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No. 1137

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RAYMOND Murray Renata, self-proclaimed colonel of a secret black army allegedly training Aborigines to disrupt the Brisbane Commonwealth Games, was deported to New Zealand yesterday.

A Department of Immigration official confirmed yesterday the 43-year-old unemployed New Zealander had left the country about noon.

The official said the deportation order for Renata, a Maori, was signed on March 9 and he was arrested on March 11.

Detective Inspector Gordon Duncan, of Cairns police, who led a dawn raid on March 11 to capture Renata and four others, said Renata had been deported because he was “an unwanted person in this country”.

Renata, his Canadian girlfriend and three Australian men were captured in the jungle near Cairns by 13 police led by Detective-Inspector Duncan.

There was no resistance.

Renata, who allegedly had a .303 calibre Lee Enfield rifle, was held in the Cairns police watch-house until yesterday when he was flown to Brisbane and from there to New Zealand.

Inspector Duncan said he did not know if New Zealand police planned to take Renata into custody, and he could not give details of his Renata’s New Zealand police record.

But Renata had been arrested by Cairns police over a number of years for possession of marijuana and firearms.

“If he had been training people we would have charged him,” Inspector Duncan said.

But Renata was suspected of growing marijuana in the jungle.

He was involved in a shoot-out with police in the Rex Ranges in north Queensland last July, and was captured and charged with firing his gun with intention to frighten, and possession of marijuana seeds, Inspector Duncan said.

He was convicted of the drug charge but the firearm charge was dismissed.

The four people captured with Renata last week have appeared in court on drug charges.
MELBOURNE BOMB CASE—MELBOURNE—A gelignite bomb planted in a Melbourne motor-cycle shop would have killed people and caused an inferno had it gone off, the City Court heard yesterday. The head of the police arson squad, Det- Insp. Alan Anderson, told the court that a similar bomb had been planted in another city building, underneath which was stored 200,000 litres of fuel. Roger Wallace Biddlestone (33), of Templestowe, appeared in court charged with placing both bombs. Magistrate J. Dugan remanded him in custody. No pleas were taken. Insp. Anderson said that the police had "no idea of any motive for placing the bombs, which is a terrifying thing." "It is straight-out terrorism on the community," he said. [Perth THE WEST AUSTRALIAN in English 20 Mar 82 p 26]
Indian communists are a peculiar lot. Ever since they got domesticated in the parliamentary habitat, they have spent most of their working life agonising over what they call bourgeois parties, debating which party to run with and which to bark at. The Communist Party of India, after five days of soul-searching on the bank of the Ganga, has decided that it will trot behind Indira Gandhi on the foreign trail and snap at her on the home turf. How the Moscow-Bhatinda concerto works out, against the mounting interplay of foreign policy and internal affairs, will be interesting to watch. For all the calculations of Mr Rajeswara Rao and his supporters, they may well have to tone down, if not mute, the Bhatinda counterpoint as the days go by. The compulsions will be there between the prime minister's manoeuvres at home and abroad and pressures from the Bharatiya Janata Party and other non-Left forces.

Moscow cannot relish the prospect of Mrs Gandhi's regime cracking up now or in the near future for the simple reason that the alternative, in all probability, will be a coalition, including or backed by the BJP, which may not be too keen to continue the special relationship with the Soviet Union on the same level. Mrs Gandhi knows it, too. In fact, Soviet sensitivity on this point is her trump card against the CPI. That is why speculation was rife on the possibility of CPI's making a turnabout at Varanasi. The carefully chosen words of the Soviet delegation and the glowing reference to Soviet understanding with India and her leaders in President Brezhnev's Tashkent address were also interpreted as pointed to an impending change in the party line.

Change there is—and not merely in the nuances of the political resolution. But the difference is not as much as was predicted. If the high priority given to the task of resisting the attacks by the BJP and other "reactionary, pro-imperialist circles" on the "nationally accepted foreign policies pursued by the government" means a definite swing toward the ruling party, the resolve to fight the "anti-democratic and anti-people policies" of the Congress (I) and build up a "left and democratic front" as the alternative to it is a move in the opposite direction. In fine, the CPI will run with the hare and hunt with the hound. The only clear and consistent strand in the policy
formulation is the hostility towards the BJP, the CPI's Enemy No 1, more authoritarian than the Congress (I) according to Mr Indrajit Gupta.

But how is it that the anti-Congress (I) group carried the day finally, the dilution of the Bhatinda line notwithstanding? Not only that, the hardliner Rajeswara Rao, whose position was earlier reported to be shaky, was unanimously re-elected general secretary.

What could be the reason for this? Either the CPI chose to ignore the Soviet party's advice, or there was no such advice and all speculation about it was fiction—perhaps, even a carefully planted story. The first we can safely rule out. If the CPI has evolved from the invertebrate stage, it is a well-kept secret, too good to be true. The second reason seems more plausible. The Soviets may have come round to the view—there was one report to that effect—that Mrs Gandhi is losing her grip on the country. If this reading is correct, they would not need much persuasion to bless the idea of a left alternative to her.

The Russians, however, would not like the friendly ties with the Indian Government to be endangered on any account. A confrontationist course by the CPI can rock the Indo-Soviet boat. This awareness must have dictated the three-faced CPI approach—opposing the government in concert with other "left and democratic" parties even as it sings praises of its "broadly correct" foreign policy, and fighting the BJP and all divisive forces. It is a study in contradiction and one can see in it a reflection of the Soviet dilemma. The CPI(M)’s lurch to the Soviet camp and open criticism of China at its Vijayawada Congress may have also contributed to the re-thinking in Moscow on the prospect of a left alternative in India or on the point of keeping its options open.

Indira Gandhi is no Tarakki or Amin, the Russians know very well. Being good chess players, if it comes to a choice between the queen and the pawns on the board, they will discard the pawns. There are precedents of Moscow continuing to do business with Third World regimes which suppressed the local communists. Strategic interests come first to a great power. The CPI will bear that in mind while doing its part-time job of sniping at Mrs Gandhi's government.

However, the risks of this business—Mrs Gandhi in her anger against the CPI taking it out on the Soviets—are not too high because they can trust the wooden-headed Reagan administration and the Pakistanis to make it impossible for her to change course. Truly speaking, the hardware part of Indo-Soviet friendship was made in Washington—and is still serviced in Washington.

There is something more to the Varanasi denouement. By appearing to be more opposed to Mrs Gandhi than it really is, the CPI can make it easier for the CPI(M) to shed its lingering inhibitions in joining hands with it. A communist reunion in India under exclusive Soviet auspices would be no small gain for Moscow and the price—irritants to Mrs Gandhi within safe limits—worth paying. There are still some snags, though. One is that the CPI, being more loyal than the king himself, takes time to catch up with the fine modulations of Soviet policy. The thawing towards China, for instance, is yet to be reflected in CPI quarters.
Matching the contradictions and convolutions of the CPI vis-à-vis the Congress (I) are the CPI (M)'s gyrations in relation to the BJP. The CPI takes the Congress (I) as the lesser devil and does not mind supping with it, of course with a long spoon. The CPI (M) likes to dally with the BJP in "anti-authoritarian" walks, but will not sleep with it. The CPI will not suffer any touch of the BJP, even by proxy. Until the variations in the two communist parties' demonology texts are corrected and the CPI also gets over its allergy to China, the chances of early reunion are rather dim. Meanwhile, the CPI's latest search for progressive elements in bourgeois parties is on. From Varanasi comes the signal that such organisms have been detected in the Congress (I) body too. Something to work on for the left and democratic front.

The CPI(M) is also busy discovering things. In Kerala, a sadder but wiser Namboodiripad has called a plague on all communal and casteist forces. His exposition of his party's attitude to them, in the context of the impending Kerala election, deserves wider attention. He says there is no question of a poll alliance or understanding with the BJP. The party will give no quarter to Hindu communalism seeking to spread anti-minority feelings under the cover of various front organisations. That of course is nothing new. What is more significant is the equal importance he has given to fighting other varieties of communalism.

Hitherto, our communists used to make a distinction between majority and minority communalism, making the first their main target of attack and finding excuses for the other. Mr E.M.S. Namboodiripad now says the pan-Islamic movement is as dangerous as the Vishal (Virat) Hindu Front activities. He refers in this connection to the speech by an Arab minister at a recent cultural meet of the Muslim League (part of the Congress front) at Calicut, in which he claimed that, both capitalism and communism having failed, Islam was going to lead the social and cultural life of the world. E.M.S. also recalls how the Leaguers once claimed that the mother tongue of Kerala Muslims was not Malayalam but Arabic and Urdu. Then he turns to Christian communalism. He says the clergy have always supported the reactionary forces in Kerala politics and sought to keep education under the monopolistic control of religious bodies. He also points out missionary involvement in secessionist activities in the north-east.

The logic of Mr Namboodiripad in opposing communalism in any form is unassailable. No honest leftist would like double standards in this respect. The mixing of religion and politics is the worst feature of Indian politics. But then, is it not a fact that the communist parties have had more than a passing affair with some of the forces that he now condemns? Whenever it suited their power game, the CPI (M) and the CPI have sought and enjoyed their services. The Muslim League was once an esteemed partner of the left-led government in Kerala. Even now the CPI (M)-led front there includes the breakaway section of the same league. In Punjab, too, the communists have been guilty of associating with Akali communalists.

Mr Namboodiripad admits no such error. He will not. He is a genius at getting round inconvenient questions. But granted that he has seen the light,
the question remains if this is going to change the character of left politics for good. True, it depends not only on his party but also on the CPI which may have its own perceptions and priorities. One way to judge is whether the left fronts hereafter will be prepared to lose elections rather than compromise with anti-secular and other irrational pressure groups.

CSO: 4220/7154
Finance Minister Ali Wardhana Tuesday left for Manila at the head of the Indonesian delegation to the annual conference of the Asian Development Bank (ADB) from April 28 through 38. He was being accompanied by, among others, Bank Indonesia Governor Rakhmat Saleh, director general for International Monetary Affairs Sugito, director of Bank Indonesia Arifin Siregar and Nani Gandabrata as the delegation's secretary.

The 1982 ADB annual conference is said to be important for developing countries since the 44-member international monetary institute is currently experiencing difficulties in gathering funds to be loaned on soft terms.

ADB leadership is said to be planning to accumulate U.S.$4.1 billion to be loaned interest-free to developing nations during the period between 1983 and 1987. However, United States was reported to be unwilling to contribute in excess of U.S.$900 million, leaving U.S.$3.2 billion short of target. Even U.S.$200 to U.S.$300 million more are needed. This question is expected to be the major topic of discussion at the coming Manila meeting.

Indonesia as member of the ADB has, during the last few years, been no longer able to get soft loans but has to pay interest and even commercial interest between 9 and 10 percent.

The loans Indonesia had acquired during 1981 had been generally used for the financing of development projects which had a direct bearing on people's life like the development of cattle production, irrigation, power supply and drinking water supply. Indonesia had also obtained technical aid for fishery projects in Java, the construction of roads, power supply and cattle raising.

CSO: 4220/551
JAKARTA 'UNOFFICIAL' POLL RESULTS RELEASED

BK271256 Hong Kong AFP in English 1115 GMT 27 Apr 82

[Text] Jakarta, 27 Apr (AFP)--An unofficial poll has found that only 14 percent of Jakarta's population intend to vote for the ruling Golkar (functional groups) Party in the May 4 general elections, while 53 percent said they would vote for opposition parties.

The unauthorized poll was conducted in Jakarta in February by the foundation for constitutional awareness, which is linked to the opposition group petition 50 and aims to promote consciousness of the "undemocratic and unconstitutional" laws ruling the country.

It interviewed a cross-section of 1,206 people, including students, farmers, civil servants and housewives, and the results were released yesterday.

They showed that 14 percent would vote for the government's Golkar, while 37 percent would vote for the Moslem United Development Party (PPP), and 16 percent for the Democratic Party (PDI), while 33 percent of those questioned "refused to answer."

The survey also found widespread dissatisfaction with the present election rules, 64 percent said they would like to see them changed and 42 percent of those interviewed said they would refrain from exercising their voting rights.

Of those interviewed 22 percent considered general elections a waste of money, 18 percent did not care, since Golkar was going to win anyway, and 26 percent felt the assembly and parliament was unrepresentative of popular aspirations.

The survey concluded that "the preference to vote PPP (and PDI) does not relate to particular age groups or levels of education or even professions, with the exception of active government officials who mostly vote Golkar."

The survey was signed by Dr Azis Saleh (former minister for people's industry) and Alex Yusuf Malik. Both have also signed the petition 50, which was issued in 1980 and was very critical of the Suharto regime and of the country's laws.

CSO: 4220/551
OFFICIAL DISCUSSES NEW TRANSMISSION PLANS

BK070929 Jakarta ANTARA in English 0859 GMT 7 Apr 82

[Text] Jakarta, 7 Apr (ANTARA)—A number of provinces in the country will be closed for transmigration effective as of the Fourth 5-Year Plan (Pelita IV) starting April 1983, it was announced by junior minister for transmigration affairs Martono to reporters after a meeting with President Suharto at the presidential mansion at Jalan Cendana here Tuesday [6 April].

The provinces closed for new transmigration plans will be announced after the conclusion of a national consultative working meeting of the Badan Koordinasi Penyelelangaran Transmigrasi (Bakoptrans) which will be held next May, he added.

He said the closure of these provinces for new migrants was decided because these areas were densely populated due to the large number of the local population and intake of migrant residents.

The projected meeting of the coordination board for transmigration implementation in May, he explained, would discuss the further stabilizing of the program of Bakoptrans and what steps should be taken to handle the number of government sponsored transmigration and voluntary migration from overcrowded Java Island to sparsely populated outer regions.

He also reported that a regional consultative meeting was held in Jakarta for Territory I on March 30-31 and another scheduled in Yogyakarta for Territory II, April 12-13 and one more in Ujungpandang for Territory III, April 23-24. Junior minister Martono also said that a number of new locations in the eastern part of Indonesia would also be reclaimed for new resettlement sites for the migrants. These sites were now undergoing serious surveys on the soil and its uses, the number of migrants they could accommodate and local social and economic conditions.
The minister then mentioned that these areas were in Sulawesi, Maluku and Irian Jaya provinces. They survey results would be taken up during a regional conference due to take place in Ujungpandang in the future.

Junior minister Martono said that during his talks with the president he reported about the number of people migrated to new settlements up to April 6, 1982. He said during the calendar year a total of 91,771 migrant families were resettled in 1981. Seen from the fiscal year a total of 89,969 families have migrated up to March 1982, he said.

