentrated on an urgent demand for creating conditions to raise the standards of scientific and technical cadres and skilled technical workers. The reports of delegates from the Industrial Service, Agricultural Service, Municipal Federation of Cooperatives, and many factories and enterprises emphasized the present situation of downgrading the "grey matter" of scientific and technical ranks in the city. During 1986, the entire city had only one research student norm. This norm would not have existed had it not been requested by the city! Many capable engineers and doctors must work an extra job to live, including those who are "living" thanks to the raising of hogs and chickens. There are many reasons for this situation: because the management mechanism is constricting and the average wage system restricts the development of innovations and inventions; because the system of subsidies and rewards is too low, inconsistent with the returns from applying technical advances; and because scientific and technical information connected with the advanced standards of foreign countries is still lacking. Science and technology must be liberated from the obstructions above before production strength can be liberated. To avoid the danger of grey matter degeneration, delegates at the conference suggested that the central government swiftly set forth suitable policies and systems, using the effects of projects benefiting production as an appropriate lever aimed at stimulating scientific and technical activity and those engaged in studying and applying technical advances. Besides increasing the amount of scientific and technical information to the basic levels and the importation of foreign scientific and technical data for the grey matter to "climb," responsible agencies must also give attention to creating conditions for basic production units, scientists and technicians to engage in economic and technical association, and to travel to foreign countries to participate, exchange opinions on, and study experience. At the conference, Nguyen Chau, Director of the Dong Tam Machine Cooperative in Go Vap, a location without a very large material base that specializes in the production of tools supporting agriculture and food processing, observed that, "If economic and technical relations with foreign countries are not expanded, conditions will be difficult for establishing a foundation for bounding development."

Building, Developing "Skilled Farmer" Network

At the present time, many agricultural production collectives are encountering confusion in receiving and applying new technology. This confusion is caused because in the transferal of technology from research to production, a primary element in developing and applying technical advances is lost. To overcome this obstacle, a number of cooperatives and production collectives are building a network of "skilled farmers"--a versatile gathering of advanced and skilled farmers achieving high yields. Through this network, experiments in the field or livestock pen and new technology have the conditions for spreading to most of the farmers. Expressing the need to build and develop a network of "skilled farmers," Professor Tran The Thong, Director of the Southern Institute of Agricultural Technology, asserted, "The cooperation and association between all three parties: the scientific and technical cadres, skilled farmers and farms, and technical service corporations is a new work model in the nature of close coordination between science and technology and production with technical material management--to create a two-way information

network between scientific research and main crop production.
Scientific and Technical Work Has Not Reached Proper Level with Small Industry and Handicraft Sectors

The municipal small industry and handicraft sector presently has nearly 200,000 laborers but only about 1,000 scientific and technical cadres. This is a sector receiving no state subsidization that must be self-sufficient and responsible for all aspects to survive and develop. The products of the sector are extremely rich and varied with nearly 2,000 groups and goods, answering the increasingly greater grain and food production, consumer and export requirements. Generally speaking however, scientific and technical work has not reached the proper level in this sector. Contributing his opinion at the conference, Huynh Hoa Nha, Deputy Director of the Municipal Federation of Small Industry and Handicraft Cooperatives, warned that a distorted view still exists that cooperative units are locations still using trademarks such as "hot xoai" [inguinal bubo]. With these "hot xoai" trademarks, cooperatives cannot establish relations to purchase equipment and machinery, even though that machinery has been liquidated. Cooperatives also have no engineers or management cadres directly assigned from schools. Raising their voices at the conference, representatives of the Municipal Federation of Small Industry and Handicraft Cooperatives suggested that the state formulate an equipment and machinery plan to renovate the production line with the independently acquired capital of basic small industry and handicraft units, and allow the cooperatives contact with the foreign market with the foreign exchange they have created.

Much more science and technology must come to the small industry and handicraft area in order to improve the quality and output of this sector.

