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21 February 1986

SOUTHEAST ASIA REPORT

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MALAYSIA

LIM CHONG EU NOT TO RUN IN NEXT ELECTION

Bows out Officially

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 18 Nov 85 p 1

[Text] Penang Chief Minister Dr Lim Chong Eu today announced that he will not take part in the upcoming general election.

He therefore hopes that the Central Committee of the Malaysian People's Movement [GERAKAN] and its Penang federal council will decide now to look for qualified persons in the administrative field.

Dr Lim, who is also adviser to GERAKAN, was speaking at the closing ceremony of GERAKAN's annual meeting at Penang this afternoon.

Dr Lim said that he will not run in the next general election, because there is a time when a person cannot escape reality.

He indicated that the Penang branch of GERAKAN should make a decision on new administrative candidates and leaders.

He added that GERAKAN is a multiracial party and that so long as one is qualified and capable, he can be elected chief minister of Penang, regardless of race.

Dr Lim said: "The GERAKAN branch in Penang should help Penang inhabitants solve their problems. How can we become leaders if we keep on bickering among ourselves?"

Earlier, GERAKAN's national chairman Datuk Dr Lim Keng Yaik said at the opening ceremony that Dr Lim Chong Eu is in fact still in good health and he should continue to lead Penang. However, if Dr Lim Chong Eu should one day decide to step down, GERAKAN still has leaders to take over and carry on with the party's policies.

Another GERAKAN official, Tan Kim Hwa, declined to comment on Dr Lim's decision not to run in the next election. It is known, however, that Dr Lim on 3 November returned from a tour of foreign countries during which he had a tumor in the thyroid gland surgically removed in America.

Rumors of Dr Lim's planned retirement have circulated for a long while, but this is the first time that he brought up the matter openly before the Chinese community in Penang.

Dr Lim Chong Eu has been a four-term chief minister of Penang since 1969. He is the only ethnic-Chinese leader of a state government. He is now 66 years of age.

KIN KWOK's Comment

Selangor KIN KWOK DAILY NEWS in Chinese 19 Nov 85 p 2

[Commentary: "Dr Lim Chong Eu Announces Retirement from Office"]

[Text] At its general assembly in Penang the other day, GERAKAN's adviser Dr Lim Chong Eu, who is also the chief minister of Penang, again indicated that he would not run in the upcoming general election. He implied that he would retire from public life altogether.

The question of Dr Lim's retirement began in 1982 when he yielded the position of chairman of GERAKAN to Dr Lim Keng Yaik, a situation which aroused interest and controversy in various circles. This time he brought up again the question of retirement, an indication that he means business.

We do not deny that Dr Lim is an outstanding statesman. He has been at the post of chief minister of Penang for 16 years and has made great contributions to Penang's development.

However, Dr Lim is also human and he ages as time passes and has to retire one day--we must accept this fact. Therefore, we need not feel disappointed by his retirement. The important thing is how we can properly tackle the problems arising after Dr Lim's retirement.

Dr Lim was once president of the Malaysian Chinese Association and national chairman of the United People's Party. He has been chief minister of Penang for 16 years. His lofty position and fine personality is respected not only by the Chinese community but by the Malay and Indian communities as well.

More importantly, he is our country's only chief minister who is of Chinese descent. After his retirement, can we retain this post for the Chinese community? How can we strive for it? These are the real problems we have to consider.

In the past, the Penang branch of GERAKAN became more prosperous every day under Dr Lim Chong Eu's leadership and occupied a good position in the Penang state assembly. However, in the latest general election, GERAKAN managed to win only 8 seats in the Penang state assembly, which represented a drop of 3 seats from the previous state election, while the United Malay National Organization garnered 11 seats.

In such a situation, Dr Lim Chong Eu was still able to hold his post of chief minister of Penang, a reflection of his personal reputation. Therefore, we have to rely on our own strength if we wish to retain this post after Dr Lim's retirement.

What worries us is that with the approach of the next general election, the bickering within GERAKAN is still going on, which is bad for the party. To what level it will bog down after Dr Lim's retirement is hard to predict.

If the members of the GERAKAN branch in Penang cannot coexist with one another, how can the party strive for its interests and rights in the National Front? Or retain the post of Penang chief minister?

We firmly believe that in the upcoming general election, GERAKAN will meet stiff opposition from the Democratic Action Party. If it cannot break away from encirclement, it will face a bleak future in Penang and it will not be able to safeguard the post of chief minister.

Dr Lim's retirement must come one day. Leaders of the party in Penang and throughout the land should make concerted efforts to deal with the consequences of Dr Lim's retirement.

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MALAYSIA

EDITORIAL ON CHINESE MERCHANTS' VIEWS ON TRADE WITH PRC

Selangor SIN CHEW JIT POH MALAYSIA in Chinese 14 Nov 85 p 21

[Editorial]

[Text] Since 1979, when she put into effect the economic policy of liberalization at home and opening to the outside China has not only succeeded in attracting all kinds of foreign investment but also in improving her national productivity to a certain degree. Investors all over the world are attracted by China's market, and businessmen in our country are paying attention to and studying this market.

This newspaper and the business circles jointly organized a seminar on "Trade and Investment Opportunities Under China's Open-door Policy" to help our businessmen understand China's current trade problems better.

At the meeting, various keynote speakers analyzed in detail from different angles China's current political and economic conditions and provided our businessmen with practical, useful information.

What attracted our attention most were the speeches made by the president of the Malaysian Chinese Merchants Federation, Tan Sri Wee Boon Ping, and federation vice president Wong Tok Chai. Tan Sri Wee Boon Ping stressed that "a stable and prosperous China will have a more stabilizing effect on Malaysia and other countries than a chaotic and poverty-stricken China." He said that our government should be practical and realistic in dealing with China and should boldly and courageously get rid of our historical millstones. Datuk Wong Tok Chai expressed hope that our businessmen would grasp the opportunity and make good use of their resourcefulness and experience to march toward China's market.

The remarks of Tan Sri Wee and Datuk Wong, expressed 2 weeks before Prime Minister Datuk Sri Dr Mahathir's state visit to China, carried a deep immediate significance. The reason is that these remarks not only coincide with the aspirations of the majority of our businessmen but can also be utilized as a reference for our national leaders.

Tan Sri Wee stated it aptly when he said that we "should be practical and realistic in dealing with China." As a matter of fact, during the 6-year period of her liberalization and open-door economic policy, China's economic life has undergone great changes. In view of this, Western countries and Japan have led other countries to break into the Chinese market. Members of the ASEAN organization, including Indonesia and Singapore, both of which have no diplomatic ties with the PRC, have also adopted vigorous actions one after another to open up the China market and have obtained results.

If Indonesia and Singapore had been blind to the changes taking place in China, or if they had denied the impact of China's four modernizations on the Asia-Pacific region, they would not have boldly marched toward China's market: this point is not difficult to understand. As a certain China expert from Indonesia remarked: "The reason why we have adopted a policy of direct trade with China is because of our mounting confidence that 'ideology' and 'putting politics in command' of the Mao Zedong era have been replaced by a Deng Xiaoping-led government which stresses modern reconstruction." This proves that Indonesia is dealing with China in a practical and realistic manner.

Malaysia and China have had decade-long diplomatic ties. So long as our government pays attention to summing up our experience about Malaysian-Chinese trade and attaches importance to the constructive opinions of Chinese business leaders, it is certain that we can develop trade relations between both countries and write a new chapter in the history of the Malaysian-Chinese relationship.

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MALAYSIA

BRIEFS

AGE LIMIT FOR VISITING PRC LOWERED--The Immigration Department today lowered the age limit of Chinese visiting the PRC from 65 years to 60 years old. Confirming this report, a spokesman for the Perak Immigration Bureau said today that the new ruling applies nationwide, adding that Malaysian citizens who wish to go to China for medical reasons are not affected by the age restriction. The spokesman indicated that generally speaking, in the past the authorities would not approve an application for a trip to China unless the applicant was 65 years or older, but beginning 1 November the age limit has been lowered to 60 years. Many travel agents in Ipoh commented favorably on the relaxation of the age restriction, one of whom even said that the government should consider lowering the age limit to 55 or 50 years old. A certain travel agent said that when the prime minister visits the PRC this month, he should also consider the suggestion of relaxing further the age restriction. [Text] [Selangor SIN CHEW JIT POH MALAYSIA in Chinese 2 Nov 85 p 3] 9300/9604

PROBLEMS PREDICTED FOR MCA--Datuk Dr Lim Keng Yaik, president of the Malaysian People's Movement [GERAKAN], predicted that on the basis of the results of the recent Malaysian Chinese Association [MCA] election, this party would be faced with big problems within a month. He said that the outcome of the MCA election was far from ideal. He added that if the MCA does not revise its political stance, it will meet with a tragic end. Datuk Dr Lim was speaking last night at a GERAKAN Youth banquet organized by the party's youth wing in Ipoh. He added that he learned of the political development in our country while accompanying the prime minister's visit to China. Although the MCA election was held smoothly, he added, the outcome gave him a deep impression that the MCA cannot get rid of its relationship with "big boss" politics. He held that if political objectives serve an individual's personal interests, such a party is bound to crumble. He pointed out that GERAKAN will shoulder its responsibilities in the National Front. He also praised the efforts of the youth wing in encouraging more people to join the party. Datuk Dr Lim hopes that all members will follow the party's line and objectives in carrying out their political work. He pointed out that if members have an opportunity to become public functionaries and to help the government solve national problems, we should accept the challenge and take up the responsibility. [Text] [Selangor KIN KWOK DAILY NEWS in Chinese 3 Dec 85 p 1] 9300/9604

WARNING ON OVERREACTING TO PRC POLICY--Datuk Dr Lim Keng Yaik, president of the Malaysian People's Movement [GERAKAN], said that Malaysian Chinese overreaction to the PRC's open-door policy has evoked displeasure among non-Chinese communities, particularly the Malays. He hopes that the Chinese in Malaysia view the new development in Malaysian-Chinese relations from the viewpoint of Malaysian citizens. He appealed to the three major nationalities in our country to seek common ground for cooperation in opening up new fields for Malaysian-Chinese economic development and trade. This way we can dispel mutual distrust and at the same time strengthen interracial solidarity, he added. He said that his party urges all Malaysians to grasp the opportunity of going to China to promote trade and investment. He warned the Malaysian Chinese to regard new Malaysian-Chinese economic developments with an attitude of being true Malaysians, but not to play up their racial or traditional superiority. Dr Lim made these remarks after officiating at the opening ceremony of a seminar organized by GERAKAN's women's wing. He said that non-Chinese communities are afraid that overreaction by the Malaysian Chinese might break up the entire relationship of the three major nationalities. [Text] [Selangor SIN CHEW JIT POH MALAYSIA in Chinese 2 Dec 85 p 3] 9300/9604

CSO: 4205/5

PHILIPPINES

OPPOSITION MP CALLS FOR ACCOUNTING OF FUNDS

HK290733 Quezon City ANG PAHAYAGANG MALAYA in English 16 Jan 86 p 6

[Text] An opposition member of parliament yesterday asked Prime Minister Cesar Virata and Central Bank [CB], Gov Jose Fernandez to resign because of their refusal to tell the people where and how a P7.7-billion CB money released to the government last month was spent.

MP Mel Lopez (Opp, Manila) said the two should be held "Primarily responsible for authorizing this huge amount of borrowings which are in violation of our existing agreement with the International Monetary Fund and which are detrimental to our people.

It was suspected that the money was earmarked for election spending.

Virata denied there was such borrowings, claiming that a P3.8-billion national government borrowing during the December 2-6 period which was reported by the CB was a result of a "computer error."

Another P3.3-billion was released by the CB during the December 16-20 period, bringing the total during the first 3 weeks of December to P7.1 billion.

If Virata and Fernandez could not render an accounting of the people's money, they should resign, Lopez said.

"They are supposed to serve the Filipino people and not just one person, one family or one group of people and by the very nature of the positions they hold, they are supposed to serve with the highest honesty, integrity and dedication," he said.

Lopez said the P7.1-billion total of the two borrowings matches the amount of money the CB admitted it released into the money stream in December.

"It can safely be concluded that there was in fact a P3.8-billion government borrowing for the December 2-6 period contrary to the claim of Virata that it was a mere computer error."

Even assuming that the P3.8 billion borrowing was a mere computer error, the latest P3.3 billion-borrowing which was never denied increased the total CB

net credits to the national government to P13.6 billion in violation of the existing agreement with the IMF.

"Moreover, with the P3.3-billion national government borrowing, the total country's reserve money level reached an average of P38.76-billion in the last week of December or an expansion of P7.1-billion in a span of just 4 weeks also in violation of the IMF-imposed year-end ceiling of P38.4 billion," Lopez said.

The infusion of this enormous amount of money into the country's financial system in the light of the present crisis will be extremely inimical to the people because it will push up further inflation rate, Lopez explained.

It will be recalled that after the 1984 Batasan election where there was a reported P5 billion increase in money supply, the inflation rate went up to an all-time high of 63 percent.

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CSO: 4200/652

PHILIPPINES

BUSINESS GROUP ISSUES ECONOMIC REFORM PROPOSALS

HK291456 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jan 86 pp 1, 6

[By Rosa Ocampo]

[Text] The Philippine Chamber of Commerce and Industry [PCCI], a nonpolitical umbrella organization of businessmen, has come out with proposed economic reforms curiously similar with the economic platform of opposition snap presidential bet Corazon Aquino. In an open letter to all presidential candidates, the PCCI board of directors led by Aurelio Periquet named four areas in need of reforms to restore credibility in the national leadership: free enterprise, fiscal discipline, regionalization and public accountability.

Except for regional development, the issues listed by the PCCI were the same as those raised by Mrs Aquino in speech last week before Makati businessmen. It is an open secret that majority in the business sector is wary of the continued deterioration in the economic and political fronts.

The PCCI directors urged the return to free enterprise, saying the government should reduce its intervention business to restore "free and fair competition in the market instead of undue favors, incentives and advantages through government fiat." The PCCI directors said the government should exercise fiscal responsibility as the "flagging economy" is burdened by extravagant spending matched by higher taxes. They stressed that public expenditures should be based on commensurate government's earning capacity. "It would be unwise and self-defeating to continue funding budgetary deficits with more borrowing without at the same time effecting an improvement in overall national productivity."

They also proposed regionalization or the development of the rural areas as an answer to the growing "dissidence and rebellion" in the countryside. Subversion, they said, is a manifestation of the lack of confidence by the citizens in the administration mainly because the government has forgotten the rural areas in the haste to modernize Metro Manila.

The PCCI directors also batted for public accountability, where all the operations of the government and of public corporations are open to public scrutiny and any transaction entailing disbursement from taxpayers' money is subject to public review.

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CSO: 4200/652

PHILIPPINES

TARLAC RADIO CHANGES OWNERSHIP, NEW NEWSPAPERS NOTED

HK290405 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jan 86 p 9

["Newsbits from Tarlac" column by Erlie I. Duduaco: "Mysterious Media Goings-on"]

[Text] Radio commentator Ben Gonzales got the shock of his life last week when after criticizing the leadership of President Marcos and Ambassador Eduardo M. Cojuangco Jr. over his morning program Ang Bayan [The Nation], he ended up jobless that same day.

The reason: Radio station DZXT of the Filipinas Broadcasting Corp was bought by the Radio Corp of the Philippines.

Gonzales, a staunch critic of the Marcos administration, was not even given the chance to say goodbye as he was immediately replaced in his program the day after the buy-off.

DZXT is a vocal radio station that dares to cover opposition rallies in Tarlac. Gonzales is a BBC-trained radio commentator capable of calling a spade a spade.

Now that the radio station is already owned by former KBP [Kapisanan Ng mga Brodkaster sa Pilipinas--broadcasters' Association] President Antonio Barriero (also commissioner of the National Telecommunications Commission), the opposition may not get enough coverage of its activities especially now that the campaign season for the presidency is in full swing.

The other station operating in the province, DZTC, is owned by industrialist Eduardo M. Cojuangco Jr.

With the campaign period going into high gear, Tarlacuenos were surprised to read two more local weekly tabloids, the TARLAC TIMES and the TARLAC FORUM in addition to the existing six.

Everybody knows that a sane publisher will think twice before coming out with another weekly paper to join the sardine-packed publishing industry in a province that has only 17 municipalities.

Who finances these papers remains a puzzle. But if one considers the big advertisements splashed in their pages like Minola, San Miguel brewery, Dole pineapple plus of course the personal greetings of local town officials, it would be easy to surmise the papers' ownership.

The burning of the Baron farms warehouse in La Paz town where Dona Aurora Aquino and former Sen Francisco "Soc" Rodrigo held a meeting before New Year's Day remains a mystery.

A concerned citizen who declined to be identified said that the 2 hour blaze that gutted the warehouse could have been placed under control by the firemen but no attempt was made.

The newly purchased firetruck of La Paz has no battery.

Two military men who held up a wealthy Chinese businesswoman were gunned down by police and PC [Philippine Constabulary] operatives during a brief chase in Gerona town last week.

When they were buried, everybody was surprised to witness full military honors accorded them.

There was a day and night vigil in their wake and the "taps" was played as they were finally laid to rest amidst the firing of rifles in the air.

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CSO: 4200/652

PHILIPPINES

GOVERNMENT EMPLOYEES CITE 'BLACK PROPAGANDA'

HK300246 Quezon City ANG PAHAYAGANG MALAYA in English 17 Jan 86 pp 1, 7

[By THE MALAYA probe team]

[Text] Juan de la Cruz has been footing the bill for the production of a wide assortment of black propaganda materials calculated to besmirch the candidacy of the Aquino-Laurel ticket. This was the rueful confession of several Office of Media Affairs [OMA] and National Media Production Center [NMPC] employees who have been reluctant workhorses in these two government offices' "special assignments" in connection with the KBL snap presidential poll campaign.

The "special assignments" cover the conceptualization, design and production of black propaganda materials ranging from fictitious letters to the editor to fancy "Cory Loves NPA" stickers. "They're using every vile trick in the book," one disgusted and otherwise unwilling member of a special writers' pool expressly formed at the NMPC to "concoct lies" shortly before Christmas reportedly intimated to a friend who leaked the admission to a Malaya probe team.

The writers' pool, dubbed the "dirty-tricks department" by NMPC insiders, reportedly churns out black propaganda materials from 10:00 am to 10:00 pm at the penthouse of the MBS-4 building on Bohol Avenue in Quezon city. Most of the writers in the "smear campaign" pool are reportedly employees of the Bureau of National and Foreign Information, Malaya sources said.

Quite apart from the large sums of public funds being poured into the printing of black propaganda materials directed at the Aquino-Laurel ticket, additional outlays are expected to fund sizable salary increases recently granted to a large number of NMPC employees. The agency's contractual employees recently received January-June 1986 contracts that stipulate new salary rates higher than their 1985 basic pay rates by anywhere from P500 to P2,000.

Printing presses at the Media Center Building on Visayas Avenue in Quezon city are reportedly operating at full capacity to rush the production of all manner of black propaganda materials. Free breakfast, lunch, merienda and supper from the Media Center Building canteen, allegedly owned by a daughter of Information Minister Gregorio S. Cendana, serve as incentives to the NMPC printing staff.

Despite attractive incentives recently dangled and granted by the Office of Media Affairs and NMPC to its employes, however, these two offices have reportedly been rocked by a wave of resignations and "defections" to the alternative press. Among such resignations is that of the head of the NMPC Theater Unit who is said to have resigned after declining to follow Cendana's instructions that his unit put up theater presentations in support of the KBL presidential campaign. The PHILIPPINE NEWS AGENCY has been among the hardest-hit of OMA-NMPC offices swept by resignations, MALAYA sources said.

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CSO: 4200/652

PHILIPPINES

EDITORIAL ON MARCOSES' OVERSEAS WEALTH

HK290438 Quezon City ANG PAHAYAGANG MALAYA in English 20 Jan 86 p 4

[Editorial: "Not Surprising"]

[Text] The people have ceased to be amazed with revelations emanating from foreign sources about the staggering extent of the Marcoses' wealth which has ceased to be "hidden" in the last few months. Even the reported evidence unearthed by the U.S. House subcommittee detailing "at least \$250 million worth of Marcos real estate (holdings) in the United States alone" cannot fire the imagination of many Filipinos who have known the gargantuan greed that motivates the regime's desire to perpetuate itself in power. That the Marcoses are now "in the world class of corrupt national leaders," as charged by Rep Stephen Solarz, is not exactly earth-shaking news. He might as well talk of acquisitions in parts of Europe like England, France, Switzerland, Italy or some such beautiful spots on the face of the planet.

What is \$250 million, anyway, when almost a \$30 billion loan, part of which cannot be accounted for, stares the Filipino in his face? Investigators are tracking down reports that "American money supposedly for hundreds of projects financed all over the Philippines by U.S. aid have been stolen." But what if they uncover the whole truth about this mess? Would there be legal basis to redeem the stolen money, most of which are now in real estate, jewelries and bank accounts in the U.S. and Switzerland? In our "economy where the average income is less than P40 a day," the sum of \$10 billion (P200 billion) siphoned from the country and cached abroad, according to analysts' estimates, would be more than enough to make a limping economy reel like a drunken man who cannot negotiate a flight of stairs.

It would be an answer to a prayer if that money could be restituted to its rightful owners, the Filipino taxpayers, and pumped into the economic mainstream. And this could be in the realm of the possible. After all, the conjugal dictatorship has established scholarships and foundations for destitute and deserving students, its heart bleeds for the poor, it sheds tears for them, and they looked like genuine tears.

Is it true that crocodiles also shed tears before they devour their prey?

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CSO: 4200/652

PHILIPPINES

NEPHEW ALLEGES FIRST LADY HAS GOLD IN SWISS BANK

HK301531 Manila BUSINESS DAY in English 30 Jan 86 p 22

[Text] First Lady Imelda Romualdez-Marcos has five tons of gold bullions deposited in a Swiss bank, according to her nephew Norberto Romualdez III, who has joined the opposition United Nationalist Democratic Organization (UNIDO).

Romualdez related during a meeting of the Rotary Club and the Inner Wheel Club of Caloocan how he stumbled upon this information.

While serving as commercial counsellor of the Philippine Embassy in Brussels, Romualdez said, he was contacted sometime last year by persons who identified themselves as agents for some Arab royal groups interested to buy Mrs Marcos's alleged gold.

He said he was offered \$1 million in return for simply facilitating the gold buyers' approach to his aunt. He was told that the buyers would immediately open an account in his name in a Swiss bank containing the amount offered the moment he said "yes" to the proposition, Romualdez related.

His reaction, he said, was to feel outraged and deny that Mrs Marcos would be engaged in the unlawful stashing away of such amount of gold. But, he continued, the people who contacted him told him bluntly that they had certain knowledge of the existence and ownership of the precious metal.

They feared that such a volume of gold in the hands of Mrs Marcos would be suddenly dumped into the market, with disastrous effect on the price of the metal--and the fortunes of their Arab princes and sheik clients who had invested in the commodity, Romualdez explained.

Romualdez said the Arab buyers were willing to pay 5 percent premium over the current market price for Mrs Marcos's alleged gold just to preempt any possibility of its being used for market speculation beyond their control.

Feeling "humiliated" by the encounter, Romualdez said he dismissed the gold buyers' agents by telling them to go through the official route to contact Mrs Marcos. Romualdez could not say if the gold buyers eventually got to Mrs Marcos or if she has made any sale.

At current market price, the amount of the gold possession Romualdez attributed to his aunt would amount to \$62 million.

Romualdez resigned his post in the government's foreign trade service corps this month and has been publicly campaigning for Corazon Aquino, who is challenging his uncle-in-law for the presidency.

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CSO: 4200/652

PHILIPPINES

EDITORIAL: OPLE'S 'NEW MARCOS' IMAGE 'NOT EASY TO BELIEVE'

HK300405 Quezon City WE FORUM in English 21-27 Jan 86 p 2

[Editorial: "Ople's Opinion"]

[Text] Of the yards and yards of colorful lines written to prop up the image of President Marcos through the campaign trail, one that readily stood up was the one on the "new Marcos" done by Labor Minister Blas Ople, from the historic province of Bulacan.

Ople, belaboring the old writer in him, assured himself of a place in history when he declared in Iriga City last 15 January that the next 6-year term of President Marcos "will see the most existing agenda of reform." Ople stressed that, by the grace of a new mandate "a new Marcos will emerge from the cocoon of the old" to do battle against economic decline and the internal security threat.

Such glowing words from a one-time writer. However, it was obvious Mr Ople failed to restrain his suddenly prolific pen when he proceeded to declare that, if reelected, reject all forms of worldliness and the importunings of friends and associates for self-aggrandizement."

Excuse the vision but this line was an indirect dig, if not outright admission, of how the president had failed to temper his worldliness, control the lust for riches of those close to him, during his past years in power.

Anyway, as Mr Ople would like the electorate to believe, what the younger and healthier Marcos failed to fulfill in the past 20 years, an older and visibly faltering Marcos could achieve if given another term.

That's not easy to believe.

As the saying goes, you can't teach an old dog new tricks. But Mr Ople is entitled to his own opinion. It could be that he is convinced some help and training from a foreign master like, say, dear old Uncle Sam could do the trick.

Actually, it's easy to sense that what Ople had originally wanted to drive at was that Marcos, being full, won't clamor for more enormous riches in his remaining years. In street parlance, they put it thus: Busog na, hindi na magnanakaw. [He's full so he won't steal]

That, also, is not easy to believe. But Mr Ople is entitled to his opinion.

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CSO: 4200/651

PHILIPPINES

WE FORUM REJECTS BOTH SIDES IN ELECTION

HK300907 Quezon City WE FORUM in English 21-27 Jan 86 p 6

[By Sonia Dipasupil]

[Text] With only a little more than 2 weeks before the 7 February electoral exercise swings--barring seen and unforeseen circumstances--to its just conclusion, we find the respective protagonists engaged in a duel of charge-swapping, and overzealous supporters bungling up their act on one hand, and leaving a trail of poll violence, on the other.

Even at week's end, the old issue on the opposition's alleged Red links had not died down. If at all, it has even taken on a new twist, with Cory Aquino declaring loudly and clearly that she is not a communist, never has been a communist, nor will she ever be one, and vowing to fight "with all means at her disposal," those who refuse to lay down arms.

And while particularly hardworking KBL supporters manage only to hurt their campaign with serious charges of bribing school teachers and barangay officials, padding voters' lists and using government funds to churn out black propaganda materials and campaign letters, the opposition suffered five casualties in what appears as the first wave of electoral violence.

As these go on, the opposition ticket is charged with inexperience and ambiguity of platform with vice-presidential bet Arturo Tolentino likening an opposition victory to entrusting a bus-load of 54 million Filipinos to one "who has not even driven a tricycle," and the communist party accusing them of "vacillation and equivocation" and "flip-flopping" on the U.S. bases and insurgency issues.

Meanwhile, U.S. "observers" have flocked to the country in droves to monitor the elections, the latest in a series of apparent U.S. interventionist moves.

In an electoral duel that promises no victors, only 54 million victims, only one thing is clear: to the real victor goes the spoils.

With both sides now mouthing similar, though thinly-disguised pro-U.S. and anti-communist lines, no real electoral options appear open. Instead, the people are confronted with mere variations on the same theme: Engage Washington support, wipe out the communists, then fashion a democracy that is "strictly Filipino." Note that "strictly Filipino" does not necessarily mean strictly pro-Filipino.

The fallacy of Mr Marcos' argument (which Mrs Aquino has not also adopted as her own) that the elimination of the country's communists is indispensable in rebuilding the nation, is that it fails to consider why there are communists in the first place. It fails to address the real issues. There are communists because Marcos' "democracy" has failed and because this leaves a very wide room for options other than the democracy that has impoverished and oppressed us. To "wipe out" the communists without erasing the conditions that created the need for them can only spell disaster, and 54 million victims.

As to the spoils, there is no debating who would get them.

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PHILIPPINES

WEALTHY OPPOSITION SAID SENDING FAMILIES ABROAD

HK291328 Quezon City VERITAS in English 21-27 Jan 86 p 3

[By Rene Pastor]

[Text] "If President Marcos wins in this election, I'll be in trouble. I don't have the money to get my family out of the country," declared Misamis Oriental MP Homobono Adaza. "There have been no takers in my offer to sell our land in the province. Many oppositionists have spirited their families out of the Philippines until a winner is proclaimed after the 7 February elections," continued Adaza, while declining to name any opposition of KBL family that has pulled up roots to cool their heels abroad.

Other sources revealed that some members of the family of former Vice President Fernando Lopez are now out, along with those of Benigno Aquino's sister, Lupita Aquino Kashiwahara. Also reported to have sent her entire family to another country is Tessie Oreta, a sister of Ninoy Aquino.

"I don't have the money to leave this country so I'll have to go into hiding if Marcos gets a new mandate in the presidential pools," said Adaza. "How can I fight him. I have no weapons for a private army. He has the armed forces and the CHDF [Civilian Home Defense Forces]. This is like a chess game, but pieces like me are only human beings."

There are also reports that many businessmen who are supporting Mrs Aquino from their rooftop offices in Makati are clearing their decks, opening dollar accounts in Hong Kong and Singapore before getting the "members of their families out, one by one."

The reason for all the skittishness was explained by one longtime political observer. "Look at the opposition," he pointed out. "They have no organization. There is no overall campaign manager who can call the shots so Cory's drive to become president can be coordinated with all those groups supporting her. That manager could have been Joey Salonga. Manpower for goons to counter the armed ones trained by the KBL from military and para-military groups is not there. They also don't have enough money to pay their watchers."

The observer said this is a good reason why many rich Filipinos are getting their families out of the country in the event Mrs Aquino loses. "A Marcos win

on 7 February will be taken by the president as a fresh mandate that wipes clean all those issues against him like human rights violations, hidden wealth, mismanagement of the economy, and the like," said a lawyer in the human rights group Mabini. "A Marcos win gives him the license to crack down some more. Those rich oppositionists wouldn't want to be around when the Ilocano in Malacanang does that."

"Don't scratch your head if Homobono Adaza really met the first lady to cut any kind of a deal," added the journalist observer. "Those oppositionists who left Marcos and may now want to get back or are shipping their relatives outside the country want to protect their families and vested interests in case the president wins on 7 February."

A slew of deals seems to be in the works for many politicians on both sides of the political fence. All the equations center on the winner of the contest between Cory Aquino and Ferdinand Marcos next month. "I know what it would feel like to be in a Marcos prison," asserted Adaza. That is a good reason why, he says, he won't be changing shirts to the red, white and blue "anti-commie pinko" line of the ruling party.

But there had been strange goings-on lately. So don't be surprised if the luxurious houses in Forbes Park, Corinthian Gardens or Dasmarinas Village are ominously silent and empty when the people choose their next president on 7 February.

As usual, the rich protect themselves because they have more money.

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CSO: 4200/651

PHILIPPINES

EDITORIAL HITS PRINTING OF NEW MONEY FOR ELECTION

HK010712 Quezon City ANG PAHAYAGANG MALAYA in English 25 Jan 86 p 4

[Editorial: "Of Grave Concern"]

[Text] The reported printing of new money worth P3.5 billion to finance the "massive vote-buying campaign of the KBL" for the February 7 election should be a cause of grave concern for every Filipino. According to former Finance Secretary Dominador Aytona, who should be given credit for knowing what he is talking about, the new money has to be printed because the P3.5 billion special activities appropriation cannot come from tax collection and, being listed in the 1986 budget under special activities, may be used by President Marcos for any project he wishes.

What this kind of money, plus a reported P10 billion government money intended to be utilized by the KBL for the ongoing campaign, presages for the ordinary citizen, is alarming to contemplate. The further devaluation of the peso from its present P19 to the dollar is reasonably expected with P25 being mentioned as a very likely figure. The former senator cited the Batasan elections in 1984 when money supply increased by 91.7 per cent after the polls which violated the CB [Central Bank] charter that fixes expansion of money in circulation to only 15 per cent. The lopsided increase was attributed to a sudden over-supply of money in the economic mainstream, without any back-up from the CB or any appreciable increase in the supply of prime commodities. Thus inflation ate up all the artificial monetary aids doled out to the mass of the electorate and cruelly cheated them out of whatever bonanza came their way.

The scenario is being repeated right now--and on a more massive scale. The amount of P15.5-billion is not exactly peanuts, however much [of] the peso has deteriorated. Reports of between P3.5-P7-million per KBL assemblyman and governor, depending on the size of the constituency and the politician's particular clout, are rife and rampant as the campaign nears the awaited home-stretch. How much of this money will filter down to the ward leaders is still anybody's guess, considering the traditional greed of politicians. In the end, it is always the people who will be taken for the usual ride.

But most voters now have ceased to be the ignorant yokels they have been before who were easily hoodwinked by election promises and a paltry sum of voting money. At least, they have become sophisticated enough to be willing to accept any amount of grease money, which they know were stolen from them in the first place, and to vote according to their best lights.

PHILIPPINES

LABOR LEADER ON TRADE UNION SUPPORT FOR MARCOS

HK300608 Manila BULLETIN TODAY in English 29 Jan 86 p 16

[Text] National Labor Coalition (NLC) Chairman Andres L. Dinglasan Jr said yesterday that majority of federations affiliated with the Trade Union Congress of the Philippines (TUCP) are supporting the Marcos-Tolentino ticket.