Referring to resettlement in Lampung, he said, up to April 6, 1982, a total of 5,017 families had been given new homes. A total of 200,000 families was projected for resettlement in 1982-83, he said.
ADB LOAN—The Asian Development Bank [ADB] on 15 April approved a $41.35-million loan and a technical aid grant to Indonesia to support the electric power generating projects in Sulawesi. The loan will be used to rehabilitate and improve power distribution facilities in the Minahassa area in North Sulawesi and in Ujungpandang in South Sulawesi. The ADB will also provide Indonesia with consultants for hydroelectric power projects. [BK171013 Jakarta Domestic Service in Indonesian 0700 GMT 16 Apr 82 BK]

TAX ACCORD WITH PHILIPPINES—Indonesia and the Philippines today exchanged the instruments of ratification of agreement on the avoidance of double taxation and the prevention of income tax evasion. The exchange of the documents was conducted of the Foreign Affairs Department in Jakarta between Foreign Minister Mokhtar Kusumaatmaja on behalf of the Indonesian Government and Philippine Ambassador Manuel Yan on behalf of his government. Foreign Minister Kusumaatmaja considered the exchange of the instruments as a positive development in the context of economic cooperation among ASEAN countries. He expressed the hope that the agreement would further create a better climate in foreign capital investments and further enhance bilateral cooperation between the two countries in the fields of economy, technology and culture. The Philippines is the 7th among the biggest foreign investors in Indonesia with a total investment of $300 million by the end of 1981. [BK191209 Jakarta Domestic Service in Indonesian 0700 GMT 19 Apr 82 BK]

JAPANESE CEMENT FACTORY CONTRACT—A contract for the construction of Pt Tridaya Manunggal Perkasa cement factory at Palimanan, Ceribon, West Java, was signed in Jakarta on 21 April. The contract was signed between Pt Tridaya Manunggal Perkasa and two Japanese companies, the Marubeni Corporation and the Kawasaki Heavy Industry. The factory is expected to be completed and operational after 3 years of construction and its products could be marketed immediately. It will have a production capacity of 1.2 million tons per year. The factory will be fully constructed and managed under domestic capital investment while its manpower will be recruited from people living in the vicinity of the factory. [BK221215 Jakarta Domestic Service in Indonesian 1500 GMT 21 Apr 82 BK]
INCREASE OF BORDER MARKINGS—Indonesia and Papua New Guinea agreed to increase the number of border markings along the border of the two countries at 141 east longitude to make border control by both sides easier. The agreement was reached following a coordination meeting of the Indonesia-Papua New Guinea border technical committee on 29 and 30 April in Jayapura. The Indonesian delegation consisted of 11 members headed by Pranoto Asmoro, while the Papua New Guinean delegation consisted of six members headed by (B. Menit). The secretary of the Indonesia-Papua New Guinea border affairs committee Suryanto Sriwardoyo, said so far there are only 14 border markings along the Indonesia-Papua New Guinea border. During the recent technical meeting both sides agreed to set up another 27 border markers. The installation of the border markers is scheduled to be carried out at the middle of this year, with the installation costs to be shared by Indonesia and Papua New Guinea.

U.S. SUPPORT FOR ISRAEL—Jakarta, 25 Apr (AFP)—Two Indonesian Moslem leaders have accused the United States of abetting Israel by voting earlier this week against a Security Council resolution condemning the April 11 shooting carnage at the al-Aqsa mosque in Jerusalem. Parliamentarian Amin Iskandar of the Moslem United Development Party told newsmen yesterday it was now time for Arab countries, in fighting for Palestinian rights, not only to confront Israel directly but also to tackle the U.S. The other Moslem leader, Muhmmadiyah organization spokesman Lukman Harus, said the latest U.S. veto proved that the U.S., a professed champion of basic human rights, always supported Israel in its violations of the rights of the Palestinian people. The two leaders also condemned the recent "wanton attacks" by Israel against Lebanese territory, adding that Israel had dared to do this because of U.S. backing.

UN AID TO TRANSMIGRATION—Jakarta, 19 Apr (ANTARA)—The Indonesian Government, in this case the Ministry of Power and Transmigration, and the UN Development Program, World Food Program and the Food and Agriculture Organisation, signed three cooperation documents here Saturday (18 April) evening. The documents were signed by the ministry's secretary general, Urip Widodo, representing the Indonesian Government, the chief representative of UNDP/WFP in Indonesia, Gamil M. Handy, and G. C. Juneja on behalf of FAO. The first document concerns rural development through transmigration projects with food aid worth U.S.$27,109,000 in rice, wheat, milk powder, canned fish and legumes in South Sumatra, Jambi and Southeast Sulawesi. The second document deals with training support for transmigration programs. This project involves U.S.$1,137,050 worth of aid in the form of expert personnel, scholarships and equipment. The third document involves coordination of the relation of foreign aid, especially for transmigration projects, with a total value of U.S.$390,870 in the form of expert personnel and equipment.

FOREIGN, DOMESTIC INVESTMENT INCREASES—Jakarta, 15 Apr (AFP)—Foreign and domestic capital investment in Indonesia has increased by 82.9 percent from U.S.$348.9 million during the 1980-81 fiscal year (April-April) [as received]
to $638.2 million during 1981-82 fiscal year, it was announced here today. Investment board chairman Suhartoyo, told newsmen that the increase marked successful efforts by the government to encourage investors in Indonesia. "The increase also shows that Indonesia remains attractive for capital investment despite the current world economic recession," he said. Foreign investment during 1981-82 fiscal year covered areas including technology and industry, while domestic investment includes textiles, furniture and light industries. A total of 28 new investment projects were recorded during the 1980-81 fiscal year and 37 new projects in 1981-82 fiscal year, he added.

NEW ZEALAND ENVOY--Jakarta, 5 Apr (ANTARA)--The Indonesian Government has approved the appointment of Michael John Powles to the post of New Zealand ambassador extraordinary and plenipotentiary to Indonesia, succeeding Richard Nottage.

NEW CONSULATES--Jakarta, 5 Apr (ANTARA)--Foreign Minister Mokhtar Kusumaatmaja has announced the opening soon of new Indonesian consulates in Houston, Chicago, Marseilles, Melbourne and Toronto. The new consulates are necessary in view of the expanding economic and trade relations between Indonesia and other countries, he said here Saturday when he installed R. Akhmad Jumiril, former Indonesian ambassador in Sweden, as director general of protocol and consular affairs at the Foreign Ministry.

ASIAN DEVELOPMENT BANK LOAN--Jakarta, 24 Apr (ANTARA)--The Asian Development Bank today approved a $41.35 million loan and a technical assistance grant to Indonesia for the second Sulawesi power project. The main objectives of the project are to rehabilitate and reinforce power distribution facilities and associated transmission systems in the Minahasa area of North Sulawesi and the Ujung Pandang area of South Sulawesi, and to provide consultants to prepare a hydropower project at the Tanggari II site in North Sulawesi. The loan, from the bank’s ordinary capital resources, is for a period of 20 years including a grace period of 4 years, at an interest of 11 percent per annum.

JAVA TRANSMIGRATION--The head of the Central Java Development Planning Board said that as of end of March 1982, more than 6,000 families consisting of 30,000 members in Teh Province have expressed their willingness to be resettled in transmigration projects outside Java. He said the biggest number of transmigrant candidates is from the Cilacap District, totalling 750 families, followed by Banyumas District, 700 families and Mageland District, 528 families. He said the resettlement target for the 1982-83 fiscal year is 43,750 families.
REPORT ON ELECTION RESULTS IN SARAWAK SABAH

BK270921 Kuala Lumpur International Service in English 0600 GMT 27 Apr 82

[Text] The Barisan Nasional's [National Front] total has flowed to 132 seats in the 154-seat parliament with the party taking up 13 constituencies in Sarawak and eight in Sabah today. The Democratic Action Party [DAP] secured two constituencies in Sarawak and retained one in Sabah State, giving it a total of nine in parliament. Five independents won in Sabah and two in Sarawak.

Among the successful candidates in Sarawak were the deputy chief minister, Datuk Alfred Jabu; the federal minister of energy, telecommunications and post, Datuk Leo Moggie; the deputy minister of primary industries, Haji Bujang Haji Ulis, and the deputy defense minister, Abang Abu Bakar. Also returned were the parliamentary secretary of the Ministry of Science, Technology and Environment, Mr Law Hieng Bing, and the parliamentary secretary to the Ministry of Culture, Youth and Sports, Mr Luhat Wan.

In Sabah, the Barisan Nasional took eight seats, plus two more on nomination day. Five seats were won by independents and one by DAP. Among the personalities returned were the Sabah chief minister, Datuk Harris Salleh; his deputy, Datuk James Ongkili; the minister of federal territory, Datuk Pengiran Othman Rauf and the deputy minister of energy, telecommunications and post, Datuk Clarence Mansul.

Meanwhile, the election commission says the turnout of voters in peninsular Malaysia last Thursday has been better than 1978 general elections. This was especially so in Kelantan and Trengganu where the turnout surpassed the 80 percent mark for the first time.
MALAYSIA

KUALA LUMPUR RADIO COMMENTS ON NATIONAL FRONT'S ELECTION VICTORY

BK231440 Kuala Lumpur International Service in English 0800 GMT 23 Apr 82

[Unattributed commentary]

[Text] The 1982 elections have given a very clear mandate to Datuk Sri Dr Mahathir Mohamed, the president of UMNO [United Malays National Organization] and the national front. In a sense, we can say that the seal of approval had been given by the people of Malaysia to Datuk Sri Dr Mahathir Mohamed's ascension to the premiership of the country.

When Tun Hussein Onn retired from the leadership of the country, Dr Mahathir Mohamed, as the then deputy prime minister, automatically succeeded to the premiership. Since then, he has moved like a whirlwind through the musty corridors of bureaucracy, and he and his deputy prime minister, Datuk Musa Hitam, dubbed by the Malaysian media as the 2M's, have not hesitated to overthrow some of the so-called sacred cows of the political scene in this country, in particular the agencies set up under the state economic development corporations, to achieve the objectives of the new economic policy.

Even in the approval of the national front candidates for the elections just over, the 2M's did not hesitate to set the seal of their style. They have not hesitated to retire people who they felt would not fit in with their style, even though many observers felt that they were risking these (safe) political seats.

In any event, the results have indicated the belief of Datuk Sri Dr Mahathir Mohamed that the people of this country have become more sophisticated and mature politically and would cast their votes accordingly. He introduced a lot of new faces who had won.

The electorate in the 1982 elections have proved to be a group of hardheaded realists. Their votes have been cast not on an emotional basis or out of sympathy to a candidate or party but rather on the basis of the performance
that they can expect from their representatives and the benefits that he can bring to the constituency. This can be seen even in the case of the opposition candidates who have been elected. Only those whose past record shows that their activities have not been confined to making loud noise in Parliament during its sessions, but include an attempt to bring benefit to the constituency, have been voted in. The loudmouth and inactive members of parliament have been given the boot. Furthermore, the electorate has given no heed to the claims that a strong opposition is needed. Rather they have voted in the belief that a country like Malaysia, whose independence in terms of historic time is new, needs a strong and dedicated government rather than the luxury of a strong opposition that could slow down development objectives.

As for what is in store for Malaysia, one can be certain that the mandate given to Datuk Sri Dr Mahathir Mohamed will need a no-nonsense style of government, one that will not hesitate in its actions but will be active and decisive.

CSO: 4220/551
The national front, which is contesting the coming general elections in Malaysia, this morning unveiled a 29-point manifesto and urged the people to give it a mandate for progress. The manifesto is designed to give all Malaysians a place in the sun and to ensure that the nation achieves greater prosperity so that there is a better future for all of them.

The manifesto says the national front will continue to improve the quality and expand opportunities for education at all levels. It will guarantee just and equal opportunities for all.

The national front will also preserve and consolidate primary mother tongue education. On religion, the manifesto says the front will continue to ensure the position of Islam and upgrade the teachings of the religion. At the same time, it will safeguard the freedom of worship of worship enshrined in the constitution.

The manifesto adds that the party will continue to strive for religious and social purification while upholding the rule of law. The battle against corruption and immorality will be continued. The manifesto states that the front will press on with efforts to instill good work ethics and ensure hard working people.

Industrialization will be continued giving emphasis not only to heavy industries, but also to small-scale and medium-sized enterprises. The fight against poverty everywhere will be stepped up.

On the socioeconomic side, more jobs will be created, the interests for workers protected and more low-cost houses will be built and health facilities expanded. Overall, the manifesto states that the national front will do everything within its power to ensure justice for a better life for all Malaysians.
In the preamble, the manifesto states that Malaysia needs a strong government with a solid mandate. The nation cannot afford weak, indecisive government incapable of positive action to ensure stability and security. Only a strong government with vision and drive that practices a clean, efficient administration can safeguard what has already been achieved and move on to build a greater future.

Listing the achievements of the national front government over the past 25 years, the manifesto points out that in a region of turmoil and conflict Malaysia has been a haven of peace and stability. In a world of intolerance and trouble, a large measure of harmony had been maintained in Malaysia.

In the last 10 years, international authorities have ranked Malaysia's overall economic performance as the fifth best in the world. Out of 157 countries, Malaysia's inflation rate had been the third lowest. Economic growth had been the tenth highest. The ringgit has been ranked the 11th strongest and the nation's trade performance had been put at the 12th best.

The document states it is not by accident that Malaysia had achieved so much. It is a planned achievement, the result of government and people working together.

The preamble states that the national front is striving for what the people want. The front will do all it can to ensure that the people benefit from the wealth of the country's natural resources. At the same time, traditional Malaysian values would be strengthened so that the nation is built on a bedrock of deep spiritual values.

In presenting the manifesto at a news conference in Kuala Lumpur, the prime minister, Datuk Sri Dr Mahathir Mohamed, said Malaysia's achievements had been due to careful and sound planning.
The deeper-than-expected world economic recession affected the performance of the Malaysian economy last year, according to the 1981 report of Bank Negara (Malaysia's Central Bank) released here today.

The growth of the real gross domestic product (GDP) fell to 6.5 percent in 1981 compared to 8 percent in 1980 and an average of 3.6 percent over the past 5 years, the report said.

The bank forecast an "uncertain outlook" for Malaysia's exports in 1982 because of weak overseas demand for primary commodities and estimated that the real output growth during the year would be about 6 percent.