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CSO: 4209/333

BRIEFS

PRIVILEGES OF FOREIGN CURRENCY--The Overseas Vietnamese Service Corporation, in cooperation with TICO Company in Japan, now offers to order all-purpose motors of various kinds from Japan for people to use in production in the form of foreign exchange spending. The motors that can be bought this way are products of two firms, Yanmar and Kubota, Ltd., which run with diesel oil, have power ranging from 5 to 12.5 horsepowers, and can be used in industrial and agricultural production and fisheries. These motors can be used to propel junks and motorboats, to thresh rice, to grind rice, to grind coffee, to pump water, and so on. People having dollars legally sent home from relatives abroad who need these motors can contact the Overseas Vietnamese Service Corporation at 665-669 Dien Bien Phu Street, in the 3rd Precinct. [Article by M.C.: "People Having Foreign Currencies Can Order Motors of Various Kinds From Japan"] [Text] [Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 8 Jan 87 p 1] 5598

NEW COMMUNICATIONS EQUIPMENT--At the 3rd Vietnam Exhibit of Economic-Technical Achievements, many products and projects of high quality were on display at the booth of the Ministry of National Defense. Among these were the FAVINA Transmitter, the EET 206 Receiver and a 20 watt radio, which will serve the district level, the islands and remote areas in the mountains well. Student military technicians of the Ministry of National Defense have manufactured ultra shortwave, 40 watt transmitters with frequency bands of 66-74 MHz and 88-108 MHz. Distortion is 5 percent. Frequency stability is $5 \cdot 10^{-5}$. Secondary frequency suppression is 60dB. Frequency translation is 50 kHz. Relay signal input is 0.75. Resistance is 600 ohms. This equipment has been delivered to the Radio and Television Commission to equip more than 50 districts for use in managing production, providing information on the situation and guiding the effort to control crop pests and diseases as well as support the current situation in the countryside. It is trusted by farmers very much. [Text] [Hanoi KHOA HOC VA DOI SONG in Vietnamese 16 Dec 86 p 2] 7809

CSO: 4209/300

SAIGON GIAI PHONG TO PRINT INTERVIEWS IN NEW COLUMN

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 6 Jan 87 p 2

[Article by SAIGON GIAI PHONG's Reader Service Staff: "New Column Every Tuesday: Interviews by Readers' Request"]

[Text] The right to know is a part of the working people's collective ownership right. The political report at the 6th Party Congress had this to say: "The people know, the people discuss, the people work, the people control" is the everyday order and discipline of the new society." It is hard for the people to play the ownership role if they are not fully, accurately, and promptly informed. The question of "the people know" therefore involves the task of renewing the activities of all news-disseminating networks in general. We in the reader service staff of SAIGON GIAI PHONG have the chance to deal everyday with a rather large number of people from all walks of life who either by coming to our office or through the mail express their wishes and want to get answers about many matters having to do with the work of many sectors and echelons.

In spite of our recent efforts, we have not yet fully satisfied that legitimate desire of our readers.

On the other hand, as far as we know, many leaders of sectors, localities, and units, mostly in the places where direct contacts with the people exist, also want to openly tell the people, within the work of their locality or unit, many things having to do with the work they are doing.

The column, "Interviews by Readers' Request," pledges to serve as a bridge contributing to organizing such necessary open dialogues.

We will gather the questions raised by our readers, divide them into categories, and hold interviews with the leaders concerned to deal with them as answers to our readers in this column, which is published every Tuesday in the "Readers' Page."

We hope to receive enthusiastic support from leaders of sectors and localities in order to carry out more and more effectively the slogan, "The people know, the people discuss, the people work, the people control," that the 6th Party Congress has affirmed.

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CSO: 4209/305

OVERSEAS VIETNAMESE HOLD MEETINGS IN SUPPORT OF HOMELAND

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 13 Nov 86 p 1

[Article: "Overseas Vietnamese in Many Countries Contribute Views to the Party and State"]

[Text] Displaying patriotic traditions, along with the seething atmosphere in the country as it prepares for the party's 6th Congress, the overseas Vietnamese movement in many countries has exerted boundless activity directed toward their homeland and has contributed views to the party and state.

Following the Vietnamese Association's extraordinary congress which discussed building up the overseas Vietnamese movement and shared views on building the country, held in the Federal Republic of Germany in September 1986 (SAIGON GIAI PHONG newspaper carried this on 5 November 1986), the Vietnamese Association in Canada held an extraordinary congress on 12 October 1986 to study the status of the country and discuss opinions to share with the party and state.

In France, West Berlin, etc., overseas Vietnamese are organizing appropriate-sized symposia.

Many reports and discussions at the aforementioned activities have focused on the basic and urgent problems of the country, the status of the Vietnamese community abroad, and the responsibility of the overseas Vietnamese movement toward the homeland and the fatherland.