Dinglasan, who is TUCP executive vice president, also took exception to a statement issued by TUCP President Democrito Mendoza that the prevailing sentiment in the organization is for the Aquino-Laurel team.

He said the signatures of 18 TUCP affiliates on the manifesto supporting the Marcos-Tolentino team belie the allegation of Mendoza who, he said, is "Obviously an opposition sympathizer hiding under a Namred [expansion unknown] mask."

Dinglasan, however, affirmed that TUCP as an organization is non-partisan and is working for free, honest and clean elections in accordance with Resolution Nos 18 and 41 adopted during the TUCP Third Triennial Convention.

A TUCP General Council meeting made the clarification that individual federations on their own can support and work for the election of candidates of their choice provided TUCP's name is not used for these partisan activities.

"I do not understand why a TUCP official should be upset over the publication of a National Labor Coalition manifesto of support for the Marcos-Tolentino team signed by various labor organizations including 18 TUCP affiliated federations," Dinglasan said.

"These organizations under the TUCP have all the right in the world to use TUCP's name because they are and continue to be TUCP members, But we internationally did not affix TUCP to their federation names precisely to avoid giving the impression that TUCP is partisan for one candidate or another.

"When Bro Mendoza said in [a] statement yesterday the TUCP is not for Marcos, he should in the same vein said the TUCP is not also for Aquino to maintain his non-partisan position.

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CSO: 4200/653

PAPER CLAIMS PRE-ELECTION DEFECTIONS FROM OPPOSITION RANKS

HK311622 Manila TIMES JOURNAL in English 31 Jan 86 pp 1, 3

[By Angel Tugado]

[Text] With only 8 days to go before election, opposition ranks appear to be rocked by defections.

Yesterday alone, more than 1,000 ward leaders and election volunteers in Tondo reportedly belonging to the United Nationalist Democratic Organization [UNIDO] crossed over to the ruling Kilusang Bagong Lipunan while another 151 opposition men in Paranaque and Las Pinas have also broken ranks and joined the Marcos-Tolentino Movement.

The 50,000 members of the Liberal Party [LP]-Salonga wing in Negros also decided yesterday to support President Marcos, according to TIMES JOURNAL correspondent Satch Conta in Bacolod City.

The new KBL members pledged support for the president during ceremonies at the New Mandate for Marcos Movement headquarters in Intramuros where the Tondo leaders took their oath of affiliation before Labor Minister Blas Ople yesterday morning.

Sources at the ruling party said the mass defection would cripple opposition efforts to win in Tondo because most of the defectors were assigned as poll watchers by the UNIDO.

Asked why they decided to join the KBL, the leaders and volunteers said that they were convinced of the good intentions of the ruling party candidates.

Most of those who joined the KBL were supporters of opposition member of parliament Mel Lopez, sources said.

Carrying posters which read "Sa tatag ni Apo kami ay sumuko--UNIDO" [We have surrendered to the chief's side--UNIDO] and "UNIDO noon, KBL ngayon," [UNIDO then, KBL now] the group marched from Tondo to the movement headquarters in Intramuros where they surrendered their UNIDO IDs in exchange for those of the KBL.

In Paranaque and Laso Pinas, Ilocos Norte Governor Ferdinand R. Marcos Jr, national chairman of the Marcos-Tolentino Movement (MTM), swore into the movement former oppositionists led by businessman Paul Tolentino and lawyer Boy Rodriguez.

The group said they decided to campaign for the KBL because they "have come to realize that Cory Aquino has none of the qualifications for the presidency.

Meanwhile, what remained of the opposition machinery in Negros broke down yesterday with the decision of the 50,000-strong LP-Salonga wing to support the president.

Former Congressman Felix Amante, LP titular head for Negros Occidental and Negros del Norte, announced the party decision after a caucus at Casa Noble restaurant.

Amante had earlier informed the president of their intention to support him when the president was in Bacolod last Monday.

Alleging that they were excluded from the opposition campaign, Amante claimed the campaign was taken over by politicians and oppositionists who not only formed a cordon sanitaire around Aquino but also attempted to use the LP for their own ends.

Among those named by Amante as having ambitions to lead the opposition by using the LP machinery were MP Wilson Gamboa, UNIDO provincial chairman; Roger Reyes, spokesman of the New Alliance for Sugar Planters and head of the Negros for Aquino-Laurel Movement; former Bacolod Mayor Romeo Guanzon, chairman of the Cory Aquino for President Movement; and Alex Espino, president of West Negros College.

Amante claimed that the machinery which UNIDO boasted of is actually that the LP, which he further claimed, has been responsible for opposition victories in the province including the election of Gamboa in the 1984 Batasan elections.

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PHILIPPINES

BLACK MARKET SUSPENDS U.S. DOLLAR TRADING BEFORE ELECTION

HK030823 Manila PHILIPPINES DAILY EXPRESS in English 1 Feb 84 p 20

[By George T. Neruez]

[Text] An upsurge in demand for blackmarket dollars prompted the so-called 'Binondo Central Bank' [CB] to suspend foreign currency buying-selling activities starting last Wednesday.

According to knowledgeable sources suspension of the illegal foreign currency operations was intended to stem the massive flight of dollars as indicated by the sharp fall in the blackmarket rate.

They said the heavy demand for the greenback started building up mid-January when the Binondo blackmarket rate shot up almost 50 centavos to P19.90 to \$1.

The most recent Binondo rate was P20.30 to \$1, which was P1.21 more than the official peso-dollar rate of P19.09 to \$1.

The rate outside of the 'Binondo CB' has reportedly reached P20.70 to \$1, the sources said.

In the past, buyers had to show proof, such as letters-of-credit, to be entitled to foreign exchange from the 'Binondo CB,' the sources said.

Lately, however, almost anybody can get foreign exchange from the bank, especially in the form of telegraphic transfers, they said.

The recent upsurge in demand has been fueled by renewed speculations over the peso because of the presidential snap elections next week.

The sources said the suspension of the 'Binando CB' operations was caused in part by the recent spate of criticisms on its alleged failure to perform its role of helping stabilize the value of the peso against the U.S. currency.

The sources said the 'bank' would remain closed for 2 weeks although operators said buying and selling activities would be suspended for only a week.

They said the activities of the Binondo CB which operates with the tacit approval of trade and monetary authorities, have gone out of bounds. Some

blackmarket traders were reportedly under investigation to explain the wide spread from the official bank rate and, who were benefitting from the huge profits.

The Binondo CB has a daily turnover of about \$5 million which means a profit of P2 million or about P700 million yearly.

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PHILIPPINES

FORMER ENVOY CRITICIZES LUGAR, NAMFREL TIES WITH U.S.

HK040800 Manila PHILIPPINES DAILY EXPRESS in English 3 Feb 86 pp 1, 14

[Text] Former Ambassador J.V. Cruz said yesterday the demand of U.S. Senator Richard Lugar, chairman of the U.S. Senate Foreign Relations Committee, that Namfrel be permitted to carry out its Operation Quick Count "has finally and conclusively given away the umbilical cord that has always tied Namfrel to colonialist elements in the United States and the U.S. Government."

Cruz said the leaders of Namfrel, "if they are self-respecting Filipinos, should firmly tell Lugar that internal election arrangements in this country are purely and exclusively the business of the Filipino people and that he should shut up and keep out of what is none of his business." He added: "But I am afraid nothing like this will happen, firstly, because the leaders of Namfrel glory in being atchoys [gofers] of the Americans, and secondly, they cannot afford to bite the hand that feeds them."

Cruz said it was "sad" that so-called stalwarts of the Filipino business community like Jose Concepcion Jr, Vicente Jayme, and Vicente Paterno should allow themselves to be exposed by an American atchoys and to protect them from embarrassment and humiliation, since they are known to be respectable Filipino business leaders. But it is a fact that caciques have never bothered with the sensibilities of their retainers."

In the light of the fact that Senator Lugar and his observers are coming to the Philippines at the invitation of President Marcos, Cruz said that Lugar "as early as now has begun to exceed the bounds of the normal well-mannered guest." He said: "President Marcos has told them they may have a room in the house. Now they are demanding that they take over the whole house."

Cruz said, Lugar's next move will probably be to tell the Commission on Elections who should be named chairmen of the election boards throughout the country. "Maybe Lugar would like to take over as chairman of Comelec," he added. "This would send the leaders of Namfrel into spasms of ecstasy."

Cruz said lugar's "aggressive proselytizing" for Namfrel "has finally spilled the beans as to who has been funding Namfrel all along." He said: "Obviously Lugar wants to get full value for money, and this is why he wants to make sure that Namfrel is given the chance to play its pre-planned insidious role of broadcasting fabricated returns aimed at projecting a big victory for the opposition."

PHILIPPINES

KBL'S TOLENTINO ON ELECTION, POLITICAL ISSUES

PM070937 Barcelona LA VANGUARDIA in Spanish 3 Feb 86 p 9

[Interview with Philippine vice presidential candidate Arturo Tolentino by Sylvia de Bejar in Manila; date not given]

[Excerpts] [Bejar] After declaring the election unconstitutional, you finally decided to accept your nomination as candidate for the vice presidency. Do you believe that your decision has cost you credibility among the public?

[Tolentino] The Supreme Court declared that the election is constitutional, and whatever our personal stance, we must respect its decisions, because it is the guarantor of the constitution.

[Bejar] And your credibility has not been affected?

[Tolentino] No. It does not affect my credibility; if anything, it affects Mr Marcos' credibility. Basically, it means that the president discovered that he made a mistake in asking me to leave my post at the Foreign Ministry and decided to compensate me for it.

[Bejar] Is the New Society Movement [KBL] certain of its victory?

[Tolentino] I am just a candidate. I do not know what the party believes, but I feel that they are certain that we will win. I admit that at the start of the campaign we were somewhat uncertain, but now victory is within our grasp.

[Bejar] Has the accusation that you are going to rig the election anything to do with this?

[Tolentino] These accusations are always leveled. The opposition is preparing an excuse for when it loses. It is not the first time that these things have been said.

[Bejar] Let us imagine that the opposition wins the election. Will the KBL and the military accept this?

[Tolentino] If that is what the people want, we will all accept it. But, just a few days away from the election, I can see victory clearly.

[Bejar] How will you maintain your critical stance as a member of Marcos' government?

[Tolentino] I have never been an activist against the KBL. I have always been a member of it, but even so I have acted as a critic. I have always been highly critical. If I attain the vice presidency, I will continue to act in the same way.

[Bejar] If the Marcos-Tolentino team wins the election, what will change?

[Tolentino] It is obvious that Marcos wants to make changes in the government. One point is the revision of the Sixth Amendment. I believe that he must relinquish his legislative powers, and I know that he has ended up thinking in the same way, and that is why he has said that he will allow a revision of the constitution.

[Bejar] How will it affect the military?

[Tolentino] The reforms are necessary. When I am vice president, I will know to what extent and I will tell Marcos.

[Bejar] And General Ver?

[Tolentino] That is the president's province. I will deal with this after the election.

[Bejar] What can you say about the issue of the alleged dirty money which Mr and Mrs Marcos and their close friends have invested abroad?

[Tolentino] I do not know what you mean. I want to see the evidence. In this country there is a presumption of innocence. In order to investigate, it is necessary to have evidence.

[Bejar] But did you not say not long ago that, if you attained power, you would investigate the accusations about Mr and Mrs Marcos' alleged corruption?

[Tolentino] That is a lie. When the motion to oust Marcos was being prepared, I asked to be shown the evidence. Above all, I am a lawyer, and I want evidence.

[Bejar] What is your opinion of the opposition, specifically, of Mrs Aquino?

[Tolentino] I do not wish to give my opinion about opponents; the people will do it for me.

[Bejar] What is your opinion about the U.S. observers' arrival?

[Tolentino] They may not like what I say, but I believe that some of them just want a free trip to the Philippines. As long as they do not interfere in our campaign and in the electoral process, I can see no objection, although there

are some people who forget that they are our guests. The election is a matter of domestic politics; that is, all foreigners should remain neutral, and that is what the Reagan administration is doing--attempting not to favor any candidate.

[Bejar] Washington's interest in keeping its bases on Philippine territory is clear.

[Tolentino] The bases will remain until 1991. Then, if they wish to stay here, we will negotiate. We will ask for more money. Personally, I want them to stay, but I believe that we should receive compensation for the dangers we incur by having them on our territory.

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CSO: 4200/673

PHILIPPINES

GROUPS STUDYING MARCOS' REFORM PROPOSALS

HK041002 Manila TIMES JOURNAL in English 3 Feb 86 pp 1, 10

[By Vicente Tanedo]

[Text] Several top-level study groups are now looking into reform policies and programs that President Marcos would carry out if reelected.

The President said these teams would gear such programs to problems and opportunities the nation faces in the next 6 to 10 years and even beyond.

"The object is to enable us to plan for longer-term problems of economic modernization, political development and social concern that need to be faced over the foreseeable future," the president said in a statement yesterday.

According to the president, ways are also being improvised to take advantage of new opportunities that will enhance the economy for the benefit of the "emerging social forces" within the population.

Mr Marcos identified these forces as the landless agricultural workers, people who migrated to the cities but ended up in worse economic shape and the expanding middle-class families whose children are prime targets of radicals in the universities.

If the political system could not adjust itself to these new social forces, the government would have to rely increasingly on coercion, the President pointed out.

For this reason, the president said, it is vital that government does not forfeit all the possibilities of peaceful change.

In line with this new spirit, the president said that, if given by the people a new term, his economic program would stress the fight against poverty and bridge the gap between rich and poor.

The government's forthcoming antipoverty program will give priority to raising the levels of income and living conditions of the people working in the farms.

The president predicted that agricultural production, once accelerated, would provide opportunities for those living in the rural areas. To this end, he proposed the opening up of more lands for agricultural purposes that would also broaden the export economy.

He expected the growth of cities to normalize with light industries operating more extensively in the rural areas.

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CSO: 4200/674

PHILIPPINES

FORMER MNLF LEADER ENDORSES MARCOS, HITS AQUINO, COMMUNISTS

BK040809 Manila PNA in English 0722 GMT 4 Feb 86

[Text] Manila, 4 February (PNA)--A former Muslim separatist guerrilla leader Tuesday said he would resume fighting against the government if opposition bet Corazon Aquino defeats reelectionist President Ferdinand Marcos in Friday's polls.

"I will go back to the hills," said 32-year-old Nur Khan, former military tactician of the banned Moro National Liberation Front (MNLF) headed by foreign-based chieftain Nur Misuari.

Khan, who surrendered to President Marcos last year, said he was taken aback over the plan of Aquino, the 53-year-old widow of the late former Senator Benigno S. Aquino Jr, that she would call for a ceasefire with the communists if she wins in the Friday's polls.

"If they (the opposition) will legalize the Communist Party of the Philippines, God forbid, we will fight them," he said.

He recalled that when he was still an active secessionist leader in the southern Philippine province of Davao Del Norte in 1983, his men were treacherously butchered by communist guerrillas.

At the time, he added, the MNLF and the communist New People's Army (NPA) had agreed to forge an alliance.

"We lived together in the same camp and shared the same kitchen," he said.

"But when we could not accept the communist proposal for certain offensive actions against the government, they started killing our brother Muslims," Khan said.

Khan, once the MNLF liaison officer to the Islamic Conference Secretariat in Saudi Arabia, said he surrendered to Mr Marcos for two reasons: the realization that the government was sincere in its efforts to make life better for the people, especially the Muslims, and his desire to help fight the growing menace of communism.

He said he has organized a team of 50 foreign-trained former MNLF rebels and 1 "Ulama," or religious teacher, to explain the issue involved in the [words indistinct].

The former rebel commander said it is only President Marcos who can lead the Filipino people effectively against the inroads of communism.

"Don't want Russia or China to expand their influence to our country," he said.

Khan also said he met former Senator Aquino in Damascus, Syria, in June 1981 when Aquino discussed with Misuari plans for toppling the Marcos government.

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CSO: 4200/675

PHILIPPINES

PHILIPPINES DAILY EXPRESS ENDORSES MARCOS-TOLENTINO

HK061523 Manila PHILIPPINES DAILY EXPRESS in English 6 Feb 86 pp 1, 6

[Editorial: "'EXPRESS' Endorses Marcos, Tolentino"]

[Text] Tomorrow's election will be unique in our post-war history. It takes place at a time of unprecedented crisis in our life as a nation and as a free republic.

The tension that has characterized the campaign in a sense merely reflects the importance ordinary Filipinos themselves give to the elections. As everyone knows by now, the crisis is primarily economic. But the existence of an insurgency eating away at the bases of government authority has added a fearful dimension to our economic difficulties.

The immediate question that faces the electorate is to decide which of the competing teams--President Marcos and Assemblyman Tolentino for the ruling party; Mrs Corazon Cojuangco Aquino and former Assemblyman Salvador Laurel for the dominant opposition--could better see our country through its economic and security crisis.

The basic question is: What will the future of this country be? For we are at such a turning point in our history that what the new administration will do--and not do--over the next years can decisively influence the entire development of national society clear to the 21st century.

Over the past 45 days the candidates have crisscrossed the country speaking on the issues. Now that the campaign is over, it is the electorate's turn to speak out through the ballot box.

Our own choice is clear. The EXPRESS unequivocally endorses the Marcos-Tolentino ticket. We do so because we do not believe the Aquino-Laurel team as either capable--or even willing--to deal firmly with the insurgency, which threatens the Philippine state with an irrevocable tyranny. We regard Mrs Aquino's effort to ride the communist front-organizations to electoral victory as dangerously naive. Like her brother-in-law's flirtation with the NLF secessionists, it is an irresponsible effort to substitute conspiratorial groups for popular support.

As for Mrs Aquino's economic policy, she had admitted it is merely a rehash of Mr Marcos'. All she would add to it is her well-known sincerity. Unfortunately that virtue in Mrs Aquino has recently been put to doubt by the plight of over 6,000 tenants at her family's Hacienda Luisita.

Thus we fear a victory for the Aquino-Laurel team will merely worsen the present crisis. By contrast, the ruling party's candidates have the leadership qualities, the experience, the courage, and the intelligence that our country needs to make its way out of its difficulties to the good society our people deserve. That is why we urge our readers to support Mr Marcos and Assemblyman Tolentino.

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CSO: 4200/673

PHILIPPINES

BAYAN LEADER DENIES BOYCOTT ISOLATES MOVEMENT

HK060716 Hong Kong AFP in English 0649 GMT 6 Feb 86

[By Joel Paredes]

[Text] Manila, 6 February (AFP)--The Philippine left has found itself isolated after calling a boycott for tomorrow's presidential election, but the movement's new leader feels the stand will be justified by the election result.

"No dictator has ever lost in an election so (President Ferdinand) Marcos, although unpopular, will surely win... by all means, including the use of fraud and terrorism," Rolando Olalia, president of the boycott alliance Bayan [New People's Alliance], told AGENCE FRANCE-PRESSE.

Things would be little better if opposition Corazon Aquino won, Mr Olalia said, because "we are not assured of a change in the political and economic system."

But many Bayan supporters apparently do not share this view.

Unlike the 1981 presidential election, when the opposition boycotted the poll, leaving the field free for Mr Marcos to claim more than 90 percent of the votes, this year's boycott has isolated the left, observers say.

Recent boycott rallies have attracted only hundreds, or at the most 2,000 or 3,000 supporters, while Mrs Aquino has attracted as many as half a million supporters at a single rally and Mr Marcos more than 100,000.

Part of the problem is that many Bayan members quit to support Mrs Aquino when the boycott decision was taken in December.

Mr Olalia, a militant labour leader, took over the Bayan helm after former Senator Ambrosio Padilla and Boyan Chairman Lorenzo Tanada opted out to campaign for Mrs Aquino.

Observers said Bayan was facing a political dilemma since the moderates and liberal democrats immediately left the alliance to join Mr Tanada and Mr Padilla and help forge Mrs Aquino's Laban ng Bayan [People's Struggle] Coalition.

Bayan, which claims the support of about 500 labor, student, farmers', church, and professional groups, decided to shun the polls after Mrs Aquino refused to

back the alliance's platform, which includes the immediate dismantling of U.S. military bases in the Philippines.

At the same time, the boycott move has exposed Bayan to charges from Mr Marcos' supporters that it is "communist-oriented."

The banned Communist Party of the Philippines (CPP) has urged a boycott, saying that a Marcos victory was a "foregone conclusion." Leaflets from the communist-led New Democratic Front (NFD) were handed out at a recent boycott protest.

Mr Olalia admits that the boycott stand is "quite unclear" because many Bayan members had declared that they would support Mrs Aquino's candidacy before Bayan's boycott decision.

But he said he doubted that the decision had isolated the left, saying that his was "the only organized group which represents the people's struggle for basic rights."

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CSO: 4200/675

PHILIPPINES

RAMOS SAYS CPP-NPA WILL NEVER NEGOTIATE AFTER POLLS

HK061531 Manila PHILIPPINES DAILY EXPRESS in English 6 Feb 86 p 8

[By Leo Enriquez]

[Text] Cebu City--Lieutenant General Fidel Ramos, AFP vice chief of staff, said Wednesday that the Communist Party of the Philippines [CPP] and the New People's Army will never lay down their arms and negotiate, even if the opposition wins in the 7 February elections.

Ramos made this disclosure in a conference at Camp Sergio Osmena Sr, after an assessment of the peace and order situation in Central Visayas with RUC [Regional Unified Command] 7 Chief Brigadier General Renato Ecarma.

Ramos said the CPP-NPA will not abandon the armed struggle they are now waging because their ultimate aim is the seizure of state power.

"We must remember," Ramos said, "that insurgency does not stop during the election as communists are engaged in both the parliamentary and armed struggle."

Citing the history of the communist party, Ramos said there was only one instance in the past when local communists had agreed to negotiate, out of the necessity to survive.

Communists, he added, will only come to the conference table as a matter of strategy and tactics, but never to compromise the armed struggle.

Ramos said this has been proven several [times] by communist insurgency which eventually winded up under the rule of a godless ideology.

He pointed out that recently captured documents indicated that the CPP-NPA will intensify their "agaw armas" [seized arms] campaign and will attack isolated military and police stations on election day as part of their plans to disrupt the polls.

The armed forces, he said, is on top of the situation and can handle any outbreak anywhere in the archipelago, adding that 78,000 fully trained men will be deployed on election day as a peace keeping force.

As of yesterday, Ramos said, 62 election-related incidents have been recorded. In the 1984 elections there were 118 cases; in 1981, 178, and 180 in 1980.

During the same press conference, Ecarma said that 17 barangays in Metro Cebu were tagged as hot spots, including some mountain barangays in Toledo City, in the towns of Balamban, Boggo, and Talisay.

In the region, Ecarma added, Negros Oriental has 9 potential hot spots, 14 in Bohol, and 2 in Siquijor Island. But Central Visayas will be generally peaceful on election day, he said.

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CSO: 4200/673

PHILIPPINES

RADIO COMMENTARY HITS PLANS TO PROCLAIM AQUINO PRESIDENT

HK090549 Quezon City Maharlika Broadcasting System in English 0520 GMT 9 Feb 86

[Text] A helicopter landed in the hometown of the distinguished speaker of the Batasang Pambansa, Mr Nicanor Yniguez, proclaiming that Cory Aquino had won the presidential election and announcing to the people that she had won. They also had placards, and they urged the church, or the priest, to ring church bells. This happened in the hometown of Speaker Yniguez. A helicopter--we don't know who that helicopter belongs to--landed there selling placards and proclaiming that Cory Aquino had won the presidential elections, and asked the church leaders to ring the church bells.

Now Namfrel [National Citizens' Movement for Free Elections] volunteers are reportedly going and try to collect ballot boxes from the people who are authorized to keep them. There is a very specific instruction being given out to mayors and governors not to allow Namfrel people to take hold of ballot boxes, because this is not their function and certainly it is going beyond the bounds of the law. So the mayors, all the mayors and all the governors, are asked not to allow Namfrel people to gather any of the ballot boxes.

The other thing I learned is that what was done in the hometown of Speaker Yniguez they plan to do in several other towns, go around and proclaim Mrs Cory Aquino as winner of the presidential election, and I've got news for you, they are planning a proclamation of Cory Aquino at Liwasang Bonifacio.

It is very clear to most of us, indeed to most rational human beings in this country at the moment, that there is a deliberate attempt to try and provoke both the government, the party in power, and supporters of the government and party in power to react to the provocations, so that some of our friends from across the seas might be able to get some pictures of this and develop what they think will be good stories for them and for their listeners.

But the president, as he said last night, and the party leaders of the KBL, and all the men in government have cautioned against being provoked and asked our people to stay calm and the leaders to stay calm, cool, and collected, use maximum tolerance. But of course they have to protect the law, and if they find anybody going beyond the bounds of the law, they will be [word indistinct].

Now along Bienvia Esta, there are jeeps with loudspeakers saying that President Marcos has conceded and carrying posters that President Marcos has conceded.

One can never understand from where the people who get this information, from where they get the figures, even the Namfrel figures as of this particular time do not come anywhere near 50 percent of the total votes cast in this election, yet the opposition and some of their supporters and some of the people who are obviously behind the scenes pulling the strings are going around trying to create or develop a situation where our people will be provoked and, it could lead to an unfortunate situation.

Attorney Reuben Canoy, presidential candidate of the Social Democratic Party, precisely warned against this last night, this attempt to provoke. He said, and I quote, Mrs Aquino is losing control of the situation, we would ask her to rethink her position, and that she is now being manipulated by those behind her, whom he referred to and people some of whom he knew with shadowy backgrounds.

We would like to once again appeal to our friends, even though some of them may not be our friends in the opposition, to please exercise sobriety and good sense, and not to try and provoke a situation that they may not be able to control. It would be terribly unfair to our nation and people.

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CSO: 4200/675

PHILIPPINES

ROLE OF CHURCH IN PHILIPPINE ELECTIONS NOTED

HK090540 Hong Kong AFP in English 0535 GMT 9 Feb 86

[Text] Manila, 9 February (AFP)--Bishops, priests and nuns by the thousands kept a vigil during counting in the Philippine presidential election in response to the rousing call of the Catholic hierarchy to march for "the forces of virtue."

Many foreign correspondents covering the polls nationwide told of incidents where nuns guarded the ballot boxes with their bodies, stood unflinching as goons threatened them with armalites, and prayed and sang for divine guidance.

In remote towns and villages, priests were at the vanguard of the National Citizens Movement for Free Elections (Namfrel) whose quick count had opposition candidate Corazon Aquino leading over President Ferdinand Marcos.

The Namfrel leadership under Chairman Jose Concepcion has called these priests and nuns the "Namfrel marines."

If they are marines, their commander-in-chief is portly Jaime Cardinal Sin, archbishop of Manila who almost hourly appeals over the Catholic and pro-opposition Radio Veritas to fight for right and virtue.

Almost half-hourly, the radio blares the protestant religious martial tune "Onward Christian Soldiers, Marching As To War." Some parents say even their small kids march to the song--never before heard on the Catholic station.

In a recent interview, the cardinal said the elections were a confrontation between "the forces of evil and the forces of virtue" and between "the children of darkness and the children of light."

Also in the church crusade for clean and honest elections is Ricardo Cardinal Vidal, president of the Catholic Bishops Conference of the Philippines who has urged the priesthood to fight for "the purity of the ballot."

There are more than 6,000 priests and 15,000 nuns in predominantly Catholic Philippines. A small handful, led by rebel priest Father Conrado Balweg, has joined the communist New People's Army.

Another notable church figure in Namfrel is brother Rolando Dizon, president of the Catholic Educational Institution La Salle Greenhills, who mans the Namfrel quick count headquarters in La Salle in Manila's northern suburbs.

Another fighting church figure is Bishop Antonio Fortich in the south, whose anti-government salvoes were quite pronounced during the electoral campaign. Bishop Teodoro Bacanixn aide to Cardinal Sin, also mans the church barricades.

Best known among the religious sisters are Christine Tan, who has long ministered to Manila's slum-dwellers, and Mariani Diamaranan, who heads a religious task force protecting the rights of political prisoners.

The two sisters are familiar figures whenever anti-government demonstrations erupt in Metro Manila's streets and electoral vigils are held.

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CSO: 4200/675

PHILIPPINES

REPORTS SUMMARIZE VIOLENCE, FRAUD IN ELECTIONS

HK081018 Hong Kong AFP in English 0858 GMT 8 Feb 86

[By Joel Paredes]

[Text] Manila, 8 February (AFP)--New reports of violence, intimidation and fraud in the Philippine presidential election poured in today, prompting some to call it one of the dirtiest polls in a country known for its rough-and-tumble politics.

Voter fraud in yesterday's balloting was "probably the worst in recent history," Christian Monsod, secretary-general of the poll-watching National Citizens Movement for Free Elections (Namfrel), said today.

He said that ward leaders of the ruling New Society Movement (KBL) and military men were among the worst election-law violators in the contest between President Ferdinand Marcos and opposition candidate Corazon Aquino.

Namfrel spokesman Benjamin Lozare said the irregularities were "unprecedented" and "10 times more" than those reported in the 1984 general election when the opposition won a third of the seats.

The KBL, which accuses Namfrel of being pro-opposition, had denied acting illegally and countered by complaining to the government Commission Elections (Comelec) that Namfrel volunteers were the lawbreakers.

Yesterday's vote followed a bitterly fought 2-months campaign between Mr Marcos, who is seeking a fresh 6-year mandate after 20 years in power, and Mrs Aquino, widow of slain opposition leader Benigno Aquino.

Mr Monsod said that the fraud was "massive" and "well-orchestrated" in 56 of the country's 74 provinces, including 6 provinces generally considered to be Mrs Aquino's strongholds.

The fraud included reports of vote-buying, ballot-box snatching, and anomalous procedures in the polling centers.

The head of a U.S. delegation here to monitor the elections, Senator Richard Lugar, said on U.S. television that the government's handling of the count was "very suspicious."

He said Mr Marcos seemed to be delaying holding an official tally "until he knows how many additional votes he needs to win."

Mr Marcos has stressed that the only official result will be that verified by the National Assembly, but this is expected to take at least a week.

Mr Monsod said he considered violence committed to intimidate voters as "the worst form of fraud initiated" during the poll.

Namfrel, which fielded some 500,000 volunteers for poll watch duty on election day, said more than 100 political killings had been reported in the campaign, 57 of them since Thursday.

Police reports from various areas of the country put yesterday's toll at 26, and the overall election toll at more than 80, although figures compiled at the police headquarters here by today gave a total of only 66 deaths.

Namfrel's Mr Lozare said that 122 violent incidents were recorded in Metropolitan Manila alone, and at least 400,000 registered voters in the area were turned away from polling stations because their names could not be found on Comelec lists.

Metropolitan Manila, grouping 13 towns and cities and accounting for 16.34 percent of the 26.1 million registered voters, is considered a major battleground and an opposition bailiwick.

Namfrel, which was deputized by the Comelec as its citizens arm, also reported 622 cases of fraud in the metropolis.

Namfrel members themselves were not spared. Volunteer Rodrigo Ponce was gunned down in the central city of Roxas yesterday while trying to prevent armed men from snatching ballot boxes. Foreign correspondents saw gunmen storm into some precincts to flush out and even maul Namfrel volunteers. The watchdog members complained of being blocked from transmitting results where opposition candidates were winning.

Mr. Monsod said they had alerted Comelec Chairman Victorino Savellano to act before the country was hit with an "electoral failure."

Ernesto Maceda, vice president of the United Nationalist Democratic Organisation (Unido) whose banner Mrs Aquino ran under, said that Mr Marcos would be "signing his own political death warrant" by cheating.

"There is no way he (Mr Marcos) can recover from this disaster of incredibility," Mr Maceda said.

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CSO: 4200/675

PHILIPPINES

BUSINESS SECTOR CONCERN OVER POLL FRAUD NOTED

HK100848 Hong Kong AFP in English 0831 GMT 10 Feb 86

[By Cecil Morella]

[Text] Manila, 10 February (AFP)--A fraudulent victory in the presidential election could spell further trouble for the already struggling Philippine economy, business experts say here.

"If the process of the election cannot be trusted, loss of confidence in the Philippine economy will become worse... and the downward spiral will continue," Paul Roco, a leading corporate lawyer told AGENCE FRANCE-PRESSE today.

Tension has been rising here since Friday's election, which capped a bitter 2-month campaign and sparked mounting charges of fraud and confusion over who was winning, with unofficial counts giving conflicting results.

International and U.S. observer delegations have already charged that the poll, pitting President Ferdinand Marcos against political newcomer Corazon Aquino, was marred with violence and fraud.

Many businessmen here were hanging fire as they joined the vigil awaiting the outcome of the election. But they expressed concern over the future.

The bottom line for many is not who is proclaimed the winner, but the fraud issue and its possible aftermath.

"If the Filipino or foreign businessman does not perceive that there will be stability... and would not be very favorable to his business, he will be content with what he has, or just pull out," said Felix Maramba, former head of the Philippine Chamber of Commerce and Industry (PCCI).

"Most of us are waiting to see what will happen," he told AGENCE FRANCE-PRESSE today.

Local and foreign investors have been cautious since the country plunged into economic crisis in 1983, following the assassination of opposition leader Benigno Aquino, husband of the presidential candidate.