It said that for the first time in its history, Malaysia recorded a large deficit in its foreign trade account.

"Together with the high net payments on services and transfers, which are characteristic of the country's balance of payments, the current account recorded a large deficit of 5,758 million Malaysian dollars (U.S.$2,503 million) compared with a deficit of 523 million Mayalsian dollars (U.S.$227.3 million) in 1980 and an average annual surplus of about 1,400 million Malaysian dollars (U.S.$608 million) in 1976-79," it added.

On inflation, the report said that on the basis of the consumer price index for peninsular Malaysia, inflation grew to an annual average rate of 9.6 percent from an average of 6.7 percent in 1980.

The underlying factors were a continuing sharp increase in import prices and moderate expansion of real aggregate demand which had been sustained since 1975.

By the end of the year, the rate of price increase had slowed down to an annual rate of 8.8 percent in December, it said.

The prospect for 1982 was a "moderate improvement in the domestic price situation," the report indicated.
It said that with a weak external sector, the task of stimulating economic activity fell on domestic demand, particularly on government. The shape of public sector expenditure on consumption and investment in the total GDP rose from 30 percent in 1980 to 32 percent in 1981.

It said that as in 1981, the public sector "is expected to continue to provide the main stimulus to growth in the economy in 1982," when public investment outlays were expected to expand by 13 percent.

Dealing with prospects for 1982, the report said that the outlook for exports remained uncertain. For the second year in succession the commodity prices were expected to be poor and the export volume "weak."

"Given that overseas demand is likely to pick up in the latter part of 1982 and the already depleted stock position among most consumers, growth in export volume of primary commodities is expected to recover, although the recovery will probably be moderate," the report indicated.

It said that volume of rubber and timber export, closely tied to recovery in the automobile industry and construction activity might pick up in 1982.

Palm oil and petroleum were also expected to face better prospects. Tin production and exports, however, "will remain sluggish because of depleting reserves and the overhand of the large stockpile of the United States General Services Administration and its erratic disposal programme," according to the report.

CSO: 4220/551
TIN EXPORTS, PRODUCTION FALL IN 1981

BK150555 Hong Kong AFP in English 0523 GMT 15 Apr 82

[Text] Kuala Lumpur, 15 Apr (AFP)—Exports of refined tin from Malaysia fell 5.7 percent or 4,071 tonnes to 66,870 tonnes last year, according to the states of Malaya Chamber of Mines.

The shipments included tin derived from both Malaysian as well as imported concentrates.

The chamber's 1981 annual report said Europe (excluding the United Kingdom) continued to be the leading buyer of tin from Malaysia for the third year running with a offtake of 31,723 tonnes.

The second largest buyer was again Japan with 17,756 tonnes while the United States bought only 10,462 tonnes.

The report said production of tin fell 2.3 percent or 1,466 tonnes to 59,938 tonnes.

Production was at the highest in the last quarter with a total of 15,455 tonnes mined.

Gravel pump mining still accounted for the bulk of production with 44,179,827 kilogrammes of tin concentrates mined or 55.57 percent of the overall total.

Dredging accounted for 28.95 percent or 23,016,826 kilogrammes.

Dulang washing brought in more tin concentrates than open casting with 4,208,544 kilogrammes against 3,430,999 kilogrammes.

The other methods of obtaining tin concentrates were through underground mines and retreatment.

The number of active mining units fell drastically from 852 units in 1980 to 710 last year.
Of this, 593 were gravel pump mines, 60 dredges, 35 [word indistinct] cast units and 22 other types of mines including underground mines.

The number of workers employed in the mining industry also dropped by 9.7 percent from 39,009 workers in 1980 to 35,198 workers at the end of last year.

Meanwhile, 2,354,150 grams of gold were mined in the country last year as by-products.

Sabah yielded 14,708,311 grams of silver last year.

Other minerals mined in the country last year were bauxite (700,866 tonnes), China clay (44,084 tonnes), iron ore (535,455 tonnes), wolfram (67 tonnes) and copper concentrates (120,327 tonnes).

However, production of manganese ceased as the two manganese mines closed in late 1980.
CRUDE PALM OIL PRODUCTION--Crude palm oil production in Malaysia had increased to about 250,000 metric tons last month, an increase of 23 percent from the previous month. A statement from the palm oil research and licensing authority said that in the first quarter of this year, palm oil production was expected to reach 630,000 metric tons. There are now 173 palm oil mills operating in the country. [Text] [BK181019 Kuala Lumpur International Service in English 0800 GMT 17 Apr 82 BK]

TAX ACCORD WITH THAILAND--Malaysia and Thailand signed an agreement on the avoidance of double taxation in Kuala Lumpur on 29 March. At the signing of the agreement, Malaysia was represented by the secretary general of the Ministry of Finance, Tan Sri Thong Yaw Hong, while Thailand was represented by its ambassador to Malaysia, Nitsai Wetchachiwa. [BKO11337 Kuala Lumpur International Service in English 0600 GMT 29 Mar 82 BK]

FOREIGN INVESTMENTS--The government has reassured foreign investors that there will be no nationalization or expropriation of foreign investments in Malaysia. However, legitimate acquisition through purchase of shares may be done by companies having government equity participation. The secretary general of the Ministry of Trade and Industry Tan Sri Nasaruddin Bin Mohamed, said it was the government policy to encourage and promote foreign investments to help accelerate industrial development programs. He was speaking in Kuala Lumpur at the signing of the agreement between Malaysia and Sri Lanka for promotion and protection of investment. He signed it on behalf of the Malaysian Government. On the agreement, Tan Sri Nasaruddin said it was aimed at providing fair and equitable treatment of Malaysian Sri Lankan investments in each other's country. [Text] [BK170853 Kuala Lumpur International Service in English 0600 GMT 17 Apr 82]

TRADE WITH ROK--Malaysia's export to the Republic of Korea has shown a tremendous increase. The total export last year exceeded 346 million ringgit compared with only 114 million ringgit in 1970. Malaysian import from the Republic of Korea also increased substantially during the same period from nearly 11 million ringgit to 325 million ringgit. The total Korean investment in Malaysia amounted to 3,540 million ringgit. [BK221213 Kuala Lumpur International Service in English 0600 GMT 20 Apr 82 BK]
EDITORIAL: GOVERNMENT DEALINGS WITH STUDENTS CRITICIZED

Kathmandu THE MOTHERLAND in English 21 Apr 82 p 3

[Editorial]

[Text] Looking at the way the government is reacting to the activities of students' organisations, it appears either the government is over prudent or hopelessly nervous. What can be said with some amount of certainty is that the government is not acting normally as far as the discontent among the students is concerned. It is no exaggeration to say that there is widespread unrest among the students and that its overtone cannot be ignored. Things have actually been made to look worse by the manner the government is dealing with the students. No official figure is given nor the reason for students who are reportedly detained in large number at different jails of the country. The reason for arresting student leaders is obviously their involvement in anti-panchayat politics but if it is the fact, the government should say so which it has not done. And by detaining them under one or another pretext, the government has created an uncanny atmosphere.

We also do not subscribe to the point of view that students should get themselves directly involved in politics but whether we like it or not is just...
immaterial. One is expected to face the reality which cannot be wished away and for sure the student unrest cannot be contained by lathi-wielding policemen posted at all the strategic points in the cities. One way to deal with students is to permit them to hold their conventions and take out peaceful demonstrations. This should be followed by talks with leaders of the students. This is also a democratic practice. If the students are to be dealt with as of now, one cannot just predict what worse turn the course of events might take. The government should demonstrate some maturity and become duly cautious about the fact that small mistakes on its part does not precipitate the kind of political avalanche the country had in the immediate past.
IMPROVED GOVERNMENT OPERATIONS DESIRED

Kathmandu THE RISING NEPAL in English 18 Apr 82 p 2

Editorial: "Better Performance"

The Prime Minister, Mr. Surya Bahadur Thapa, made some pertinent remarks regarding the role of the government and public sector employees in the country's all round development. Concerned as His Majesty's Government is about the overall development of the country and the welfare of the Nepalese people, all those engaged in the task of national uplift ought to be more serious about their work. Indeed, this is the point that was driven home by the Prime Minister during his talk with the senior officials of His Majesty's Government and heads of public sector enterprises in Kathmandu the other day. The point of the matter is that a better performance from among the various government departments concerned with developmental activities and people-oriented work is necessary. There can indeed be no two opinions regarding the Prime Minister's remarks that all would be failing in their discharge of the "historic responsibility" if economic development is not accelerated against the backdrop of political stability emanating from significant political exercises of the past few years. The atmosphere for the rapid all round development is brought about by peace and political stability. Hence this country's call for being declared a Zone of Peace and the democratic exercises of the past have brought about the needed political stability. It will, therefore, be a sad commentary if nothing substantial can be achieved during this period. To make such achievements possible, however, it is necessary that the senior officials of His Majesty's Government and the concerned corporations rededicate themselves to the great task of national development.

The Prime Minister noted correctly that the economic development of the country
has assumed added significance today. The income of the people has not risen appreciably with the result that the inflation has created difficulties for them. Most of the inflation is no doubt imported, thereby indicating the need for gearing up the production machinery within the country. However, for this industrialisation has to come about at a pace much higher than hitherto. In this regard, the concerned government departments and agencies can play a crucial role by processing necessary documents within a specified short period of time so that the investors know exactly and soon whether or not his proposal for industrial venture will meet with governmental approval. This should also be the case with the industrial and other leading agencies. If this can be brought about, and there is no reason why it should not be, investors can be attracted and made to invest in the country’s development. The Prime Minister also mentioned the special economic programme launched by His Majesty’s Government. The programme is meant to ease the short and long term economic problems. However, unless there is dedication and sincerity among those who are responsible for implementing the programme, the results cannot be highly encouraging. This is why there ought to be a better performance from the employees of His Majesty’s Government as well as those of the concerned public sector enterprises.
NEW YEAR SEEN AS HOLDING LITTLE PROMISE

The year 2038 B.S. ended without giving much to the people in the form of relief from ever increasing inflation. Prices of daily consumer goods continued to rise by leaps and bounds. Despite repeated assurances given by the government to make the life of the common man easier. The survival for struggle for him was more accentuated. Currupt practices continued unabated with the faith of the people in the establishment badly shaken. The year that ended made people poorer in terms of their income and weakened their moral fabric. The premonition that a storm can sweep the country continued to linger in the minds of the country’s intellectuals. The students made their resentment felt by adopting political resolutions at several conferences of which some were held underground and some above ground. Encouraged by the discontent shown by the students, some of the politicians whom time seemed to have shelved have come out openly in an organised manner. The panchas gave the impression that they no longer remained united. On the whole it was an uneasy year politically, economically and socially.
Now the year ahead, viewed against the background of the year that ended does not hold out any promise for better days to come. Promises unkept by those in power has left the people with no room for any kind of optimism. A nation where people have become so much pessimistic about the people who are in the government cannot be expected to forge ahead. All that one can expect with the kind of people holding the reins of the government are the worse days.
MALNUTRITION PROBLEMS NOTED—Kathmandu, April 20—Food consumption standard of Nepal is computed at 2181 calories and 56.6 grammes of protein per day, reports RSS. This is well below the requirement of 2256 calories and 60 grammes of protein required for an individual every day. This was disclosed in the "health for all" report published by the Health Ministry. The report also states that the objective of the Sixth plan is to raise the consumption standard to 2266 calories and 59.8 grammes of protein per day by the end of the plan period. Once the objective is reached the calories consumption will be more than the minimum necessary but the protein content will still be 0.2 grammes less than necessary. [Kathmandu THE RISING NEPAL in English 21 Apr 82 p 6]

CSO: 4220/559
EDITORIAL SUGGESTS ELECTIONS SHOULD BE ANNOUNCED BY 5 JULY

KARACHI JANG in Urdu 16 Mar 82 p 3

[Editorial: "General Elections--Solution of All Problems"]

[Text] Khwaja Mohammad Safdar, chairman of the Federal Advisory Council, said that the country is passing through a very critical period and that never during the past 34 years did the country ever come face to face with such a situation. A superpower is knocking at our door and another big power is busy trying to create a confrontation. Two and a half million Afghan refugees are already in Pakistan, and we have provided them with elementary facilities on Islamic and humanitarian grounds. Khwaja Safdar regretted that under such circumstances certain elements were bent on avenging themselves. Some politicians, he said, are trying to complicate matters still further, even though no problem can be solved through political confrontation. He appealed to all compassionate people to join in working out a well-coordinated program for creating peace and tranquility in the country.

No patriotic citizen will disagree with the conditions of which Khwaja Safdar spoke. On the contrary, there are certain conditions that he did not mention. For example, the serious restlessness and chaos prevailing in most of the educational institutions and the dangers facing education and examinations; there is a never-ending series of widespread theft and criminality in the country and no citizen can consider himself safe. One of the dilemmas is the Pat Feeder case. Sardar Mir Ahmad Nawaz Bagti, referring to this case, alleged that during the course of an action a number of people were killed. But according to an official handout, this was an action against bandits and no one was killed. Unemployment and inflation are increasing daily. In Peshawar, some people wanted to hold a condolence meeting in memory of the late Arbab Sikandar Khalil, and the police had to intervene to stop them and many leaders were taken into custody.

The main reason for focusing attention on these incidents is to show that the serious conditions inside and outside the country about which Khwaja Safdar expressed concern are widespread and that the circle of restlessness and confusion is widening every day. Khwaja Safdar on this occasion also mentioned the government's efforts to introduce Islamic laws. In this connection, he appealed to all patriotic people to get together and work out
a well-organized program to confront the situation. In this context, he accused the politicians of confrontation and called on them to refrain from such action. In our view, the main reason behind the worsening situation is the restlessness and the feeling of deprivation prevailing among the people. If these basic causes were to be removed, neither the politicians nor others inside or outside the country would be in a position to take advantage of conditions. We believe Khwaja Safdar will agree that the people of Pakistan are patriotic and conscientious and that they cannot be led astray easily. As and when the occasion arose, the country and the people readily came forward and sacrificed their all. Today, too, if the people were freed from the feeling of deprivation and were made to believe that they are equal partners in maintaining law and order and decision-making in the country, then no one would succeed in bringing them out in the streets against the government.