To make it even more possible for overseas Vietnamese to expand their role and capabilities with regard to the common cause, the overseas compatriots have suggested that our party and government create conditions to step up relations between overseas Vietnamese and domestic compatriots and have easy and broad policies on import-export, visits, and travel; an appropriate return policy; a policy to encourage activities which contribute to the economy and to building the country.

The overseas Vietnamese movements have appealed to all patriotic association members and overseas Vietnamese to actively participate in the association's activities, be united in nationalism and comradeship, and build a happy community bound tightly to the homeland and fatherland by practical thoughts and acts.

6915

CSO: 4209/229

ARTICLE OUTLINES ROLE OF OVERSEAS VIETNAMESE COMMUNITIES

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 13 Nov 86 p 1

[Article by Nguyen Phuc in the column "Contribute Ideas to the Party Congress": "On the Work of Vietnamese Abroad"]

[Text] There are now 1.4 million of our Vietnamese compatriots living in 40 capitalist and nationalist countries. Most live in America, France, Canada, and Australia. Generally, the Vietnamese communities abroad are gradually stabilizing as they tend to settle in for the long term in the newly-found countries.

The Vietnamese community abroad -- excluding an anti-people, country-harming minority -- is part of our nation, a segment of the Vietnamese national socialist community. The basic responsibility of the task involving Vietnamese living abroad is, as the party has clearly indicated, "solidarity with overseas compatriots, teaching a sense of patriotism and love of socialism, close ties to the fatherland and the compatriots living in the country, mutual assistance, building the life of the Vietnamese community in each country and together contributing to building the country." (1)

With heartfelt memories of the homeland and a yearning to reunite families, our overseas compatriots are striving to maintain their language, customs and manners, cultural activities, and religious beliefs so as to retain national color. "Harmonious entry into a local society while maintaining and developing national culture" are the two fundamental problems posed to overseas compatriots, to every person, to every family, and to Vietnamese communities in each resident country. Many associations of Vietnamese abroad have been strengthened or formed in many countries for the purpose of "actively serving communities and contributing to building the country" with a view toward uniting and rallying numerous association members from various components of society, inclinations, and professions to look toward the homeland and participate in building the country. Associations of Vietnamese abroad have been and are the places for close liaison between the country and progressive and friendly political organizations in the local countries.

The aforementioned situation in Vietnamese communities abroad demands that our party and state have strict, prompt policies and positions for attracting and developing the potential of overseas compatriots in taking care of life,

guaranteeing cultural needs and, depending on each one's capabilities, contributing to building the country.

The policy of letting Vietnamese living abroad return to visit families and travel to the country is aimed at resolving the essential needs of overseas compatriots who want to find out about their country's situation and the status of relatives who are living and working under the socialist regime. At the same time, it also is aimed at fostering in the overseas compatriots national feelings and close ties to the fatherland and domestic compatriots who together are contributing to building the country. It is necessary to quickly resolve procedures for examining and issuing entry visas to Vietnam for Vietnamese who live abroad and be concerned about overseas compatriots who have Socialist Republic of Vietnam passports.

The overseas return policy emphasizes resolving the legitimate interest of overseas compatriots in sending money and goods back to the country at a reasonable rate to help families and relatives. It is necessary to organize and satisfactorily manage the receipt and distribution of money and gifts sent by overseas compatriots to their families or relatives in the country.

The policy toward Vietnamese intellectuals living abroad is aimed toward mobilizing their capabilities and strengthening and using them in the restoration and building of socialism in the country. We are very mindful that their contribution to the economic, scientific and technical fields domestically is demanding and, at the same time, encourages everyone, depending on scientific research conditions, to heighten the level of specialization and contribute to building the homeland. Associations of Vietnamese residing in each country should create favorable conditions, train the talented Vietnamese living abroad, assimilate advanced sciences in the world, and contribute to developing the domestic economy, culture, and society.