The economy has suffered negative growth for the past 2 years, and many businessmen pulled out after the assassination at Manila Airport, blamed by the opposition on Mr Marcos.

The Philippines, whose foreign debt is conservatively estimated at 25.2 billion dollars, has not paid principal on private bank loans since October 1983, 2 months after the Aquino murder.

Manila has been extending the payment freeze every 90 days while working out the rescheduling of over half of the loans with 483 foreign banks. Some loans have already been rescheduled over a 10-year period.

For many who have remained, the problem boils down to a crisis of confidence in the government of Mr Marcos, who faced a mounting communist insurgency and increasing pressure from Washington for economic and social reform, capped by demands for a credible election.

The president apparently acknowledged the problems when he called the snap election to secure a fresh 6-year mandate for him to steer the nation's economy toward recovery.

Mr Maramba said he was worried by the prospect that Mr Marcos might nullify the election results and continue in power until his mandate ends in 1987--a possibility raised by the president over the weekend.

Also worrying, he said was Mrs Aquino's threat to lead daily protests if she were cheated out of victory.

Analysts here say they fear violent confrontations between the two camps, while the Philippines' primate, Jaime Cardinal Sin, yesterday warned that a fraudulent election victory could lead to the "possibility that we may use violence upon each other and even bring about the shedding of brothers' blood."

Foreign trade partners and investors here seem to be waiting warily too, according to a survey conducted by BUSINESS DAY, Manila's leading economic daily.

The paper said no new investments were expected in the near future even among the Japanese, considered the most active investors even at the height of the Philippine economic crisis.

New orders for exports had been halted and producers were just filling up orders lodged last year, the daily added.

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CSO: 4200/675

PHILIPPINES

COLUMNIST CITES SUPREME COURT FIGHT FOR CIVIL LIBERTIES

HK050937 Manila BULLETIN TODAY in English 4 Feb 86 p. 6

[From column by Jesus Bigornia: "A Triumph for Cause of Civil Liberties"]

[Text] More often than most people think, the Supreme Court is a more effective venue for waging the fight for civil liberties than the "Parliament of the Streets." Lawyer Efren C. Moncopa, a graduate of the Ateneo Law College and one-time an associate in the Diokno law office, proved that with persistence and a moderate amount of persuasiveness, an aggrieved party can still win his battle for rights guaranteed by the Constitution. It took him quite a while, but Mr Moncopa has won his legal battles against the phalanx of government lawyers and is now a free man.

Arrested, along with others on 22 April 1982 Mr Moncopa was taken to and detained at Camp Bagobantay, Quezon City. On the allegation that he was a member of the outlawed National Democratic Front, Mr Moncopa was detained under a presidential commitment order (PCO). After two separate investigations by the Quezon City Fiscal Office, the charge was dropped but he was accused for alleged illegal possession of firearms. Although he was not prosecuted under the anti-Subversion Law, his motions for bail were denied. For redress, he went to the Supreme Court on a petition for a writ of habeas corpus.

Meantime, Mr Moncopa was released under guarantee of Minister of Defense Juan Ponce Enrile and General Fabian C. Ver. In answer to his petition, the government claimed it has already become moot and academic because of Moncopa's provisional release, holding that the petitioner "is free and no longer under the custody of the military." Mr Moncopa opposed the government's motion to quash his petition for a writ, saying that his release "merely shifted the inquiry from the legality of his actual detention to the legality of conditions imposed by respondents, including curtailment of freedom of movement, restriction to his place of abode, and freedom of speech.

In its decision promulgated last week, the Supreme Court upheld Moncopa's position. The unanimous decision penned by Associate Justice Hugo Gutierrez held that "a release that renders a petition for a writ of habeas corpus moot and academic must be one which is free from involuntary restraints. Where a person continues to be unlawfully denied one or more of his constitutional freedoms, where there is present a denial of due process, where the restraints are not

mere involuntary but appear to be unnecessary, and where deprivation of freedom originally valid has, in the light of subsequent developments, become arbitrary, the person concerned or those applying in his behalf may still avail themselves of the privilege of the writ."

The significance of the Gutierrez decision cannot be overemphasized. Henceforth detainees, including those arrested pursuant to a PCO who are released, can no longer be burdened with conditions and restrictions. By waging his battle in the Supreme Court, Moncopa has scored a significant victory for all detainees in this country. Moreover, he has struck a mighty blow for civil liberties and human rights. This column commends Efren C. Moncopa for his fighting for his and countrymen's rights under the Bill of Rights in the Constitution of the Philippines. May his tribe increase.

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CSO: 4200/673

PHILIPPINES

NATION'S DEBT SERVICE MORE THAN TWO-THIRDS OF EXPORTS

Manila BUSINESS DAY in English 14 Jan 86 p 3

[Article by Rigoberto D. Tiglao]

[Text]

The country's servicing of its foreign debt — covering payments on both interest and principal — reached \$3.1 billion last year, more than two-thirds of the estimated 1985 exports of \$4.7 billion.

Sources at the Central Bank said that while the \$3.1 billion was only an estimate made during the last International Monetary Fund (IMF) performance review covering end-September figures, it is fairly accurate because it incorporates the debt service requirements of government and private corporations. These figures were submitted by these corporations to the CB.

Business Day computations show that the Philippine debt service last year used up 9.7% of the country's total economic output in 1985, on the assumption that the dollar value of the gross national product (GNP) last year amounted to

\$32 billion (arrived at by dividing the reported P607.425 billion GNP by the yearend exchange rate of P19 to \$1).

The bulk of the debt service last year consisted of interest payments which amounted to \$2.8 billion, since the moratorium on principal repayments continued to be in effect throughout the year. The moratorium reduced the country's total debt service by \$1.2 billion. Without the moratorium, the total debt service has been estimated to amount to \$4.3 billion.

RATIO. While the debt service ratio — the total interest payments and repayments on principal measured as a percentage of export receipts — could not be determined because of the unavailability of yearend foreign exchange receipts from services and transfers, it was estimated to be in the 30%-35% range, lower than the 1984 ratio of 48%.

Estimates made by the CB show that the debt service for 1986 will increase by about \$300 million to \$3.4 billion. If the government fails to work out rescheduling agreements in the coming years, there will be a surge in the country's debt service requirements. The projected debt service for next year is \$4.8 billion and it will only dip slightly in the following two years.

The sources said the country's debt profile shows that multi-year reschedulings may have to be sought by the government, unless a commodity boom occurs in the world market which will allow the country to rely on its export earnings to service its debts without their having to be stretched out. To facilitate talks with the international banking community for subsequent debt rescheduling agreements, the government had committed in its letter of intent to the IMF that it will seek another standby arrangement with the Fund after

the current one expires in June this year.

Sources in the foreign banking community noted however that the "environment" for new debt rescheduling agreements will not be favorable this year. There is a growing nervousness in the world banking community on the prospects of the debt crisis largely because of the still unsure billion-dollar payments scheduled to be made by Mexico this year. Also, the policy statements by the Peruvian government that it will limit its debt servicing to 20% of the country's export receipts and the precedent set by Nigeria in refusing an IMF standby arrangement are making the world financial community edgy.

All these are expected to make international banks more reluctant about extending new credits or postponing the payments on maturing obligations of countries with debt problems like the Philippines.

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CSO: 4200/654

PHILIPPINES

FOREIGN BANKS CLOSING CREDIT LINES

Manila BUSINESS DAY in English 14 Jan 86 p 3

[Text]

Foreign banks are converting more of the credit lines they have extended to local banks under the \$3-billion trade financing facility, which they earlier reopened as part of a financial rescue package for the Philippines, into dollar deposits with the Central Bank.

At the moment, about \$1.8 billion of the facility is already deposited with the CB.

Sources in banking disclosed that a number of foreign banks, particularly European banks, have informed local banks that they were opting to close their trade credit lines with them.

As a result of this decision, local banks have to cough up more pesos. Under CB guidelines, local banks have to pay to the CB the peso equivalent of their trade credits that foreign banks convert into deposits with

the CB.

Bankers said the commercial banking system at present has enough liquidity to cover such peso payments. Problems nevertheless may emerge if one particular local bank does not have ready cash to comply with the CB requirement for peso payments of the trade credits.

Bankers said local banks failed to use up all the credit lines which foreign banks reopened earlier. The foreign banks thus did not earn anything from these idle credit lines. By transferring the trade facility to the CB, in the form of dollar deposits, foreign banks are assured of interest earnings. CB interest payments on such dollar deposits however are lower than what foreign banks could earn if local banks could use the credit lines.

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CSO: 4200/654

PHILIPPINES

SEC CHAIRMAN CRITICIZES GOVERNMENT CAPITAL MARKET POLICIES

Manila BUSINESS DAY in English 16 Jan 86 p 2

[Article by Noel D. De Luna]

[Text]

Securities and Exchange Commission (SEC) chairman Manuel Abello, who was supposed to comment on the experience of Malaysia's capital market at yesterday's Asian Development Bank's (ADB) regional symposium on capital market development in the Asia-Pacific region, surprised the audience, composed mostly of foreigners, as he instead criticized the government for its shortcomings in developing the local capital market.

"I am addressing myself to my own country and I hope my government listens," he said in his speech.

He cited recommendations for reviving an ailing capital market, apologizing to his audience that his recommendations are not addressed to the other Southeast Asian countries.

ADB STUDY. The ADB recently came out with a study, entitled "Capital Market Development in Selected Developing Member Countries" (Indonesia, Korea, Philippines, Sri Lanka and

Thailand), which serves as the basis for the current capital market symposium.

The study noted that the securities markets in the six ADB member countries have so far not been very significant sources of medium- and long-term investment funds as the governments of developing member countries (DMCs) have not recognized the important development role that a strong securities markets can play.

This, in turn, has led to the unbalanced development of these countries' capital markets and a hazardous overdependence on debt finance.

The ADB is now starting to realize that in order to achieve high rates of economic growth, developing countries have to develop their domestic capital markets.

This is necessary both to mobilize more domestic resources required to reduce these countries' investment/savings gap and to allocate their scarce capital resources to the most productive uses.

The new emphasis on equity markets, or the mobilization of domestic resources, arose out of the perceived shortage of foreign borrowings which are expected to decline further due to the lingering world debt crisis.

Abello argued that "both the issue and the problem in developing a domestic securities market is lack of confidence. While again the question of confidence is basically a factor of the stage of development of the economy of a country, we can more directly relate the problem of lack of confidence in a securities market to the issue of weaknesses in the securities market."

He said: "Fundamental weakness in the securities market would result from government policy to make the non-securities market more attractive than the securities market. For example, debt funding subsidized by the government would make it unnecessary and unprofitable for companies to go public for debt or even equity financing. Government

policy would therefore have to be formulated on a balanced basis in order to encourage both the non-securities and securities capital markets."

BOARD. His major proposal calls for the establishment of a "capital market development board" composed of representatives of the government agencies regulating and supervising the capital markets as well as representatives of the private sector involved in the capital market to propose and pursue policies to be adopted by the government for the development of the non-securities and securities market.

The SEC, at present, is just a regulatory body without any policy-making powers. The revised Securities Act merely empowers the commission to regulate the corporate sector but does not authorize it to "develop" the capital markets — the source of financing of the corporate sector.

"We could very well propose that the securities regulation agency be

given specific powers and duties to develop the securities market in implementation of the policies adopted by the government," he said.

The securities market can range from permanent capital, or equity, in the form of common shares, to term lending in the form of debt instruments such as bonds and debentures and equity instruments such as redeemable or convertible shares, to short-term money market debt instruments.

From the regulatory standpoint, Abello said adequate rules will have to be promulgated and implemented to govern the issuance of the various investment instruments and to provide safeguards for the protection of investors.

Another recommendation he raised deals with improving the supply of securities offered to the public to create a better market situation of supply and demand.

For the supply side, Abello suggested "what is peculiarly within the government's prerogative is the privatization of government-owned companies. Hence, the government may decide to sell stocks and bonds issued by selected public enterprises which are acceptable to the public because of their profitability and stability. To

enhance acceptability to the public, the stocks and bonds should be listed in the stock exchange in order to provide liquidity. The proposal, therefore, is that government-owned companies issue stocks and bonds to the public and list the same in the stock exchange."

Furthermore, he believes that "privately-owned companies (should) be encouraged by the government to list not more than 30% of their shares in the stock exchange."

"Foreign-owned companies (should) be required by the government to list at least 10% of their shares in the stock exchange," he added.

For the demand side, aside from the profit motive which drives the investor to the market, he remarked that "taxation on a favorable or at least a simple basis appears to be an additional incentive."

"Income from securities, whether from dividends or capital gains, should be taxed on the basis of fixed and final withholding tax," he suggested.

TAX PARITY. He went a step further by suggesting that foreign portfolio investors "should be taxed at the same level as domestic investors."

At the moment, foreign investors are taxed more heavily than local investors, thereby dampening their investment interest in the Philippines.

Finally Abello suggested that "the government and private pension/provident and other trust funds, as well as insurance companies, be required to invest fixed portions of their resources in the various securities markets, either directly or through an investment company established by the government."

/6091

CSO: 4200/654

CENTRAL BANK EXPANDS OFFSHORE BANKING LICENSES

Manila BUSINESS DAY in English 20 Jan 86 p 3

[Article by Rigoberto D. Tiglao]

[Text]

The Central Bank has allowed offshore banking units (OBUs) operating in the country to handle the foreign exchange remittances of Filipino overseas workers and firms abroad as well as those of multinational companies, a move that marks a significant expansion of the OBUs' licenses since they were set up in 1977.

The OBUs' new license to handle the remittances is contained in CB Circular No. 1089 dated Jan. 6 which amended CB Circular No. 960. The new circular stipulates that OBUs are authorized "to pay to the designated persons or corporations in the Philippines, the peso equivalent of foreign exchange remittances of Filipino overseas workers or of Filipino or multinational companies, coursed through the OBUs' correspondent banks abroad."

Faced with the prospect of the OBUs cutting into their markets at a time when the banking environment is expected to become harsher, the

Bankers Association of the Philippines (BAP) held an emergency meeting last week to draw up plans to pressure the CB into rescinding the circular.

The OBUs' licenses were previously limited to handling only foreign exchange transactions involved in booking overseas loans and foreign-currency loans for Philippine borrowers. Since they did not handle any pesos at all, OBUs' operations were strictly on an "offshore" basis, and they went about their business as if they were operating outside Philippine boundaries. The only expansion of their business licenses was authorized in 1982 when the CB gave them authority to handle the letters of credit (L/Cs) of the companies they are financing.

BAP WORRY. In last week's BAP meeting, the president of a commercial bank noted that the OBUs' new authority "practically means an

offshore to onshore" transaction. What is worrying the BAP is the fact that the remittance business has become one of the commercial banks' major sources of income at present when the loans market is practically at a standstill. Banks are charging 2% to 6% on foreign remittances of Filipino workers abroad, estimated to have amounted to at least \$550 million last year.

Commercial banks are apprehensive that with the OBUs' more sophisticated communication system, they will be able to pay the peso equivalent of foreign remittances faster than commercial banks can normally do, which would draw the market away from local banks.

Bankers claim that the CB's giving into the OBUs — which have been lobbying for expanded licenses for more than three years now — is a move by the Philippine government to appease the OBUs so

they will be cooperative in the next round of rescheduling talks slated late this year.

Because of the country's debt crisis, OBUs' operations have practically stopped since they cannot extend fresh foreign currency loans to Philippine borrowers. Their activities in the past two years were limited to the formulation of the debt rescheduling package for the country. Because of this, OBUs have drastically retrenched their staff in the country, with foreign bankers saying that they now merely have skeletal "monitoring" offices.

The 24 OBUs operating in Manila are those of American Express International Banking Corp., Bank of Nova Scotia, Barclays Bank International, Banque Nationale de Paris, Chase Manhattan Bank, Crocker National Bank, European Asian Bank, Lloyds Bank International, Manufacturers Hanover Trust, First Interstate Bank of California, Bank of California,

Bank of Tokyo, Banque Indosuez, International Bank of Singapore, Rainier National Bank, Security Pacific National Bank, Chemical Bank, Societe Generale, First National Bank of Chicago, Bankers Trust, Bank of Credit and Commerce International, Credit Lyonnais, Bank of Hawaii and First National Bank of Boston.

The OBUs make up the country's biggest foreign creditors, with a total local exposure of \$4.3 billion, including \$900 million in loans booked overseas.

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CSO: 4200/654

PHILIPPINES

BUSINESS DAY ANALYZES CENTRAL BANK FUND RETRIEVAL

Manila BUSINESS DAY in English 21 Jan 86 p 3

[Article by Conrado R. Banal III]

[Text]

The Central Bank may be anticipating a faster increase in the prices of goods and a depreciation of the peso that can result from its huge fund releases last month.

Although it is well below the monetary ceilings imposed by the International Monetary Fund (IMF) in the government's 1985 economic program, the CB is still trying to retrieve part of the funds it has released.

Economists from both the CB and private banks agree that a sudden upturn in the CB's fund releases could be economically dangerous.

RELEASES. Last month, the CB let loose more than ₱7 billion into the system, with the government withdrawing some ₱3.3 billion from its deposits with the CB and the CB itself paying about ₱4 billion for the maturing government IOUs held by banks.

Those funds in effect were new money, and bankers are saying that, technically, the CB releases are bound to rekindle inflation and exert pressure on the peso's exchange rate against the dollar.

The CB actually started to extract funds out of the system early this month. Many in banking believed then that the CB's renewed assault on liquidity was a temporary measure. Since its avowed policy since mid-1985 is to stimulate economic activity by making more funds available to business, the CB, some bankers said, only intended to hit the end-1985 target set by the IMF for the so-called reserve money.

Serving as the basis of the total funding available in the system, reserve money should be below ₱38.4 billion by end-1985, according to the government's program committed to the IMF. CB figures for end-December indicated that this target was exceeded. Because of this, the CB had to bring down the reserve money level during the first week of January. The IMF-prescribed test period during which the reserve money level was to be measured was from Dec. 22 to Jan. 8. It was the reverse money average during this

period that the IMF wanted to be below ₱38.4 billion.

But the IMF has already given the CB certain leeways in the reserve money targets. According to the new terms, the ceiling automatically moves up if the CB improves its international payments position. Sources in the CB said the country's balance of payments performance last year was better than what was prescribed in the IMF program. The reserve money ceiling for end-1985 was therefore raised by about ₱1 billion, sources said.

Thus, even if the CB did not siphon off liquidity at the start of 1986, it could still have met the higher reserve money target.

MONEY FLOW. The flow of money from the banking system into the CB however still continues, and bankers said there is no indication that the CB wants to stop this trend.

Last week, the CB issued some ₱1 billion more of its own short-term IOUs — the CB bills. Outstanding CB bills as of last Friday amounted to ₱28 billion, up from ₱27 billion the other week and from ₱25 billion as of end-December.

Bankers said the CB is also borrowing heavily from banks through its other windows and is becoming stringent in giving out rediscounting loans.

The loan markets have so far not reacted to the CB's liquidity siphoning off measures. The interbank loan rates are still below 15% a year. Bankers said such low rates indicate that the banking system really has too much funds as a result of last month's fund releases from the CB.

PHILIPPINES

CENTRAL BANK URGES MORE LOANS FOR SMALLER INDUSTRIES

HK040849 Manila METRO MANILA TIMES in English 1 Feb 86 pp 12, 11

[Text] The Central Bank [CB] is encouraging banks to lend more to small and medium industries (SMIS) at the expense of the farm sector.

Under the new rules, bankers said lendings to SMIS could correspondingly shrink the amount banks should set aside for lending to agricultural and agrarian reform borrowers under Presidential Decree 717.

Under the decree, 25 percent of the loanable funds of banks should be set aside for "agri-agra" lending.

The new CB rule, the sources said, made loans to SMIS deductible from the loanable funds of the banks.

With a smaller loan fund base on which to base the 25 percent, the amount that should be set aside for agri-agra lending is in effect reduced.

However, the sources welcomed this CB move, saying that the banks are not eager to risk too much in the countryside because lending to small farmers is risky and costly.

They explained that it costs practically the same amount to process a loan of P2,000 for a farmer and a loan of P1 million for SMIS.

The banks have not been lending directly to agri-agra clients at desired levels but have instead buying government securities. [as published]

The CB has allowed these banks to buy securities instead of directly lending to farmers in recognition of the problems lending to the countryside entails.

The CB in turn rechannels the funds raised from the sale of securities to banks to the rural areas.

The sources said the new emphasis on SMIS should be a big boost to small entrepreneurs who could also help generate employment and export earnings.

/12232
CSO: 4200/674

BUSINESS DAY REPORTS PRODUCTION VALUE INDEX DECLINE

HK311505 Manila BUSINESS DAY in English 31 Jan 86 p 2

["Economic Indicator" column: "Production Value Index Drops"]

[Text] The value of production index of key manufacturing enterprises declined 1.42 percent in November last year compared with the year ago level, latest data gathered from the National Economic and Development Authority (NEDA) showed.

NEDA conducts a monthly survey covering some 200 selected manufacturing firms which provides the basis for the derivation of various economic indices.

The production index is a gauge of the cost incurred by a manufacturing establishment in producing goods and services for a particular month in the present year compared to that in the base year. Generally, it only includes the cost of direct labor, raw materials and the manufacturing overhead.

Using 1981 as the base year, the value of production index decelerated 2.6 index points from 183.3 index points in 1984 to 180.7 index points last year.

The decline could be attributed to the lower production brought about by plant shutdowns, lack of raw materials and escalating operating costs.

The basic metals industry showed the most significant improvement of 54.80 percent in its value of production index among the manufacturing subsectors. From 158.2 index points in 1984, the industry increased its index to 244.9 index points last year.

On the other hand, sectors which reported reduced production levels were: beverage (3.12 percent); rubber products (12.38 percent); petroleum products (15.74 percent); wood and wood products (21.54 percent); wearing apparel (25.88 percent); non-metallic mineral products (27.99 percent); paper and paper products (32.36 percent); and electrical machinery (34.52 percent).

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CSO: 4200/652

Index of Value of Production of Key Manufacturing Enterprises, by Industry
November 1984 - November 1985
(1981 equal to 100)

	1984												1985																
	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.	Nov.	Dec.	Jan.	Feb.	March	April	May	June	July	Aug.	Sep.	Oct.	Nov.			
Manufacturing	183.3	178.4	168.4	166.1	174.6	178.4	181.2	166.4	165.8	172.0	167.8	185.5	180.7																
a. Food	191.8	190.8	197.9	194.8	184.4	200.1	185.9	185.6	182.2	189.8	197.5	202.2	192.6																
b. Beverage	250.0	281.8	266.7	229.0	251.1	261.9	265.5	245.0	221.9	226.0	224.3	219.8	242.2																
c. Tobacco	205.5	227.6	259.4	233.0	267.8	229.4	259.0	238.4	271.2	280.0	263.3	282.9	271.2																
d. Textile	137.1	108.7	128.0	135.2	148.2	81.7	106.3	131.1	161.2	152.9	162.9	164.3	161.9																
e. Wearing apparel	169.6	197.6	139.6	97.5	103.4	108.9	116.2	110.8	140.7	143.9	143.5	139.2	125.7																
f. Wood and wood products	111.9	98.9	94.7	111.9	107.0	114.4	109.1	107.6	96.4	92.2	79.6	86.0	87.8																
g. Paper and paper products	229.6	209.6	126.3	161.8	140.5	183.9	128.5	122.0	119.9	121.0	146.9	134.3	155.3																
h. Chemicals and chemical products	196.7	178.0	200.7	179.0	180.8	186.2	175.0	198.2	176.5	171.7	205.7	198.5	197.2																
i. Rubber products	201.2	163.6	159.0	177.0	160.0	137.6	160.7	142.7	175.0	177.6	175.8	194.4	176.3																
j. Petroleum products	192.5	192.3	122.6	126.0	139.5	168.7	181.7	129.8	123.4	130.8	89.0	173.4	162.2																
k. Non-metallic mineral products	123.6	135.2	113.8	107.8	136.1	101.4	111.7	111.3	131.6	118.9	102.9	99.7	89.0																
l. Basic metals	158.2	119.9	142.9	195.4	240.7	252.8	284.4	200.2	212.1	267.6	261.0	255.9	244.9																
m. Transport equipment	26.5	11.2	25.8	26.6	41.7	34.2	35.9	35.6	40.5	44.2	33.0	35.3	36.3																
n. Electrical machinery	171.8	122.5	114.1	134.7	140.9	107.0	128.6	108.8	121.3	125.4	123.5	131.1	112.5																
o. Miscellaneous	276.5	250.0	634.3	532.1	545.7	531.0	498.7	515.0	534.2	465.3	438.4	406.7	403.3																

Source of basic data: Monthly survey of key manufacturing enterprises Statistical Coordination Office, NEDA

PHILIPPINES

COMMERCIAL BANK RESOURCES GROW 4.4 PERCENT IN DEC 85

HK041003 Manila METRO MANILA TIMES in English 1 Feb 86 p 12

[Text] The Central Bank [CB] yesterday said the resources of the commercial banking system grew by P11.6 billion, or 4.4 percent, to P278 billion last December over the November 1985 level.

It also noted that the month's gains in assets reversed the contractions in assets posted in the months of October and November.

The hefty rise in assets was due to the bank's increased cash holdings, which grew from P59.8 billion in end November to P6.7 billion at year's end, or a 12 percent hike in only a month's time.

The P11.6 billion expansion represented three-fourths of the total increase in the assets of the entire banking industry.

About 69 percent of the increase in the resources of the commercial banks was due to an increase of P8 billion in deposits over the month-ago level. The 5.9 percent increase in deposits was absorbed by liquid assets, loans and other asset accounts.

Cash assets, loan portfolio and other asset accounts also rose by P7.2 billion, P1.6 billion and P4.3 billion, respectively. Investments declined by P1.5 billion or 8.4 percent.

At the same time, the CB said the consolidated assets of the country's seven operating savings and mortgage banks [SMB's] grew by P388 million or 6 percent during the 4th quarter of 1985 to reach P6.8 billion at the end of 1985.

The CB noted that the 4th quarter was characterized by a contraction in loans and investments and a resulting build-up in cash and other asset accounts.

This brought down the loan portfolio by P12 million and in investments by the banks by P9 million.

On the other hand, cash assets of the banks rose by P335 million or 42 percent, while other asset accounts increased by P74 million or 8.6 percent. As of the end of last year, cash and due from banks [as published] reached P1.132 billion while other assets amounted to P930 million.

The CB said additional deposits, largely domestic savings accounts, composed the bulk of the funds inflow during the priod. Proceeds from borrowings constituted another 14.5 percent.

As of end 1985, total deposits of SMB's stood at P5.62 billion while borrowings amounted to P338 million.

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CSO: 4200/674

PHILIPPINES

ECONOMIC MINISTER ON JANUARY INFLATION RATE

HK050745 Manila BULLETIN TODAY in English 2 Feb 86 p 25

[Text] The inflation rate or the rate of increase in the prices of basic commodities during January will hit only between 5.7 percent to 6 percent, which is almost the same level as in December last year, Economic Planning Minister Vicente Valdepenas Jr said Friday night.

He said the expected slower increase in prices of basic commodities last month was due mainly to the recent reduction in the prices of petroleum products, like gasoline and diesel, and transport and electricity costs.

As a result of the reductions in prices of petroleum products transport and electricity costs, computations of the National Economic Development Authority [NEDA] have showed that the consumer price index has dropped by as low as 1.5 percentage points to as high as 3 percentage points, Valdepenas said.

This, he pointed out, has resulted in a much lower rate of increase in prices of basic commodities last January, he said.

Valdepenas said NEDA's computations did not take into account spending for the 7 February presidential elections which was placed at some P200 million to be incurred by the government.

Various business and consumer groups earlier expressed fears that election spending, if unregulated, can trigger inflation to soar to abnormal levels, especially after the elections.

These groups cited significant increases since December in the prices of pork, chicken, fish and other basic commodities.

Valdepenas said the government has enough instruments to use to curb inflation to manageable levels, as what was done in 1985.

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CSO: 4200/673

PHILIPPINES

ECONOMIC ASSOCIATION PREDICTS LITTLE ECONOMIC GROWTH AT BEST

HK041427 Manila BULLETIN TODAY in English 3 Feb 86 p 24

[By J.C. Concepcion]

[Text] The country's economy will grow by 0 to 1.5 percent this year if the coming Presidential elections on 7 February are "clean and credible," the National Economic Protectionism Association [NEPA] said yesterday.

But if the elections are characterized by massive frauds which can trigger another capital flight and erosion of confidence in the economy, the gross national product can drop by as much as 3 percent, NEPA said.

Bernardo Villegas of the Center for Research and Communications also projected a zero to a very minimal 1 percent growth in 1986.

He contended that the continuing decline in industrial production will not be stopped in 1986 "whoever wins the forthcoming elections."

This projection, he said, is based on the fact that many companies are now operating at only 30 to 50 percent of their capacity because of a serious lack of consumer demand traced to a depressed purchasing power of consumers.

In case the opposition wins the elections, Villegas said there will be a temporary uncertainty as the new government will likely form its new cabinet.

But 1987 will witness the entry of fresh investments because of new perceptions and the resolution of the government's credibility problem.

Even with the most optimistic assumptions, NEPA projects that living standards of the people will deteriorate further.

With an annual population growth rate of 2.5 percent, gross national product will fall by a negative 1 percent to 2.5 percent if there are "credible" elections and increased confidence in the economy" and a negative 2.5 percent to 5.5 percent under conditions of "fraudulent elections and loss of confidence in the economy," NEPA said.

NEPA also predicted that inflation rates this year will range from 15 to 20 percent if there is only one election this year and if government deficit spending is controlled.

If the local elections scheduled in May goes through, inflation rates can move up from 20 to 30 percent, NEPA said.

In a worst-case scenario of massive capital flight in case elections are characterized by frauds, inflation rates can soar from 20 to 40 percent if there is only one election and from 30 to 60 percent if both elections are held, the NEPA also forecast.

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CSO: 4200/673

PHILIPPINES

VIRATA ON NEED FOR DOLLAR-EARNING COTTAGE INDUSTRIES

HK041041 Manila BULLETIN TODAY in English 3 Feb 86 p 25

[Text] Kawit, Cavite, 2 February (PNA)--Prime Minister Cesar Virata underscored the need for the establishment of more cottage industries and export oriented enterprises in the regions whose export products would help buoy up the country's dollar earnings.

Virata also cited the need for Filipino manufacturers to improve their respective production lines in order to meet foreign quotas on time and continue to evolve new and acceptable designs of their products while adhering to strict quality control.

Virata, concurrently finance minister, made these remarks during a "market encounter" in Region IV (southern Tagalog) held at Josephine's Restaurant in Kawit, Cavite.

He lauded the Ministry of Trade and Industry [MTI] for taking the initiative for conducting a series of working dialogues with small entrepreneurs in the region, particularly those engaged in cottage industries as part of its on-going export development and diversification program.

The government expects to generate some \$5.5 billion in its foreign trade this year.

Virata observed that the \$1.8 billion earned by traditional export products have been static in the past 10 to 15 years, with logs, copper, coconut and other traditional exports invariably suffering shortfalls in dollar earnings.

However, cottage industries have become the third major foreign exchange earner of the country.

The prime minister observed that popular handicrafts like wooden chairs, tables and lamps enjoy good foreign markets and that manufacturers should find ways and means to expand their operations.

Virata also assured enterprises desiring to operate in the export processing zone in Rosario, Cavite, that the government would assist them in setting up their buildings in the zone.

Those desiring to operate in the Cavite export processing zone would enjoy tax exemptions authorized under Presidential Decree 1955.

The decree, which took effect 15 October 1984 abolished tax exemptions previously enjoyed by private enterprises except those registered with the Board of Investments and the Export Processing Zone Authority.

Virata said that so far, the government has set up export processing zones in Bataan, Mactan, Baguio City, Pampanga and Cavite.

He said the zones should maximize production and always adhere to international standards of quality production as well to elegant designs that would cater to the needs of selective foreign buyers.

Regarding the processing of export documents, Virata said there is no longer a major problem since the MTI has adopted a one-stop system in facilitating them.

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CSO: 4200/673

PHILIPPINES

MARCOS SAYS GOVERNMENT MANAGING DEBT WELL

BK040755 Manila PNA in English 0657 GMT 4 Feb 86

[Text] Manila, 4 February (PNA)--President Ferdinand Marcos Tuesday said the Philippines has fared considerably better than most debtor countries in managing its debt problem.

This, the president said, is borne out by a thorough analysis of the world debt problem by a leading economist, Richard Mattione, in a recent article entitled "Managing World Debt: Past Lessons and Future Prospects," published in WORLD DEBT CRISIS (edited by Claudon, 1986).

According to the chief executive, the study looked into the relative contribution of so-called external shocks to the emergence of the debt problem, particularly the large debtor countries like Argentina, Brazil, Chile, Columbia, Mexico, Nigeria, the Philippines and Venezuela.

External shocks, Mattione observed, contributed greatly to the debt problems of less developed countries, referring to such factors as high real interest rates, low export demand and changes in the terms of trade, which are beyond the control of developing countries.