In these circumstances, we believe that the time has now come for the government to announce general elections. In July the present government will complete 5 years in office. The term of office for any elected government is usually 4 or 5 years. It is true that when the present government came into power in July 1977 the people were unanimously in favor of it. But then, whether this government or any other elected government, 5 years is more than enough. Even an elected government after completion of its term of office has to obtain a vote of approval from the people. This is even more essential in the case of a nonelected government. At this time, when restlessness and lawlessness are rampant all over the country, government has no control over criminals, there is widespread disorder among students, some powers are bent on creating cold war conditions outside the country and subversive activities are on the rise, the only solution to all of these problems is general elections.

If the government believes that the political parties will mislead the people, then elections can be held without political parties, as in the case of municipal elections. If the government believes that the majority of the people support its policies, then the government, too, can participate in elections. At any rate, it is essential to obtain a vote of confidence from the people, without which not only will current problems remain unsolved, but problems and restlessness will go on increasing and a time will come when perhaps even elections will be of no help in easing the situation. Thus, it is of utmost importance that general elections be announced before 5 July when the present government completes its 5 years in office. Government and power are things that come and go. But if a future historian were to write about someone with respect, that too can be considered as a sign of great success.
STATEMENTS BY ADVISORY COUNCIL DELEGATION CLOUD ELECTION ISSUE

Karachi JANG in Urdu 17 Mar 82 p 3

[Article by Irshad Ahmad Haqqani: "Officials Holding Responsible Positions Should Exercise Restraint While Making Statements"]

[Text] It is no doubt difficult to say who is the official spokesman of the present government besides President Mohammad Zia-ul-Haq and who's statements could be said to represent the established policy of the government. But we still have to give credence to the statements of the people having close connection with the ruling group and who in one way or another could be said to be a part of the government. To understand the government's ideas, it is only natural to keep in mind the statements made by them. According to some, the Federal Advisory Council is only a consultative body, giving its views on specific issues when called on to do so. It is neither aware of government's ideas nor do its statements represent the government's views. The statements made by its members are considered to be nothing more than their own personal expressions. But others believe that the Council shares the government's powers to some extent and that its role in this respect is no less important than its consultative status, and the statements made by its members could well be said to reflect the government's ideas.

Whatever the actual state of affairs, the statements and views expressed by the 2I-member delegation of the Federal Advisory Council currently visiting the United States will be considered to represent government policy both inside Pakistan and abroad. It cannot be said that discussions held by the members of the delegation collectively with their responsible hosts have no connection with government policy and that it is not possible to form an opinion about that policy on the basis of their views. The delegation and the views of its members are equally important. Their views cannot be ruled out as having no relationship with government policy.

The first detailed newspaper reports released through the official news agency on the activities of the delegation indicate that the members told their important hosts that if conditions continue to improve, it would be possible to hold elections within 2 years. They are also reported to have said that because of internal conditions and the regional situation, Pakistan at present cannot afford "the luxury" of elections. Under the circumstances, the government, they said, took a step in the right direction by forming the Federal Advisory Council.
These things are not new. Government authorities have been saying frequently that they cannot risk the election process. But the mention of a 2-year period attached to conditions that can only be determined by government authorities is such that one cannot be help express surprise. The president himself has also been saying that it is not correct to say that elections will be held in the near future. But at the same time he is not saying that the elections are so far away that it will take many years before they can be held. On the other hand, it is also a fact that the authorities seem to be contacting political leaders on some level. The federal minister of state, Mr Mahmud Ali, refuted stories that he invited political leaders to participate in the government and that this proposal was rejected, but he confirmed that he had meetings with many political leaders including Nawabzada Nasrullah Khan, which indicates that there is something that warrants secrecy. We consider Mr Mahmud Ali's mission a step in the right direction. Whatever the objectives of his mission, the chances of success of the discussions he had with political leaders depend mainly on the presentation to them of an unambiguous picture of and timetable for the restoration of democracy.

Now, at a time when talks are under way with political leaders, the members of the Federal Advisory Council delegation are telling their foreign hosts that elections will be held within 2 years if conditions continue to improve. There is a great possibility that such utterances can create misunderstanding about the credibility and resolve of the government. As such, it is essential that people connected with the government in any capacity should refrain from giving statements that are likely to create difficulties in the way of winning the confidence of political circles. It is quite possible that the real reason behind the state of affairs is that the government's own thinking is not clear and that everyone is trying to explain it according to his own perceptions and requirements. Whatever the real cause, it becomes absolutely necessary that care be taken not to keep the already confused picture about the political future from deteriorating still further. Similarly, restraint should be exercised in making statements that are likely to make the already uncertain situation become more serious. It is evident, therefore, that what the country needs most at this moment is for a clear and unambiguous program for its political progress to be worked out and a beginning made after taking the political circles into confidence. This is the only way to win the confidence of political elements, give the people their fundamental right to elect their rulers and remove tension and confrontation.

According to reports appearing in some newspapers, the government is also thinking along similar lines and is planning to hold elections without going into a long, drawn-out campaign. If this speculation is correct, they could be described as healthy signs. All the parties in the country will support the proposal to hold "silent" elections and will readily cooperate fully in maintaining law and order. The need of the hour is that a clear and unambiguous program be placed before them, and then they will have no alternative but to cooperate.
Discussion of the good and bad points of the nominated Federal Council began the very day the president of the country made evidence his intention to establish it, and people from every class of the country began to express an opinion about it. But after the announcement of the names of the members of the Council, discussion of its pros and cons became more serious. The people who are against the formation of the Council argue that this country came into existence by means of elections and on the basis of an ideology, and it has neither been conquered by anyone nor has anyone gained control of the government as a family legacy, so that a move away from elections and the organization of some other form of government has no moral justification. Nor can any single individual be given the right to acquire power and authority in a situation of turmoil and at his own discretion gather around him people to share power. Another argument is that once the path of nomination rather than election has been adopted, the sanctity of the verdict of the public and elections can never be restored. And there is the danger that once again, as during the Bhutto era, some people will begin to urge that this martial law be tolerated, calling it the people's martial law. Some people have also expressed the fear that the purpose of the formation of nominated institutions like this is not to establish an Islamic system but is merely a plan to make their power permanent, because the members, devoid of any confirmation by the people, and nominated at the discretion of the president, can flatter the present rulers all right, but representing the masses or solving their problems is beyond them.

There are also some people who are calling the establishment of this Council a good step. They say that because our national life has fallen prey to stagnation, some societal and social evils are emerging due to the end of mutual ties between the government and the people. Because there is no way to make the rulers aware of these evils—the rulers don't even perceive them, they obviously can do nothing to get rid of them. Thus, there should be some institution such as the Federal Council that can help the rulers solve the problems of the people.
The reasons the rulers gave for establishing the Council are:

1. To speed the action of establishing an Islamic system.
2. To establish ties between the government and the people.
3. To smooth the path for a change from martial law to a civil government.

In this connection, the president has many times said with great confidence that no criticism of the people nominated for the Council will be possible from the standpoint of their character and knowledge. This repeated announcement gave some people the impression that the people nominated for the Council would be of good character, pious and able and full of praiseworthy qualities. These people became so convinced of the value of this institution that they were not willing to listen to anything said against its formation. But the situation that arose after the announcement of the names of the members of the Federal Council has left even the above-mentioned gentlemen in a miserable state, and all those palaces of good hopes that some gentlemen had built on the basis of their good wishes have come tumbling down. Islamic circles are particularly disappointed. And now it is impossible to bring people out of the deep depths of their disappointment by means of meetings, discussions and speeches on the government level about the benefits of the Federal Council. After the nomination of prominent individuals from the previous governing party to the Federal Council it is obvious that the reason for not having elections was not the fear of not producing positive results but something else, which was kept hidden. There was no truth in any of those excuses that were presented in regard to holding elections, and all this was being done merely to pass the time. It was also not true that elections could not produce positive results because certainly the best results would have come from separate elections and proportionate representation. And it is also clear that individuals from the previous ruling party would not have been successful in such large numbers in elections as the numbers of them whom the president included in the Federal Council.

So far as the ludicrous make-up of this Council is concerned, its members can be divided into three classes. The first is that of experts. The second is composed of ulema and retired judges, and in the third class are gentlemen with the pedigree of a background in politics. If we look even cursorily at these gentlemen, it is not difficult to conclude that the purposes for which this Council was formed can never be obtained through these gentlemen. So far as the work of increasing the speed of the establishment of an Islamic system is concerned, there was already in existence for this purpose the Islamic Ideology Council, in which there are worthy ulema of great understanding and discernment fulfilling their duties in the best possible manner. If the rulers were not satisfied with the speed of their work, or were feeling the need for ulema of some particular school of thought, then it could have included such people in this Ideology Council. The establishment of a Federal Council consisting of such a large number of people simply does not seem necessary, as the first and third classes included in the Council are not at all suitable for
this purpose, and the great majority of these gentlemen does not even know
the rudiments of the Islamic system. Although the president has already
certified their piety and calls them his eyes and ears, the truth is that
there are some people among them who don't even know how to perform
ablutions for prayers. In addition, these gentlemen certainly have also
played a part in the present spread of confusion and evil in our national
life. When the song of secular democracy was being sung, these gentlemen
were not only in favor of that system but gave it active support. And
when the era of dictatorship came they continually prayed that it be
prolonged. In fact, it was these very gentlemen who said the Islamic
socialism was the exact same thing as Islam and who stood present with
folded hands before the door of the previous rulers to collect the
blessings of the Awami Period, as this too was a demand of the pedigree
of these gentlemen. Although there are also a few members among them
who fought against the age of dictatorship, it seems as though, because
of disappointment with the current situation, they have been lured into
accepting membership without putting up a struggle. Otherwise no one
expected this role of Nawabzada Iftikhar Ahmad Ansari and Mr M. Hamzah.

So far as the second important purpose of the establishment of this Council
is concerned, that is, establishing a tie between the government and the
people, we feel that this is possible only on the basis of parties. The
efforts made for this purpose on an individual basis are not successful.
The workers of political parties make the public aware of the programs of
their parties. They not only answer the opposition of others but also
keep the position of others in front of their own parties. Whether a
political party is in power in the country or has the position of opposition
party, in either case they keep their party informed of the public going
in their favor or against them. This is the best kind of rapport between
the government and the people. How can the House, which is without any
party or power or any party in opposition, fulfill the work of making
contact with the people? Certainly for the members of the Council, the
president himself has made their personal position one of honor like that
of a village headman, and for the time being the broken tie between them
and the rulers has been re-established, and their desire for this has
taken them to such a level that they regard nomination as better than
election.

The third purpose for the formation of this Council is said to be that its
members will devise a way to transfer power. The question arises as to
whether those people who see nothing wrong in changing their party from
one to another day by day in order to stay in power can be expected to bid
farewell to power and find a way to transfer it. The impatience displayed
in accepting membership in this Council also makes it crystal clear that
if these gentlemen did not love power they would not have prostrated
themselves on the threshold of power against the decisions of their own
parties. There is no example before this in the history of Pakistan for
the way in which these people have declared an end to their political
associations and turned away from the leadership of their own parties.
People have turned away from political faithfulness before this for the
sake of power, but such a serious incident of collective political
seduction has never before occurred in Pakistani political history.
From the chairman to the level of the ordinary member it is being said with great enthusiasm that there has never been such freedom to speak freely in the elected assembly as they had in the first meeting of the nominated Federal Council, and that therefore this council is better than an elected assembly. About this it can be said:

Bewailing the failure fo business the caravan went on
The heart of the caravan lost its sense of loss and went on

To justify their participation in the Council, some members are saying loudly that it was common in the elected assembly for the leaders of the opposition party to be bodily picked up and thrown out of the assembly building, but these gentlemen should remember the fearful end that faced those who threw those respected leaders out of the assembly. And the rulers at that time came to this end because there was a typhoon of respect and honor for the leaders who were thrown out raging in the hearts of the great majority of the people. But I will presume to ask the chairman of the Council whether any citizen would be upset in the slightest if he or any other member of the Council or any officials of the government were thrown out of the assembly. Absolutely not. Rather, people would be overjoyed. The entire nation agrees that the prominent work carried out by the very small opposition party in the elected assembly of the past government is a splendid chapter in the parliamentary history of this country. All the members of this nominated Council put together would not be able to convince the government about anything important. Can the chairman of the Council say with certainty that the government will accept even one resolution they pass in which there is a demand for the restoration of fundamental rights? This is why calling this Council better than the former elected assembly is the equivalent or rubbing salt in the wounds of this nation.

A few days ago at a press conference, when a reporter asked the president if there was any possibility of this temporary Council taking on the form of a permanent institution, the president did not give a clear answer, from which it is clear that there is something else that is being hidden. Evading the opinion of the people and relying on nomination may prove helpful to the present government temporarily, but the history of this country gives witness that ignoring the opinion of the people has not proved favorable to any government or any ruler. The movement for Nizam-i-Mustafa can be given as a good example.

The irony is that those rejected people against whom the nation set in motion a great movement are now embraced by the rulers who consider them a surety for the stability of their power. Our elders were correct when they said that flattery makes the eyes blind and the ears deaf. It has played a great role in the decline of nations. We pray that God may give seeing eyes to our rulers that they may distinguish between friends and enemies and that this country may set out on the path to stability.
MERE LIP SERVICE TO ISLAMIZATION CRITICIZED

Karachi JANG in Urdu 8 Mar 82 p 3

[Article by Irshad Ahmad Haqqani: "Claims of the Establishment of Islam and Slow Practical Progress"]

[Text] The present government's most important claim to power and, in its view, its most important achievement is its effort to make the society an Islamic one. One of the reasons given for the postponement of elections is that the government wants to ensure the election to office of individuals who would continue its efforts to establish Islam. In an interview with JANG's special panel a few weeks ago, the federal minister of information said that the government wanted to ensure that elections would be of such a nature that persons attached to the cause of Islam would be elected. President Zia himself has stressed this view more than once. It would not be incorrect to say that the government considers its greatest achievement to date its efforts to establish Islam and would like to pass this on as a legacy. On the other hand, many informed persons do not think that any appreciable progress has been made toward the establishment of Islam. Some go so far as to say that while the government talks of Islam, it has not in fact done anything in particular to further its establishment, and in the future is will be difficult for those who promise the promulgation of Islam to gain public confidence. During the last week or so, various political leaders have openly talked of the government's failure to establish Islam.