The cultural and literary policy toward Vietnamese living abroad is aimed at satisfying the urgent and long-term interests and spiritual needs of overseas compatriots. It is necessary to stress satisfying the needs of the "first generation," meaning the generation of parents who speak Vietnamese fluently and who have had a cultural life when they lived in the country, while simultaneously satisfying the needs and aspirations of the "second generation," i.e., the class of children just born or who have grown up abroad and who live in two cultures at once, the Vietnamese culture and the native culture. It is necessary to improve cultural and literary activities so they are in keeping with the new situation and task and step up the issuance of national video cassette tapes, publications, and music tapes to support the overseas compatriots. In favorable circumstances, we should annually send one after another systematically organized composite entertainment troupes to perform abroad and make it possible for associations of Vietnamese abroad to satisfactorily carry out their cultural and social tasks. It is necessary to satisfactorily organize exportation of books (novels, poems, art), newspapers, textbooks (primary volumes on history, geography, and nationalities for example), and other cultural goods of Vietnam with a view toward gradually satisfying the overseas compatriots' needs for the esthetic, study, and relaxation.

In our country there are 330,000 families that are related to Vietnamese living abroad; of this number, 220,000 families reside in Ho Chi Minh City. The policy toward families that have relatives living abroad is aimed at improving and stabilizing the life of the relatives of overseas compatriots comprised of social groups and individuals that need special attention such as children, women, the elderly, the disabled, families with many children, etc. It is necessary to perform service well and to have a service network that supports the life of the relative of the overseas compatriot (e.g., food, shelter, medical treatment, education, travel, and other essential requirements), and to have the backing and financial support of their relative living abroad.

FOOTNOTES

(1) Directive No 09 CT/TU dated 4 October 1982 from the Secretariat of the CPV Central Committee on the campaign for Vietnamese living abroad.

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CSO: 4209/229

VO TRAN CHI MEETS WITH OVERSEAS VIETNAMESE

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 25 Jan 87 p 1

[Article by PH. S.: "Meeting with Overseas Vietnamese To Celebrate the Lunar New Year of the Cat, Vo Tran Chi: Creating Close Relations between People at Home and Their Relatives in Foreign Countries"]

[Text] On the evening of 24 January 1987, in a warm and cordial atmosphere, a great many overseas Vietnamese from the countries of France, the Federal Republic of Germany, Italy, Switzerland, Belgium, Canada, the United States, Japan, Singapore, etc., returning to visit their families on the occasion of the Lunar New Year of the Cat, and overseas Vietnamese who have returned home since liberation, met informally at the office of the Municipal Overseas Vietnamese Committee. Vo Tran Chi, Secretary of Municipal Party Committee; Nguyen Vinh Nghiep, Member of the Standing Committee of the Municipal Party Committee and Chairman of the Municipal People's Committee; and representatives of sections, sectors and offices came to joyfully mingle with them.

Speaking to the crowd, Vo Tran Chi recalled that since its establishment, our party has constantly emphasized the work of the front. Each time the front is expanded through various periods of history, forces are expanded to win new and greater victories. Now that we have independence, freedom and national reunification, the Fatherland Front has increasingly greater conditions for expanding outside the borders of our country in order for overseas Vietnamese everywhere to join in assisting to build the fatherland.

In our city alone, there are about 1.5 million people who have relatives living in foreign countries. Each individual leaving for a foreign country has different circumstances. However, no matter what the circumstances, speaking in the fundamental and long-term sense, all are Vietnamese. The Municipal Fatherland Front Committee and Overseas Vietnamese must strive for truly good motivation and organization to create a close relationship between people at home and their relatives in foreign countries, first of all and primarily the people in the city.

Vo Tran Chi stated that previously, in the two wars of resistance against the French colonialists and American imperialists, the overseas Vietnamese made many contributions toward national liberation. Now, in implementing the

Resolution of the Sixth Party Congress, they have increasingly more favorable conditions for both participating in national construction and satisfying the material and spiritual requirements of their relatives at home.

He extended best wishes to those present and requested that they transmit to the many overseas Vietnamese living in foreign countries a new year of much health, happiness and new success.

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CSO: 4209/333

CONFERENCE REVIEWS VIETNAMESE CHINESE YOUTH MOVEMENT

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 25 Jan 87 p 1

[Article by D. H.: "1987: Many Forms of Daily Activities Suitable for Youths of Chinese Origin Are Needed"]

[Text] A conference to review the motivation of Chinese Vietnamese youths during 1986, held on the morning of 21 January by the Municipal Youth Union, presented the deficiencies of the Chinese Vietnamese youth movement during the recent past, both in supervising and following the activity formula and in closely connecting the youth union with them.