Mattione calculated that in the case of the Philippines, these external shocks would translate into a decline of minus 8.1 billion U.S.dollars, during the period 1979-82, in overall economic activity because of the combined impact of unfavorable terms of trade, 4.3 billion U.S. dollars; high real interest rates, 1.7 billion U.S.dollars and low export demand, 2.1 billion U.S.dollars.

The study noted that while Brazil experienced the most unfavorable external shocks (48.5 billion U.S. dollars), followed by Argentina (13.4 billion U.S. dollars), and the Philippines (8.1 billion U.S. dollars), it was the Philippines that suffered the most in terms of proportion to the gross domestic product or overall economic activity.

Mattione also calculated the impact of domestic adjustment policies on the developing countries' debt problem, calculating the change in the current account balance (consisting of net interest payments and the other non-financial current balance for the period).

The study suggests that if the change in the current account balance is smaller than the external shocks, it would indicate the debtor-country has managed, through sound domestic policies, to minimize the negative impact of unfavorable external shocks on the current account position.

In other words, through the introduction of timely and effective economic and fiscal policies, some developing debtor countries were able to moderate the effects of external factors on their domestic economies.

The study cited the case of the Philippines, which despite a negative 8.1 billion U.S. dollars impact of external shocks, was able to limit its current account change to only minus 4.4 billion U.S. dollars. [sentence as received]

The same study noted a lower level of capital flight in the Philippines as compared to other debtor-countries during the period covered by the analysis.

Capital flight in the Philippines as a result of the debt-crisis was estimated at 1.7 billion U.S. dollars compared to 14.3 billion U.S. dollars in Argentina, 15.2 billion U.S. dollars in Mexico and 13 billion U.S. dollars in Venezuela.

World bank economists have also cited the success of the Philippines in containing inflation, a good indication that the country's economic stabilization program has been generally effective, the president pointed out.

The president stressed the Philippines is regarded as one of the few countries of the 35 debt-ridden developing economies in the world that has successfully managed the inflation problem.

From a peak of 64 percent in October 1984, the country was able to bring down the inflation rate to only 3.6 percent in December 1985.

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CSO: 4200/675

PHILIPPINES

MANILA TO RESTRUCTURE UK, AUSTRALIAN DEBTS

HK051528 Manila METRO MANILA TIMES in English 4 Feb 86 pp 10, 9

[Text] The Philippines will sign this afternoon restructuring agreements covering official debts owed to the United Kingdom and Australia under the Paris Club debt restructuring program.

The exchange of notes will be held at the Central Bank [CB]. The signing between the Philippines and UK will take place at 4 pm, while that between the Philippines and Australia, 4:30 pm.

Prime Minister Cesar Virata and CB Governor Jose B. Fernandez, Jr will sign the agreements on behalf of the Philippine Government and the Central Bank, respectively.

Ambassador to the Philippines Robin McLaren will sign on behalf of the British Government while Australian Ambassador to the Philippines Roy Fernandez will sign for the Australian Government.

The restructuring agreements will carry the same terms and conditions as those earlier concluded by the Philippines with other countries except for the interest rates on the rescheduled debt which is negotiated bilaterally.

The Philippines will only have to sign two remaining restructuring agreements to complete its official debt restructuring program.

The remaining debts to be restructured are those owed to Australia [as published] and the Netherlands.

Under the terms of the agreement reached between the Philippines and representatives of countries participating in the Paris Club restructuring program, payments of outstanding arrears as of 31 December 1984 and amortizations including principal and interests, falling due in 1985 and the first half of 1986 will be restructured over a period of 10 years, including a 5-year grace period.

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CSO: 4200/674

PHILIPPINES

CB GOVERNOR CITES CONFLICTING BALANCE OF PAYMENTS FIGURES

HK051532 Manila METRO MANILA TIMES in English 4 Feb 86 pp 10, 9

[By R. Perez]

[Text] Central Bank [CB] Governor Jose "Jobo" B. Fernandez, Jr made a booboo recently when he ticked off two conflicting figures on the country's 1985 balance of payments position his last in two speaking engagements in as many weeks.

The governor spoke before the Baguio Rotary Club on 24 January and again before the Financial Executives Institute of the Philippines [Finex] last week.

In his Baguio speech, Fernandez said: "The past year reflected a major strengthening of the balance of payments with the year ending with a small deficit of \$26 million which contrasts with the 1984 deficit of \$1.116 billion and the 1983 figure of \$2.068 billion without counting the favorable impact of debt restructuring."

But in his Finex address, he said: "Over-all, based on statistics on actual foreign exchange transactions, the country's balance of payments [BOP] realized a surplus of \$1.1 billion, or when taking into account adjustments for arrears and the impact of completed restructurings, the BOP yielded a surplus of \$2.4 billion."

A CB official confirmed the mistake but shrugged it off as one of those oversights that could happen to any agency. He added that it had no effect on the economy at all.

But most likely, he said the correct figure was the one announced before Finex since the \$26 million deficit mentioned in the Baguio speech referred actually to the current account, a component of the BOP.

The source said the Baguio speech was written in Baguio itself and finalized late in the night before it was to be delivered.

He added that the speech also passed through some CB officials who were knowledgeable about the figures but who missed it because they did not have the actual statistics with them at the time.

A CB spokesman said Jobo's speeches are normally put together with inputs from various CB people but the end product is Jobo's since the CB governor always reads through and refines them.

Curiously, it was a confident Jobo who read the wrong figures in Baguio with ease and fluidity and it was a groping Jobo before Finex who had to stop for about half a minute or so in the middle of his speech to look for a continuation.

Some CB officials who were interviewed by the BUSINESS TIMES appeared worried over what another booboo would make of CB's image.

Besides the international reserves and national government withdrawals, the CB's recent past was also stained by the issuance of 50-centavo coins carrying the wrongly spelt scientific name of a local eagle.

The case of the "Pithecobhaga Jefferyi" was Cb's most celebrated blunder.

It, too, was costly since the CB had to recall the coins and issue new ones with the right spelling: "Pithecophaga Jefferyi."

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CSO: 4200/674

PHILIPPINES

ENERGY MINISTER: PETROLEUM PRICE CUT MEANS REVENUE LOSS

HK050256 Manila PHILIPPINE DAILY EXPRESS in English 4 Feb 86 p 10

[By Arleen C. Chipongian]

[Text] The government will lose some P1.3 billion in revenues this year because of the cut in the prices of petroleum products, Energy Minister Geronimo Z. Valesco said yesterday.

With the 70 centavos per liter cut in the prices of petroleum products, the government lost 12 centavos a liter or about P650 million in ad valorem taxes.

Customs duties collections of the government would likewise drop for a total decrease of P1.3 billion in government revenues in 1986.

The ad valorem and customs duties imposed on petroleum products like gasoline are adjusted to the local prices so that if the prices go down, these levies likewise decrease."

Last year, total tax collections from the oil sector reached P15.1 billion from P14.8 billion in 1984.

Velasco, meantime, assailed Philippine Chamber of Commerce and Industry (PCCI) President Aurelio Periquet Jr for issuing "misinformed" statements on gasoline prices.

For example, he denied the PCCI statement that "taxes on oil products are imposed on an absolute amount rather than as a percentage of actual product cost."

On the contrary, Velasco added, only the specific taxes are fixed while the ad valorem and customs duties are based on actual product price.

The energy minister said the PCCI position paper calling for a further reduction in prices of petroleum products and electricity rates showed that "Periquet has no knowledge whatsoever of the matter of which he speaks."

PCCI's call for a further cut in petroleum prices and electricity rates was based on the "price drop to \$19 per barrel from \$27 a barrel" could not possibly be done because it was based on the price of Brent crude oil from the North Sea, he said. Velasco said the Philippines does not buy this type of crude because the source is so far from the country "and transporting them here will only lead to higher costs."

PHILIPPINES

FOOD AUTHORITY TO BUY CORN TO BOOST STOCKS

HK050246 Manila PHILIPPINES DAILY EXPRESS in English 4 Feb 86 p 3

[Text] The National Food Authority [NFA] said yesterday it expects to buy 1 million tons of corn this month until April, or during the dry season crop harvest.

According to NFA Director Ramon de Jesus of the Domestic Marketing Office, this will boost further NFA's current stocks of 300,000 tons.

De Jesus said there is more than enough stocks of corn in the country, the bulk of which is held by the private sector.

The adequacy of corn supply in the country has led the government to decide against corn importations this year despite clamors from the private feedusers for such importations.

"If we allow the private sector to import this year, the imported stocks will compete with local production and thus discourage the farmers and private corn growers from producing this crop," de Jesus said.

De Jesus reported that the NFA is injecting corn in the market at the rate of only 1,000 tons daily as against last month's level of 2,500 tons.

This only shows, he said, that there is ample supply of the vital feedgrain in the country and that the private sector is holding much of the country's corn stocks.

Ever since the NFA lowered its selling price of yellow corn, private traders have been flushing out their stocks at prices much less than the government's.

The NFA last week lowered its selling prices of corn from P3.90 to P3.60 per kilo, or by 30 centavos, citing as reason the clamor of private feedusers for lower prices.

De Jesus, however, assured farmers that the government does not intend to reduce its support price for corn, which is now P2.90 a kilo, even if the government loses much money from its high buying prices.

This, he said, will ensure adequate profit margins for the farmers as well as force the corn buyers to up their buying prices so that farmers will earn from their crop.

PHILIPPINES

U.S. COMPANIES CONTINUE LARGE INVESTMENT

HK070542 Manila TIMES JOURNAL in English 6 Feb 86 p 8

[By Corrie Salientes]

[Text] The Americans have remained the biggest investors in Philippines. American companies invested last year a total of P683.1 million in the form of paid up capital. The amount represents some 175 percent increase over the Americans' investments of only P241.952 million.

Securities and Exchange Commission (SEC) records show that the U.S. investors' capital contributions in domestic businesses last year was 46.2 percent of the total foreign investments of P1.477 billion during the year.

The Americans have been occupying the top slot in the past 4 years.

The Japanese were consistently the second biggest investors except in 1980 when their P94.759 million capital infusion surpassed U.S. equity contributions amounting to only P94.759 million.

Japanese investments in 1985 amounted to P597.6 million or 40.0 percent of the total foreign capital infused during the year.

The amount of capital infused by Japanese investors last year represents a 300 percent increase over year-ago investments of only P128.873 million.

Foreign investors preferred to engage more on the wholesale and retail industry where a total of 193 newly-established entities reflected foreign participation.

This was followed by the manufacturing industry with 125 newly-formed local firms having non-Filipino capital.

Among the existing corporations which received the bulk of additional foreign investments last year include Philippine Packing Corporation, Inc, which got a total of P150 million from its mother company, the Del Monte Banana Company.

Of the newly formed companies, Copper Animal Health (Phils) Inc received the largest foreign share of P5 million. However, an official of the SEC said the amount of investments Americans pumped into the country during the 4-year period "does not mean that they have been that confident in the Philippine business conditions."

PHILIPPINES

MNLF 'RENEGADE GROUP' AMBUSHES BUS; 7 DEAD, 38 HURT

HK180217 Manila PHILIPPINES DAILY EXPRESS in English 17 Jan 86 pp 1, 7

[By Roy Ramos]

[Text] Zamboanga City--Seven persons, including 2 soldiers, were killed and 38 others were wounded Thursday when a Zamboanga-bound bus was ambushed by armed men believed to belong to a renegade group of the Moro National Liberation Front (MNLF).

The 50 armed men, believed to that among the 7 fatalities were 2 soldiers and the bus driver. [sentence as received] The rest were passengers. Their identities were not immediately known.

The fatalities were brought to the nearby Ipil town in Zamboanga del Sur while some of the 38 wounded were brought to the Zamboanga City General Hospital.

Magno directed airborne troops, being led by Awalon Kamlon, positioned themselves on both sides of the road and opened fire at the bus in barangay Ticpalay, this city. [as received]

The survivors said they were ordered to alight from the bus and lie on the ground face down while the armed men divested them of cash and valuables.

Brigadier General Jose Magno Jr, Regional Unified Command chief, said infantry men and militiamen to track down the armed men, believed to be the same group who kidnapped Bishop Federico Escalar of Ipil in the same spot early last year. [sentence as received] The area is also the site of many other ambushes in the past.

Mango also directed all military units to strengthen security in the area.

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CSO: 4200/651

PHILIPPINES

REGION 11 CHIEF DISCUSSES NPA'S PROBLEMS IN MINDANAO

HK290747 Quezon City VERITAS in English 19 Jan 86 p 18

[By Carolyn O. Arguillas]

[Text] "Organizational problems" are plaguing the New People's Army in Mindanao, a high-ranking military officer said recently, adding that the number of NPA armed regulars is diminishing in the strife-torn island.

Region XI Regional Unified Command [RUC] chief Brig. Gen. Jaime Echeverria said in an interview with VERITAS that the dissident forces reached a peak of 3,000 last year, "but easily went down to 2,618 by year's end." Echeverria attributed the sharp decrease to "organizational problems," explaining that "it is not easy to hold an organization like that where the increase in membership is rapid."

The RUC chief said the number of armed regulars in the NPA totalled 665 in 1982; jumped to 1,255 in 1983; and more than doubled, to 2,684, in 1984. After membership peaked early last year, the NPA experienced a sharp decline in the number of armed troopers, he said.

The NPA is beset with "intrigues," Echeverria added, "The oldtimers are in conflict with the newcomers who are ambitious. Of course, the number of those who surrendered in 1985 is also a set back for them." The general said 110 NPAs were captured and 211 surrendered last year.

Admitting the army had more contacts (or encounters) with the NPA last year, Echeverria said this is not because the NPA has become more aggressive, but rather because the army initiated more patrols in 1985. In Region XI alone, Echeverria told VERITAS, there are nine battalions operating: two in Surigao Sur, one in Davao Sur; one in South Cotabato; two in Davao Norte and Oriental and three battalions deployed in Davao City.

While hoping for a better year in 1986, Echeverria maintained that these are "not normal days." He assessed the situation in 1985, thus: "Not very good but not very bad, either, adding that even as the number of armed regulars had tapered off; "There were less Welgas (Welgang Bayan) [strikes] and people moved about with more freedom."

Surigao del Sur, said Echeverria, is the most critical area. The peace-and-order situation deteriorated slightly in Davao Oriental, but the situation in Davao Del Norte improved. In the northern portion of Davao Del Sur, armed clashes were on the rise, but in the south, the situation remains stable. The entry of the communists in South Cotabato became more pronounced in 1985, he revealed.

Echeverria also acknowledged that the military was stepping up its "left-hand effort" through public information; direct medical, dental, civic action and minor activities by the units; and joint projects with the MPWH [Ministry of Public Work and Highways] and MLG [Ministry of Local Government] in building roads and schools.

Asked about the forthcoming presidential election, Echeverria said there are "sightings" of armed men in Davao Oriental and Davao Sur "but we're checking on these." He said that the stand of every man in the Armed Forces of the Philippines [AFP] is to see to it that the election is honest, orderly and peaceful. The NPA's plans to disrupt the election, he said, will be dealt with by the AFP.

As for the NDF's [National Democratic Front] projection in 1984 of "victory within 3 to 5 years," Echeverria said the level of insurgency is still on the first stage. "They cannot afford to go to the next stage. They will have to face us. Based on my experience, they will need much much more. I have not yet used all my forces and equipment. I have not yet used artillery, mortar, air strikes. I have so much yet to spare. I will not hesitate to use the equipment in the armory if I find the need for it."

Efforts by VERITAS to contact the NPAS for comment proved futile as of presstime.

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CSO: 4200/653

PHILIPPINES

'ARMS GRABBERS' STRIKE IN BATAAN, PASAY CITY

HK210411 Manila BULLETIN TODAY in English 20 Jan 86 p 8

[By Efren P. Molina]

[Text] Balanga, Bataan--Twelve heavily armed men in fatigue uniforms raided the police station of Orion, Bataan, at 12:05 am Sunday, and took away six M-16 Armalite rifles, and several rounds of ammunition.

Also taken away by the intruders were two service revolvers, two radio transceiver sets, khaki and fatigue uniforms, and vital documents.

Before the raiders left on board a passenger jeepney, they disconnected the telephone lines. They were suspected to be subversive terrorists.

A constabulary report said the intruders carried out the raid in 10 minutes. The report said that the raiders struck while, Pat Benjamin Mariano, a companion of the night-shift duty officer, was out for personal necessity.

Pat Ediberto Fernandez, officer-in-charge of the night shift, reported that the raiders disguised themselves as Marine soldiers. Once inside, they looted the place of the firearms. No one was reported hurt.

Two teams of soldiers under Capt Sergio M. Alcubilla Jr., commanding officer of the 165th PC [Philippines Constabulary] Second District Company, and Lt Guerero, commanding officer of the 28th Marine Company, were dispatched to hunt the raiders. They immediately sealed off all possible exit points.

The raiders were believed to be the ones who also raided Barangay Roosevelt in Dinalupihan, Bataan, last Thursday, and disarmed seven Civilian Home Defense Force members of one Garand rifle and six carbines.

Armed men believed to be members of an urban guerrilla group struck anew yesterday morning in Pasay City.

The group, dubbed as "Agaw Armas" [Arms Grabbing] gang, however, failed to take away the service firearm of a security guard. The attempt took place at the old Manila International Airport [MIA] in Pasay at 1 am.

The security guard, identified as Nelson Derraco, 21, of the Tres Ninos Security Agency, suffered gunshot wounds in the chest.

Initial investigation showed that Derriaco, a resident of 2460 Alabastro Street, San Andres, Manila, was guarding LBC Air Cargo Office in the Columbia complex in the old MIA when he was fired upon by three unidentified men who arrived aboard a car.

The Ohree, who were armed with an Armalite rifle and handguns, fled when Derraco returned fire.

Last Wednesday, two armed men believed to a member of "Agaw Armas" shot and killed a security guard in Paranaque and made off with his service firearm.

The victim was identified as Daniel D. Vicente who was posted at the corner of Santos Avenue and Hernandez Street, B.B.F. Homes, Paranaque.

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CSO: 4200/653

21 February 1986

PHILIPPINES

NPA ATTACKS BUS, FIGHTS REBELLING VILLAGERS

HK220508 Manila BULLETIN TODAY in English 21 Jan 86 p 8

[By Tong Peo Rimando]

[Text] Pagadian City--At least 15 persons were reported seriously wounded when a group of 30 heavily armed men believed to be members of the New People's Army (NPA) held up and burned a passenger bus Saturday afternoon in the outskirts of Sapang-Dalaga Town in Misamis Occidental.

The bus, a Lilian Express, was bound for Pagadian from Dipolog City when the incident occurred, barely 1 day after another bus of the same company was ambushed by dissidents in Tungawan Town, Zamboanga del Sur, resulting in the death of 8 passengers, including 2 soldiers, and the wounding of 30 others.

An unconfirmed report said an undetermined number of passengers, most of them women, drowned when they panicked and jumped into the nearby swollen Sapang-Dalaga River.

The report said the bus was negotiating a sharp uphill curve after the municipal cemetery, five kilometers from the town proper when the rebels, most of them wearing fatigue uniforms stopped the vehicle.

The armed men divested the passengers of cash and valuables amounting to about P100,000.

They then set the P500,000 worth vehicle on fire, forcing the passengers to jump out from the bus.

The armed men then fled to a nearby forested area where pursuing policemen lost them.

Meanwhile, mountain villagers of Barangay Titay, Diplahan, Zamboanga del Sur, reportedly attacked NPA members, beheading one of them and wounding four others.

The rebels were collecting the residents' monthly taxes imposed by the NPA, it was reported. The taxes were in the form of money and food contributions.

Col Ernesto Maderazo, 3d Army Infantry Brigade commander, said the incident, reported by Barangay Councilman Vicente Tingkian, scared the rebels that they finally left the village and stopped abusing the residents.

Maderazo said the five rebels went to Barangay Titay last week to collect the people's contribution. The residents, led by several young men, decided to attack the NPA collectors.

The villagers, armed with bolos and stones, ganged up on the dissidents as they were about to move out from the Barangay.

Some of the men caught up with one of the dissidents, hacked him to death and cut off his head.

The other rebels were hit by stones pelted by pursuing residents.

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CSO: 4200/653

PHILIPPINES

MILITARIZATION OF REMOTE AREAS ASSAILED

HK300726 Quezon City WE FORUM in English 21-27 Jan 86 p 8

[By Nora O. Gamolo]

[Text] In less than 3 weeks, on 7 February, the people are supposed to have influenced, through their votes or their refusal to vote the character of Philippine politics for the next few months. On the road to that historic moment, both sides will have subjected many a political and economic issue to the twists and turns of logic in debates and campaign speeches. But this far into the campaign, there remains, however, one crucial issue that has disturbingly been left untouched by either side--that of the fate on election day, of thousands of Filipinos now living in areas subjected to hamletting, food blockades (or "resource control," as the military terms it) or other sustained military operations.

These issues more recently came to the fore anew in mid-1985 with much publicized reports of military operations conducted in northern Mindanao, particularly in the provinces of Misamis Oriental and Occidental.

In Misamis Oriental, hardest hit was the inland mountain town of Claveria, some 60 kilometers east of Cagayan de Oro. From 17 to 24 June, [word indistinct] of the Philippine Army Second Scout Ranger Battalion beefed up by CHDFS [Civilian Home Defense Force] and armed fanatic cultists (Tadtads) poured into nine barangays of Clareria, namely Pelaez, Luna, Tipolohon, Bulahan, Parmbugas, Empakibil, Mati, Apuskahoy and Madaguing.

The military campaign in Claveria and neighboring towns was trumpeted in the media as a success, with reports of "47 NPA terrorists killed" and 2 rebel camps captured." One other significant aspect of the campaign, however, is the trail of artillery and mortar bombings, burning of houses, lootings, arbitrary arrests, tortures and summary executions of civilians left behind by the soldiers.

According to the report of the fact-finding mission conducted in Claveria from 3 to 4 July by the Human Rights Committee of the Integrated Bar of the Philippines and other religious and cause-oriented groups, at least 10 people were "salvaged," 7 went missing and 39 houses burned after the week-long military campaign (which was temporarily halted on 24 June, but continued on a less conspicuous scale later.)

On 19 June, 30 families in Barangay Mati lost their homes when irate soldiers put their dwellings to the torch, said the report. Antonio Jabao, a tomato grower, found his P35,000 house reduced to ashes, his two sprayers and his stock of newly harvested tomatoes either lost in the fire or taken away. In Sitio Dalas of the same barangay, the only structure spared from the fire was the village chapel. All the 15 houses were razed. At least 18 persons were apprehended, 10 of them tortured.

In Barangay Luna, brothers Marcelino and Adolfo Geri, both married and both evacuees from Barangay Mati, were arrested in full view of their wives and other witnesses on 21 June. The two were brought to an army camp in Luna, where they were tortured. From the camp, their wives said, the two men's cries for help could be heard. The next day, the wife of the younger Geri asked to see her husband. She had been shooed away the day before at gunpoint. But this time, she was told curtly that the two brothers had already been released. They have not been heard from since, and are presumed to have been salvaged.

In the same barrio, on 19 June, a 6-month-old infant, Janet Eubido, died, her body mangled beyond recognition when a soldier clambered up to her parents' house and sprayed mother and child with M-16 bullets. Janet's mother, who was then nursing her baby, luckily survived, albeit with both her arms wounded. Azucena Hingpit, a 4-year-old, also died from the shelling and strafing that same day.

The military operations left Barangay Mati a semi-deserted area, said the report. Furthermore, it was learned that the barangay was hamletted, with residents allowed to leave their homes at the centro only from 7 am to 4 pm. Routine checks of houses were being conducted to see to it that this regulation was being followed.

In Barangay Pelaez, home of slain peasant leader Jose Fabro, village elders who had sought to intercede with the soldiers on behalf of the barrio residents, were instead bawled out and taken hostage for 2 hours. The village fold had all flocked to the barangay poblacion as "a measure of collective safety," said the report, but they were threatened at gunpoint.

The troopers arrested five residents and mauled them. Three houses were burned, including two which belonged to the late Fabro. Not satisfied with reducing the dead man's properties to ashes, the soldiers further jumped on his grave, tore the protest streamers that guarded it, and raked the tomb with automatic fire, the report said.

Two artillery bombs hit the vicinity of the barangay. A smoke bomb hit the barangay center itself and engulfed the area with thick black smoke for 15 minutes, residents recalled.

In Barangay Tipolohon, six barrio folk were "salvaged"--the highest number of civilian casualties reported.

The grim stories varied only in intensity throughout the nine barangays visited by the fact-finding mission.

In Misamis Occidental, a similar troop saturation campaign was also begun in mid-1985. Troopers from Task Force Cobra, the name sported by elements from the 9th, 18th and 51st Infantry Battalions, poured into the province.

Gruesome cases of "salvaging," arrests, rape and torture have been reported. The people of many militarized villages in the two Misamis provinces are groaning under the food blockades now being enforced by the military.

Under this policy, families in hamletted areas are allowed only a maximum of 5 kilos of rice a week. Anyone who buys more than this amount is automatically presumed to be either a rebel or a rebel supporter.

As in hamletted areas in other provinces, a dusk-to-dawn curfew has been imposed. Farmers leaving their huts before sunrise or after sundown are in danger of being tagged as NPA rebels and summarily killed.

The military operations have, in effect, resulted in a state of siege in the affected barangays.

Whenever approached for comments about this, however, military spokesmen always claim that bombings, strafings, shelling or other such operations are not intended against civilian centers, but against suspected rebel strongholds.

But what of food blockades? The rationale for this practice derives from the military's belief that an entire locality, such as Claveria, is a "solid NPA base." Logically then, due to the difficulty and risks entailed in trying to reach actual rebel camps usually located in interior areas, the military, instead, turns its attention to a more accessible target--the NPA's civilian mass base. Thus, the term "base denial," for operations meant to starve the rebels into submission, to separate the guerrillas from their "sea of mass support."

A key element, necessarily, in such an operation, is "psychological warfare." Military tacticians would erode whatever positive influence the NPA rebels may have over the population by seeking, for example, to strike a contrast between the non-uniformed, "poorly armed, ragtag" rebel army, and the massive contingents of regular, well-trained military elements armed to the teeth.

Reports indicated that the battalion-size forces that saturated Claveria had with them heligunships, chemite tanks, howitzers and mortars. Many soldiers did not sport nameplates, and their movements were usually accompanied by the roar of heligunships, the rumbling of tanks, and the thuds of artillery and mortar fire--thus, an affinity between the soldiers and their power over life and death was easily established in the people's minds.

That the veracity of reports in dailies of "subversive terrorists" being killed or that "rebel camps were captured" have been doubted by many informed readers, including some junior AFP [Armed Forces of the Philippines] officers, is again worth noting. Sources point out, for example, that the soldiers rarely ventured beyond 200 meters from the barangay roads during their operations. Most of the houses burned on 19 June in Barangay Mati were by the roadside, hardly

the place where NPA guerrillas would be staying. This being the case, it would not be surprising for the NPA casualty reports to be exaggerated, at the very least. The military operation would then emerge as mainly intended not so much directly at the NPA, as against the civilians, the "mass base."

Apart from a military show of force, enforcing the added measure of a food blockade against the population would thus result in a situation wherein the residents of a locality feel themselves totally under the control of the military, their very means of life support possibly subject to the former's whims and caprices.

In such a case, the desired effect is not only to "starve out" the rebels, but perhaps more importantly, to smash the "mass base's" confidence in the guerrillas' ability to fight the soldiers and drive them away. The result, it is hoped, would be a loss of faith in the "revolutionary cause." Thus rendered hopeless both through terror and isolation, the population is rendered more receptive (or susceptible) this time, to government propaganda. The ritual of mass surrenders usually follows.

That this practice is generally sanctioned by the military top brass was confirmed by no less than Lieutenant General Fidel Ramos, who, in a recent forum, said that such operations were not banned (although he expressed the opinion that these should be practiced only on a "selective basis.")

Nonetheless, the implications of such ongoing military operations are staggering, especially in the light of the current electoral campaign. If elections are occasions for the full flowering of a "free market of ideas," and for expressing the people's sovereign will, either through boycott or participation, can such a choice be freely made by the thousands of residents in far-flung villages who now live under the watchful eyes of the military and its informers?

Candidates all too often address themselves mainly to the concerns of the more urbanized city and town residents, who easily comprise a more vocal and articulate electorate precisely because they live in conditions of relative freedom. But what of those who live outside the reach of the electronic and print media, whose homes could only be reached through dusty, winding roads or rugged mountain trails, and whose very sustenance is subject to military control?

On 7 February, will their sovereign will be heard, with the din of mortar and artillery fire fresh in their minds? Can elections serve as a democratic exercise under threats of more stringent "resource control?" Indeed, in such places scattered all over the Philippines, conditions are ripe for mass political blackmail, and the election returns from these areas cannot be dubious, impinging on the legitimacy of the overall election result.

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CSO: 4200/651

PHILIPPINES

NPA ACTIVITIES IN NORTHERN LUZON REPORTED

HK231003 Manila TIMES JOURNAL in English 22 Jan 86 pp 1, 4

[Text] About six New People's Army guerrillas raided the town hall of Pinukpok, Kalinga-Apayao, and burned the post office, health center and municipal court room there last Sunday, the PC [Philippine Constabulary] Regional Command in Cagayan Valley reported to Camp Crame yesterday.

The raiders, who struck at around 6 am, shot and wounded an unidentified resident and divested a policeman of his M-16 Armalite rifle, the sketchy report said.

The PC Recom [Regional Command] 2 said some of the rebels may have been killed or wounded when the police traded shots with them forcing them to flee with their casualties.

Sources in the military said the raid was evidently part of the rebels' efforts to sow terror during the campaign period and on election day in the region where, according to the PC-INP [Philippine Constabulary-Integrated National Police], there are some critical areas.

Earlier, another NPA band attacked and looted the town hall of Hingyon in Ifugao.

The raiders took from the town hall six typewriters, other office equipment and supplies, some personal belongings of policemen and government documents. No policemen were around at the time.

A report from PC Recom 2 said the policemen had gone to Barangay Piwong where they spent the night at the Evangelist church there.

Why the policemen abandoned the town hall, though, was not immediately known.

Meanwhile, TIMES JOURNAL correspondent Raffy Viray reported that the Battan PC Command arrested the 2 policemen who were on duty when 12 suspected NPA rebels raided the armory of the Orion police station early Sunday morning.

Five other policemen who were also supposed to be on duty during the raid but were absent for unknown reasons are being investigated.

The 2 said that they did not resist for fear of their lives when the raiders took from the police armory 6 Armalite rifles, 2 .38 caliber revolvers, and about 100 bullets, 5 sets of military uniforms, 2 radio transceiver sets and classified documents.

Other insurgency-related incidents over the past few days:

Armed men believed to be NPA's looted and then burned the house of a Civilian Home Defense Force [CHDF] member in Barangay Bacagan, Baggao, Cagayan. The armed men had earlier tried to persuade CHDF Wilson C. Macanang to surrender to them his gun. The militiaman shot it out with them, however. Macanang was later forced to flee to the 120th PC Company headquarters.

Barangay Captain Alejandro Abutog of Ylayan, Villareal, Western Samar, was shot dead by suspected NPAs when he allegedly refused to obey the gunmen's order that he should refrain from putting up a campaign poster of President Marcos and his running mate, MP Arturo Tolentino.

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CSO: 4200/651

PHILIPPINES

MILITARY UPGRADING ANTI-GUERRILLA SCOUT RANGERS

HK231027 Manila BUSINESS DAY in English 22 Jan 86 p 22

[Text] The military is beefing up its Scout Ranger special elite force and is developing Fort Capinpin in the outskirts of Metro Manila as a big training base for guerrilla warfare, it was learned yesterday.

Brig Gen Felix Brawner, armed forces deputy chief of staff for operations (J-2) and commanding general of the 1st Scout Ranger Regiment (1st SRR) said two more battalions are programmed to be organized this year.

The two battalions, consisting of four Scout Ranger companies, each with about 150 men, will increase the present complement of four battalions each with three companies, including command and service support elements.

The disclosure came on the heels of a directive issued by armed forces chief of staff Gen Fabian C. Ver ordering compulsory Scout Ranger training to all infantrymen before their deployment.

The regular elite force, however, will be the 1st SRR, born in 1950, deactivated in 1957 and reactivated on 1983, 3 years after General Ver took the helm of the Armed Forces.

The reactivation came in the face of increased activities of the New People's Army (NPA), military arm of the banned Communist Party of the Philippines (CPP), in the countryside.

It is best, however, to limit the 1st Scout Ranger Regiment to 16 Ranger companies forming about 6 to 7 battalions, including support elements, according to the military.

Basic Scout Ranger training consists 12 weeks of uninterrupted special courses in guerrilla and anti-guerrilla operations, sniping and anti-sniping, insurgent tactics, urban guerrilla operations and waterborne and heliborne operations, including an extremely risky actual combat operation in pre-selected hostile territory.

During the 30th 1st SRR anniversary on January 18, General Ver ordered the promotion of four regular Ranger elements and the enlistment into the regular force of 18 trainees for their feat in combat.

The men, comprising 3 teams, engaged a battalion-size NPA group on January 9 in Maco, Davao del Sur, killing 21 on the enemy side and recovering 12 high-powered firearms.

Military authorities said that upon completion of the current program, it is envisioned that the 12 regional commands throughout the country will have one Ranger company each.