The defunct Jamaate Islami's Prof Ghuffur Ahmad in Lahore and Gujranwala, Assad Gilani in Lahore, the Muslim League's Malik Mohammad Qassim in Karachi, the defunct Jamiat Ulema-e-Islam's Maulana Fazlur Rahman in Multan, and the defunct Peoples' Party's Mr Ghulam Mustapha Jatoi in Karachi have all expressed the same view—that the present government has not made any progress toward the establishment of Islam. Mr Jatoi further said that this government had full powers and it had the cooperation of all groups in its efforts to establish Islam, but it still had made no significant progress toward that goal. The argument that elections could not be held soon because the government was not sure that its work on Islam would be preserved had no validity because no inhabitant of this country was against Islam. In any case, little had been accomplished beyond some preliminary steps that required any concern for preservation in the future. Maulana Fazlur Rahman has said repeatedly that the manner in which the
government has been talking of Islam makes it difficult to seek votes in the future in the name of religion. It is also said that the most important requirement of Islam is that the people should be given their basic rights, that the rise and fall of governments be according to the wishes of the people, that there be freedom of expression and that the judiciary be free. To call a system that is devoid of these features Islamic is incomprehensible.

All these things show that in spite of government claims about the establishment of Islam, it is generally not accepted in the country that during the last 5 years—which is not such a short period either—any great progress has been made. The question arises as to why no satisfactory progress has been made toward establishing an Islamic society and what kind of expectations can be held about the future.

In our view, there are four reasons for the slow progress in the establishment of Islam. First, the government had no clear concept of what was meant by an Islamic society and what course to follow toward that objective. The circles from which the government sought help and advice were not able to give any significant help, which proved an obstacle in the beginning.

Second, since the government was not an elected one, it was in no position to offend any influential segment of society; it could not take any action against people who might create trouble for it, in particular the class that led the movement against the former government. The present government was keenly desirous of pleasing this class at all times and had no intention of offending this influential group by fulfilling the economic requirements of Islam. In this regard, only partial enforcement of the laws of Zakat and 'Ushar can be cited as an example.

Third, among moral and cultural circles, the society has assumed a general character and form that cannot be easily changed. Fourth, there are only a few individuals in the government who believe in Islam's teachings as wholeheartedly as the president does; the rest, including the entire administrative staff, have mental reservations and cannot be expected to pursue any program for reform with singlemindedness and sincerity.

All these reasons are equally important, but the first is the most significant. After 5 years of effort and study, the government's concept of Islam and the guidelines for establishing it are not clear. In some circles, the first prerequisite for establishing Islam in a modern state is that the ruling body be formed with the free choice of the people, that fundamental rights accepted as sacred not only in Islam but all over the world be respected, that the courts be free and that freedom of expression and association be allowed. Since in our country none of these requirements are met, some people do not take the government's claim of establishing Islam seriously. Their argument is that as long as Islam's teachings are not respected in an important activity such as politics, it is not possible to set any store by the claims of establishing Islam.

Similarly, some circles consider economic justice and the removal of social inequality of vital importance. They are of the view that no steps have
been taken to end class differences in Pakistan. Privileged and upper classes maintain control. Their way of life, social activity, available opportunities, educational arrangements for their children and medical facilities are all different from those available to the ordinary individual. In a society where such differences are allowed to exist, claims of the establishment of Islam only show that the claimant's concept of Islam is not authentic. Without an effort to change the capitalistic system, claims of the establishment of Islam carry no weight. From this point of view, the present government has not only made no significant progress, it has not made even nominal progress.

The conclusion to be drawn from these arguments is that the organization or institution that claims to desire the establishment of Islam in the country should first clarify its concept of Islam. It should adopt a concept of Islam in politics, economics, society, morality and culture that agrees with the revolutionary spirit of Islam and at the same time attract sufficient public support to be able to carry out its views without hesitation or fear. It should not bow to pressure from even the most influential class and should refuse to compromise on fundamental principles. As long as any group claiming the establishment of Islam remains devoid of these requirements, it cannot be expected to serve Islam truly. The people of Pakistan have political sensibility and political desires, and they are tired of lawlessness, opportunism, autocracy, deprivation of rights and lack of conscience in the political arena. Whether anyone talks of Islam or not, the people will expect not to be treated like sheep but like civilized citizens of a civilized country. Thus, the discriminations in the social and economic fields that are regarded as sacred in capitalistic morality but are stringently opposed by Islam should be ended. If in the future those claiming attachment to Islam ignore these aspects, it will no longer be possible for them to satisfy the people and maintain the validity of their claim. Sensible persons are tired of slogans and deceptions and will not tolerate them for long.
On the one hand, Zionist conspiracies are spreading religious, racial and national dissension, and on the other hand, linguistic prejudice is now proving a destructive force. Pakistan, which is considered a fortress of Islam, is now falling prey to racial, linguistic and provincial conspiracies as a result of which it has already lost a part of the country. These conspiracies reached their zenith under the previous government; Zionist and Western plots created such confusion in the country that the lives, honor and property of the people were endangered. The timely imposition of martial law brought the deteriorating situation under control, and conspiratorial groups running amok in the country retreated to their hiding places.

British rule has ostensibly ended in the subcontinent, but our slave mentality has not ended. Zionists and communists have an all-pervasive influence over our media and for years have been dealing telling blows to Pakistani culture, Islamic values and our traditions. Although the present government has taken certain important steps to strengthen the country and restore national unity, we want to say to the government that efforts to establish a national identity will not succeed as long as this mental slavery continues.

In a recent series a play called "Angles" was shown on television 1 March in which Pakistan's Islamic culture was openly ridiculed from different points of view, and reprehensible attempts were made to show the superiority of English as a medium of instruction and of English numerals.

The restoring and strengthening of a national language is essential to national progress and strength; this fact was accepted from the very beginning of Pakistan's creation. The founder of Pakistan, Quaide Azam Mohammad Ali Jinnah, placed clear emphasis on the importance of a national language to the survival of Pakistan and made Urdu the sole official language. After his death, political rivalries prevented any progress towards the restoring of national identity, and only half-hearted attempts were made to promote,
to a limited extent, Urdu language and literature by setting up various organizations. Some of these have already succumbed to political intrigues and others are on their last legs.

The present government appears to be paying serious attention to the importance of and need for a national language and is sincerely trying to strengthen it, as proved by the establishment of the National Language Authority (Muqtadira Qaumi Zaban). What we fail to understand, however, is this: an organization called the Board for the Promotion of Urdu has been working for the past several years to encourage Urdu language and literature. Why was it necessary to establish National Language Authority as well? If the government is not satisfied with the performance of the Board, why does it not abolish it? To maintain two separate organizations for a single purpose is not only a waste of the country’s time and money but also encourages intrigue. Up to now, neither of the two organizations has shown any effective results.

Since hundreds of thousands of rupees were spent on the establishment of the National Language Authority, it is not fair to ignore its importance and usefulness. It would be a good idea if all the various organizations and councils working for the promotion and promulgation of Urdu were merged into the Authority in order to increase the effectiveness of the effort to popularize the national language. It is regrettable that efforts are being made through the national broadcasting media not only to cripple the national language and culture but also to preserve the influence of English language and culture. Why is the National Language Authority silent?

The people have high hopes for this organization, and it should reflect their desires. It should respect the wishes of the people and keep them informed of its activities so that a clear course of action can be determined.

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TALKS ON AFGHAN ISSUE TO BE TRILATERAL

Karachi DAWN in English 30 Apr 82 pp 1, 28

[Text]

ISLAMABAD, April 29:
The discussions on Afghanistan, to be held in Geneva through the intermediary of the UN Secretary-General's personal representative, would essentially be trilateral in nature, and Iran will be kept informed through its permanent representative with the opportunity to participate, according to diplomatic sources here.

These sources said shuttle diplomacy by the personal representative to the three capitals will also continue in addition to the indirect talks proposed at Geneva next month.

This is consistent with Pakistan's position that Iran's participation is both necessary and desirable. The sources added.

It has been further pointed out that the personal representative's statement, which was earlier commented upon by the Press, had not been accurately reported.

The text of the report by Mr. Diego Cordovez to the UN Secretary-General, as given out to the Press in New York, has since become available.

According to the text of the report, Mr. Cordovez has reported to the Secretary-General on the talks that he held in Islamabad, Kabul and Tehran from April 11 to 19. He informed the Secretary-General that those talks had been very constructive and useful and that he had received in the three capitals unmistakable expression of support for the efforts of the Secretary-General to facilitate the search for a just and lasting political solution.

"In Pakistan, Afghanistan and Iran, Mr. Cordovez engaged in detailed exchanges of views about the purposes and circumstances of the diplomatic process and about the steps required to carry it forward. As a result, it was possible to define the substantive content and scope of the four issues to be considered at future discussions and to clarify procedural arrangements.

"The issues are the withdrawal of foreign troops, non-interference in the internal affairs of States, international guarantees of non-interference and the voluntary return of the refugees to their homes.

"Discussions through the intermediary of the personal representative of the Secretary-General will start in Geneva on 15 June, 1982. At that stage the Government of Iran will be kept informed of the discussions by the personal representative of the Secretary-General through the Ambassador in Geneva.

"In addition, discussions will continue through the personal representative of the Secretary-General in Islamabad, Kabul and Tehran.

"Inasmuch as the discussions are seen as a continuing process designed to achieve a comprehensive settlement, other procedural arrangements will be considered in the light of the progress made on the substance of the issues under consideration."
EDITORIAL NOTES FAVORABLE ASPECTS OF PROPORTIONAL REPRESENTATION

Rawalpindi TAMEER in Urdu 12 Mar 82 p 2

[Editorial: "Proportional Representation and the Present Electoral System"]

[Text] A leader of the defunct People's Party, Mr Abdul Ghafur Bhargari, in a statement criticizing the electoral system of proportional representation, has said that it is difficult to establish a powerful government under this system. In our opinion, most politicians favor this viewpoint, but we feel that it is a casual view. As a solid democratic institution and system in the country and in consideration of the lasting benefits for the nation, this electoral system is the best among all currently practiced systems. The idea of powerful government has been given so much publicity in our country that under this pretext even nondemocratic and dictatorial governments are being given preference. In the past, antidemocratic governments were accepted in the name of stability, though they governed through fraud in elections, took away civil liberties and kept the members of the parliament and assembly on their side through fright or greed. This, in our opinion, has been the major cause for the weakening of democratic institutions in this country. In any democratic society, real importance is given to the establishment of stable institutions, not a powerful government. If the parliament has dignity and authority, the judiciary is free, the bureaucracy is capable of performing duties without pressure and the press is free of restrictions, even a weak and powerless government will not be harmful for the country. Rather, the representation of every school of thought in the parliament satisfies every group in the nation and is a source of protection for democratic institutions. That is why, in most democratic countries today, some kind of electoral system based on proportional representation is practiced. The main objection to proportional representation is that through this system numerous small parties gain membership in the parliament and assembly and bargain with the main parties. Their switching of loyalties occasionally results in the fall of governments. It is a fact, and the recent example of Turkey is pertinent, where small parties representing only 4 to 5 percent of the votes were giving a tough time to two leading parties representing 90 percent of the people. It is also true, however, that when elections were held in Turkey according to our electoral system the party with 45 percent of the votes gained 80 percent of the seats and the party with 40 percent of the votes gained only 15 percent of the seats in the parliament.
The main drawback of the present system of one seat for one precinct is that a party with a small majority gains victory over all other parties with a lesser percentage of votes. Therefore, being unable to fully participate in the national politics, the smaller parties do not get an opportunity to make the nation agree with their viewpoint. In a precinct, candidates with 25 or 30 percent of the votes gain victory while 70 percent of the voters get no representation. That is why there was agitation against most governments in Pakistan and united fronts were established, resulting in the promotion of negative attitudes about the country's politics. If every party is given an opportunity to present its program and views to the nation, the positive result would be the end of confrontation in politics. The nation would not be divided into extremist groups. No unity would be established on the basis of rightist and leftist slogans; instead, each party would strive to prepare a better program than all other parties. When all parties compete against each other, there will be no confrontation. In our humble opinion, therefore, our political leaders and intellectuals should not reject this electoral system merely on the basis that it is new. Instead, they should try to adopt it according to the needs of the country after removing its defects. In several countries, parties gaining 5 percent or less of the votes have been deprived of the right of representation in an effort to avoid instability. If this matter is considered seriously, various practical steps can be taken to improve this system and shape it according to the needs of the nation. This type of discussion, however, can prove beneficial only if it is considered in the light of benefits for all and not as an expression of pro and con based on party prejudice. Instead, regarding it as a national problem, every person should freely express his views about it and, after impartial discussion of its good and bad aspects, an effort should be made to reach a conclusion.
The federal minister of labor and manpower, Mr Ghulam Dastgir Khan, expressing his views about politicians, has said that they create disruption through their actions. They are never united and they are incapable of being entrusted with power since they cannot run the government. It is rather strange to hear such statements from a person who is neither a bureaucrat nor a technocrat. No matter how short his past political career was, it is on the basis of his brief past relationship with National Alliance that he was appointed at the national level. It is possible that he has had some bitter experiences during his political tenure. He has, undoubtedly, every right to criticize people whose talents and capabilities have failed to reach his standard. It seems improper, however, to condemn all politicians merely on this basis. It appears that not only the perception but the habit of taking the expression of thought to the extreme has become deep-rooted among the people of our country. In both matters, praising and acclaiming or condemning and reproaching, extremism is practiced. In expressing their views, some politicians blame the bureaucracy for all the problems and tribulations of the country. Some people hold the industrialists, businessmen and farmers responsible for every problem, and others make the branches of the government their target of rebuke. So much so that some people openly hold the national press responsible for all corruption, while others regard politicians and politics as the root of all evil. In fact, none of the groups as a whole can be called either totally innocent or guilty. As far as politicians are concerned, those who criticize them ignore the fact that this country's existence is based on political endeavor. Quaid-e-Azam, the founder of Pakistan, was a politician. His colleagues, too, were politicians and their party, the Muslim League, through which this people acquired this state, was a political organization. On the other hand, it is also true that instead of causing dismay and hopelessness among the people of this country and abusing the new state, attention should be given to raising the standard of politics. Politicians in the wrong should be condemned, but those believing in decent politics should be applauded and encouraged.
Just recently, President Zia-ul-Haq declared political activity as the most important phase of national life. He has always stressed the importance of purifying politics from blemishes and following clean politics. He did not reject politics and politicians totally. Whatever solution is sought for the crisis facing the nation today will after all be political and will result in the revival of politics. Those who run the government permanently will be known as politicians. In our humble opinion, therefore, the correct view is to refine national politics and bring it up to the level of the democratic countries.