The conference defined the work course of 1987 as: organizing many forms of group activities consistent with the psychology, preferences and strengths in small industry and handicraft production of the Chinese Vietnamese youths, teaching the concept and duty of assisting in building and protecting the socialist fatherland, and simultaneously giving practical concern for the lives as well as the political rights of youth union cadres of Chinese origin.

Last year, many Chinese Vietnamese began to fulfill their obligations in labor to build the national economy. In factories, enterprises and the small industry and handicraft area, Chinese Vietnamese youths are skilled workers and positive factors in the production emulation movement.

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CSO: 4209/333

READER CRITICIZES OVEREMBELLISHMENT, MISUSE OF TERMS

Ho Chi Minh City SAIGON GIAI PHONG in Vietnamese 13 Nov 86 p 1

[Article by Vu An: "Reader of the Article 'Dialogue' in the SAIGON GIAI PHONG newspaper dated 8 November 1986"]

[Text] I endorse the viewpoint in the "Dialogue" article and would like to add a few angles.

A number of our cadres are transmitting the disease of incessant chatter, speaking in cliches, smooth talk, and misuse of words. They think it's harmless, but it could be very detrimental if allowed to persist. The speaker loses the confidence of the masses, and it's as if the listener has been sentenced to death. As someone who does political work in the army, I am involved in this. Young troops say to each other: "Our group has to pretend to listen attentively and applaud in approval so he thinks we understand and in this way avoid long-winded explanations." Another even says: "Be careful if he thinks you are quick, for he'll digress into flowery offshoots which is even worse."

Need to prepare for a speech? It looks like several technical specialists can serve as the model. They already inherently have the model imbedded in them. A speech at the economic cooperation conference? Okay. Done in a flash. Start by talking respectfully about all aspects; then proceed to the special characteristics of the world situation -- Asia, Southeast Asia; the domestic situation and helping friends, nothing but endeavors with success, difficulty in overcoming difficulty, praising to the hilt assistance from friends; follow up with large impending events; at the conclusion, show resolve, make pledges, thank friends, and extend regards to everyone. At the end the purpose of the requirement for economic cooperation is nowhere to be found. If it was there, it was glossed over, generalized, and submerged in the long-winded speech. I am afraid the person listening to the speech considers himself to be above it all, sees nothing new compared to previous speeches, and finds it hard to believe. The representative who is thanked three or four times surely feels uneasy as well.

The disease of using pleasing, innocuous terms is also widespread. Victory and success are nice to hear, but there remain a number of "realities." Commend anyone, but also take to task anyone who cleverly concocts general

concepts of "reality" and "negative phenomenon." It seems very light and healthy like a level three breeze on the ocean surface. But what "reality" if there is corruption of millions of dong. A worker who goes to work late because of car problems is also a "negative phenomenon" and the supply man who switches cement reserved for a special project is also a "negative phenomenon." Why not expose it for what it is -- theft and sabotage.

And there is yet another bad habit in the overuse of conceptual terms. Let me cite proof. In the Rop Stream damming ceremony, the television correspondent overused terms, seemingly never satisfied. First it was a great historic day to be remembered forever, then the historic marker in the development of splendid Vietnam-Soviet friendship, the extraordinary labor saga, etc. (It was roughly like that because I don't take shorthand.) A soldier sitting next to me watching TV at the time made a slip of the tongue. "What's all this? Ten thousand cubic meters is just the same as Kampuchean corvee laborers building line embankments by hand in half a day. So they work throughout several months of the dry season and have to concoct several hundred labor sagas." In a moment, as if angered, he mumbled: "Last year they were saying that at the beginning of 1987 unit 1 would be generating electricity; now it's the end of the year. Why? Why not say?"

Hearing that, I, too, thought to myself that this is too flowery to be "real." I am worried that when the time comes to fill in the course of the Dong Nai River the correspondent will surely no longer have any lofty words of praise because they have already been used up at the Rop Stream.

The very next day while viewing the parade in Moscow's Red Square, I watched the clock. The general who is the first minister of the Soviet Union's Ministry of National Defense delivered the order of the day in just 12 minutes. I was engrossed. For tens of thousands of people out in the sleet, a minute really does have a great deal of significance. A minute for millions of laboring people really is excessive. As for us, the poverty-stricken, we overuse and disregard time. We want to say it all and let no one else talk. Heaven knows, talking down to the masses will encourage them to talk down in return. That is inevitable.

6915

CSO: 4209/229

END