/8918

CSO: 4200/652

PHILIPPINES

ARMED MEN SEIZE POLICE WEAPONS IN ALBAY PROVINCE

OW281048 Tokyo KYODO in English 1039 GMT 28 Jan 86

[Text] Manila, Jan 28, KYODO--About 40 armed men raided a police station and seized police weapons in Camali, Albay Province, 320 kilometers southeast of the Philippines capitol Tuesday, the state-run Philippine news agency reported.

The raiders are believed to be members of the New People's Army, military arm of the banned Philippine Communist Party, the report said.

The report, quoting Albay Provincial Military Commander Col Cesar Averilla, said the five on-duty policemen did not resist the guerrillas.

The guerrillas made off with nine U.S.-made M-16 assault rifles from the police armory without firing a shot in what was believed to be part of a systematic "agaw-arms" (arms seizure) operation by rebels in the area.

Meanwhile, all the policemen in seven towns in Bataan Province, 50 kilometers west of Manila, had their long firearms confiscated by the commander of a special military task force in the province because of their "alleged apathy" in fighting the rebels, according to the NPA.

Col Lorenzo Mateo said intelligence reports indicated the NPA was set to raid the police stations in another arms seizure operation in the seven towns. Several high-powered rifles had already been seized by the NPA in the past week.

The 15,000-strong NPA has been fighting the government of President Ferdinand Marcos for the past 16 years and has established operational guerrilla zones in 59 of the country's 74 provinces. These depend mainly on local sources of arms and ammunition, including purchases from members of the Philippine Armed Forces.

/8918
CSO: 4200/653

PHILIPPINES

POLICE DISARMED OVER RELUCTANCE TO FIGHT TERRORISTS

HK300600 Manila BULLETIN TODAY in English 29 Jan 86 p 16

[Text] Camp Olivas--All policemen in seven Bataan towns have been disarmed of their long firearms by the constabulary because of their alleged apathy in fighting communist terrorists in their respective jurisdiction.

Col Lorenzo Mateo, commander of the PC [Philippine Constabulary] task force Mt Samat said that he ordered the disarming of the members of the police stations in the towns of Abucay, Samal, Hermosa, Pilar, Morong, and Limay last week also because of intelligence reports that members of the New People's Army (NPA) "Agaw Armas" bands were set to raid those police stations.

Mateo said that he instead detained Marine, Constabulary and Army troopers in the seven towns to prevent any terrorist attack.

The other police stations in Bataan whose members retained their long firearms were Dinalupihan, Orani, Mariveles, Bagac and Balanga. Recalled from the seven police stations were mostly M-16 armalite rifles and some automatic carbines.

Mateo said that he was taking precautionary measures in recalling the long firearms to prevent being taken by NPA rebel.

Mateo recalled that NPA rebels raided the headquarters of the Civilian Home Defense Force (CHDF) in Barangay Roosevelt, Dinalupihan, Bataan, recently and seized seven armalite rifles from its member last week.

/8918

CSO: 4200/653

PHILIPPINES

ALLEGED NPA MEMBER KILLED IN MALOLOS GUN BATTLE

HK030845 Manila BULLETIN TODAY in English 1 Feb 86 p 8

[By Bert Padilla]

[Text] Malolos, Bulacan--An alleged member of the New People's Army (NPA) was killed and four others were captured, while a Constabulary soldier was wounded in a gun battle at about 5:30 am yesterday in Barangay San Pablo, this town.

The identities of the slain rebel and the four who were captured were not immediately known.

The wounded PC [Philippine Constabulary] soldier was identified as C1C [Constable First Class] Antonio del Rosario. He was hit by a grenade shrapnel in the right thigh.

The government troopers seized subversive materials from the rebels during a raid in their safehouses in Barangay San Pablo.

The rebels and the soldiers clashed when a team of soldiers from the PC from central command here and the 171st PC company conducted raids in suspected rebels' lairs in Barangay San Pablo, Dakila, and Tikay, on orders of Lt Col Cesar I. Alvarez, PC-INP [Integrated National Police] chief of Bulacan.

Capt Rolando Lorenzo, 171st PC company commander, said that when his team approached a house where some NPA suspects were believed hiding, a grenade was hurled at the soldiers, hitting Del Rosario.

Before the rebels escaped, they fired at the soldiers.

About 20 persons, including two women, were picked up by the soldiers for questioning. Their names were withheld by the PC, pending the results of the investigation.

/8918
CSO: 4200/653

PHILIPPINES

LARGE NPA FORCES REPORTEDLY SEEN IN MINDANAO

BK040743 Manila PNA in English 0708 GMT 4 Feb 86

[Text] Davao City, Philippines, 4 February (PNA)--Military authorities Tuesday reported sightings of big numbers of fully armed communist New People's Army (NPA) dissidents in at least three provinces in Mindanao.

Colonel Romeo Ecina, constabulary commander, said however, the dissidents had not engaged yet in any terrorist activity since January.

"The NPA's appear to be consolidating and preparing for mass action," Recina said, adding the mass action could mean raids, attacks, ambushes or a campaign of terror to disrupt the 7 February presidential election.

Recina also gave a list of 157 villages in 40 towns considered to be "hot spots" in the region, these are found in Davao Del Sur, Davao Oriental, South Cotabato and Surigao Del Sur.

The heavy concentration of New People's Army (NPA) rebels was monitored in Davao Del Norte, Davao Del Sur and Surigao Del Sur where the underground Communist Party of the Philippines (CPP) is expected to create an atmosphere of fear to coerce the people not to vote during the 7 February election.

Brigadier General Jaime Echeverria, regional unified commander, said the CPP is currently "oiling its propaganda machinery to agitate the people for massive protest actions."

Streamers and leaflets in the countryside are now being circulated by communist cadres to boycott the election.

In the urban centers, cadres were reported to have been conducting house-to-house campaign to warn the people against extreme violence if they will vote in the election.

Recina said Army and Marine units had reinforced his troops to ensure the orderly conduct of balloting.

/12232
CSO: 4200/675

PHILIPPINES

ALLEGED COMMUNISTS LITERALLY PAINT NEGROS TOWN RED

HK041321 Hong Kong AFP in English 1257 GMT 4 Feb 86

[Text] Victorias, Philippines, 4 February (AFP)--Alleged members of a communist-led underground labor organization today literally painted this Central Philippine town red, the military said.

Suspected members of the revolutionary trade union organisation, supported by 15 armed communist guerrillas, scrawled slogans on buildings with red paint, and hoisted a communist flag on the flagpole of a school near the town, the military said.

It took civil officials and soldiers half the day to get the flag down, because the protesters had cut the cord used to hoist it.

Fire hoses were eventually used to bring down the flag, although the schoolyard was flooded in the process.

The organization is under the umbrella of the underground National Democratic Front, which also includes the banned Communist Party of the Philippines and its military wing, the 15,000-strong New People's Army (NPA).

Negros del Norte Provincial Governor Colonel Francisco Agudon said troops had cornered four suspected NPA guerrillas in Victorias today, but that they had escaped.

Further south in Bacolod, NPA leaders said today they had seized 25 weapons from the military, the paramilitary Civilian Home Defence Forces (CHDF) and major landowners in the area in the past 10 days.

And the paramilitary Philippine Constabulary in Bacolod said two sugar warehouses in the nearby town of Murcia had been burned down at dawn today by armed men suspected to be NPA members.

One of the warehouses was owned by MP Alfredo Maranon, a member of the Philippines' ruling New Society Movement (KLB), while the other was the property of the owner of a big plantation.

At least 19 people, mostly policemen and soldiers, have been killed in stepped-up insurgent activities in the past week on this depressed island of Negros, the center of the country's troubled sugar industry.

/12232
CSO: 4200/675

PHILIPPINES

NEGROS PLANTERS FACE RAIDS BY SUSPECTED NPA BANDS

HK070715 Manila TIMES JOURNAL in English 6 Feb 86 pp 1, 4

[By Satch Conta]

[Text] Bacolod--A rash of farm raids and burning of warehouses by suspected New People's Army rebels in the past few days have prompted planters in the Negros provinces to ask military authorities to step up their anti-insurgency drive.

The armed bands had raided three Murcia farms and burned three warehouses starting Saturday night. They also hauled away food and radio handsets before setting fire to tractors and other farm equipment.

Another sugar farm owned by a lawyer was raided Tuesday last week in Barangay Granada Bacolod.

Tuesday night this week, armed men raided Hacienda La Roca in Murcia owned by one Par Alba.

Three farm workers of Hacienda La Roca, armed with shotguns, were overpowered by some 30 raiders who took their guns and ambushed Murcia policemen when Hacienda workers had called by radio for help.

The policemen fought back and killed one of the rebels who was armed with a Springfield rifle, according to reports.

Also raided were the Arguelles farm last Saturday, Hacienda Alma owned by MP Alfredo Maranon on Sunday and Hacienda La Purisima Concepcion owned by Enrique Rojas on Monday night. All are located in Murcia town 15 kilometers from this city.

The raiders took high-powered firearms and sacks of rice before destroying warehouses where fertilizer and farm equipment were stored.

Rojas, executive vice president of the National Federation of Sugar Cane Planters, told reporters that the armed men who raided his farm demanded to see his bookkeeper and asked him and the farm overseer how the workers were being treated by Rojas. The two said the workers were attended to properly. They were told to go home by the armed men who then set Rojas warehouse on fire, destroying fertilizer and equipment worth P10,000.

The armed men took 30 sacks of rice from the Aguelles farm and burned a tractor in the Maranon farm.

Maranon and Rojas are known Marcos supporters and close to Negros del Norte Governor Armando Gustilo.

Meanwhile, belated reports said that in the raid on the farm in Barangay Granada last week, about 60 armed men carried off 200 gamecocks, eggs, rice and fertilizer.

Leon Moya, owner of the farm, told military authorities that it was the third time his farm was raided by armed men.

Panicky sugar planters appealed to military authorities to step up their drive against the NPA raiders.

However, other sugar planters said the raids could have been conducted by bandits masquerading as NPAS.

/12232

CSO: 4200/674

PHILIPPINES

VILLAGE RESIDENTS FEAR REBEL ATTACKS

HK070729 Manila BULLETIN TODAY in English 6 Feb 86 p 8

[By Casiano Navarro Jr]

[Text] Cagayan De Oro City--More than 2,000 persons were reported today to have fled from three farming villages in Opol, Misamis Oriental, for fear that rebels might attack their communities any time.

Brigadier General Mariano Adalem, 3/4 Army Brigade commander, said the evacuation from Barangay Tingalan, Bagoqhoc, and Langkaon, all in Opol Town, was sparked by the escape of a teenage farmer from captivity by the New People's Army last Sunday.

He said that although only about 300 evacuees have sought sanctuary at the ABC social hall in Opol Town, others are now staying with their respective relatives elsewhere.

Adalem said the escaped captive identified only as the grandson of one Eulalio Papin, 76, of barangay Bagoqhoc, told military probers that while still under rebel detention, he was repeatedly warned that his relatives will be harmed or killed should he slip out.

Upon reaching home Sunday, the escapee allegedly told the village folk about his "horrible" experiences at the hands of his abductors.

Adalem said the victim claimed to have witnessed the execution by the rebels of at least 30 persons, including his own father, Daniel Macaranas, and uncle, Agustin Macaranas.

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CSO: 4200/673

PHILIPPINES

BRIEFS

OPPOSITIONIST CANOY ON ELECTIONS--Ruben Canoy, presidential candidate of the Social Democratic Party, has warned the opposition against promoting a climate of fear and issuing inflammatory statements. Canoy, who quit the government in 1976 and got elected to the interim Batasang Pambansa in 1978, disclosed his views on the coming election. He said he bewailed the Unido's [United Nationalist Democratic Organization] call to the people to resort to mass action and violence if they are cheated in the election. He warned that if there is disorder on 7 February and the following days, he would think that the military will be justified in taking action. While Canoy remained critical of the administration of Mr Marcos, he also expressed doubt over Mrs Aquino's capability to run the government. ["R.V. Monitors Snap Election" sponsored by the Philippine-American Democratic Foundation] [Text] [Manila Radio Veritas in English 2255 GMT 4 Feb 86 HK] /12232

SULU OFFICIAL ON SABAH CLAIM--A ranking member of the Sultanate of Sulu denied that there was a secret deal between the Philippine Government and Malaysia on the Philippine claim to Sabah. Abraham Rasul, prime minister and Wazir of the Sulu Sultanate and son of the first Muslim Senator, J.P. (Butu), said he believes Malaysia would not stoop that low and have a secret agreement with President Marcos. The denial came on the heels of reports that the Philippine Government had made a secret deal with Malaysia on the Sabah claim. He said the Sabah claim has been partially resolved through diplomatic (conference) between the two nations and should not be destroyed [as heard]. [Text] [Manila Far East Broadcasting Company in English 2300 GMT 5 Feb 86 HK] /12232

VER DENIES ACTION--General Fabian C. Ver Armed Forces chief of staff, yesterday belied reports that he has taken action against members of the military reform movement in connection with their Kamalayan '86 clean election campaign project. In a press statement, Ver emphasized that the AFP [Armed Forces of the Philippines] has committed all its resources to support the Commission on Election in the maintenance of honest, orderly, peaceful and clean election. "In this regard, a series of command directives have been issued prescribing the roles and responsibilities of unit commanders, enjoining military and paramilitary personnel to observe strict neutrality during the election and to ensure the sanctity of the ballot, and directing the conduct of seminars for all troops on the provisions of the election laws," Ver said in a press statement. [Text] [Manila BUSINESS DAY in English 6 Feb 86 p 18 HK] /12232

DEMONSTRATION AGAINST LUGAR DELEGATION--A demonstration took place this morning in front of the Manila Hotel. The Philippine News Agency reported that about 400 placard-bearing youths picketed the gates of the hotel while American Senator Richard Lugar was conducting a press briefing inside. The demonstrators displayed indignation slogans against American imperialism and intervention. They shouted in protest and hurled (invectives) as Lugar's caravan left the hotel gates going to the Manila International Airport. The demonstrators later dispersed peacefully. [Text] [Quezon City Maharlika Broadcasting System in English 0400 GMT 10 Feb 86 HK] /12232

NPA VIOLENCE, ARSON--New People's Army guerrillas burned a college building in Cagayan and raided the municipal building and a police station in Samar as they stepped up a terror campaign aimed at disrupting the February 7 elections. Also in Cagayan, NPA dissidents held as hostage 11 civilians in (Kalapangan-lesam) and asked them to compel their relatives in the armed forces to resign from the service before the victims were released. Meanwhile, in Zamboanga del Sur, at least seven persons, including three soldiers were killed, while 30 others were wounded when terrorists ambushed a passenger bus bound for Zamboanga City at Barangay (Tikpalay) in Tungawan, Zamboanga del Sur. [Text] [Manila Far East Broadcasting Company In English 2300 GMT 16 Jan 86 HK] /8918

CHURCH STAND ON POLITICS--Archbishop Patrick Cronin of Cagayan De Oro City said that, contrary to popular belief, he believes the Roman Catholic Church is not supporting either of the candidates in the 7 February presidential election. The church's only stand, he said, is for the holding of an honest and free election and for Filipinos to make their own choices. Asked about priests who give political sermons on Sunday, Cronin said the church is not responsible for the opinions of those priests. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 30 Jan 86 HK] /8918

SUGAR EXPORTS--Starting with the fifth sugar shipment under the U.S. quota, export transactions of the privately-owned Philippine Sugar Marketing Corp (Philsuma) will be coursed only through commercial banks which participate in a P1 billion loan syndication to be arranged by the Central Bank. The first four shipments have already been negotiated and arranged by a consortium of banks. The first export shipment was financed by a foreign bank while the next three are being funded by a revolving credit from the Bank of the Philippine Islands, Far East Bank and the Land Bank. It could not be immediately determined if the three would join the P1 billion loan syndication. Central Bank involvement in funding Philsuma's sugar buying operations was ordered by President Marcos to ensure that prices and supply remain stable. Because of its limited capitalization and untested track record being a new company, Philsuma has had difficulty getting credits in proportion to its requirements. Philsuma had tapped a syndicate of banks to raise P250 million in "seed money" but the deal fell through. [Text] [Manila BULLETIN TODAY in English 2 Feb 86 p 25 HK] /12232

LOCAL TRADE WITH U.S. BASES--The government has reached an agreement with officials of U.S. military facilities in the country for increased trade between the bases and local Philippine firms. Bureau of Trade Director Mina Gabor said that the management of the U.S. military facilities has asked the Philippine Government for a list of the companies wishing to do business with Clark Air Force Base in Pampanga and Subic Naval Base in Zambales. Gabor said Washington plans to send a staffer from the U.S. Food and Drug Administration to inspect local agricultural products entering the bases. [Text] [Manila Far East Broadcasting Company in Tagalog 1000 GMT 30 Jan 86 HK] /8918

CAGAYAN OFFICIALS REPORT THREATS--Defense Minister Juan Ponce Enrile yesterday said that KBL mayors in Cagayan have reported many cases of intimidation and harassment from groups belonging to the opposition and the NPA. The information was relayed to Enrile by mayors of Cagayan Province who said they have been receiving death threats in letters. As a result of this, Enrile has asked military authorities to investigate the cases to find out the identities of the groups threatening the KBL leaders. In this connection, Cagayan constabulary provincial commander Colonel Tirso Gador said that nine cases of intimidation are being probed by the constabulary. [Text] [Dagupan City DZDL Radio in Tagalog 0445 GMT 3 Feb 86 HK] /8918

IMELDA MARCOS BOOED--Manila, 8 February (AFP)--Imelda Marcos was booed in two Manila polling centers she visited yesterday during the election pitting her husband President Ferdinand Marcos against opposition leader Corazon Aquino, it was reported here today. Mrs Marcos, the 56-year-old governor of Metro Manila and minister of human settlements, was booed in the populous district of Sampaloc, the independent PHILIPPINE DAILY INQUIRER newspaper said. Mrs Marcos flashed the "V" for victory sign in the polling centers when some voters responded with boos and the opposition "L" sign with thumb and forefinger, which stands for "Laban," meaning fight, the daily said. Spokesmen for Mrs Marcos could not be reached for comment on the report, which cited eyewitnesses and independent election watchdogs at two public schools where the voting centers were located. Opposition candidate Corazon Aquino was leading today in unofficial tallies of the ballots cast in Metro Manila, which has over 4 million voters. The opposition routed the ruling New Society Movement (KBL) in Manila in the May 1984 general elections, winning 15 of 21 seats. [Text] [Hong Kong AFP in English 0453 GMT 8 Feb 86 HK] /12232

CSO: 4200/675

THAILAND

COLUMNIST BLASTS U.S. FOREIGN POLICY, ECONOMIC STANCE

Bangkok DAILY NEWS in Thai 15 Jan 86 p 2

[Around the World column by Trairat: "Yankee Element"]

[Text] The United States has been making terrible mistakes in the international political and diplomatic game. It sent forces into Lebanon and then had to withdraw them after the bombing attack that killed and wounded several hundred marines in Beirut. It has poured in aid to help the right-wing forces in Nicaragua and announced that it will work to topple the Sandinista government. It even used aircraft to lay mines, which was condemned throughout South America. And since then, there have been several other matters, the latest one being the threat to destroy Libya in cooperation with the Jews. The people of the world oppose that, too. As for international trade, Uncle Sam boasts that it supports free trade. But it has tried to promulgate protectionist laws and set up tariff barriers. Examples are the Jenkins Bill and the Farm Bill.

People throughout the world are opposed to the games being played by the United States. These actions are driving a wedge between the United States and its allies. Almost all these countries are beginning to realize that Uncle Sam is insincere and that it forms friendships for its own benefits. It says one thing but does something else. Usually, the United States thinks only of its own interests.

If a government is weak and is willing to place itself at the disposal of the United States, Uncle Sam gladly embraces it and helps keep it in power even though the people of that country may detest that government. It allows the problems to fester to the point where they become almost unsolvable and then looks for another puppet to take over. It helps destroy the people's power and those leaders who do not agree with U.S. policy. An example is the situation in Thailand before the events of 14 October. Another example is Uncle Sam's support of Marcos in the Philippines.

It's fine that the United States is trying to support the growth of democracy throughout the world. But that is not how the United States treated Thailand. It treated us like a colony. During the period of dictatorship, it tried to humor the dictators. During the parliamentary period (parliamentary dictatorship), it has again tried to humor the leaders. It has said that this

is a good government. Even though the government has allowed the nation's economy to deteriorate, the United States has told the people here that they should be patient and that they should not change governments or even think about toppling the government.

Look at the problem along the border between Thailand and Indochina, a problem created by the United States. The United States left this problem for Thailand and today pays hardly any attention to it at all. To purchase weapons from the United States, we have to prostrate ourselves and pay a fortune for the weapons. Moreover, they are slow in delivering the weapons. The refugee problem continues to grow worse.

When Thailand devalued the baht the first time, which wreaked havoc, and people complained about the terrible economic situation, the United States tried to comfort the Prem government, saying that it didn't need to listen to anyone here, that the Thai economy was still strong and that if Thailand wanted to borrow any money, all it had to do was ask. And it said that if anyone tried to topple the Prem government, the United States would deal with them harshly. We all know what the result was.

Now, the United States is threatening to cut off U.S. aid (a few dollars) if anyone tries to topple the Prem government. But at the same time, it has promulgated the Farm Bill to destroy our agricultural products. If the United States continues to use such misguided policies, shouts of "Yankee, go home" will continue to be heard throughout the world.

11943

CSO: 4207/147

THAILAND

ATHIT EXTENSION DISCUSSED, SENIOR GENERALS PROFILED

Bangkok SU ANAKHOT in Thai 15-21 Jan 86 pp 18-20

[Unattributed report: "The Army After the Extension of Athit"]

[Text] Unless the Ministry of Defense grants another extension to Gen Athit Kamlangek, the supreme commander and RTA CINC, Gen Athit will have to retire on 31 August this year. Because at a cabinet meeting on 6 April 1985, the Ministry of Defense informed the cabinet that it had granted a 1-year extension to Gen Athit, who was scheduled to retire on 30 September 1985, from 1 October 1985 to 31 August 1986.

At that time, the Ministry of Defense informed the cabinet that it was essential to grant an extension to Gen Athit in the interests of national security. The ministry said that he was in excellent health and could continue to fulfill his duties based on Article 19 of the 1980 Government Officials Pension Act (edition 13).

Article 19 of this act states that "any government official who turns 60 years old must retire at the end of that fiscal year. However, the cabinet can grant 1-year extensions until the person reaches the age of 65 if this is necessary in the interests of maintaining national security or in the interests of education or national development or if the chief aide-de-camp to the king requires this in order to facilitate the activities of the king."

However, there shouldn't be any problem granting another extension to Gen Athit this year. This will probably be approved when the time comes just like last year. That is, he will be granted another 1-year extension as agreed.

"During the army's movement at the beginning of last year to secure an extension for Gen Athit, Lt Gen Phichit Kunlawanit, the 1st Army Region commander, was the activist in getting senior military officers and field commanders to sign a petition to have Gen Prem Tinsulanon, in his capacity as minister of defense, grant a 2-year extension to Gen Athit. But because this conflicted with the law, it was agreed that extensions would be granted 1 year at a time," said a senior officer to SU ANAKHOT.

This officer told SU ANAKHOT that unless something happens, Gen Athit will be granted an extension as agreed on. Looking at the army officers who hold the rank of full general, it can be seen that the army lacks officers of this rank. Thus, it is very unlikely that he would be denied an extension.

The five army officers who hold the rank of general are Gen Athit Kamlangek, the RTA CINC, Gen Chuthai Saengthawip, the deputy RTA CINC, Gen Akkhaphon Somrup, the first assistant RTA CINC, Gen Kamhaeng Chanthawirat, the second assistant RTA CINC, and Gen Chawalit Yongchaiyut, the army chief of staff.

With the exceptions of Gen Chawalit Yongchaiyut, who has 7 years left before he is due to retire, and Gen Athit Kamlangek, who will be granted a final 1-year extension, the others are all due to retire on 30 September this year.

"In the present situation, it is 'essential' that Gen Athit be granted another extension. Otherwise, there will be splits within the army as was the case in the past. And by the time a 'knight on a white horse' arrives to solve the problems, it may be too late. In particular, the Thai-Cambodian border problem could have an effect if there were conflicts in the army," said the same senior officer.

The following is a list of the "generals" and "lieutenant generals" who are not due to retire on 30 September this year. They are listed in order of seniority based on date of rank and position:

Gen Chawalit Yongchaiyut, the army chief of staff (Chulachomklao Royal Military Academy Class 1), was born on 25 May 1932. He will retire on 30 September 1992. He is considered to be the "full general" who will remain in government service the longest.

Lt Gen Wanchai Chitchamnong, the 4th Army Region commander (Army Preparatory School Class 5), was born on 30 October 1926. He will retire on 30 September 1987. He was promoted to lieutenant general and made 4th Army Region commander in October 1983.

Lt Gen Wanchai Ruangtrakun, the deputy army chief of staff (CRMA Class 1), was born on 13 July 1932. He will retire on 30 September 1992. He was promoted to lieutenant general and made assistant army chief of staff for operations in October 1983.

Lt Gen Watwong Hutasewi, the director of operations (APS Class 6), was born on 25 November 1926. He will retire on 30 September 1987. He was promoted to lieutenant general and made director of operations in October 1984.

Lt Gen Charat Wongsayan, the second army chief of staff (APS Class 7), was born on 9 February 1927. He will retire in September 1988. He was promoted to lieutenant general and made army comptroller in October 1984.

Lt Gen Phisit Hemabut, the 2d Army Region commander (APS Class 6), was born on 21 August 1927. He will retire in October 1987. He was promoted to lieutenant general and made 2d Army Region commander in October 1984.

Lt Gen Phichit Kunlawanit, the 1st Army Region commander (CRMA Class 2), was born on 6 July 1932. He will retire on 30 September 1992. He was promoted to lieutenant general and made 1st Army Region commander in October 1984.

Lt Gen Sunthon Khongsomphong, the commander of the Special Warfare Command (CRMA Class 1), was born on 1 August 1931. He will retire on 30 September 1991. He was promoted to lieutenant general and made the commander of the Special Warfare Command in October 1984.

Lt Gen Charuai Wongsayan, the assistant army chief of staff for civil affairs (CRMA Class 1), was born on 21 June 1930. He will retire in September 1990. He was promoted to lieutenant general and made assistant army chief of staff for civil affairs in October 1984.

As for other officers who hold the rank of lieutenant general, those not due to retire this September were all promoted to lieutenant general in October 1985. Thus, looking at the officers in terms of seniority, it is not difficult to see which officers will be promoted to full general, which is the highest rank, and given higher positions.

Gen Athit Kamlangek

1. Date of birth: 31 August 1925
2. Wife: Lady Praphasi Kamlangek
3. Children: Two sons and one daughter
4. Education: Army Preparatory School Class 5, 1948
Army Command and General Staff College, Class 4, 1965
Air War College, Class 5, 1971
National Defense College, Class 22, 1979
5. Important positions:
Service battalion commander, Military Circle 1, 1965
Commander, 23d Mixed Regiment, 1973
Commander, 3d Division, 1977
Commander, 1st King's Guard Infantry Division, 1979
Deputy commander, 2d Army Region, 1980
Commander, 1st Army Region, 1981
RTA CINC, 1982
Supreme commander and RTA CINC, 1983
6. Special service: Second World War, 1944
Korean War, 1950
Vietnam War, 1968

7. Political positions: Member of the National Legislative Council, 1972
Member of the National Legislative Council, 1977
Member of the Senate, 1977

8. Extension: First extension from 1 October 1985 to 31 August 1986.

11943

CSO: 4207/147

THAILAND

GOVERNMENT TO SEEK LOANS FOR STATE ENTERPRISES

Bangkok NAE0 NA in Thai 9 Jan 86 pp 1, 12

[Unattributed report: "Loans To Be Sought for 11 State Enterprises"]

[Text] At the Government House, Mr Trairong Suwannakhiri, the government spokesman, announced that at a cabinet meeting on 7 January, the Ministry of Finance made a proposal based on the request by 11 state enterprises for government support funds totaling 2,519,483,000 baht for fiscal 1986. The cabinet had passed a resolution on 22 October 1985 to have the Ministry of Finance, the Office of the National Economic and Social Development Board and the Budget Bureau consider this matter and submit a recommendation to the cabinet. Representatives from the state enterprises concerned were invited to come explain things. The goal is to have the state enterprises be as self-reliant as possible based on the government's policy.

After considering the matter, the Ministry of Finance recommended that the cabinet consider allowing certain state enterprises to borrow money from domestic sources rather than using national budget funds. The Ministry of Finance will guarantee the loans. (This is because the Budget Bureau may not be able to allot funds from the fiscal budget.) The cabinet considered the matter and issued the following resolution:

Two state enterprises have been given permission to borrow a total of 584,018,400 baht from domestic sources. Another two state enterprises have been given permission to use central budget funds. That is, the Budget Bureau is to allot 13,800,000 baht from the 1986 fiscal budget to the National Housing Authority and 10,254,000 baht to the Office of the Rubber Replanting Aid Fund.

The Ministry of Interior is to have the Internal Security Operations Command allot funds to the Provincial Electricity Authority for providing electricity to People's Volunteers for Development and Self Defense villages and villages along the Malaysian border (in cases in which the Provincial Electricity Authority cannot allot funds from its profits).

The Provincial Water Works Authority has been authorized to borrow 257,474,400 baht. The Budget Bureau will be responsible for allotting money for repaying the loan.

The State Railway of Thailand has been authorized to borrow 326,544,000 baht after the Ministry of Finance has examined its plans for improving operations. The Budget Bureau will be responsible for allotting money for repaying the loan.

The cabinet approved having the Ministry of Finance guarantee the loans mentioned in paragraphs 1.3 and 1.4. As for the loan methods and conditions and other details pertaining to these loans, things are to be carried out as approved by the Ministry of Finance.

All state enterprises are to carry on operations based on the principle of relying on themselves and increasing efficiency as much as possible. They are to revise and curtail projects as appropriate based on their financial capabilities. They should also consider ways of carrying on operations that will earn them increased revenues.

The Budget Bureau is to establish a support fund for the state enterprises so that they have sufficient funds without having to borrow money in order to allot those funds that must come from the budget. This must be done based on the cabinet resolution as detailed in Secretariat of the Prime Ministry Letter No 0202/9515 of 26 July 1984.

The Budget Bureau is to establish a budget for the repayment of the principal and interest on loan funds allotted to the state enterprises in place of budget funds in the annual expenditure budget as a direct state enterprise support fund beginning in fiscal 1987. The purpose of this is to reduce the government's debt servicing burden and to use fiscal budget funds correctly and in accord with the facts.

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THAILAND

FOREIGN CURRENCY SMUGGLING FROM SOUTH CONTINUES

Trafficker Arrested

Bangkok NAEO NA in Thai 10 Jan 86 pp 7, 10

[Unattributed report: "Customs Department Claims To Have Evidence, Files Suit Against 'Hiep Tak' on Charges of Smuggling 13 Currencies Out of the Country"]

[Text] The Customs Department has filed suit against Detcha Leelasit, a wealthy Chinese member of the "Hiep Tak" group, in the Songkhla provincial court on charges of attempting to smuggle 13 foreign currencies and travellers checks worth approximately 16 million out of Thailand to Singapore aboard Thai Airways International flight TG 440. He was arrested when the aircraft landed at the Hat Yai airport. The Customs Department charged that two traffickers were used to transport the money from Bangkok to Hat Yai and from Hat Yai to Singapore.

Mr Prasit Phattana-amon, the chief prosecutor in Songkhla Province, told NAEO NA that the Customs Department has filed suit against Mr Detcha Leelasit in the Songkhla provincial court on charges of attempting to smuggle currency out of the country.

The court set 7 January as the opening date of the trial. But Mr Detcha requested that this be postponed to 26 February. He said that he had evidence to submit to the court but that the documents were written in English and that it would take time to have them translated into Thai.

The Customs Department stated that a man using the name "Siriphong Lisombatphaibun purchased a Thai Airways International ticket for a flight from Bangkok to Hat Yai aboard Thai Airways International flight TG 440, which is the Bangkok-Hat Yai-Singapore flight. He had a Samsonite suitcase.

When the aircraft landed at Hat Yai, the man travelling under the name of "Siriphong Lisombatphaibun" got off the aircraft and went to the passenger lounge. However, airport porters did not remove that suitcase for inspection

by customs officials. Because of this, customs officials became suspicious and so they searched the suitcase. They found 13 different foreign currencies and travellers checks worth a total of 16 million baht.

The customs officials used certain techniques that resulted in Mr Detcha, who was at the airport, coming and informing them that he was there to pick up that suitcase. The customs officials conducted an investigation and learned that Mr Detcha had paid the porter not to take the suitcase off the aircraft for inspection, which is the normal procedure. Thus, they arrested Mr Detcha and later filed suit with the Songkhla provincial court.

From the investigation, the officials learned that a man named Mr Siriphong Suphakitmongkhon had purchased a ticket for Thai Airways International flight TG 440 from Hat Yai to Singapore. He had reserved the same seat that Mr Siriphong Lisombatphaibun had used. However, officials could not find Mr Siriphong Suphakitmongkhon. And Mr Siriphong Lisombatphaibun disappeared, too.