Those who established a strong, healthy and powerful democratic state according to the wishes of the founder of Pakistan were politicians, and those who led the nation astray from the objective of gaining prosperity in an atmosphere of freedom were politicians too. Their misdeeds and wrongdoings provided an opportunity for corrupt and other elements to create disruption and involve the country in various problems. Similarly, it is also a fact that the act of operating a government is, nevertheless, political. Those who perform this task, therefore, whether they have been bureaucrats, army officers or technocrats, will be called politicians after assuming political responsibility. Ghulam Muhammad, Chaudhri Muhammad Ali, Field Marshal Ayub Khan and recently Agha Shahi, Ghulam Ishaq Khan and so forth all belong to this category. The right step, therefore, is not to try to frighten the nation of politics and politicians as a forbidden tree; rather, a balanced way of thinking to judge every group on the basis of its service to the nation should be adopted.
PAKISTAN-SOUTH KOREA JOINT GARMENT MANUFACTURING COMPANY FOUNDATION LAID

Karachi DAWN in English 30 Apr 82 pp 1, 25

[Text] The Federal Industries Minister, Mr Elahi Bakhsh Soomro, said in Karachi on Thursday that the Government was very keen to improve the investment climate and the establishment of the Export Processing Zone is one of the measures adopted to encourage the entrepreneurs to invest in industrial investment in the country.

Laying the foundation stone of Pakore Garment Manufacturing Company, a joint venture of Pakistani and South Korean investors in the Export Processing Zone, he said the idea of the establishment of this zone was mooted by President General Mohammed Zia-ul-Haq and the guidance of the Federal Finance Minister, Mr Ghulam Isheq helped in the idea becoming a reality.

Mr Soomro said that it was very encouraging to see South Korean entrepreneur investing their capital in a project in the zone as a joint venture with a Pakistani company. This, he said, reflected the area of co-operation between the two countries in economic fields.

He complimented the Export Processing Zone Authority for the development of the area providing all infra structure facilities for the investors. The EPZ Authority has come up to the expectation of the Government in respect of the development of the Zone.

The Minister said that the area which was a barren uneven tract of land was now throbbing with activity.

Referring to the points raised by Mr Aftab Rizvi, Chief Executive of the Pakore group of industries in the welcome address, the Minister said that Government was currently reviewing the situation and shall soon be in a position to take some decisions which will make the scheme more flexible and further liberalise its provisions to attract investment.

The function was attended by South Korean Ambassador in Pakistan, Mr Jay Hee Oh, the Chairman of the Export Processing Zone, Mr Ziauddin Khan, the Director General of the Karachi Development Authority, Mr A.Z. Nisami, and other officials and industrialists.

Earlier, Mr Aftab Rizvi in his welcome address said that the project is estimated to involve an investment of four lakh dollars. It is expected to be completed by early 1983 and will be in full production by June 1983. It will provide job opportunities directly to 216 persons and the free on board value of exports per annum is estimated at 1.5 million dollars. Direct foreign exchange earnings to Pakistan in terms of export of value added area estimated at five lakh dollars per annum.

Speaking on the occasion the South Korean Ambassador in Pakistan, Mr Jay Hee Oh, said that some sectors of Korean business community have shown interest in collaboration with Pakistani counterparts in this country in industries like electronics, electric appliances, cement, pharmaceutical products etc.

He said that both countries may be competitive with each other in certain fields. But basically they could rather be mutually beneficial partners in many fields. As such he said it was his firm belief that there is strong possibility to develop harmonious cooperation between the two countries in various fields of industry and technology.

He referred to the two Free Export Zones in South Korea and said that in view of their experience, it was his firm belief that this Export Processing Zone would greatly contribute to promoting export and advancing technology of this country.

The Ambassador said that he foresaw a bright prospect of economic development in this country. Pakistan is endowed with ample natural resources, hard working manpower and strong leadership with firm determination of economic and social development. He added that Pakistan is well on its way towards rapid growth in industry. Many reasons be furnished to believe that Pakistan once the "teacher of Korea" in economic planning could emulate South Korea.
LOAN AGREEMENT WITH WORLD BANK SIGNED
Karachi DAWN in English 30 Apr 82 pp 1, 28

[Text]

WASHINGTON, April 29: Pakistan and the World Bank today signed an accord providing for a "quick disbursing loan" of 140 million dollars for "structural adjustments."

The funds will help finance the "corrective measures designed to rationalise the price structure of farm inputs specifically fertilisers and energy sources, primarily gas."

The World Bank and Pakistan have already agreed to the gradual reduction of the Government subsidy on fertilisers until the open market price level has been reached, hopefully by 1983.

Any spurt in the price of crude from which most of the fertilisers are derived can screw up all calculations. More of a conflict of views, however, has plagued the talks on the price structure of indigenous gas.

Our special correspondent Obani Erba understands that today's accord envisages gas prices gradually moving up to two-thirds of the market price of oil in energy-equivalent, by 1988.

The Pakistan delegation to the talks with the World Bank was led by the Economic Affairs Secretary, Mr. Ejaz A. Nahi, and included the Economic Minister at the Pakistan Embasy Khsanul Haq.

Our correspondent quotes World Bank experts as holding that while the incentives offered by the present government have already accelerated the search for oil, "the artificial price structure of gas is inhibiting the quest for more gas fields. They maintain that consumers using Sui gas for domestic fuel get away with paying one-fifth or one-sixth of what the poorer people have to pay for firewood, charcoal or kerosene. Also that fuel forms such a small part of production costs in most industries that there is limited risk of Pakistani manufacturers being priced out of the world market.

The World Bank backs the Pakistan Government proposals to expand the existing gasfields and transmission facilities. The goal is to increase gas production from 500 million cubic feet to 800 cubic feet per day and expand the capacity and reach of Sui Northern's Gas pipeline network to all parts of the country in five years at an estimated cost of 350 million dollars.

Among the new fields, the World Bank is committed to mapping out the precise potential of the Dhodak reserves, hoping they will yield an average of 100 million cubic feet a day. The Asian Development Bank is expected to undertake a similar exercise in respect of Pirkoh in Baluchistan.

These surveys are part of the major study that the Pakistan Government has undertaken to determine the energy requirements of the country over the next five years and to figure out how best to meet them.
ISLAMABAD, April 29: The University Grants Commission (UGC) is understood to have been directed to impose 25 per cent cut on the entire development grants of the universities. All the 19 universities in the country will now get Rs 5 crore, instead of Rs 16, for various development plans, as decided earlier.

A sum of Rs 22 crore had been earmarked by the Federal Government for the development projects of the universities for the year 1981-82.

Out of total amount of Rs 22 crore, the UGC has so far, been given Rs 15.27 lakh for distribution among the 19 universities.

The remaining amount of Rs 16 crore, which was supposed to be released in coming months, has been reduced to Rs 5 crore.

The move to cut down the development grants, it is said, will further slow down the process of development plans in almost all the universities.

It may be recalled that some of the universities, which were already facing severe financial crisis, had demanded more funds to meet financial requirements.
STUDENTS CLASH WITH POLICE; 150 ARRESTED

Karachi DAWN in English 30 Apr 82 p 1

[Text]

LABORER April 29: Over 150 students were arrested today and eight of them received serious injuries when a strong police contingent broke into the premises of local MAO College and subjected the demonstrating students to lathi-charge and tear-gassing.

According to information gathered by this correspondent, ten members of the staff, including laboratory assistant, clerk and peon, also sustained injuries. The members of the teaching staff were also manhandled and abused, but none of them received any serious injury.

According to the students and the office-bearers of the college union, about 50 students were raising slogans to demand the release of those arrested during the last six days, when the police contingent, posted outside the college, entered its premises and started beating them. They also forced their entry into various class rooms, where students were taking house tests.

ALLEGATION

They dragged the students out, beat them and arrested a large number of them. They also forcibly entered various rooms of the college hostel by breaking open the doors and allegedly took away some personal belongings of students. The students also alleged that the police beat them mercilessly and took them to various police stations in their vans.

According to the principal and members of the teaching staff, the police also entered their rooms and hurled abuses on them. They did not spare the science laboratory where they subjected the staff to severe beating. They also forced their entry into private residences of the principal and the hostel superintendent and allegedly took away some jewellery from the latter's residence.

According to police, the students flung a knife at the police party and also hurled four hand grenades, which prompted them to take action against the students.

The police sources later said that all the students had been released, barring 25 against whom cases had been instituted under Martial Law. They also claimed that six policemen had received injuries.

The news spread and the worried parents kept pouring into the principal's office throughout the day to enquire about the fate of their wards. The parents were also seen standing outside various police stations, where the detained students had been lodged in lock-ups.

LIT STATEMENT

According to a Press release of Islami Jamia-i-Talak, as many as 250 students had been rounded up, while 50 of them received serious injuries.

The teachers of the college later held a meeting and adopted a resolution condemning the "high-handedness of the police".

According to a letter addressed by the principal to the Director of Education, "police broke into the college premises" and resorted to indiscriminate use of force, resulting in the severe beating of the staff members, who were performing the examination duty. The physical beating was so severe that many of the staff members received serious head injuries".
SAUDI MINISTER MEETS ZIA--RAWALPINDI, April 29--The visiting Saudi Information Minister, Dr. Mohammad Adbou Yamani, called on President General Mohammad Zia-ul-Haq at the Presidency here this evening. He remained with the president for sometime. The Federal Minister for Information and Broadcasting, Raja Mohammad Zafarul Haq, Secretary-General, Ministry of Foreign Affairs, Mr. S. Shahnawaz, Additional Secretary, Ministry of Information and Broadcasting, Mr Masoodur Rauf and Saudi Charge d'Affaires to Pakistan were also present on the occasion. The meeting was followed by dinner, which was attended among others by the high officials and senior editors. [Karachi DAWN in English 30 Apr 82 p 1]

PIR PAGARO ON LEAGUE--Pir Pagaro, President of the defunct Pakistan Muslim League, has said his party believes in democracy and it has always served the cause of people. Speaking at a reception hosted in his honour by Mir Talawat Ali in Karachi on Thursday night, he said the PML played a very vital role in Pakistan's creation. Elaborating, he said that at the time of partition of the subcontinent there were only two political parties: the Congress and the Muslim League. He said the PML had gained strength after reunification. Mr Kunwar Qutubuddin also spoke on the occasion. [Karachi DAWN in English 30 Apr 82 p 1]

BIZENJO TURNED BACK--PESHAWAR, April 29--President of the defunct Pakistan National Party, Mir Ghaos Bakhsh Bizenjo, who arrived by PIA here today was not allowed to land and sent back to Karachi by the return flight. He is said to have come to Peshawar to condole the death of Arbab Sikandar Khan Khalil. An externment order from NWFP was served on him inside the plane. According to another report, Mir Ghaos Bakhsh Bizenjo arrived in Karachi on Thursday evening. He was externed from NWFP for a period of three months. [Karachi DAWN in English 30 Apr 82 p 1]

DPRK PREMIER STOPS OVER--Prime Minister of Democratic People's Republic of Korea Yi Chong-ok has said there are bright prospects to further improve the Pak-Korean relations in economic and technical spheres. He was talking to newsmen at the Islamabad airport this afternoon during his brief stopover while on his way to Tehran. Later, he left for Tehran. [Text] [BK251028 Karachi Domestic Service in English 1005 GMT 25 Apr 82]
Chinese Journalists Visit Refugees--The Chinese journalist delegation, now visiting Peshawar, visited an Afghan refugee tented village in Kachchi Garhi this morning. The leader of the delegation, (Ziang Shianzhong) talking to refugees said that the people of China view with concern the situation in Afghanistan and fully support the Afghan people's struggle and protest against foreign aggression. He said that the Soviet intervention in Afghanistan has created a problem not only for Afghanistan but for all peace-loving countries of the world. He assured all possible assistance from the people of China for the refugees. On this occasion, a representative of the Afghan refugees explained the situation which forced them to leave their homes in Afghanistan and seek shelter in Pakistan. Earlier, the NWFP commissioner for Afghan refugees apprised the delegation members of the continued influx of refugees and the measures undertaken by the government of Pakistan for their assistance. [Text] [BK251321 Karachi Overseas Service in Urdu 0800 GMT 25 Apr 82]

CSO: 4203/114
EDITORIAL: EFFECTIVE GOVERNMENT URGED FOR MINDANAO

Manila PHILIPPINES DAILY EXPRESS in English 10 Apr 82 p 4

[Editorial: "Governing Mindanao More Effectively"]

[Text] The Executive Councils of Regions 9 and 12 have now been merged for a more effective governance of the autonomous government in Mindanao. With five members coming from each region, the merged council would assure equal representation while paving the way for more effective and comprehensive administration of the regions.

The presidential decree issued by President Marcos the other day was actually an implementation of an agreement reached between him and King Khaled Bin Abdul Aziz of Saudi Arabia during the former's visit last month to the Middle East kingdom. The talks between the two leaders touched on the situation in Mindanao and ways to better improve the economic, social, and political conditions of Filipino Muslims in the South.

Upon expiration of the terms of office of the present members on May 7, the existing executive councils of Regions 9 and 12 will automatically be abolished. The decreed merger, meanwhile, will be submitted to the residents of the two autonomous regions for ratification in a plebiscite on May 17 which coincides with the barangay elections nationwide.

The merger as decreed by the President is in anticipation of the forthcoming elections for the legislative assemblies of the two regions. Members of the merged executive council will be appointed by the Chief Executive upon recommendation of the legislative bodies.

The nationwide barangay elections, however, could push back the date for the legislative assembly polls in the autonomous regions, tentatively set for May 27. Unless moved to a later date, the Mindanao legislative assembly elections will overlap with the barangay polls because of the 30-day campaign period.

The overlapping campaign periods would make it quite difficult to maintain the nonpartisan character of the barangay polls since two sets of candidates—one partisan and the other nonpartisan—would be campaigning simultaneously in Regions 9 and 12.
The date of the elections for the legislative assemblies of the two autonomous regions should not be too much of a problem. There are already proposals to hold the elections 90 days from the barangay polls on May 17. What is important is that the government has shown its sincere intention to push through with whatever measures would improve a lot of the Muslim communities in the South in accordance with their own wishes. The merger of the executive councils was just the first step in strengthening the autonomous governments in the South.

CSO: 4220/536
The Central Bank approved some $399-million worth of foreign investments in 1981, bringing total investments to $1,877 million from the time the CB started monitoring foreign investment flows on Feb. 21, 1970, according to a status report on CB-approved and registered direct foreign equity investments.