The chief prosecutor in Songkhla Province revealed that several foreign currency smugglers have been caught in the past. But those arrested have never been carrying more than 1 million baht. And those arrested usually turn the money over to the state and so the Customs Department does not press charges. This is the first time that the amount of money involved has exceeded 10 million baht. As for whether Mr Detcha was the culprit or was involved in the attempt to smuggle the 16 million baht out of the country, we will have to wait for the court's decision before the case can be officially closed.

The chief prosecutor in Songkhla Province said that based on the law, a currency smuggler can be sentenced up to 10 years in prison and be fined up to four times the amount involved. As for resolving the matter by giving the money to the state, that must be done before the case reaches the trial stage.

NAEO NA has learned that Mr Detcha is a member of the Leelasit family. His older brother is Mr Wanchai Leelasit, the president of the Lee Garden Hotel in Hat Yai. Another brother is Mr Wisit Leelasit, the president of the "Wall Street Tower" office condominium project and the Thai Rat Finance Company.

In business circles, this family is known as the "Hiep Tak" group. They are involved in a large number of activities ranging from hotels to trust companies, the production and sale of powdered fish, real estate and many other trading activities. The Hiep Tak group carries on business activities in Thailand, Malaysia and Singapore.

Methods Described

Bangkok NAEO NA in Thai 9 Jan 86 pp 7, 10

[Unattributed report: "Customs Department Reveals That Southern Businessmen Use Bills of Exchange To Facilitate Currency Smuggling"]

[Text] The Customs Department has revealed that Chinese merchants in Hat Yai and certain provinces in the south are smuggling currency out of the country and keeping it in Malaysia and Singapore. They have been doing this for more

than 10 years using the export system. Those involved in this the most are para rubber and powdered fish merchants. When their accounts in Malaysia and Singapore reach a certain level, they write bills of exchange and secretly transfer funds out of the country for other merchants. For this service, they charge 50 satang [1 satang equals 0.01 baht] per dollar.

A high-level news source in the Customs Department told NAEO NA about why the Custom Department's Zone 1 Control Center had been ordered to conduct an investigation and seize documents concerning the import-export activities of several companies in Hat Yai District. He said that the purpose was to obtain evidence that they were engaged in smuggling currency out of the country using import-export documents as a tool and in importing and exporting goods without paying taxes.

The main target of the Customs Department is currency smuggling. It is well known that Chinese merchants in Hat Yai and other southern provinces have been engaged in this for more than 10 years. A report stated that the ones most heavily involved in this are para rubber and dried fish merchants in the south. In terms of the number of people involved, most are dried fish merchants. But it is the para rubber merchants who smuggle out the largest sums of money.

The easiest and most popular way of smuggling currency out of the country is to set up a subsidiary company in Malaysia or Singapore. In selling goods to Malaysia or Singapore, they usually prepare documents through the subsidiary company or through the business activities of relatives living in Malaysia or Singapore. What they do is export goods from Thailand at below-normal prices. Some of the money earned from this is kept in Malaysia or Singapore and is used for various activities. In particular, if people want to transfer money out of Thailand without going through the national bank, they contact those with accounts in Malaysia or Singapore.

Those who want to transfer money out of the country pay--in baht--those who have the accounts in Malaysia or Singapore. They can then receive their money in Malaysia or Singapore. Those with the accounts in Malaysia or Singapore charge 25-50 satang per \$1 for this service.

Merchants in Hat Yai and other southern provinces like to use this method because some of them hold dual nationality, and they have relatives living in Malaysia or Singapore.

"This is just one example. Several other methods are used to smuggle currency abroad. They use these methods in order to avoid having to pay the full export tax," said the news source.

Mr Samphan Limtrakun, the director of the southern branch (Hat Yai) of the national bank, said that the national bank is monitoring currency smuggling. But there are limitations on what can be done to arrest those involved. Things must be coordinated with officials from various other units. The national bank does not have the legal authority to take action itself. As for what is being done to solve this problem, Mr Samphan said that peaceful measures will be employed first. If this continues, resolute action will be taken.

Currency exchange is another problem. Mr Samphan said that Ministry of Finance Law No 13 of 1954 prohibits people from engaging in foreign currency exchange or transfer activities unless the person has received permission from the minister of finance. But this is still being done illegally. Officials know this but do not have enough evidence to take action.

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THAILAND

NEW COMMERCE MINISTER INTERVIEWED ON TRADE, POLICY

Bangkok MATICHON in Thai 23 Jan 86 p 1

[Interview with Police Cpt Surat Osathanukhro, the minister of commerce; date and place not specified]

[Text] [Question] What are your policies for administering the Ministry of Commerce?

[Answer] I think that all ministries and tasks are the same. Very broadly, I think I have much knowledge about the work of the Ministry of Commerce. The Ministry of Commerce has many things that it can do. But at the present time, I think that in order to help solve the country's problems, we may have to cut back on the number of measures used rather than increase the number of measures. I would like to help facilitate trade because our business activities seem to be "stuck." But Thailand is not the only country that has experienced a slowdown.

Thus, sometimes we have to take steps to give businessmen the will power to increase trade. The minister of commerce is responsible for finding ways to enable government officials to support trade. But at the same time, officials must monitor things to ensure that the merchants do not take advantage of the consumers, who have little purchasing power. As for what can be done to achieve these things, I think that the minister must ask for the cooperation of government officials in order to get them to carry out their duties. Besides providing support, officials should help set targets. For example, we have to know what to do to make the work flow smoothly. There are regulations that we can do away with. This is important.

Another thing is to make the people understand the problems. When people understand what the country's problems are, they will stop blaming each other. They will definitely accept the situation. Take rice, for example. If we have a huge surplus, prices will fall. At present, various countries have large quantities of rice, and so prices are low. Even wealthy countries like the United States want to sell rice. They are providing support. Thailand has much rice but no money to provide support. People must understand that it will be somewhat difficult for us to sell rice now because of the large quantities being produced worldwide. Buyers are purchasing less from us. People must understand this problem. Unless we all understand this, we will just continue

to blame and criticize each other. And regardless of who holds this position, it will be impossible to solve the problems.

[Question] What is being done to coordinate things with other ministries in order to step up exports?

[Answer] All merchants want to export goods. We have abolished measures and done away with various obstacles. Premiums have been reduced. Our costs are lower. From what is known as of this afternoon (21 January), our merchants have the will power to export goods. I predict that within a day or two, or perhaps a week, rice prices will drop. But that may not happen. Prices may remain stable. Things may turn out better than we are predicting. Things should improve. As for cooperating with other ministries, such as the Ministry of Finance, things are going very well. People in Thailand realize that the country does not have much money right now. Thus, people must understand that we can't spend money freely as in the past. As for the Ministry of Agriculture, I am sure that it will do its utmost. The Ministry of Agriculture is quite close to the farmers, and it has greater financial power than the Ministry of Commerce. The Ministry of Commerce is a smaller ministry. They have better tools. Also, the ministers of these two ministries are from the same party. SAP [Social Action Party] ministers will hold meetings every Monday. Thus, we should be able to coordinate things closely in order to solve the problems. Besides this, Air Chief Marshal Sitthi Sawetsila, the deputy prime minister, has taken the initiative to ensure that we take speedy action and work together on this.

[Question] What is your policy on foreign protectionism?

[Answer] I think that each country has its own problems. Even the United States, which is a wealthy country, has a serious unemployment problem. They have problems with textiles and rice and have issued the Farm Bill. We have to try and make them understand that we have problems, too. We have to carry on public relations activities to make them understand that we have problems concerning rice. We have large quantities of rice. It's not that we don't have capabilities. Today, the situation in every country has changed. We can't ask them to take action on our behalf alone. The policy of the United States is to use a huge sum of money--I am not sure of the exact amount but it probably amounts to tens of billions of baht--in order to help American farmers.

At the same time, they have great sympathy for us. We are a strong ally of theirs. They don't want to see anything happen to us. Many American leaders, including leaders in the administrative sector and in the mass media, know that Thailand is an outpost and "suit of armor." They want to maintain relations. They are trying to find a way to help us. But they first have to make other Americans understand. In helping us, they will probably take a very gradual approach. I think that things will improve. I don't think that things will get worse as some fear.

[Question] As for the rice policy, did the prime minister entrust you with any special tasks and, if so, what?

[Answer] I have outlined the tasks above. The prime minister has enjoined us to step up exports, which is the desire of all Thai. The rice market is now a buyers' market, not a sellers' market. Thus, if the merchants have a good attitude and do not act reluctant and if they use marketing techniques and enter the market frequently, it should be possible to solve this problem. There aren't any other special tasks.

[Question] What was the reason for the transfer of four directors-general, such as the director-general of the Department of Foreign Trade?

[Answer] We should not mention a particular unit. People change positions. The new person must always try to do a better job than his predecessor even though his predecessor may have been first-rate. The new person must always try to do a better job. My way of looking at it is this. The previous person, who has done a good job, has set a minimum standard. The next person must do an even better job.

Also, rotating people is an administrative principle. Today, the policy of the Civil Service Commission is to rotate people after a certain number of years. But that is just a broad principle. We can make changes sooner than that. I have taken this position with honest intentions. If I had waited too long and something had happened, people would say that I was in league with this or that person. I took this action immediately after taking this position. Altogether, there are six main units. I have made changes in only three, that is, in only half. If I had made any more changes, that would have affected morale. Thus, half is sufficient.

In the case of the Department of Foreign Trade, it just happened that the way to solve the problems changed. Nobody made a mistake. It's just that the situation changed. When you have tried to use certain measures and then the situation changes, you may not want to change your measures. That is, you have told the merchants this and that and said that you will not do this and that. I think that things can become too stifling. Things can be very stifling if you are a new person. And so I have implemented new measures. I am making a great effort.

[Question] The new director-general of the Department of Foreign Trade is attending the National Defense College. Will that pose a problem concerning the performance of his duties?

[Answer] His studies at the National Defense College shouldn't take up too much of his time. I think that the under secretary will be able to provide help during this period.

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THAILAND

COLUMNIST: FARMERS LOSE TO MILLERS' GREED, URBAN INDIFFERENCE

Bangkok SIAM RAT in Thai 8 Jan 86 p 3

[Toi San column by Hoenfa Kindin: "Politics and the Farmers"]

[Excerpt] The farmers are suffering, and they have tried to show why the rice price policy has failed. We can summarize things by saying that the Bank for Agriculture and Agricultural Cooperatives, or BAAC, is pressuring the farmers to pay their debts or the interest, and this is forcing the farmers to sell their rice now. But the mills refuse to purchase the rice, or they offer a low price. The mills claim that there is no reason to buy the rice because they might not be able to sell it for a profit. And the commercial banks refuse to grant them credit. Those mills that do purchase rice put great downward pressure on prices. For example, the price of good quality rice is below 2,500 baht per kwian [1 kwian equals 2,000 liters]. They also deduct for moisture and extraneous matter.

What is even more important is that the farmers must agree to use the vehicles of the mills to transport the rice. The mills charge 100 baht per kwian for transporting the rice. Also, no state official has ever shown an interest in the rice marketing activities of the mills and farmers. The mills are free to treat the farmers any way they want.

Besides the fact that the rice price guarantee policy has failed to gain people's cooperation, people in Bangkok have "played politics" in order to ensure the failure of this policy. Thus, the farmers are the victims of "urban dwellers." That is, they must sell rice for what are the lowest prices in the history of Thai rice trading.

Most of the people who marched on Bangkok that day really were farmers. They demonstrated in order to inform the government that they can't sell their rice because of the above problems. As for who persuaded them to come and "play politics," that is a separate issue. But the words of the farmers were lost that day. No one paid any attention because of the political game played that day. Not one television or radio station broadcast the statements of the farmers! That was very painful. They had to return home all alone. And they were probably very confused about the way politics is played in Bangkok. They were like clowns, returning home to further exploitation by the "Chink" rice mills.

The farmers came with the sincere intention of informing people of their suffering. But the issue was clouded when pineapple growers became involved. Their intervention tarnished the image of the demonstration. People began to feel sorry for Prem rather than for the farmers. And strangely, no one bothered to ask whether Prem is close to the owners of the pineapple plantations. The fact is that when the farmers arrived, pineapples were thrown all over the road. Those who tried to provoke the officials were not farmers. And the spokesman for the farmers was not a farmer. Those who tried to get the farmers to disband were not farmers either. I have heard that they were members of the Uthai Thani provincial council.

The farmers became confused. And when they became confused, the political party that had persuaded them to come to Bangkok simply disappeared. The farmers I saw that day were like people who had been set adrift in a boat. They had no idea what to do. In the end, this just cost them time and money for nothing. They became the political "clowns" of the urban dwellers. They had to return home--all hope gone.

The farmers will probably fear Bangkok for a long time to come. They will probably continue to grow rice for the urban dwellers, who regard Prem as a hero. They can continue to eat cheaply until the Thai become extinct. The "politics" of the urban dwellers is a very terrible matter for the fate of the farmers in this country.

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THAILAND

DAILY RAPS ORDER BANNING PHILIPPINES MEDIA COVERAGE

BK041159 Bangkok THAI RAT in Thai 4 Feb 86 p 3

[Editorial: "Government's News Dissemination"]

[Text] The mass media round the world are paying special attention to the 7 February presidential election in the Philippines. It is reported that about 1,000 newsmen have already gone to Manila to cover the election. This includes newspaper, radio, and television correspondents, especially a large group of reporters and cameramen from U.S. networks. The reason for all this is that the election pits one person who has been in power for 20 years against a challenger who is the wife of a prominent politician assassinated upon his rival in the country.

According to reports from Manila, there are ominous signs of poll rigging or dirty tricks to delay the election so that President Marcos can remain in power. This indicates a political struggle that could lead to public disturbances in that country.

Bangkok's TV channel 9 first showed an interest in the election by indicating that it would send its own cameramen and reporters to observe it. Later, a minister attached to the prime minister's office who is responsible for the station's policy ordered it not to cover the presidential election, reasoning that "this coverage might harm the good relationship between Thailand and the Philippines." This is an irrational order, given the right of the mass media and those in government to know the news.

Because of this order, we are not sure whether the TV stations or the state-owned mass media are fully abreast of the news they report. Moreover, they disseminate only one-sided domestic news, which adversely affects administrators who do not know what the majority think. The practice by some government networks of running news to please those in charge of the stations shows that we cater to personalities rather than to principle--and this has destroyed our administration system. If people are allowed to get the news properly, it will show that the government and those big shots around the country are democratic.

The mass media, whether that of the private sector or of the government, should be fully informed of the news; in particular, they should be free to publish news on major world events. It is another matter for state-owned networks to make comments, since they have their own policy. This will also show that a country with a democratic system like Thailand gives freedom to cover news, not like an undemocratic country.

The state-owned mass media, including that directly belonging to the government--whether military, civilian, or police--currently have different policies on news reporting. They depend on personal policy rather than a national policy. To deny the people's right to know is irrational in a democratic country.

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THAILAND

COLUMNIST FAULTS MARCOS FOR PHILIPPINE DECLINE

Bangkok SIAM RAT in Thai 8 Jan 86 p 2

[Article by Chaiyawat Yonpiam: "Marcos, 21 Years of Power"]

[Excerpt] During the Philippine presidential campaign, opinion polls have been conducted among the Philippine people. The results of the polls show that the popularity of Marcos and his wife, Imelda, is lower than it has ever been during his years in power. Based on the results of the polls, the opposition has charged that Marcos has grown more and more corrupt during his long tenure as president. Even though Mrs Corazon Aquino has little political experience, she does not appear to be "naive," and she has a suitable background. Besides this, Marcos won past presidential elections, that is, those held since 1965, by cheating, and it took a lot of "whitewash" to cover this up.

The imposition of martial law in 1972 enabled Marcos to stay in power longer than authorized by the constitution and enabled him to secure his position both by law and in actuality. This gave him a good chance to jail all those who opposed him.

The economic turmoil in the Philippines does not stem only from the world economic situation. Rather, the mistakes made by Marcos and his family and close friends are much more important. He placed these people in positions of power, and this has enabled them to control the economy in the various regions of the Philippines. But Marcos has constantly insisted that all the problems stem from the increase in world oil prices. He blames this for the great decline in the price of Philippine exports.

The thing that Marcos has cited as a great accomplishment and that he refers to over and over is his success in putting an end to the Moslem movement in the southern region of the country. But he never mentions that these Moro rebels are now very active again.

Marcos says that it is essential that he remain in office for another term because he has plans to solve the various problems. He says that the various projects have not been completed and that it will take another 4-5 years to complete things, which just happens to be the length of another term as president.

On 7 February, we will have a chance to see whether the Philippine people believe him and how many are willing to accept money from him in return for voting for him. But we should not underestimate the patriotism of the Philippine people. This election may well turn out differently than Mr Marcos wants.

THAILAND

ARMY RADIO VIEWS SRV INFLUENCE ON BORDER

BK311229 Bangkok First Army Division Radio in Thai 2300 GMT 30 Jan 86

[Article: "The Indications of Vietnam's Defeat in Cambodia"]

[Text] Dear listeners, our country is bounded on the north by Burma and Laos, the south by Malaysia, the northeast by Laos, the east by Cambodia, and the west by Burma. The situation along the western and southern borders has never caused any problem affecting our national security because both Burma and Malaysia are Thailand's friendly neighbors. In fact, the north-eastern and eastern borders should not have any problem because Laos and Cambodia are friends and cousins of Thailand since time immemorial. However, the reason Thailand has trouble with this part of the border is that Vietnam has Laos under its control and occupies Cambodia and forces the Lao leadership and the Heng Samrin puppet regime to provoke Thailand. If Vietnam would only live in peace, develop its own country for the benefit of its people, the countries in the region such as Malaysian Singapore, Philippines, Indonesia, and Thailand as well as those outside the region like Japan, the United States, Australia, Canada, New Zealand, Britain, France, and West Germany would not have to shoulder the burden of feeding and sheltering refugees. As a result of the Vietnamese actions in Laos and Cambodia, hundreds of thousands of refugees and illegal immigrants have fled to Thailand. Thai villagers have to be evacuated from the border areas. Many Thai soldiers and villagers were killed and wounded by ambushes, artillery shells, and land mines secretly planted on the border areas.

The longer Vietnam wages the war of aggression in Cambodia, the clearer the signs of its defeat can be seen. The fact that Vietnamese army deserters regularly enter into Thailand tells us many things: 1. Vietnamese soldiers are tired of war in Cambodia. 2. There is a severe shortage of food and medical supplies in Vietnamese military units. 3. Vietnamese soldiers' morale is low. 4. Vietnam is using recruits from the south, its second-calls soldiers, to fight the war and die for their northern compatriots who are their commanders. In other words, soldiers from southern Vietnam are sent to die in Cambodia battlefields because if they stay in the country, they might try to seize power. Another sign of Vietnam's defeat is division between the Vietnamese and Heng Samrin soldiers. They have even fought each other, and the Cambodian soldiers captured Vietnamese tanks and military trucks. Vietnam therefore ordered the dissolution of divisions of the Heng

Samrin force. The reason the Heng Samrin soldiers did that is they could not tolerate seeing their people being forced to work hard in areas opposite our Trat Province.

Another important sign of Vietnam's defeat is that Vietnam's economy is so bad that it has to earn money by selling its land, people, and bodies of U.S. soldiers. Vietnam is the world's greatest seller. National Security Council Secretary General Squadron Leader Prasong Sunsiri recently told reporters that Vietnam is currently facing a very difficult time. It cannot heal its wounded soldiers in Cambodia. They are being left to die. Meanwhile, the remaining soldiers' morale is very low. Vietnam cannot find enough food, weapons and ammunition. Second, it sells its own people by sending workers abroad and uses labor to pay foreign debts. The Vietnamese who wish to live abroad must pay a huge amount of money to the government to get permission to leave the country. Third, Vietnam sells bodies of the American soldiers who were killed during the Vietnam War to the United States. Each body can bring a lot of money. Squadron Leader Prasong expressed doubt as to whether Vietnam would succeed in solving its economic problems through these means.

Another sign of Vietnam's defeat is the CGDK forces' victories in launching attacks, ambushes, and sniping against Vietnamese soldiers in the Ratanamondol Districts in Siem Reap-oddar Meanchey Province.

Dear listeners, the longer the genocidal war against the Cambodian people drags on, the weaker Vietnam becomes. In the past, Vietnam always opened a massive suppression operation against the Cambodian people during the dry season. However, this year's dry season is less violent. In any event, it is still a long way before the rainy season comes. Vietnam might be waiting for the right time to launch such an operation in compliance with its tactics: You come, I hide. You stop, I harass. You are in trouble, I attack. You retreat, I pursue. Vietnam might commit more crimes against the Cambodian people and violate Thailand's territory and sovereignty any time.

Supreme Commander General Athit Kamlang-ek told reporters when he went to visit and present new year gifts to soldiers at Phanurangsi camp in Rat Buri Province that the Thai Armed Forces have been on alert and will boost their defense power while the naval force might be needed to strengthen the defense of the border in Trat Province. At the same time, the Suranari Force of the 2d Army Region in Ubon Ratchathani Province has been ordered to stand by to cope with any situation. Meanwhile, the army is ready to send reinforcements, to the area if the situation becomes violent.

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THAILAND

PRK BORDER VILLAGE CHIEF UNHAPPY OVER GOVERNMENT TREATMENT

BK300942 Bangkok NAE0 NA in Thai 30 Jan 86 pp 1, 16

[Excerpt] Representative of the House Committee on Foreign Affairs toured the Thai-Cambodian border on a fact-finding mission on 29 January. They visited the Burapha Force, the Khao I-Dang refugee camp, and the site 2 camp in Ta Phraya District of Prachin Buri province. They were also briefed by Aranyaprathet District Headman Nawin Khanthahiran on the border situation and the district's evacuation plan for villagers affected by the fighting along the Thai-Cambodian border.

In his briefing, Nawin said he believed that the Vietnamese-Heng Samrin troops would not intrude into Thai territory in hot pursuit of the CGDK forces in this year because they had planted tens of thousands of land mines along the border. The mines were planted by military engineers, so their infantrymen will not know the locations of the mines. Besides, there is also another indication--the Vietnamese-Heng Samrin troops fired artillery shells along the border in the past 2 or 3 days, but did not fire into Thai territory.

The district headman said: "I am sad to see that the lives of the Thai people here are cheaper than those of buffalo. When the people were killed by enemies' land mines, their families received only 3,000 baht from the Public Welfare Department, but a farmer will get 5,000 baht in compensation if his buffalo is killed. This is not fair. I have complained about this matter to the director general of the Public Welfare Department, and he accepted it for consideration. I hope the House Foreign Affairs Committee will help in this matter."

The district headman also asked the House Foreign Affairs Committee to help the government set up a budget for buying vehicles and fuel for evacuating villagers because since the border problem occurred about 10 years ago, there has never been a budget for purchasing vehicles to help evacuate villages. Only food is given. So, when there is a border incident, we have to borrow vehicles and ask fuel from the private sector.

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THAILAND

DAILY DISCUSSES PROBLEM OF SRV-PLANTED MINES AT BORDER

BK031343 Bangkok SIAM RAT in Thai 3 Feb 85 p 3

[Editorial: "The Landmine Problem"]

[Text] The number of Thai soldiers, policemen, and civilians killed or wounded by a new type of landmine planted inside Thai territory along the border by Vietnamese troops has increased. The number of losses may rise to more than 10, so our armed forces should take measures to solve this matter. Otherwise, the number of dead and wounded as a result of the landmines will increase gradually.

These landmines are a new type, contained in wooden boxes, which cannot be detected by ordinary mine detectors. They can be detected only when we poke sharp iron rods into the soil. So, the methods to clear the mines are very difficult, and always someone has carelessly stepped on the mines.

National Security Council Secretary General Squadron Leader Prasong Sunsiri recently said that the Soviet Union had sent about 100,000 such mines to Vietnam. Although Supreme Commander and Army Commander General Athit Kamlang-ek at first expressed suspicion over this issue, he finally admitted that Vietnam has planted this kind of mine inside Thai territory along the Thai-Cambodian border, which has unprecedentedly resulted in the killing and wounding of a large number of Thai authorities and civilians.

A few days ago, the newspaper BANGKOK POST quoted a military source as saying that it monitored a message from a frontline Vietnamese commander requesting tens of thousands of landmines to be planted along the border as an attempt to fight the CGDK forces. This news also confirmed that the Vietnamese-Heng Samrin troops are preparing to mount a large-scale offensive, which has been delayed several times since the middle of the last rainy season. They are only waiting for a chance.

This new kind of antipersonnel landmine may carry a toxic chemical substance on its wooden box because the victims of the mines suffer a dilated wound that cannot be cured easily. In order to prove this, the authorities concerned should analyze this kind of mine in order to find a suitable medicine to cure the victims.

One thing we cannot understand is why the Thai side let the Vietnamese-Heng Samrin troops plant such mines inside Thai territory so easily. Do we have any ways to clear these mines? Or, do we just stand idly by without protesting to the Soviet Union, who is the supplier of this weapon to Vietnam?

THAILAND

VOFA SAYS NOTHING NEW IN INDOCHINESE COMMUNIQUE

BK060812 Bangkok Voice of Free Asia in Thai 1030 GMT 5 Feb 86

[Station commentary: "The Indochinese Communique: Vietnam's Old Trick"]

[Text] On 23 and 24 January 1986, Vietnam, Laos, and the Vietnamese-backed puppet Heng Samrin regime held the 12th conference of the Indochinese foreign ministers in Vientiane, Laos. A communique was issued following the meeting. Concerning the Cambodian problem, the communique says Vietnam reiterates its plan to complete the withdrawal of Vietnamese forces in Cambodia by 1990. It also calls for talks with neighboring countries in Southeast Asia to reach a political solution to the Cambodian problem. The communique points out that the Cambodian problem must be settled by the Cambodian people themselves without external interference. The PRK--or Heng Samrin regime--meanwhile declares its willingness to enter into talks with the other parties to achieve national reconciliation on the basis of removing the Pol Pot clique and holding free elections after the complete withdrawal of Vietnamese forces from Cambodia.

The Indochinese foreign ministers finally call in the communique for an end to what they term the silent war against the Cambodian people. They call for an end to outside intervention in the internal affairs of Cambodia and an end to all foreign military hostilities against the PRK. In conclusion, they express the hope of seeing a gradual lessening of conflicts between the ASEAN and Indochinese countries.

These are the major points of the communique of the 12th conference of the Indochinese foreign ministers. Following the communiques of the Indochinese foreign ministers from the first meeting in 1980, it can be seen that there is nothing new in the latest one. The contents of the communique are invented to deceive and confuse those who are not well informed about the situation in Cambodia. On its surface, the communique may make it sound as if Vietnam and its puppet Heng Samrin regime ardently desire to find a peaceful resolution to the Cambodian problem and to give the Cambodian people their right to self-determination. Yet, the facts show that the danger to the Cambodian people comes from Vietnam, which sent over 200,000 occupation troops to invade Cambodia, killing and plundering innocent people. It therefore defies belief when the communique says Vietnam will complete the withdrawal of its troops from Cambodia by 1990 and give

the Cambodian people their right to self-determination by holding a free election without external interference. Vietnam itself is the source of the problems in Cambodia. What right did Vietnam have to send a large army into Cambodia in 1978, and why does it have to wait until 1990 to pull out its troops? If Vietnam is sincere in seeking a peaceful settlement to the Cambodian problem, why does it have to delay pulling out its troops? There is an easy answer to that--Vietnam wants to maintain its influence in Cambodia as long as possible to achieve its design to establishing the Indochina Federation comprising Vietnam, Laos, and Cambodia, under Vietnamese leadership.

In Cambodia, in addition to the 200,000 troops Vietnam has there to put down the patriotic Democratic Kampuchean forces, Vietnam has also sent hundreds of thousands of Vietnamese settlers. In Laos, Vietnam also maintains influence and control over the present Lao Government. In short, both the Lao leaders and the Khmer Heng Samrin regime have to strictly follow orders and policies drawn up by the Vietnamese leaders. It is impossible for them to act freely.

Regarding foreign reaction to the latest Indochinese communique, Thailand's Deputy Prime Minister and Foreign Minister Air Chief Marshal Sitthi Sawetsila said the communique shows that Vietnam's attitude on Cambodia has not changed at all. The communique was written merely to hoodwink the world into thinking that Vietnam and the Indochinese bloc want to resolve the Cambodian issue. Meanwhile, the spokesman of the Chinese Foreign Ministry has said that the Indochina bloc's proposal for peaceful negotiations to settle the Cambodian problem is a trick with nothing new in it. The key to the resolution of the Cambodian problem is the complete and immediate withdrawal of Vietnamese troops from Cambodia. The spokesman adds that the latest communique of the Indochinese countries has been cooked up by Vietnam to hoodwink the world because Vietnam has no intention of withdrawing troops from Cambodia. It is thus Vietnam's political and diplomatic ploy. The Chinese Government's paper, RENMIN RIBAO, supports the Chinese Government's stand and notes that, while advocating a political settlement of the Cambodian problem, Vietnam is deploying its forces in Cambodia in preparation for a large-scale dry-season offensive against the Democratic Kampuchean resistance forces along the Thai-Cambodian border.

We can see now that the communique of the recent conference of the Indochinese foreign ministers carries no new effort to solve the problems in Cambodia. Vietnam is continuing to obstruct peace there. Vietnam's brutalities against the Cambodian people are clear to the eyes of the world. Moreover, Vietnamese soldiers regularly cross the border into Thailand and attack Thai military units and civilians along the border, inflicting losses on the Thai side. Yet, Vietnam keeps clamoring about its desire to coexist peacefully with Thailand. No matter how hard Vietnam tries to cover up the truth, Vietnam can never fool the peace-loving people in the world. They are well aware that Vietnam never speaks the truth. Vietnam is tricky. It cheats, and it lies to everybody. Its tricks and lies, moreover, are old stuff.

/9738
CSO: 4207/157

THAILAND

BRIEFS

DENIAL ON 'SECRET LETTER'--It is reported that Colonel Manun Rupkhachon, leader of the 9 September coup, has sent a secret letter to defense lawyers of the coup suspects explaining the mystery behind the coup and revealing the identities of the masterminds. However, the defense lawyers have denied the report, saying that nobody has seen such a letter. They believe that rumors about the letter are the work of someone who harbors ill intentions. On the morning on 30 January, an English-language newspaper published a report about 9 September coup leader Col Manun Rupkhachon, who has sought political asylum in West Germany. The report said that Col Manu sent a top secret letter to defense lawyers of the coup suspects. NAEO NA has asked the defense lawyers of the 40 coup suspects about the letter, but most of them said they had never seen such a letter, and believe that the news is not true and is a rumor with some ulterior motive. [Excerpts] [Bangkok NAEO NA in Thai 31 Jan 86 pp 1, 3 BK] /9738

CSO: 4207/157

PARTY ACTIVITIES AND GOVERNMENT

SPEECH OFFERS OPEN CRITICISMS, ADVICE FOR AGRICULTURE

Hanoi DAI DOAN KET in Vietnamese 9 Oct; 6, 20 Nov; 4 Dec 85

[Article by Nguyen Thanh Binh: "Let Us Face the Truth, Think Seriously and Step up Production on the Key Front -- Agriculture"]

[9 Oct 85 pp 1, 7]

[Text] Editor's note: The directives of the CPV Central Committee Secretariat on agriculture (including agriculture, marine products, forestry and water conservancy) were all based on final reviews of the creative experiences of production installations and localities, and following exchanges of opinions with various sectors and localities, discussions of the Secretariat aimed at reaching unanimous decisions. This set of directives has recently succeeded in responding to the movement leadership and has created new changes on the agricultural front. The ideas and views in these directives are becoming a lively reality and in the time to come will not only exist in the agricultural field but also vigorously extend themselves in everyday life and in the building and management of the economy in general, with the most concentrated manifestation being found in Resolution 8 of the Central Committee.

Nguyen Thanh Binh, representing the Secretariat, did not go into every directive but spoke about a number of ideological matters through the directives at the training course for agricultural-sector cadres in Ho Chi Minh City (9-24 June 1985) and at the session of major activities of high- and mid-level cadres from ministries and ministerial-level organs and central committees and mass organizations in Hanoi (10-17 August 1985). Here are some excerpts from Nguyen Thanh Binh's speech.

I - Some Situations To Worry About

Our country has so far gone through 40 years of successful revolution. Our people had to fight the longest war ever and to make so many sacrifices. At the present time, we still must maintain an army that is rather large for our population and for the degree of development of our economy in order to fulfill the task of defending the fatherland. Our country is building peace and at the same time is also a country at war. Having gone through such a long war, our people live a very difficult life. This situation requires that we think hard about doing something to respond to the needs of the people and of the revolutionary undertaking in the new stage.

The situation does not allow us to do things slowly, and we must not only find the right answers but also know how to develop production quickly: we sometimes wanted to do things quickly but failed; we set large-scale and high-speed norms, but finally our plans were unrealistic; we wanted to progress quickly, but actually things turned out to be slow.

As you know, the North had been like that before. After the total liberation of the country, the 1976-1980 plan was like that, too. It was thus obvious that we did have the desire to respond to the needs of the revolutionary undertaking. We all started from the spirit of working earnestly for the revolution, but why did we fail to accomplish the things we wanted? That is the question being raised that we must think about!