The report said approvals last year increased by $93 million or 30 per cent over those in 1980.

The report noted that by area of preference foreign investors chose to invest in firms registered with the board of investments under Republic Act Nos. 5186 and 6135 and the Omnibus Investment Code. Foreign investments under these two laws totaled $170 million last year, accounting for 43 per cent.

The comparative figures for 1980 were $94 million or a 31 per cent share of approvals during that year.

By industry, the greater portion of approved investments continued to be channelled to the manufacturing and mining sectors which accounted for 73 per cent or $290 million.

Approved foreign investments in manufacturing last year came to $191 million against $143 million in 1980, while those in mining came to $99 million against $80 million in 1980.

Major investments for the manufacturing sector included for the Philippine Phosphate Fertilizer Corporation ($40 million), Coca-Cola Bottlers Philippines ($29 million), PepsiCo, Inc.-Philippine Branch ($27 million), Davao Union Cement Corporation ($9 million), Caltex Philippines, Inc. ($6 million) and Philippine Associated Smelting and Refining Corporation ($5 million).

On the other hand, approved investments in the mining sector consisted mainly of capitalized oil exploration expenses for the Amoco Philippines Oil Company ($24 million), Total Exploration-Philippine branch ($18 million), Philippine-Cities Service, Inc. ($19 million), Husky (Philippines) Oil, Inc.-Philippine Branch ($14 million), Citco Philippines Petroleum Corporation ($5 million) and CDCP Mining Corporation ($13 million).

Of the $399 million in approved investments last year, $273 million was actually remitted.
A new corporation, which will undertake "development projects" for the country's natural resources, was organized recently by the government.

Named the Natural Resources Development Corporation, the new firm was formed under Executive Order No. 786 issued by President Marcos on March 19.

It has an authorized capital of P500 million divided into 5 million shares having a par value of P100 each.

The entire amount was subscribed by the national government. The sum of P1 million was ordered to be released immediately to NRDC to start its operations.

It said that the new company will tap new technologies available in the development of natural resources, conservation of resources and protection of the environment.

"More productive utilization of resources can be attained by the use of new or better systems or technologies, such as stumpage valuation system," the executive order noted.

The NRDC is empowered on its own or through its subsidiaries or in joint ventures with the private sector to develop, promote, and undertake the use of technologies or systems that complement the utilization of natural resources with its conservation and optimize its utilization.

It shall engage in the production of charcoal, pig iron and small and/or medium-scale steel mills as well as the necessary fuel wood plantations.

It shall also undertake and encourage the private sector to engage in reforestation and industrial forestry operations through the "stumpage sale system" and other means.

Moreover, it is tasked with the responsibility of ensuring a stable market for natural resource-based products by coordinating the production and marketing activities, both here and abroad, of critical natural resource-based products.
President Marcos has appointed Brig. Gen. Vicente M. Piccio, Jr. as commanding general of the Philippine Air Force (PAF) to replace Brig. Gen. Petronio M. Lapena, who retired last Sunday.

The President appointed Piccio on the recommendation of Gen. Fabian C. Ver, AFP chief of staff. Lapena had completed 33 years of military service.

Lapena’s retirement brought to 13 the number of AFP generals retired from the service since March this year.

Ver said more changes in the AFP will be effected pending confirmation by the President.

Piccio, incumbent commanding general of the aviation security command (Avsecom), obtained his military courses both here and abroad. He was a former wing commander of 410 air material wing and of the 240th composite wing based in Sangley Point, Cavite.

A jet pilot, Piccio was 3rd division commander of the PAF based in Zamboanga city where he got his star. He is credited for having helped combat insurgency in war-torn Mindanao during his stint as division commander.

A mechanical engineer, Piccio took up his jet instructor’s course at the Craig Air Force Base, Alabama; fighter gunnery course (F86F) William Air Force Base, Arizona, both in USA. He also studied at the JCSC Royal Air Force Staff College in the United Kingdom.

Piccio, married to the former Nena Her-

He immediately administered the oath of office to Ambassador Abat in the presence of Foreign Minister Carlos P. Romulo, Deputy Foreign Minister Manuel Collantes, and Ambassadors Luis Moreno Salcedo and Monico Vicente.

Until his appointment as ambassador to Peking, General Abat was national coordinator in Mindanao for the Kilusang Kabuhayan at Kaunlaran, worked with the Human Settlements Development Corp. and represented the First Lady in the Southern Philippines Development Authority.

Abat succeeds Ambassador Narciso Reyes, who was the last envoy accredited to Peking. Since then, the Philippine embassy had been run by a charge d'affaires.

Abat's appointment was also expected to spur the appointment of an information attaché in Peking. It was understood that the Ministry of Foreign Affairs had been sitting on the accreditation papers of a Philippine media representative.

General Abat is a war veteran. He saw service with the 14th Infantry, USAFIP-NL, graduated from the Philippine Military Academy in 1951, and obtained his master in business administration degree from the Ateneo University in 1979.

He organized the Central Mindanao command and retired as commanding general of the Philippine Army in 1981.

Two of his sons are also graduates of the Philippine Military Academy. One of them, Lt. Tito Abat, died in action against bandits in Samar shortly after graduating from the PMA.
GENERAL RETIREMENTS ANNOUNCED

Manila PHILIPPINES DAILY EXPRESS in English 8 Apr 82 pp 1, 2

[Text]

SEVEN more generals and six colonels retired yesterday, bringing to 13 the number of generals who have been retired since March 31.

Heading the latest retirees was Brig Gen Petronio M. Lapena, air force commander, who retired last Sunday after completing 33 years of military service.

Brig. Gen Vicente Piccio Jr., until recently air force vice chief and commander of the Aviation Security Command (AVSECOM), was designated acting air force commander.

MORE ranking military officers are expected to be retired pending confirmation by President Marcos of recommendations submitted by Gen. Fabian C. Ver, AFP chief of staff.

The other latest retired generals were listed as Rafael Redublo, assistant commandant of the Philippine marines; Cesar Betita, commander of the first marine brigade; Juanito Caboboy stationed at the defense ministry; Feliciano Gacis Jr. at the office of the AFP chief of staff; Pascual Melivo, on detail at the office of the army commanding general; and Buenaventura Casenas, Recom 7 PC commander.

The colonels who were retired were Samuel Ramos, assistant deputy commander of the 2nd Infantry Division; Bienvenido Gorospe, assistant deputy commander of the 1st Infantry Division; Benjamin Santos, commanding officer of the army training command; Jose Guillem, AFP research and development center chief; Pedro Resurreccion, deputy PC chief for police matters; and Lorenzo Cepeda, AFP communications-electronics center chief.

GENERAL VER announced new designations.

Brig. Gen. Mariano Miranda, commander of the 1st Infantry Division; based in Jolo; Brig. Gen. Benjamin Divinagracia, army 3rd division commander stationed in Cebu City, Col. Madrino Munoz, 4th army division commander; Col. Porfirio Santos, chief of the army training command; Col. Oswaldo Villanueva, commanding officer, army civil police service; Lt. Col. Agapito Abad, commanding officer, headquarters service group, vice Col. Jose Espinosa; Col. Ponciano Allanique, deputy chief PC for police matters; Col. Artemio Tadiar, assistant commandant of the Philippine marines; and Col. Arturo Asuncion, 1st marine brigade commanding officer.

Col. Rafael Jotie took over the post of Brig. Gen. Casenas, Recom 7 PC commander.
CSO: 4220/537

MORE GENERALS TO RETIRE

Manila BULLETIN TODAY in English 9 Apr 82 pp 1, 6
[Article by Isidro M. Roman]

The Armed Forces of the Philippines (AFP) announced yesterday that more changes will be effected in the organizational structure of the military, including the retirement of more generals.

Gen. Fabian C. Ver, AFP chief of staff, said his recommendations are awaiting confirmation by President Marcos. At least seven more star officers will be retired, while a number of senior colonels will be reassigned to key posts.

Ver also announced the designation of several officers to key posts in the AFP field services. They are: Brig. Gen. Mariano Miranda, commanding general of the 1st Infantry division based on Jolo; Brig. Gen. Benjamin Divinagracia, Army 3rd Division commanding general, based in Cebu city;

Col. Madrino Muñoz, 4th Army division commander; Col. Porfirio Santos, chief of the army training command; Col. Oswaldo Villanueva, commanding officer of the Army’s civil relations service group; Lt. Col. Agapito Abad, commanding officer, headquarters and headquarters service group;

Col. Ponciano Allanique, deputy PC chief for police matters; Col. Arturo Tadiar, assistant commandant of the Philippine Marines; and Col. Arturo Asuncion, commanding officer of the 1st Marine brigade.

Col. Rafael Jotie took over the post of Region 7 PC-INP commander vacated by Brig. Gen. Buenaventura Casenas.

The latest to assume a key post in the current changes in the AFP structure is Brig. Gen. Vicente Piccio, Jr., as commanding general of the Philippine Air Force. He took over the post from Brig. Gen. Petronio M. Lapeña who retired last Sunday. Formal turn-over ceremonies are scheduled Saturday.

A ranking AFP star officer, in an interview, said senior promotable colonels have been agitating for the retirement of “extendee” generals who have enjoyed several extensions of service.

A presidential decree amended the military retirement law which excluded the generals’ four years as cadets in the Philippine Military Academy from their service records.
PRESIDENT MARCOS said yesterday that more "institutional reforms" would be undertaken to make the country's judicial system effective, efficient and stable.

Speaking before the participants in a seminar on the Judiciary Reorganization Act at the Philippine International Convention Center, the President said that the coming judicial reorganization is only the beginning.

The President pledged to appoint only "the most highly qualified men on the bench" to the close to 1,900 positions under the reorganization.

IN SCREENING the appointees to the judiciary, the President said that he would demand integrity and honesty.

He explained that society's hopes for justice and fairness in social life were anchored on the integrity and honesty in office who administer justice and adjudicate disputes.

However, he said "it goes without saying that honesty or integrity alone will not suffice to make an able public official" adding that "competence, probity and knowledge are just as essential" in choosing those who will make up the pillars of the judiciary.

The thrust of the judicial reform program, the President said, is addressed to two fundamental needs: the reform of the judicial machinery on one hand and the creation of a competent corps of judges to man on the other.

Among the institutional reforms the President cited were:

- Amendment of the rules of court as a key measure to enhance quicker disposition of cases.
- Effect a substantial decrease in the filing of cases before the courts.
- Strengthen systems for settling disputes out of court.
- Revitalizing and further reorganizing the prosecution process of the judicial system.

"Matching reforms in these various areas of concern will serve to truly bring vigor and efficiency into our judicial system," the President said.

WHILE stressing that the coming reorganization plan is important, the President said that he would continue initiatives to insure the growth and development of the new judicial system.

In this regard, the President said he has directed Justice Minister Ricardo Puno:

- To conduct studies of innovative trends towards the improvement and expedition of judicial processes.
- To draw collaboration and assistance from the best minds and most respected personages of the...
country.

* To recommend whatever legislative measures may to this end be appropriate and necessary.

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**THE PRESIDENT** mentioned that he had already revitalized the prosecution system, filling up 1,041 posts of the 1,330 positions in the National Prosecution Service. Of the incumbent fiscals, 52 had been dismissed for various offenses.

The continuing revitalization of the prosecution system requires just as exhaustive a review and screening of personnel in the judiciary "so that all positions will be filled up and able lawyers are recruited into the service."

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**THE PRESIDENT** cited the background and the key considerations that impelled the enactment of the Judiciary Act of 1980.

Since the first Judiciary Act of 1901, reforms of the judicial system had been piece-meal and fragmentary. Positions of judges-at-large were created during the Commonwealth, and the Judiciary Act of 1948 continued the system of uniformly operating regular inferior courts. Then special courts were created.

* This fragmentary way of introducing reforms has spawned court litigations and congestion of court dockets. He said that in 1979, the Supreme Court reported that there were 426,911 pending court cases. In 1980, there were 441,332 cases. As of February this year, there were 450,000 pending cases.

* Some courts have come under some cloud of doubt regarding its integrity and competence, in part because of corruption, in part because of their sheer inability to provide speedy administration of justice.

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**BECAUSE** of public clamor for reform, the President created on Aug. 7, 1980 a Presidential Committee on Judicial Reorganization with the chief justice as chairman and the minister of justice as co-chairman. The committee’s report of Oct. 17, 1980 was the basis for the Cabinet Bill on Judicial Reorganization. This eventually became the Judiciary Reorganization Act of 1980.
A GROUP of Arab bankers is scheduled to visit Manila this month to discuss the possibility of forging a banking agreement with Filipinos.

During his three-day state visit to Saudi Arabia last month, President Marcos presented a 12-point proposal, including a banking agreement, to King Khaled. The President told newsmen that the main thrust of the proposed banking agreement is the channeling of dollar incomes of Filipino workers in the Middle East into the banking system and away from the black market.

There are some 200,000 Filipino workers in the Middle East, with 75 percent of them concentrated in oil-rich Saudi Arabia.

THE BANKING agreement is among those being finalized between officials of both countries as a result of the President’s visit.

“We have to decide whether we are going to allow a new bank to be opened or whether we will allow them to come into an existing bank,” the President said.

Arab rules and regulations, including Saudi Arabia’s, prohibit foreign banks from doing business on their soil. At the moment, Filipinos in the Middle East can only remit their earnings to their families through correspondent banks of Philippine banking institutions.

PANFILO O. Domingo, president of the Philippine National Bank who was in the President’s party in Saudi Arabia, said “there is so much potential in that country.”

Due to the prohibition, the best that PNB could do is put up a staff and work under the umbrella of the Philippine embassy.

Domingo said that there has been good response to the President’s campaign for the repatriation of earnings of Filipino workers in the Middle East into the banking system.

He said that the PNB staff in the RP embassy is now assisting workers in the remittance of their dollars through PNB’s correspondent Arab banks.

THE PRESIDENT also said that other areas taken up during his trip to Saudi Arabia are now being threshed out by officials of both countries.

“They are supposed to work out with the private sector joint venture agreements,” the President said.

Citing an example, the President mentioned the poultry industry as a case in point.

“For instance, what part of a poultry organization can be sold outright to the private sector in Saudi Arabia? And can we transfer the operations to Saudi Arabia instead of keeping the operations here and then exporting the products to Saudi Arabia?” the President asked.
CENTRAL BANK CHECKS ON BANK OWNERSHIP

Manila PHILIPPINES DAILY EXPRESS in English 7 Apr 82 p 9

[Article by George T. Nervez]

THE Central Bank has adopted additional guidelines to prevent undue concentration of bank ownership in the hands of certain financing companies and business groups.