It sounds good when we talk about socialist distribution, but if we cannot get hold of the goods, what can we distribute with as we cannot distribute just words?

So we must think why our way of doing things has failed to lead to the results that our fine wishes expected. There is another matter, as we usually say, "Collectives do not work as effectively as individuals; state operation is not as effective as collective operation." I find that many people take this idea for granted and also as something funny. They say things about "state-operated pho [popular Vietnamese soup]," "state-operated soccer," and so on. State operation is the strongest economic force and the support for socialism, and yet what is bad has been linked with it. I think this is a funny story and may have come from the words of bad people, but it requires us to think seriously. Why did we work not so effectively in the state-operated economic sector, which receives the most investment and has the cadres and laborers having the highest technical capabilities? We must think about it with a sense of responsibility rather than keep talking about it as something funny!

What were the things that have created problems for our cadres, who have been trained in a systematic manner, have received advanced training and

have many knowledges but, at the time they sit down and handle the work, fail to do the job as well as the people who have had less training?

Another thing we should think about is the fact that the same people who were transferred from the North to the South after the liberation have become efficient and creative workers having gained many good experiences. Is it true that those people had greater revolutionary enthusiasm or a better background? Otherwise what did create them? Nam Hoang, the Hau River state farm, Nam Ve and the Vung Tau Marine Products Corporation -- all have started from empty hands and have been working with a high degree of productivity and efficiency. The Vung Tau Marine Products Corporation presently encounters a number of difficulties, but they result from other reasons. We often take prolonged inefficiency for granted and remain indifferent to it, but when there are people who work effectively, many of us begin to worry; we offer our judgment while refusing to make a serious study of the situation.

In a struggle, those who have position and force are winners. Our "position" is to hold the proletarian dictatorship and thus no other "position" is better than ours. "Force" is the economic force of the country as a whole and creates a combined strength; although this force is growing everyday, we are facing a very difficult struggle against small business people. As to the capitalists, they control the small business people and small producers and thus create a rather great opposition force that they use to fight us. Although we have position and force in the hands of the state, at the time we fight our hands are bound and we fail to develop a combined strength and even eliminate one another, which neutralizes our position and force.

A funny thing that makes us think is the fact that when we were still operating underground, we said to farmers, "After the success of the revolution, we will confiscate land from landlords, distribute it to peasants and then organize cooperatives." Farmers were very enthusiastic. That was a slogan that had a great mobilizing power and attraction to make farmers enthusiastically join the revolution. But when farmers were brought into cooperatives, why were they afraid of cooperatives -- the cooperatives were bad or farmers became bad, or we did something wrong? We often take advantage of the fact that we are leaders and the people who know and criticize the private-ownership thinking of farmers, who have had no socialist education, without criticizing ourselves for having done things wrong.

I want to go back to the question of "position and force." To have position and force naturally means we must win, but the fact that we fail to develop our position and force is because our way of doing things is incorrect and we lose the fight to our adversary, who does not have the same strength as ours. It is obvious that our adversary has the ways to fight, to deal with things, to use us to fight us! This is the very question Le Duan has often raised: "The

method used in the revolution is extremely important; sometimes the fact that the line is correct but the method is wrong does not lead to victory. " Recently, we have learned this lesson: In the transforming task, economic management and development of production, the fact that our method contains many wrong and improper aspects prevents us from developing our strength to win victory, in spite of the force and position we do have. It is in this spirit that each and every one of us must think about what we can do.

Why are people afraid, afraid of cooperatives, of state operation? Instead of thinking seriously to find the answers, we were bound by the old concepts that have prevented us from seeing the truth and moving forward and have hampered the revolutionary undertaking. The recent Resolution 8 of the CPV Central Committee vehemently criticizes conservative, formalistic, affected, bureaucratic and subsidization-advocating thinking. For they have prevented people from being creative, readily responding to the numerous changes in life and taking initiative in a creative manner among the working masses. Even in regard to the question of today's market, if we think that the market consists of only the socialist economic component, it will be a dull market. It must have many economic components, mostly the ones representing the individual economy, the family-based economy of small-scale goods production, and so on. If it consists only of state stores and marketing cooperatives, there will be no need to bring goods to the marketplace. To bring them to the marketplace really is to supplement other economic components and to further enrich the market. Once the state stores wanted to deal in all kinds of vegetables and fruits, but as they "covered" them all, they often had to throw them away because they had become rotten, and even sold rotten fish -- all at the expense of consumers. We must think seriously, for to serve the people means to offer them goods at the right time and while they are still fresh and good.

Our aspirations are to respond to the masses' vital interests, but we should wonder why people have turned things away, have refused to eat, to buy what were offered and have bought something else more expensive. This requires that we think seriously, for we cannot say that the working people do not support socialism. If people are well off, nobody will refuse to approve of it! It is just because what we say and what we do do not agree, the masses do not show a good response and then get criticized for being backward and showing no understanding of socialism. As to us, we do not criticize ourselves, nor do we look for wrongdoings right in our leadership. This is the time we must use arguments to fully analyze the nature of things and to look for the ways to resolve problems. We must consider this: according to our lessons cooperatives are always beneficial for farmers, but according to actual results farmers do not often see any benefits. Then people have the right to object and the right not to listen! The reason is what you say and what you do are contradictory to and different from each other, or either you say wrong things or you say right things but do wrong things, which still means you do not say right

things yet, nor do you say enough yet. The masses always verify things by looking at realistic results in life.

We say that distribution is based on labor, that is we let people earn the results of their labor, but there are people who have worked very hard and yet have not earned appropriately in comparison with those who have done very little work. We tolerate this phenomenon.

In the North, sometimes people in many localities are very afraid of being rich. We fight exploitation and not being rich. Why after decades of cooperativization do some people take pride in remaining at the level of poor peasants? We bring farmers to socialism for them to get rich, as the worker class must have high income. It is not socialism if under socialism farmers always remain poor peasants and always are poor no matter how much work they do, in order to be proud of being poor. Actually being poor is the result of being lazy, doing little work and eating a lot (we do not talk about those people lacking manpower and working capacity). For those people who make a lot of products and those who are lazy, to divide equal averages among them is to tolerate exploitation. In the case of those people having gardens and getting many products from them, we worry about their private ownership, but in the case of those people leaving their gardens idle, we do not do anything against them! Instead of encouraging people to strengthen the family-based economy, we do not support this idea as we think people who do work for their collectives should rest at home "to protect their health," but can we protect people when they go hungry? Some people think that when farmers get rich, have capital they have saved and have material things to enjoy, it will be the beginning of class division. Who can agree with us when we speak of socialism this way? This view has existed for a rather long time. We knew that at the time of land distribution we would organize cooperatives and the reason why we adopted the policy of leaving 5 percent of the land was that we did visualize the role of the family-based economy. Naturally, at that time, we did not see everything that we have seen now. But it would be foolish if we thought that as long as the 5 percent of land remains, the remnants of private ownership will exist, and that we should restrict it and abolish it as quickly as we could. That was part of the reason why labor efficiency has been low.

The resolution of the 8th Plenum of the CPV Central Committee this time criticizes bureaucracy and subsidization for having caused the loss of self-sufficiency and creativity among all echelons, particularly the basic one, with the latter having destroyed the self-sufficiency and creativity, as well as the collective ownership right, of the working people. We can say that that has caused the greatest effects; we made very many suggestions about everything, which were found to be correct as we reviewed them but we were unable to achieve them because the masses were not the masters. The lower echelons

were working for the upper echelons and by orders of the central administration, instead of taking initiative and creatively exploiting the potential capabilities of their own localities. We have thus lost the most precious thing, the most important driving force, which is the spirit of collective ownership and self-sufficiency of the working people and different echelons, and from there the will to be creative. People were not responsible for anything. In the bureaucratic and subsidizing system, directors were not working in accordance with their own intelligence but rather by orders from their superiors. Those people who worked effectively, made considerable contributions to the state and improved the working people's living conditions sometimes were criticized for being nonsocialist and liberal and advocating indiscipline. Then there was the type of people who were passive, did whatever their superiors had told them to do, sat and waited if their superiors did not act to resolve things and did not care about losses, no matter how great they might be; they were considered people having a sense of organization and discipline. People were saying that those people who did not fulfill their task were legally correct and were models of adhering to discipline and that the ones who did everything well but failed to obey the "wrong regulations" of their superiors were criticized. A director had this to say, "We have no guarantee because they can give us praise and reward or put us in jail." That is silly. Those who do good things are the ones who allegedly violate discipline and those who do not fulfill their task are praised for having a sense of organization; to fail to fulfill one's task in a legal manner is to do things correctly in accordance with "the socialist nature" without productivity and effectiveness. We praise the things that do not deserve being praised and criticize the things that actually need to be considered carefully; we should clearly state what is correct and what is wrong -- whether being wrong is refusing "to do wrong things" or doing exactly "the wrong things." Thus our ways of thinking and doing things for a long time have been formalistic, dogmatic, rigid, rudimentary, superficial and unrealistic. We have been familiar with the old ways for the few decades of socialist construction. Now it is time for us to change the way of thinking and to renew the economic thinking. Secretary General Le Duan has offered us this suggestion: "We cannot successfully manage the economy if we do not move forward and grasp the most powerful theoretical weapon of our era -- dialectical materialism and historical materialism. Our party must equip our cadres and party members with keen theoretical and realistic knowledges and create among the leading and managing cadres a correct economic thinking, i. e., make them fully understand and apply the economic laws and the laws related to the socialist revolution in our country."

[6 Nov 85 p 6]

[Text] Ideas Behind Directives

We know that as we do economic work, we carry out the struggle for the revolution and mobilize the masses for doing revolutionary work. To carry out

the revolutionary work in order to fight the enemy in an aggressive war has peculiar laws, for we need to develop the ownership spirit and to move forward in the fight against the enemy in order to win victory, to destroy the enemy and to defend ourselves. But in carrying out the revolutionary work in terms of building the economy and socialism, what is the motivation? We naturally must make everybody understand socialism, but we must remember that to make the masses understand and carry on the revolution is to bring them something, not just empty propaganda. We said that after we have chased the imperialists away, we would build socialism, but what has the latter brought to farmers? We must always motivate the masses by starting from immediate and long-term interests and making the masses see the close relationship between their interests and the work they must do. As we talk about building socialism, we must make sure that everybody is eager to do his daily work as a contribution to building the new society. If people build socialism just because of orders from other people, directives from their superiors and understanding of vague great objectives, we will fail to make people enthusiastically take part in the revolution. Here we realize that we must "closely combine interests with rights, obligation with responsibility," as General Secretary Le Duan has said. The collective ownership mechanism requires that we materialize the interests of individuals within the general interests of society, for the common interests include the private ones. "Distribution based on labor" means to determine the interests of individuals by the results of their labor. If we underestimate this basic idea, it is obvious that laborers will have only a vague understanding of it and lose the direct motivation that drives them toward working enthusiastically.

In many distribution policies, since we did not thoroughly understand that principle of distribution, we have based distribution on averaging and failed to encourage the working people, who then became not very interested in the results of their labor.

Directive 100 of the Secretariat on product contracts with labor groups and laborers clearly sets the interests of laborers being linked with end products, encourages everybody to work enthusiastically and to develop production and truly promotes their collective ownership right. With this contracting, if I do some work and reach a certain productivity level, I know I will get how much and feel I really am master; if I work a full day, if I achieve a certain contracting level, it means that I have earned how much -- this I can calculate beforehand -- and how much beyond the required level, and know for sure how much my share will be -- this is totally different from the old contracting mechanism under which cooperative members only worked and how much earning being distributed to them, and when, would be up to the management board. That way of doing work had lasted for so many years that cooperative members already lost their standing as masters and hired hands -- even if they were hired hands in the true meaning of these words, they would not

accept this way of working. If you hire me for 3 dong a day, I will expect you to pay me 3 dong at the end of the day I have worked; if I am hired under the contracting system, after I have finished the work dictated by the contract, I will demand that you pay me. Hiring people is not the thing that we want, but actually the interests of cooperative members under the old management system were not guaranteed even as those of hired people. How could that kind of management bring about good productivity?

What we must determine first is how to guarantee the collective ownership right of laborers and to regulate it. The collective ownership mechanism requires that we do things very clearly -- to assign responsibilities to whom, how much earning upon fulfillment of such responsibilities and also what right laborers have must all be very clear and well-defined in order that they do well their assignment. Only then can we create a moving force that develops the creative independence of laborers in production. This is totally different from the tight management of laborers -- to force them to go to the fields on orders just to show their presence there, to make them leave home for work at a certain time by interrupting work at home, leaving their children at home and disregarding productivity. Now that ricefields are assigned under the contracting system, I have the right to do work at any time I like, at an early or late time, it is up to me, provided I maintain good productivity and obtain good results. That is the ownership right of people. For us, that is creativity. The world today is also seeking this mechanism, i. e., they let the working people do their work at the time they are most ready for doing it in order to work with enthusiasm and the highest productivity.

The harmony between what is common and what is private, between collective and individual interests, is cherished by every laborer. In Directive 100, you see that to ensure development of production and to raise economic effectiveness is based on encouraging everybody to work enthusiastically. But how? By linking the work of every person with the end product, linking the results of his work with his income. If you do good work, you will automatically get a large income; if you work poorly, your income will be small. Le Duan has said, "The purpose of the working people winning their ownership right is none other than getting their own benefits." The reason is people work first of all for their benefits, because they have to live and to work. To work for one's living means the working people must get the appropriate materials for living. Therefore, benefits and labor must be linked together. It is the lack of understanding of this principle that makes us fall into utopian ideas. The reason is people cannot live on ideas and, as Marx said, "When ideas are separated from benefits, they certainly will be an insult for the latter and make us fall into being idealistic."

In whatever economic forms we are, we must make sure the working people are masters, and once we say that they are masters, we cannot carry on

the socialist transformation by giving orders. Some localities forbade the masses to do productive work just because they had failed to motivate them for joining the cooperatives! This is a very serious mistake because to motivate the masses for joining the cooperatives or production collectives is to liberate their working power; if they lack understanding and do not as yet join the collectives, they still have the freedom to go to sea to fish, and there is no reason why we should hold back their boats and nets. What have they done wrong for us to forbid them to do productive work?

To base distribution on averaging is a form of exploitation of labor as the collectives consider both poor and good workers the same. To let poor workers earn as much as good workers do means you support the exploitation of good workers by poor workers.

We did not criticize the use of averaging while we did worry about good workers earning higher incomes. At the present time, some people are being afraid of this kind of exploitation. I think that we currently do not have capital because in a country that has gone through decades of war capital must be very scarce and the material base still weak; therefore, we must mobilize labor, land, occupations and the people's capital, which must be created for construction. For the time being, we must acquire capital from abroad, including capitalist countries. The Soviet Union in the beginning had to do the same, and many other countries have done the same.

While we look for money from abroad, why don't we mobilize money from the people in our own country who have it? If we mobilize capital from them, they must earn income from this capital in a rational manner.

Marine products come from an occupation that requires very great technical knowledge, including knowledge of weather, scientific capabilities and experience. This is the kind of labor that encounters a lot of danger as people go to the sea to exploit it in order to make themselves and the country rich. Since we do not have capital, we must encourage people to invest capital in buying boats and nets and then to cooperate with a number of other laborers in doing joint work. Thus society gets products and laborers have jobs and incomes.

About pricing the means of production, as the latter are used in joint enterprises and gradually paid back as capital, they must be calculated at appropriate prices and efforts must be made to ensure their effective use. For instance, as the joint enterprise involves fishing boat owners, we must know how to maintain and develop their management capabilities. When the boats return to shore, they usually spend a lot of time to repair them and to take good care of them. This habit does not happen overnight. State enterprises are very poor in terms of taking care of their boats; as to private owners, they make many fishing trips and choose the best time to go to get the largest

catch, but our boats make fewer runs and since we go to sea at the set time, our productivity is very low.

The secretariat, therefore, does not advocate setting the end of 1985 as a deadline for achieving the socialist transformation of fishery. To join the cooperatives is the working farmers' aspiration, but the present way of doing work to them still is restrictive and unattractive. If people are not willing to join the cooperatives yet, let them work on an individual basis, provided they do not do anything illegal and do not exploit other people in a gross manner. And if farmers want to do productive work and we forbid them, that is a mistake. What needs to be discussed is how we can harmoniously link the interests of the state with those of the collectives and working people. To promote collective ownership first of all means we must guarantee farmers' volunteering spirit. In the cooperatives' statutes we have put volunteering as the first principle, but as we operate the cooperatives, we fail to respect this principle. Mostly as we do economic work, we must definitely do things on a voluntary basis and with self-consciousness in order to be enthusiastic; we cannot do otherwise because we can work effectively only if we are enthusiastic. If we force people to do things, we can never have good productivity and quality. We must therefore realize that the collective-ownership spirit is very important, which means here that people consider collective work their own. This attitude comes from their own aspiration, wishes and interests. Only then they will be doing work in an enthusiastic and creative manner.

[20 Nov 85 p 6]

[Text] III. In order to promote the working people's collective-ownership spirit, there must be a mechanism to closely link the three interests in a harmonious manner, to link the state, collective and family-based economies into a unified system. The basic economic law of socialism is to satisfy the ever increasing needs of society and of its members by ceaselessly developing production on the basis of collective ownership. This is the reason why we consider ensuring production development and improving economic efficiency as the purpose of Directive 100. We consider Directive 100 the act of creating an actual mechanism that brings the ownership right to cooperative members. In the past, we had been calling on them to show they were owners, but actually the way of handling labor and the mechanism of management did not ensure that they could display their ownership right. For decades we had been talking about it but had failed to achieve it because we had not created an ownership mechanism for the working people. In Directive 100, we have materialized the collective ownership mechanism and stimulated the initiative of working people, who should not be pushed as hired laborers while management cadres become the "hiring contractors" of the olden days.

In this spirit, we advocate giving the masses ownership of land and forests. What was bad was the fact that the people in the highlands for a long time were not masters of hills and forests, but only of a few ricefields which were their weakness, and that, as far as their best strength was concerned, we had not wanted to rely on them -- hence, our failure for many years -- as we should have, for farmers should represent the state and be the collective masters in order to keep forests and to get rich from exploiting them. We say that forests are gold and the sea is silver and declare that forests are our national public land, but we have failed to positively define the responsibilities, rights and interests of highland people regarding forests. Some comrades are being afraid of whether losses of forests can result from assigning them to people. Their fear does not stand because not very many forests remain to be lost! We have lost almost all of our forests. Out of more than 20 million hectares of forests we have only more than 5 million hectares left. What a danger! You comrades are afraid of losing forests because they are assigned to highland people to be masters of forests! I think we should worry about the losses of dozens of millions of hectares of forests and why we are still losing them, rather than putting an end to such losses. Let us not be afraid of farmers being masters of hills and forests. While people deal in hills and forests, get rich thanks to them and at the same time make the country rich, why should we be afraid? When we have the right mechanism for achieving real collective ownership, the working people will get rich and the state will get rich. After having assigned land and forests and obtained very encouraging initial results, Vinh Phu Province now can believe that covering its bare hills with crops again is a possibility. The examples of cooperatives and families being owners of hills and forests are quite common in Vinh Phu and Quang Ninh Provinces today.

To find a mechanism to harmoniously link the responsibilities and interests of working people with the interests of collectives and the state will create a strength capable of bringing about unexpected results. First of all, we must talk about the results of the product contracting mechanism. In what is assigned in product contracts, there are the quotas for the state and collectives and the shares to be enjoyed by the working people. Only by attaining the production level assigned to you you can get your share and, naturally, there will be the interests of the collectives and state; as to what is beyond this level, you can have it for yourself. We do not have to motivate them, and yet they will work voluntarily, for in their work all three interests harmoniously exist. To sign "blank-check" contracts is the greatest shortcoming, but in terms of cultivated areas and crop yields, they have been doing quite well, unlike in the past when they refused to work even though we supervised them everyday, pushed and criticized them. About raising animals on contract, the same thing is happening; in many localities, we supply them with just a few kilograms of paddy, they automatically deliver meat. As we jokingly call it the "exchanging mud" job, the animal raising movement has developed quite

vigorously. As to assigning land, instead of having fertilizers, water and seeds, but in the face of shortages of fertilizers, seeds and water, cooperative members still manage to obtain seeds, irrigate ricefields by themselves, hoe and do everything else by themselves.

As we talk about collective ownership, we cannot fail to mention the collectives of people who are masters, i. e., production installations and levels; as we say the working people are masters, we must talk about how cooperatives exercise the ownership right, how districts exercise it, how provinces exercise it and avoid saying things too generally, without clearly-defined boundaries. We must thoroughly understand the meaning of the general secretary's words, "As we have talked about the different levels, we should remember that all levels have their own ownership right; and once we talk about ownership right of different levels, we should know that the substance of this ownership is the same in some aspects, but remains different in others."

We must think hard about how to create the motivation that encourages people to be masters, for only by being masters they can have enthusiasm and creativity. We know the strength that the working people being masters create, but if all working people, all local collectives and the country as a whole exercise the ownership right, this strength will become the greatest one -- the combined strength of the entire country. We are achieving nationwide ownership, but for leaders of localities, they must resolve something for the people in their localities and, on behalf of the Central Committee, bring something good to the people and party organizations in their localities. People elect you just because of that goal and, naturally, not for separating the localities from the country as a whole. The task of a locality is to have an obligation to the state and an obligation of its own. We must have a mechanism to allow every locality to truly exercise the ownership right within our management mechanism. We have violated the ownership right of production installations and different levels for many years and now we say that three levels must exercise the ownership right, but how do they exercise it? How do provinces, districts and individuals exercise it remains a matter that we are looking for and still have to create as we have not yet drawn and designed a full model. Although we have not done it yet, what we affirm is to determine for every level the ownership right it clearly can exercise, i. e., to define the conditions for it to actively and creatively fulfill the obligation to the Central Committee and the locality in the most effective manner.

To say that localities have the ownership right to exercise means that as they deal with the superior echelons about the part that exceeds the obligation they have agreed with them to fulfill, the nature of this dealing is not one of obligation but rather of mutual consent. When I am assigned to fulfill within my ownership right a specific responsibility, I must be given the authority to execute this obligation and to carry it out and once I have fulfilled it, I must enjoy the

benefits associated with fulfilling or overfulfilling it. That is the collective ownership mechanism, which is different from the bureaucratic mechanism based on orders. As we apply contracting to all levels, we must study this form well, for contracting brings about the spirit of being masters to all levels and then to all working people and in all fields. We must define it in such a way as to create the greatest and most wonderful strength, which is to combine all such ownership systems. To create a combined strength from all working people and all labor levels means not to eliminate one another, but rather to join forces and to encourage one another to create a new strength that is greater than all strengths combined. This is also a matter that the new mechanism is raising for us to seriously think about. Now in a locality, just like in the country as a whole, if agriculture wants to develop quickly, other sectors like banking, finance, prices and industry must join with agriculture, prop it up, push it forward and make sure that agriculture fully develop its potential without any restrictions and limits; then this strength will become much greater. With the present mechanism, the various sectors do not really concur with one another. As we want to get hold of goods, we must purchase them when their prices are lowest, but sometimes we may not be able to get money or additional money at the bank at the time of lowest prices and prices may begin to rise or goods may become more scarce at the time we have money and want to buy cheap. As our strength is not put together, it does not become a combined strength.

This is a very great matter for researchers and for us to seriously think about to create a flexible and fluid mechanism capable of developing a combined strength. As we entrusted them with collective ownership, we did not observe how they would build the combined strength. Our organizing mechanism was not very responsive. In production and business, we need to do things in time and need money at the right time, but if we followed the old system, we would have to make reports, to review these reports, to review everything else and then to wait. These regulations caused a loss of opportunities and many units had been using what we call "unlawful dealing" and "bribery" to bypass everything that was unfit in terms of time and space in order to gain understanding that would help them to satisfy their needs in time. As we want to get rid of "unlawful dealing and bribery," we must be able to generate actions that comply with regulations and the natural effects of the mechanism that compels and allows work to be done, rather than negotiations and bribery. Although resorting to bribery to get cash is a serious matter, the localities that resorted to it have had their work done and have obtained results. We can either criticize it or say that it is a wise way because failing to act or doing things the old way means suffering from losses, but the greatest loss is corrupting the work machinery. We leaders must seriously think about building a mechanism to ensure that if they do work in time to serve you, you must pay them for the work in such a way that bribery will automatically be abolished. Fulfilling the task of production installations does not solely result from

the work of the latter, but credit must also be given to the superior echelons through an actively working services system. This explains why there are "gifts" that are sent, which should not be absolutely construed as "bribes" for promotion. This we must study and replace with a mechanism, rather than just criticize. Presently, we have begun to overcome it. For instance, the mechanism that ensures crops and animals that are raised and links the responsibilities and interests of corporations, stations and farms with the results of prevention and control of harmful insects and diseases. This is why corporations, stations and farms no longer work carelessly and ineffectively, such as shipping insecticides of wrong doses, sometimes just plain water. Haiphong and Long An have set up a contracting mechanism by which the corporations, stations and farms there must ensure good results and will get paid for their work, instead of working with a vaguely defined obligation. This promotes joining together and creates a combined strength, with superior and lower echelons being linked together to turn into a combined strength, with obligation to each other. Because of their own interests engineers and technical staff have worked hard all day in cooperatives; they no longer rode horses, looked at flowers and waited for reports as they had done in the past. They have been going to the cooperatives to see how harmful insects were doing on the crops and what diseases existed among domestic animals in order to use insecticide and medicines in the best and most timely manner.

It is from the experience in ensuring on-contract work that integration has been created among the state-operated, collective and family-based economic sectors within the work distribution system, which are linked together by the mechanism of interests. Here we say that as we have done economic work, the combined strength must also be materialized and regulated to become a mechanism of responsibilities, authorities and interests among different levels and sectors for the creation of a certain product. The end result of this product is the quintessence of the sweat and brain power of many people, many levels and many sectors, with each and every one having contributed to it being paid for his work.

On the basis of every working person really being a master and further developing the ownership strength of the working population, we organize the latter into a collective that really exercises the ownership right; such collectives have an ownership mechanism that runs at different levels, do not eliminate one another and create a strength, the intensity of which is something we still cannot fully anticipate. Many plans we failed to figure out because they required the results of the ownership spirit of every working person and every level, as well as a mechanism that would pull them together to create a combined strength. Since it is very difficult to sit and to have idle talk, we must create favorable conditions for all levels, particularly the basic level, to exercise the ownership right and, after letting them do things on a trial basis, learn from experience and build it into mechanism and regulations. In the

past, since we had not been able to determine it, we only put out slogans, but then if the lower levels did things a little bit differently on their own initiative, we would readily criticize them and they would step backward, which resulted from such criticism, and the fact that they stepped backward meant the ideas of the upper leadership echelons would never be materialized. We must thoroughly understand the leadership spirit of the secretariat: we must boldly let the lower levels and masses develop their own initiative and creativity based on the guidelines and views that the party has affirmed.

The general secretary has said, "In the war in the last few decades, we won victories not because of the meticulous leadership of the superior echelons but with creative contributions materializing the Central Committee line from the bottom up. Victories came from the basic level." The general secretary has concluded, "The lesson learned from the decades of war shows us that we can do good things only on the basis of the correct party line and by letting the lower levels act creatively to materialize it." Only when the central administration stays close to localities, helps them and lets them do things, we will be able to find the best solution.

The way for us to be able to turn our system into a model is to let localities think for themselves, be creative and do experimental work in accordance with the basic views outlined in the directives and resolutions of the Central Committee. Some of you have worried that being too strict would make the lower levels "break the fence" and being too loose would encourage them to rebel. It is obvious that our cadres do not want to be careless to the detriment of the country but rather to be creative, to think seriously; as they go from the obligation to the country and from the very interests of their localities, they will not deviate much from the right course, if there is deviation at all. The standard is the obligation to the country being fulfilled through the requirements of revolutionary work in the localities. The localities that we have called the ones that "broke the fence" actually were carrying out the obligation to the country at an increasing pace. Long An Province, for instance, since it started the pilot project on improvement of prices-wages-money, has delivered to the central administration 5-6 times, even 10 times in some cases, the quantities of grain and agricultural products it was supposed to deliver. It has increased the grain purchases from a few thousands of tons to 110,000 tons so as to ensure distribution within the locality and to fulfill its obligation to the central administration. We must have some standards by which we can recognize the work done by the lower and basic levels. After we have set these standards, we must let them take the initiative, decide how to do things and dare to be creative and to think hard. We should not be smart in our superior positions (particularly in central-level positions) and do the job of thinking for a certain village or district so as to let it exploit the potential of the locality. The most that the superior echelons can do is to point to the direction for a locality to take in order to exploit its potential. We must let

the basic-level cadres actively think about their responsibilities to the central administration and superior echelons. If we are too strict and force the localities and basic level to do things by our orders, when to go and when to stop as told, we cannot exploit their potential capabilities. The spirit that the secretariat expresses in its directives is that it wants to exploit our strength from the basic level up, starting with the working people who, with our land, resources and labor, with their present occupations, are to produce wealth for the country and for themselves.

[4 Dec 85 pp 1, 6]

[Text] IV - Adhering to the Law of Development

We are facing the process of a series of new factors being born. Nothing that is newly born is perfect.

Things are always that way -- undergoing a process of development. Life in nature and national construction both are a process, but many of you often like to cite examples and to turn this process into a rigid, fixed model without realizing that all things develop through a process that goes from a low to a high level, from a simple to a complex state. In the cooperativization movement in Nam Bo, some people simply thought that to achieve absolute collectivization would be the most revolutionary way and that progress could be made only by reaching a high level and a large scale. Some localities spent less than a year to organize farmers in collectives and waited for only another year before putting them in cooperatives. Let us make the collectives fully develop their effects and then gradually move them to the cooperative level. In the highlands, the tendency to be formalistic and mechanical is even greater. Although their ricefields are very small, people still organized villagewide cooperatives (instead of small cooperatives at the beginning). Since people liked outward forms and high-level capacity without bothering with economic results, the fact that the cooperativization movement in the highland provinces was going through ups and downs for so many years was because people had failed to thoroughly understand the law of development, which calls for going from a low to a high level, from a simple to a complex state. In this spirit, the secretariat was relentlessly leading the cooperativization movement in Nam Bo, as well as in the highlands and coastal areas, by avoiding any impatient action and excessively fast development that might lead to unwanted results. The phase of socialist transformation in the South this time did not encounter a shortcoming that had been considered a law in the past, i. e., at the beginning of the cooperativizing process a decline of production would be unavoidable and should be accepted in order to move forward. The cooperativization movement in the South presently continues to show development of from production solidarity teams to production collectives and no signs of dissolution of the latter. The CPV Political Bureau and Secretariat

have warned against letting localities overzealously turn large numbers of them into cooperatives and thus bring about adverse consequences. The production collectives that have just been established or have been productive for just one season are different from those that have operated for many years. There must be a process of accumulation, a process of growth. We have demanded that our collectives have a certain quality; if they failed to have it, we would criticize them for not being socialistic and, in a negative manner, charge them with deviation. It should not be that way. We must find the steps that a majority of the masses can accept -- and that is wisdom. To do revolutionary work is to find gradual steps for the majority of people to take; to make these steps practicable for only a few outstanding people is to lose the mass view. When we especially have power, we easily tend to be bureaucratic and to rely on orders to the point that we force the masses to do things. Some cadres have declared that they would not want to organize collectives because collectives were of low level and there still existed exploitation in them. Was it the revolution, official stand or a stupid statement? We respect the low-level cooperatives, i. e., we still let them divide the income earned from the land and pay interest on the shares of capital people have contributed; to consider this way of doing work exploitation and to want cooperativization at a high level is to demand too much from the masses, just like entering combat action while knowingly having insufficient strength and lacking training. This is a misstep, a step that shows no respect for the process of development of things. Since the secretariat is very concerned about this matter, it has been reminding us of the principle of going from a low to a high level and from a simple to a complex state.

As we respect the law of development, we at the same time oppose the view of being complacent with what we now have. For instance, for the time being, we let the masses raise water buffaloes and harrow and plow the fields by themselves because we do not have many tractors yet. Since our cooperatives presently have little capital, they should not buy water buffaloes and then give them to laborers to use, but should let the latter buy them instead and then make plans for the use of the latter's animals. In this situation, it is rational to have this stand, but it will be a mistake to consider it good and unchangeable and to think that things will not develop otherwise. This is the distinction between revolution and reform. Reform is being satisfied with this way of resolving things, the unchanged way; as to revolution, it involves what we consider inappropriate for the future but suitable for the present and while using it we are determined to be on the offensive and to create favorable conditions for moving things forward. There are things that do not belong to the nature of the socialist system, but for the time being we are using them because they still bring about good results and positive effects on us, instead of looking for new things that do not exist yet and may bring about poorer results. For instance, in our past efforts to achieve market transformation, we considered the commercial capitalists and small business people our

target for immediate elimination and transfer to the productive sector. We did that but failed to control the market, nor did we use appropriate forms to transform them while we still were inexperienced and naive in doing business. It was not difficult to transform gardens, but after they have been transformed, what would serve our purpose if people did not know how to buy and after buying how to sell, hence did not dare to buy in the first place? As to our efforts to transform fishery particularly, the secretariat has also reminded us that we should not act impatiently and force the masses to do things and has emphasized that we must go from a low to a high level and from a simple to a complex state, respect the aspirations of fishermen and effectively use their skills. We must respect production plans, production conditions and the nature of various occupations and then determine the forms of transformation to be applicable to each occupation if we want to achieve their development. We often make a common mistake -- to transform things for the sake of transforming and to blame our failure to purchase and difficult purchases on a lack of transformation. The purpose of transformation is to get hold of products and to manage labor. Naturally, after transformation has been achieved, our systematic management aimed at getting hold of products would be better, but that is not the highest and unique purpose. To develop production is the highest purpose. In the highlands, some people believed that transformation was aimed at controlling the masses before the enemy could seize this control -- that was not true! We should have used another form had we wanted this control, but on the other hand to transform that way was to serve the wrong purpose of transforming the production relationships. You see, that was the way some people understood things, the result of their authoritarian attitude and bureaucratic thinking, as they wanted to use orders to manage people, rather than managing them by promoting the spirit of ownership, initiative and creativity of all people and launching an enthusiastic mass movement in production and socialist construction.

We must respect the law of development, maintain continued progress and move forward with transitional steps, instead of jumping around and making missteps in the development process. Every jump that leads to a misstep will cause losses for the revolution. In the leadership process, every loss will reduce confidence, which is not easy to restore. The motivation behind our transformation is far from bad. We do not lack enthusiasm. But we still want to take the steps that the masses cannot catch up with and may lead to a decline because they are missteps. It is obvious that not only the masses but also we ourselves cannot accept them. The basic view that is used to evaluate the transforming task is to see whether production is developed on a continuous basis and whether every forward step made by the new production relationships promotes development of production.

We must also calculate the economic aspect of every step. In some localities, good forests have been destroyed to make room for growing rubber plants,

while there still are bare hills and barren land. There has been a lot of reaction from the forestry sector. This is a matter we must seriously think about, for we work and bring interests to socialism, instead of fulfilling a task at any cost. As we hurriedly destroy a forest that is bringing about very good results and growing by itself to give each year tens of cubic meters of timber per hectare and plant other trees in its place, how many years do we have to wait before obtaining some results while a lot of land remains uncultivated? This does not mean we do not advocate growing rubber plants, but where to grow plants first and where later is a matter of results. In the transformation process, the fact that we swing from one side to another and remain unsteady results from a lack of production view. As we manage money, all we do is to manage money while failing to realize that we must manage money in order to push production forward and to develop it. To manage prices is not aimed at pushing production forward but rather maintaining prices. The achievement of a sector puts an end to efficiency in another sector. We are still unable to devise a unified basic view to influence the activities of all sectors and to be used as a yardstick to assist them in adjusting their own functions and working methods. This is one of the guiding and controlling ideological views mentioned in the secretariat's directives, from Directive 100 to Directives 19, 29, 35, 56, 65 and 67, which you have studied. All are aimed at how to step up production. The greatest problem we have now is how to provide society with large quantities of goods, products and grain. Everything we do we must seriously think about and take this basic view as our goal and purpose, rather than the purpose of fulfilling 100 percent just for the sake of earning some reputation or setting up many cooperatives just to show that our province is progressive and our movement is highly developed while production remains undeveloped. To develop production and to raise economic effectiveness is the most accurate standard and the most important yardstick for us to measure the results of economic forms. As to this or that aspect, there may be things that are far from very good, we will gradually overcome them in a relentless and active manner. Here there is a persistent and clear-cut view to the effect that our contracting system will eventually change, if not today then next year or a few years from now. We must say that everything, particularly in economic organization and management, will change, for nothing remains fixed and stationary. Contracting is also a form of management; and the substance of management must be progressive, management itself must develop in accordance with the process of development of the producing power, the production conditions and the capabilities of managers. But in terms of meaning, to positively determine responsibilities, authorities and interests being linked with the end products will make our contracting system last long. To creatively apply it in a more and more meticulous manner to our ever improving economic management is done not only with words but also with economic interests. We have been saying that we sacrifice ourselves for the future, tighten our belt and sacrifice for our children, but after 40 years the way to solve our problems must be different. A man who has lived his

youth and is now a grandfather (maybe has retired) also demands that we immediately do something for him, for he can no longer wait. A few comrades have worried that the secretariat's directives do not ensure the socialist nature, go backward, make concessions to farmers, lower the movement and then need new transformation. This is a way of thinking that follows the old pattern, as I have explained earlier, without relying on the purpose and economic results of each form of transformation. The secretariat always reminds us that we must ensure ownership for everybody and every level, for people will be creative only if they can enjoy the ownership right, and in order to achieve this right, we must ensure their voluntary action and self-consciousness. For only through voluntary action and self-consciousness will people behave with zeal and enthusiasm, achieve good productivity and creativity and consider the work of society and collectives their own. Let us not act at our own convenience, for we often criticize farmers' private ownership as a matter of personal convenience when we get stuck. As we do agricultural work, we must be very serious-minded and, when we get stuck, try to avoid all forms of cruel, coercive behavior or any action that harms the interests of farmers, whom we often accuse of having a poor understanding of socialism when they refuse to follow us. We must be creative and look for correct forms and steps to take in order to make farmers agree with us. If we act in accordance with their aspirations, the masses will surely follow us, but I am afraid we may not act correctly.

The secretariat's directives all reflect this line of thinking. To sign product contracts with laborers, to develop the family-based economy and to assign land and forests is not to go backward. The same in production requires that we ask whether we need development of production or just state farms. We need many products of good quality and welcome any production collectives or cooperatives that bring about the greatest results. That is not a backward step but an appropriate action which should not be understood in a naive and simple manner as a "lowering." To lower what is ineffective is not painful at all, but it helps to bring about benefits. We do things in order to have good productivity, good quality and effectiveness, instead of saying what forms are the highest ones for us to use. As I have said earlier, to let individuals and communities both enjoy ownership and to turn individual strength into community strength and to combine it with the strength of units and localities creates a combined strength. The form of integration among the state-operated, collective and family-based levels -- the three-level integration -- is the new aspect of development. These levels are linked together into a mechanism. Quite a few state farms are involved in disputes with their localities about land. Although we may have a single state farm in a vast area of forests and mountains, this state farm still fights with the locality because the latter pastures its cattle in the state farm, or it may have seized land but has failed to make it productive and in the meantime leaves it as it is and prohibits trespassing by people and cattle. Our state forests do the same thing: while the

local people are not masters, but the state forests are, the local people who live in a forest area are deprived of lumber for building their houses and firewood for cooking. If we were highlanders like them, would we accept this state of things? In spite of the high level of our education and understanding, we very likely would not accept it.

We affirm that our state farms have the responsibility for not only serving as a model but also acting as a locomotive to drive and influence other economic components. For instance, the coffee-growing state farms provide cooperatives with technical guidance and seeds, jointly serve them and through them help the coffee-growing families to deal with technical and seed matters. There must be combined efforts to create a mechanism. It involves the state-operated sector joining with the collectives through its labor, experience and material base and encouraging their growth, and at the same time the collectives encouraging both the family-based and individual economic sectors to create a very strong force for development. About coffee growing, in Dac Lac there currently are many good models of this type. The family-based economy can bring us only benefits; as we bring it into our system, to the corridor of the socialist economy, it will make society richer. This is a new development step. We must work quickly, starting with short-term crops and long-term industrial crops. About the marine products-based economy, let us build a rear-area base that supplies fishery cooperatives, production collectives and individuals with the means of production and living to allow them to go far to the sea and to concentrate on their catch, to promote fast development and to obtain greater results, rather than enlarge the state-operated fleet while we still lack capital. This is a matter of ensuring for the socialist economy to have breadth and depth and to develop quickly. With this mechanism, if we exert flexible, lively and unanimous leadership and apply it with patience, it will bring us fast development under our country's still-poor conditions.

We must not think that in the socialist economy, there is only the state-operated force that is the reliable one, that the collective force is not as reliable as the state-operated force and that individuals become the opposition and dangerous force. We must build a mechanism that makes all forms of individual, collective and state-operated labor organization join together and emulate one another to develop production in the most effective manner.

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ECONOMIC PLANNING, TRADE, AND FINANCE

RECENT CHANGES IN THE MARKET NECESSITATE NEW MEASURES

Hanoi DOC LAP in Vietnamese 13 Nov 85 p 3

[Article by Ngoc Son, of the Ministry of Finance: "The Market Over the Recent Past"]

[Text] Complicated Developments

Just before and after the state carried out the currency recall and exchange and announced the leveling of prices and the new wage system, there were some rather complicated developments in the market due to monopolizing by a number of persons who performed such speculative acts as hoarding goods and raising prices to cheat the consumer. They also spread rumors of collapse to cause adverse public opinion and the opportunity to hoard money and goods. In committing these acts, the swindlers conducted many scams, not openly, but through furtive and devious contact with a number of errant cadres and trade personnel in order to hoard materials and merchandise; they then hid it away "in storage," divided into small portions and secretly disguised, in places that would never be suspected.

In fact, in these circumstances, many socialist commercial outlets did not fulfill their role of leadership in stabilizing prices and stabilizing the market. There seemed to be evidence everywhere of business reflecting a free-market structure. A number of trade personnel made under-the-counter deals with illegal merchants, used inaccurate weights and measures, and arbitrarily changed prices and categories of merchandise for a profit.

Preliminary Results

Public opinion held that it had reached the point that the speculators who were damaging the market could no longer be appealed to, educated, or given administrative punishment on an individual basis. Public opinion reflected agreement with and support for many localities that recently increased inspection and control and severely punished speculators, smugglers, and counterfeiters. In only a short period of time, many persons engaged in criminal ways of life in such large cities as Ho Chi Minh City, Haiphong, and Hanoi and a number of other places were exposed one after the other and peremptorily punished. During the first 2 weeks of October, Ho Chi Minh

City prosecuted 50 speculators and smugglers, sentencing them to imprisonment for 1 to 12 years. One inspection team in Subward 1, Ward 6, uncovered 4 places where contraband was stored that was valued at over 100,000 dong (in new bank money). There were such people as Tran Quy Huong, in Ward 8, who was hoarding nearly 900 meters of various fabrics along with many other goods, such as soap, towels, and clothing. In Hanoi, public security police in Hai Ba Trung Ward uncovered and made arrests in 36 cases of speculation in goods valued at 150,000 dong (new money); there were 32 cases in Hoan Kiem Ward, at a value of over 100,000 dong (new money), with many valuable goods such as gold, gasoline, cement, and electronic merchandise. There were such people as Tran Quy Khang, in Kham Thien Ward, who was hoarding goods valued at 50,000 dong (new money), including bolts of many different kinds of fabrics and other goods. Nguyen Thi Thanh, 3 Thanh Ha Street, and Pham Thi Nga, Phung Hung Street, Hoan Kiem Ward, specialized in speculation on fabrics. Inspection of Thi Thanh's house uncovered many types of false documents used in support of their illegal activities. Public security personnel of Cua Dong Subward exposed Nguyen Thi Kim, who specialized in the sale of explosives, which she supplied to contraband firecracker production "plants," and confiscated 14 kg of explosives, 2 kg of fuzes, and nearly 200 firecrackers with counterfeit labels of the "Hanoi Firecracker" brand, which were to be rushed out on the market during the coming Tet season.

This time, worker inspection teams are participating in the effort of authorities to apprehend and prosecute speculators, smugglers, and counterfeiters and uphold pricing discipline. In Ho Chi Minh City, all the large markets and centers of goods circulation have increased practices of close price control. In just the districts of Binh Thanh, Go Vap, Phu Nhuan, Hoc Mon, Thu Duc, and Tan Binh and Wards 4, 6, and 11, a simultaneous inspection of 400 sales outlets resulted in the prosecution of 200 cases of inaccurate weights and measures and prices at variance with set amounts; 21 of the outlets belonged to the state-operated trade sector and marketing cooperatives. The Hai Phong Party Committee directed sectors and levels to strictly adhere to the pricing system of the state and to maintain pricing discipline. The city further decided that state-operated trade outlets and marketing cooperatives that raised prices in the days before the currency conversion must turn over the difference in price to the state treasury. Regarding private merchants, the city decided that taxes for September would be 3-5 times higher than usual. The provinces of Vinh Phu, Hai Hung, Quang Nam-Da Nang, Binh Tri Thien, Long An, and An Giang all instituted many measures aimed at positively maintaining prices and rapidly stabilizing the market and stabilizing life for cadres and workers.

It is worth note that a number of cadres and members of state agencies have been exposed for under-the-counter deals in goods of the state with private merchants. One of these was Nguyen Thi Thuan, manager of Refreshments Stand No 454, on Tay Son Street (Dong Da Ward, Hanoi), who diverted hundreds of cans of milk in one day! The contraband bread bakery of Le Nghiem, of Court 14, Mai Dong Subward (Hai Ba Trung Ward), had received nearly 6 quintals of wheat flour diverted by one Thu, head of the consumer cooperative of the

Hanoi foodstuffs production plant. Under interrogation, Thu confessed that he had sold 5,384 kg of wheat flour to private merchants. Thi Than, head of the Nguyen Cong Tru food store, was caught red-handed making illegal profits with a number of bad trade personnel in collusion with operators of an illegal rice sales ring.

Matters To Be Seen To

Although much has been done to control commodities, improve business practices, and grasp control of the market, what is easy to see is that the grasp of state-operated commerce and marketing cooperatives is still very limited. There are still many sectors of the market where private merchants have the upper hand, such as the "open-air" sale of bicycle and auto parts and Western drugs, component parts for many things, and electrical appliances. Many marketing cooperatives allow private merchants to push their way into wrongful business or profit-making activities. However, detailed investigation reveals that there are also complications that adversely affect business activities of marketing cooperatives. For example, there is a commerce agency in Hanoi that requires cooperatives that want goods distributed to them to pay for them in advance. Or there is the matter of extracting the state's share of profits: the finance agency gives very detailed instructions on how to do it, but the marketing cooperative sector gives different directions for extracting it, and the installation does not know the current prices set by the state, and only draws the line at punishment for violation the pricing regulation.

Matters needing attention are the need for centralized, concrete guidance in market management according to law, and avoiding difficult, dispersed inspections at variance with policy, which lead to harassment and have an adverse effect on the circulation of goods.

For a long time now, market management and reform have lacked thoroughness and continuity. Those engaged in lives of crime, therefore, had only to cease activities for a while, then come out and resume operation. Many cases are not being prosecuted in a timely and resolute way. In some state agencies cadres and personnel who have done something wrong only receive "internal punishment"; even if they do something seriously wrong, they only receive brief and general criticism, which has no educational effect and fails as a deterrent to crime. The time has come to severely punish those persons that act contrary to the economic policy of the state, including degenerate state personnel and cadres who conspire with illegal merchants. This is the only way to deny those leading lives of crime outside society what they depend on to get goods and hurt the market.

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HEAVY INDUSTRY AND CONSTRUCTION

BELGIAN GROUP SEEKS VIETNAMESE OIL

Sydney THE AUSTRALIAN in English 26 Dec 85 p 11

[Text] Hanoi--Belgium's Petrofina group is likely to become the first Western company with oil prospection and exploitation rights off the Vietnamese coast, according to sources.

They said yesterday that Petrofina could be signing an agreement which was under negotiation for more than a year, by the middle of next year. The basic outlines were set, but a certain number of points remained to be discussed.

Petrofina negotiators had lengthy talks last month with Vietnamese oil and gas officials. The Belgians are due to return early next year to finalise the accord, the sources said.

The agreement would mean an end to the monopoly held by the Soviet-Vietnamese joint venture, Vietxopetro, on oil prospection in that region of the South China Sea.

The sources said Petrofina would have the right to look for and exploit oil in one or two lots off the central coastal city of Danang, an area so far unexplored.

An agreement of this type generally covers 20 to 30 years. Experts estimate that Petrofina may invest tens of millions of dollars for exploration and half a billion for exploitation.

The negotiations are part of Vietnam's bid to persuade foreign oil companies, particularly those in the West, to take a look at the reserves under the continental shelf in the South China Sea.

A delegation from the Italian company, Agip, came to Hanoi a few weeks ago to discuss the possibility of working in Vietnam. India and Vietnam agreed last month to cooperate on offshore oil efforts.

But Western experts here said no concrete developments were expected on either the Italian or Indian fronts in the coming months.

Vietxopetro, meanwhile, has decided to quadruple its investments and accelerate prospection, according to the Vietnamese Communist Party daily, Nhan Dan.

The newspaper said the Vietnamese and the Soviets were now condentrating their efforts on exploiting discovered oil as quickly as possible.

Vietxopetro now has one platform operating, but experts said the most optimistic estimates called for at least another year or two until the project would reach a level of industrial production.

The oil discovered so far off the Vietnamese coast has been either of average quality because of its high paraffin content, or difficult to exploit for geological reasons.

Experts said because of it, advanced technology, now found only in Western companies, would be needed. Agence France-Press

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LIGHT INDUSTRY

DIRECTIVE REQUESTS GREATER SECTOR NEWSPAPER SUPPORT

Hanoi TIEU CONG NGHIEP THU CONG NGHIEP in Vietnamese 13 Dec 85 p 2

[Unattributed article: "Chief of the Central Federation of Handicraft Industry Cooperatives Issues Directive on Writing, Buying and Reading TIEU CONG NGHIEP THU CONG NGHIEP (excerpt)"]

[Text] On 30 November 1985, the Chief of the Central Federation of Handicraft Industry Cooperatives issued a directive on writing, buying and reading TIEU CONG NGHIEP THU CONG NGHIEP. The text of the directive is as follows:

The newspaper TIEU CONG NGHIEP THU CONG NGHIEP, an organ of the Central Federation of Handicraft Industry Cooperatives, came into being more than 15 years ago. During the process of operations, the paper has grown along with the entire sector, and has made a worthwhile contribution to political and ideological as well as production and business work in the small industry and handicraft area. Along with its achievements and strong points, the paper also has not a few weaknesses and shortcomings that must be overcome in order to rise to answer the requirements of the new situation and mission and the expectations and desires of the readers, especially the readers at the primary level.

Purchase and reading of the newspaper are not uniform and are generally poor. Some provinces buy a relatively large number such as Hau Giang with 860 copies, Thai Binh with 260 and Ha Son Binh with 236 but there are also locations with extremely few purchases such as Tay Ninh with 5 copies, Lai Chau with 8 and Ben Tre with 10. There are even some localities in which key management cadres of the provincial and municipal cooperative federations have not yet read TIEU CONG NGHIEP THU CONG NGHIEP.

At the present time, in order to implement the Eighth Resolution of the Party Central Committee, Resolution 28 of the Political Bureau, and Decree 279 and Directive 211 of the Council of Ministers (on the function and mission of the Federation of Handicraft Industry Cooperatives), improving the quality and the effectiveness of TIEU CONG NGHIEP THU CONG NGHIEP is an extremely important job of the entire sector. The Management Board of the Central Federation of Cooperatives requests that cooperative federations at all levels and all subordinate sections and units carry out the following tasks:

1. The Editorial Board of TIEU CONG NGHIEP THU CONG NGHIEP, based on the mission nature and objective, has actively proposed improvements of the contents

and form of the paper in order for TIEU CONG NGHIEP THU CONG NGHIEP to truly become a supervisory tool of the Central Federation of Handicraft Industry Cooperatives Management Board and the voice of the laborers in the small industry and handicraft area: in conjunction with upholding the ideological and combat spirit, the paper must be made to have a greater appeal to the cadres and cooperative members while simultaneously eliminating state subsidies, conducting economic accounting practices and promoting publication for increasingly greater dissemination among the masses; and strengthen supervision and perfection of the publishing detachment while regularly coordinating and cooperating with the post and telegraph sector to permit the paper when published to reach the hands of the readers in a rapid and complete manner without unnecessary trouble.

2. Cooperative Federation Management Boards at all levels must consider the paper as an essential means of their own sector for conducting political and ideological work as well as supervising basic units in business and production management and striving to propagandize and encourage many people to buy and read the paper, especially at the basic level. The struggle objective must be for each labor cooperation team and shop to receive a paper (not counting the copies received by management agencies at all levels such as: subwards, wards, districts, towns, cities, provinces, municipalities, special zones, etc. where purchases are made for study and further distribution to related agencies). The purchase price of the paper is extracted from the welfare fund of the cooperative and the sector expenditures of the province and municipality (depending on the situation of each location with appropriate stipulations). Procedures for subscription purchases have been available since the end of 1985 from the local post and telegraph agency.

3. The Political Section of the Central Federation of Cooperatives and cooperative federations at all levels must give concern to building the paper, seeking every means to introduce the paper, monitoring and encouraging buying and reading the paper, writing articles, and providing information, considering buying and reading TIEU CONG NGHIEP THU CONG NGHIEP as a standard when examining the emulation achievements of the local area and unit. At the same time, guide the primary level production units in organizing a movement among the masses to read and follow the paper. The political sections of provincial and municipal cooperative federations must assign one cadre the mission of purchasing and reading the paper and writing articles while simultaneously enjoying benefits of a spiritual nature (such as advanced training, vocational guidance, incentives, etc.) and a material nature (such as prizes, compensation and cash awards in accordance with the current system).

4. Cadre, financial, production and office organization sections of cooperative federations and material corporations have a responsibility to assist the Editorial Board of TIEU CONG NGHIEP THU CONG NGHIEP in the tasks of: improving the apparatus, supplying capital, material and means of operation, business planning, etc.

5. Small industry and handicraft cadres, workers and cooperative members must uphold a concept of responsibility toward the sector paper, actively respond to readers' movements, work in accordance with the paper, write articles for and provide information to the paper, contribute opinions on building the paper,

and actively assist the cadres and correspondents of the paper when they arrive to work in the local area and primary level unit.

This directive must be promptly disseminated to the primary level units and strictly executed. Local areas and units are requested to immediately report any difficulties during implementation to the Management Board of the Central Federation of Enterprises.

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DAC LAC TRANSPORTATION ENTERPRISE FIGHTS NEGATIVISM

Hanoi GIAO THONG VAN TAI in Vietnamese 19 Dec 85 pp 5, 7

[Article by Nguyen Tan Han, Dac Lac Broadcasting Station: "Dac Lac Transportation Vehicle Enterprise Strives To Stop Negativism"]

[Text] During the years of 1977 and 1978, the Dac Lac Cargo Transportation Vehicle Enterprise ably served the southwestern border fighting and was awarded the Independence Order by the party and state. Also for many subsequent years, the enterprise successfully fulfilled its cargo transportation mission and was awarded many commendations and outstanding emulation banners by the Provincial People's Committee. However, according to statements by leaders of the transportation sector, the enterprise's achievements have gradually "paled" over the past several years because of a great many negative occurrences right in the Dac Lac Cargo Transportation Vehicle Enterprise during the past 3 years, causing "headaches" for the enterprise leaders and reduced confidence among the masses. The commonly occurring negativisms here are: drivers hauling contraband goods for peddlers, stealing supplies and spare parts, becoming involved in fatal accidents while driving drunk, gambling with each other, engaging in superstitious practices, being taken advantage of and bribed by reactionaries to flee the country, and engaging in speculation; warehouse custodians and accountants conspiring with each other to spirit supplies and commodities out of the enterprise for sale in search of profits; administrative and protection personnel arrogantly and overbearingly agitating the drivers and work-related customers, etc. According to data from recent inspections, the enterprise had 56 violations in the forms above, resulting in losses of state property worth more than 1,424,000 (one million, four hundred and twenty four thousand) dong. A prime example is the case of Tran Van Giap, an enterprise driver who, from the beginning of 1985 to last September, took advantage of his equipment to invest in bottled beer. The public security forces of Buon Ma Thuot City searched his home, vehicle and beer storage tank; Giap was arrested and confessed that for each tank of beer hauled from Ho Chi Minh City and sold to private bar operators, he made a profit of 300 dong.

The situation above could not be allowed to continue. Last October, the party committee, board of directors, trade union executive committee and Ho Chi Minh Communist Youth Union of the enterprise were aided by the provincial public security forces and the trade union federation in developing a phase of political activity oriented toward the themes of studying, thoroughly understanding and implementing Joint Resolution 01 of the Ministry of Interior and Vietnam Confederation of Trade Unions on developing the collective ownership rights of

cadres, workers and civil servants, ensuring the security of the fatherland and protecting socialist property, in close connection with study and thorough understanding of Resolution Eight of the Party Central Committee. In order for this phase of political activity to achieve results, the enterprise established a guidance committee including the secretaries of the party organizations, party chapters, youth unions and basic level trade unions and trade union detachments. The committee established four objectives for study and thorough understanding of the resolutions: the first being the drivers; the second the vehicle mechanics; the third the warehouse custodians; and the fourth the personnel engaged in administration, protection, support, management, etc. The results were that more than 400 cadres, workers and civil servants of the enterprise participated in study and thorough understanding of the resolutions (83 percent, with drivers making up 69 percent of the total engaged in study). The committee supervising the enterprise's political activity phase skillfully coordinated the transmittal and explanation of Joint Resolution 01 and Resolution Eight of the Party Central Committee with education on the traditions of the "brave, intelligent and creative" transportation sector with each individual reviewing the achievement of his own job during the recent past and leaning toward developing his strong points and overcoming his weaknesses in the near future. Many workers who have always violated driver discipline and ethics but were not known or discovered such as Thuong, Hiep, Ngoan, etc. hauling contraband goods for peddlers, filching goods from their vehicle, allowing their cargoes to become wet, conspiring with warehouse custodians to acquire additional gasoline, oil, spare parts, etc. have boldly reviewed and reprimanded themselves through this phase of political activity and have made suggestions to the board of directors and organization executive committees to forgive them and assist them in progressing. Concluding the phase of political activity, the enterprise classified the cadres and workers into 238 type A, 130 type B and 32 type C individuals. After analyzing the qualities of cadres and workers, the Dac Lac Cargo Transportation Vehicle Enterprise engaged in management improvement and organization in accordance with the spirit of Resolution Eight of the Party Central Committee. The enterprise reduced the indirect administrative staff by 12 people (26 percent of the indirect cadres and workers) by shifting them to direct participation in production; dismissed four drivers and five mechanics who had become degenerate and deviant; and also dealt with a number of protection personnel with insufficient standards and ethics.

To the present time, the Dac Lac Cargo Transportation Vehicle Enterprise has made new changes both in the concept of responsibility and the revolutionary actions of the cadres and men. The ranks of drivers have upheld a concept of mastering their equipment, their cargoes and their time. During the past 2 months of October and November, the enterprise no longer had a situation of drivers carrying contraband goods for peddlers; drinking while driving; burning incense in front of their vehicles; or selecting their departure and return dates. The time required for each trip has been reduced as has the percentage of cargo damage and loss en route. For example, the trip from Buon Ma Thuot to Hanoi which previously took 15 days has now been reduced by 5 days; and the trip from Buon Ma Thuot to Ho Chi Minh City of 5 days has now been reduced by 2 days. Of special interest, at the end of October, an enterprise convoy safely transported 100 tons of grain from the province to aid the people in Binh Tri Thien on a round trip taking only 1 day and 1 night. The percentage of damaged

and lost cargo en route has been reduced to below the stipulated state level. Specifically, rice has been reduced by 1 percent, beans of all types by .8 percent, coffee by .32 percent, fertilizer by 1 percent, etc. Besides that, since the phase of political activity to study and thoroughly understand Joint Resolution 01 of the Ministry of Interior and the Vietnam Confederation of Trade Unions and Resolution Eight of the Party Central Committee, the Dac Lac Cargo Transportation Vehicle Enterprise has encouraged the drivers to save 68,000 liters of gasoline and 20,000 liters of diesel fuel; and to recover for the state a number of cargo items previously considered as lost with a value of nearly 210,000 dong.

The changes and progress above are only the first step. Under the direct leadership and supervision of the party committee and the board of directors, the cadres and workers of the Dac Lac Cargo Transportation Vehicle Enterprise are all participating in the establishment of economic and technical norms, cost recalculation and labor force rearrangement and redeployment consistent with the production capabilities of the enterprise and in accordance with the spirit of Resolution Eight of the Party Central Committee. The enterprise is ably achieving the 180 day-night phase of emulation (from October 1985 to March 1986) of the entire sector with a high level of ability, quality and effectiveness, first of all outstandingly completing the 1985 cargo transportation plan and mission to effectively make achievements to commemorate the 20th anniversary of the Vietnam communications and transportation sector (25 March 1966-25 March 1986).

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LABOR

WORKER POINTS OUT UNFAIRNESS IN NEW WAGE SYSTEM

Hanoi LAO DONG in Vietnamese 14 Nov 85 p 2

[Article by T.TH.: "New Wage, Old Wage"]

[Text] During the lunch hour, our team usually discusses everything under the sun: politics, economics, foreign trade, and art, as well as happenings in the lives of us girls. At lunch today, we discussed the new wage and the old wage.

One young woman on the team started the discussion with: "The new wage is a little higher than the old wage. That's OK!"

A young woman who has a reputation for being level-headed said, "At first glance it seems to be so, but the new wage has more of a leveling tendency. With the new wage, a level-7 machinist makes 1.45 times that of a level-1 machinist, while he made 2.5 times as much under the old system. There seems to be only a 1.32-times difference in light industry. My sister in the Municipal Statistical Branch told me that the entire textile sector of Hanoi has 8,659 workers, but only 2 level-7 workers, but the sector has 92 engineers, and the entire civil-use electrical enterprise also has only 1 level-7 worker, but as many as 10 engineers. That shows that the training of a level-7 worker is more difficult than the training of an engineer, yet the wages of top-level workers are low."

The young woman who started the conversation said, by way of conclusion, "So only a small number of leaders like the new wage! You know, K., a level-7 worker, turned down an offer to become head of our plant, and Q., a level-6 worker everyone considered stupid during the old system, has been made assistant chief. Now, under the new wage system, Q.'s wage is higher than K.'s. A raise in position will therefore be better news from now on than a raise level." If the bell had not signaled the end of the lunch hour, the girls on my team would have probably kept talking about wages until late at night. What they said turned out to be true. I wonder if the economists, when they formulated the new wage system, considered the matters we talked about?

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LABOR

FIRST REGULATION PUBLISHED ON WORKERS' CULTURAL CENTERS

Hanoi LAO DONG in Vietnamese 14 Nov 85 p 5

[Text] On 15 September this year, the Secretariat of the Vietnam Confederation of Trade Unions issued its "Resolution on Promulgating a Regulation on the Organization and Operation of Provincial and Municipal Workers' Cultural Centers."

The regulation has 5 sections and 13 articles clarifying what persons are served by workers' cultural centers, what operational principles apply to the formation of centers, how to organize and lead them, and how their material and financial base is provided.

Not counting thousands of basic-level clubs, a network of provincial, municipal, district, ward, and industrial area workers' cultural centers has formed under trade union management. This regulation of the Vietnam Confederation of Trade Unions applies to all province-level cultural centers of that network (excluding the Hanoi Vietnam-Soviet Friendship Workers' Cultural Palace, which has its own regulation).

Following are a number of articles excerpted by LAO DONG from the regulation.

Article 1: The provincial or municipal workers' cultural center is a center of educational propaganda and cultural activities as part of the trade union propaganda and training network managed by the local trade-union federation, which also organizes its activities.

Article 2: The principal persons served by the workers' cultural center are trade union members, workers, civil servants, and their families (including retired and disabled ex-workers).

Article 3: Workers' cultural center activities are conducted for the purpose of political and ideological education and supplementary development of cultural knowledge and scientific and technical knowledge; of responding to the need to appreciate and create art and culture on the part of the laboring masses; of contributing to building up worker and civil servant ranks; and of comprehensively developing the new socialist man.

Article 6: Propaganda, educational, artistic, and cultural activities in workers' cultural centers must be conducted under the leadership of the party and centralized management of state culture.

Article 7: The Cultural Center Council is advisory in nature; it is to assist and supervise the activities of the workers' cultural center. Members of the council are enthusiastic cadres and specialists that have knowledge and experience in fields related to activities of the cultural center. The council is approved by decision of the Standing Committee of the Trade Union.

Article 10: The organization of the provincial or municipal workers' cultural center is proposed by the local federation of trade unions and approved by the Confederation of Trade Unions. Cadres and personnel working in cultural centers must be selected, must be employed in an occupation on the official list, and must have the character of persons active in cultural spheres.

The workers' cultural center can recruit personnel to do contract work according to programs set up by the state and can organize networks of personnel, including cadres and specialists with various skills, to participate in all activities of the cultural center.

Article 11: The property of the workers' cultural center is all the buildings, equipment, and material base presently on hand or added (including money and in-kind items). The director of the laborers' cultural center must organize the use and management of these assets.

Management must follow the common regulations of the state and the Confederation of Trade Unions.

Article 12: Funds of the workers' cultural center come from two main sources:

- a. They are issued through management of the trade union according to the annual plan.
- b. They are collected through activities of the cultural center.

Also, supplementary funds are available for issue from the local budgets, or can be obtained by contributions (within reason) from local units in accordance with the general system of the state.

Workers' cultural centers must formulate a yearly budget proposal for approval by the Standing Committee of the Confederation of Trade Unions and integrated into the budget of the local trade union chapter. Statistical accounting must be performed according to regulations of the state and the Confederation of Trade Unions.

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END