The move was prompted by speculation over certain types of financial institutions, particularly stock, savings and loan associations (SSLAs) as a result of actual and proposed takeovers by certain individuals, family and business interests.

The CB issued a new circular requiring its approval on certain sales or transfers of voting stocks in banks on any sale or transfer of ownership or control of more than 20 percent of the voting stock of any bank.

In addition, the CB required new investors who acquire majority control of the voting stock of an existing bank to immediately put in the minimum capital required for new banks even if the institution already has an ongoing capital buildup program.

THE CB said that an examination of the percent ownership, management and organizational structure of certain banks tends to show that certain individuals, family and business groups own or control voting stocks in banks in excess of the limits set by the Monetary Board.

This situation not only violates the General Banking Act but also seriously undermines the policy of encouraging the diffusion of bank ownership, the CB said.

According to a top CB official, certain financial institutions and business groups have started buying into existing SSLAs because the CB has stopped issuing new licenses for commercial, thrift and quasi-banks in the Metro Manila area.

He explained that while such sales or acquisitions may be allowed, the CB wants to compel the new owners to immediately comply with the prescribed minimum capital for new banks to prevent speculation.

THE CB official noted that there are 48 existing SSLAs that can all eventually convert themselves into commercial banks.

"This is the reason why certain financing companies and business groups have been buying into SSLAs to eventually gain control and convert them into commercial banks for a profit," the CB official said.

However, he added, it is the intention of the monetary authorities to prevent renewed proliferation of banks by encouraging mergers among the SSLAs and smaller institutions in line with the financial reforms.

"As it is," he said, "there are 34 commercial banks, and we cannot afford the conversion of 48 existing SSLAs into commercial banking units."

THE CB circular issued last Friday is also intended to ascertain the extent of violations on the maximum shareholdings a person or group of corporations can own in a bank.
A bill which seeks to make the Philippines a flag of convenience or open registry country has been filed with the Batasang Pambansa by Assemblymen Manuel Espaldon, Joaquin Enriquez, Antonio Ceniza, Hussain Loong, Celso Palma, Guardoan Lood, Ulpiano Ramos, Benjamin Bautista, Nemesis Ganan, Victor Amasa, Anacleto Bagay, Tomas Baga and Kalbi Tupay.

Parliamentary Bill No. 733, if passed by the Batasang, would relax present Philippine "restrictive" maritime laws and allow the registration of foreign-owned vessels.

Proponents of the bill said the measure does not only encourage the employment of more Filipino seafarers on board foreign-owned vessels which will be registered in the country but also generate much needed foreign exchange geared towards a well-developed merchant marine fleet which plays a vital role in the development of the economy of the Philippines.

They said the bill also seeks to create more incentives for the expansion and modernization of the domestic and overseas shipping fleet of the country, improve the country's balance of payments through the conservation of more foreign exchange capital, expand the Philippines' expert and international trade and afford easier implementation of apprenticeship training of Filipino nautical and engineering graduates due to the availability of Philippines-registered bottoms.

Likewise, it encourages the participation of local businesses in maritime trade through charter or lease of foreign-owned ships that will be registered under the Philippine flag.

Local shipyards and ship repair facilities will also be encouraged to improve their services so as to entice Philippine-registered foreign-owned vessels to undertake their repair requirements here, thus making the country competitive to those of Singapore, Taiwan, Hong Kong and Korea on matters of ship repair services.

The bill envisions to increase the 40,000 Filipino seamen presently employed on board some 3,352 foreign-owned vessels (five per cent of the 60,322 foreign-owned ships registered under FOC, or 12 Filipino seamen per vessel of the 3,352) to 25 per cent or 15,093 of the total number of FOC ships, or 301,860 Filipino seamen at an average of 20 seamen per vessel.

They said that foreign-owned vessels flying the Philippine flag with Filipino crews will cease to be identified as FOC ships.

Other salient provisions of the bill are:

- Foreign-owned vessels registered under the Philippine flag shall be entitled to
all the rights and privileges of a vessel of Philippine registry;

— The Philippine Coast Guard shall be vested with the exclusive authority over all matters relating to the registration and documentation of foreign-owned vessels in the Philippines such as the annual tax, which is 10 per cent of the net tonnage, shall be competitive and similar with those imposed by FOC countries like Liberia, Panama, Sierra Leone, Singapore, and Cyprus;

— Manila and Zamboanga cities shall be the homeport of foreign-owned vessels seeking registration in the Philippines;

— Registration and pre-departure clearance procedures shall be completed within three days to offset the delays in the departures of seamen for overseas employment and to meet schedule in joining assigned vessels at scheduled ports of call;

— Foreign-owned vessels which will be registered in accordance with this Act shall be allowed to hire crews of foreign nationals of their choice until their demand for crews cannot be fully satisfied by Filipino seamen;

— The national seamen board shall be responsible for the recruitment and crewing of foreign-owned vessels registered under the provisions of this Act in accordance with existing laws; and

— The maritime industry authority, in coordination with all government agencies involved in the maritime industry, shall promulgate rules and regulations as may be necessary for the effective implementation of this Act.
Japanese firms express concern on Philippines debt

Manila BULLETIN TODAY in English 13 Apr 82 p 12

Japanese firms are apprehensive about the future of the Philippine economy given the growing external debt of the country which at the end of 1981 stood at $15.8 billion.

However, the abundance of educated personnel available in the Philippines and their "receptivity" to the middle-level managerial skills are certainly positive factors that are attractive to many Japanese investors.

These were some of the findings reported by the Japan External Trade Organization (JETRO) after a survey on Japanese-affiliated companies operating in the five countries of the Association of Southeast Asian Nations.

The survey covered a total of 2,363 such firms directly employing some 333,000 workers in the five countries of the Asean.

It also reported that many Japanese firms were closely following the development of export processing zones in the Philippines which is being viewed with anticipation by Japanese companies which may be ready to locate their factories in those zones.

Generally, the JETRO survey pointed out the need for Japanese firms to "adapt themselves" flexibly to the changing demands in these host countries.

It said that in Indonesia in particular Japanese firms must pay special attention to the fact that an increasing number of Japanese firms are going to enter a phase-out period after 10 years of operation.

In many of these countries—notably Singapore, Malaysia and Indonesia—pressure will grow for the training of local managerial personnel and transfer of technology.

The governments of host countries, the survey noted, are expected to bring increasing pressure on Japanese firms operating within their borders to increase the use of local components to help foster supportive industries and to develop local communities where Japanese firms may operate.

Investments by Japanese firms in Asean countries were estimated at $7.0 billion covering 3,904 firms. They accounted for 19.3 per cent of total overseas direct investments of Japan.

Total cumulative direct investments made in the entire Asian region amounted to $9.83 billion.

In terms of foreign capital invested in Asean countries, Japan ranked first in Thailand and Indonesia, second in the Philippines and Malaysia and fourth in Singapore.
The Philippines' mining industry is going through its worst period since the end of the second world war, due largely to depressed metal prices abroad, but it is still not enthusiastic about a government rescue program.

Like an ailing man, an industry which is vital foreign exchange earner hopes its illness will be cured soon, possibly by the end of the year.

Three firms had to shut down at the close of 1981.

Executives of other companies said they feared continued overall losses if the cost of producing copper remains higher than falling world prices of the commodity.

The decline could also affect another important export: Most of the gold produced in the Philippines, which ranks fifth among the world's top gold producers and seventh in copper output, is a by-product of copper.

Juanito Fernandez, director of the government's bureau of mines and geosciences, attributed the poor performance of the industry last year to "weak international demand, rock-bottom metal prices and soaring interest rates.

A senior official of a firm that produces gold, copper and silver echoed the government assessment. "It is the bleakest for the industry since I have been associated with it, since 1946," he said.

TOTAL mineral production in 1981 dropped 2.29 percent in value to P12.53 billion ($1.51 billion) from P12.82 billion ($1.54 billion) the year before.

Copper production dropped by 2.1 percent to 305,262 tons although gold output rose to 23,521 kilos from 20,024 kilos in 1980.

The mining executive, who asked not to be named, said those who saw the writing on the wall warned the government nearly two years ago that the copper outlook was poor and they recommended measures to meet the impending crisis.

"Despite that, the government increased the ad valorem tax which is very difficult to meet when prices are as low as they are," he said. "I think that they were a little callous in the way the tax was put on."

At current metal prices, only two Philippine firms might garner profits this year - Philex Mining and Benguet - but only marginally, mining officials say.

Marcopper, a joint Filipino-Canadian copper producing venture, was in the red last year for the first time after 11 years of profitable operations. It lost P21.7 million ($2.6 million) against earnings of P48.75 million ($5.8 million) in 1980.

Geoffrey Marlow, Marcopper's vice-president for operations, said that if the price of copper, which was hovered between 68 cents and 69 cents per pound, dips further to below 65 cents, its mine might have to face the possibility of shutting down.

IN THE interim, other Marcopper officials said, the company plans this year to slice its budget by 10 percent by reducing its expenditure on non-essentials, as well as on explorations, and defer capital and expense projects worth about P20 million ($2.41 million).

Benguet Corp., the Philippines' top primary gold producer, intends to do the same to be able to weather the crisis.

"We shall try to cut our expenses to the bone but operate efficiently," said executive vice-president Juventino Perfecto.

Last year, Benguet suffered a 24-percent decline in total earnings but nonetheless netted nearly P191 million ($23 million), with 31 percent of its profit accounted for from hedging.

Only nine percent of the earning were from the firm's gold operations. This year, Benguet projects its gold production will lose if the present low price continues.

The firm produced 104,000 ounces of primary gold and another 110,000 ounces from its Diuron copper mine but the firm only made P16.7 million ($2 million) from it, an 88-percent decline from an all-time record set in 1980. (Reuters)
CSO: 4220/335

PHILIPPINES

FUNDS RELEASED FOR AGRICULTURAL CREDIT

Manila PHILIPPINES DAILY EXPRESS in English 1 Apr 82 pp 1, 6

[Text]

PRESIDENT MARCOS has ordered the release of a three-year P450-million agriculture guarantee fund to revitalize the agricultural credit system, Prime Minister Cesar EA. Virata said yesterday.

Prime Minister Virata also announced the suspension of the Barrio Savings Fund during the annual management meet of the Ministry of Agriculture in Iloilo.

Virata said the P450 million will be injected into lending institutions, particularly rural banks, to help build up their equity.

The amount will improve the financial position of many rural banks and will enable them to continue extending loans to the farmers, he said.

EARLIER, the Central Bank said that more than 70 of the country's 1,200 rural banks have already closed due to mounting unpaid loans by Masagana 99 and Maisagana farmers-participants.

Of those still open, many are reportedly reluctant to give loans to farmers. Recently, the rural banks asked for a three percent increase in the 12% interest rate charged each farmer's loan.

Virata said the temporary removal of the BSF is in line with the President's desire to reduce the cost of inputs so that farmers can earn some profits.

The 3-percent fund is automatically deducted by the lending rural bank whenever a farmer gets a loan. The fund is supposedly used to set up a cooperative rural bank in each province, and marketing cooperatives in certain areas.

HOWEVER, since 1973 when first introduced, the BSF has funded only 25 cooperative banks.

Virata, who earlier led in the symbolic planting of a hybrid corn variety, also said the Maisagana program will now be covered by crop insurance.

He also asked Agriculture Minister Arturo Tanco to meet with the private fertilizer sector for the last time to get the consensus of the industry.

Virata said the President is due to announce new agricultural policies during Farmers' Week in May.
AID MEASURES LISTED FOR COCONUT FARMERS

Manila BULLETIN TODAY in English 1 Apr 82 p 10

[Text]

Defense Minister Juan Ponce Enrile rallied those who are involved in the coconut industry not to be shaken by the efforts of some quarters to belittle the development programs of the government for the industry.

In an extemporaneous speech delivered at the 20th national convention of the Philippine Coconut Producers Association (Cocofed) held at the Tropical Palace in Parañaque, Minister Enrile also enumerated measures which can help improve the production of coconut farmers.

The current policies concerning the industry, he said, will be a safer course for the time being. "Only time will tell whether the programs initiated were the safer course to take after all."

Minister Enrile also called on all those concerned with the industry and even its critics, to join hands in solving the basic ailment that affects the coconut industry—how to increase productivity.

He said that "no matter what policies we would take or adopt, no matter what economic theories we would apply—all these would be meaningless if we can not increase productivity, or give coconut farmers a better life."

Initial steps that can help increase productivity, Minister Enrile said, are to improve the processing mills and implement extensively the coconut replanting program.

With improved production, he continued, even with a slump in prices, the volume of production alone, with the adoption of the mill modernization and replanting programs, can more compensate for the decline in prices.

Minister Enrile said intercropping should be pursued by coconut farmers as an insurance against a decline in production of the principal crop.

He also batted for the setting up of other industries which will use coconut and coconut byproducts in their operations.
LABOR REJECTS EMPLOYERS' APPEAL

Organized labor yesterday reiterates their total rejection of the proposal of employers for a moratorium on strikes even as it chided the Employers Confederation of the Philippines for misleading the public since, they said, about 74 percent of all strikes in 1981 were caused by unfair labor practices and union busting activities committed by unscrupulous employers.

At the same time, Democrito T. Mendoza, president of the 1,500,000 strong Katipunan Manggagawang Pilipino (Trade Union Congress of the Philippines), said that the unions are more than willing to cooperate and promote harmonious labor relations on the basis of sincerity and mental honesty for the sake of national development.

Mendoza said that the call of employers for a moratorium on strikes is of the highest degree of deception since records and statistics show that 74 percent of all strikes in 1981 were caused by union busting activities and unfair labor practices of employers, particularly in the garment and textile industry.

The KMP (TUCP) head said that in 1981, 260 strikes were staged and 193 strikes or 74 percent were caused by ULP and union busting activities. 56 strikes or 22 percent were caused by deadlock in collective bargaining negotiations while 11 strikes or 4 percent were caused by others.

Mendoza said that these figures clearly show that strikes are being caused by employers by not giving employees cost of living allowances, the 13th-month pay, illegal termination because of union activities and sometimes even the minimum wage.
GOOD FRIDAY CARTOON OF PUBLIC VIA CRUCIS
Manila PHILIPPINES DAILY EXPRESS in English 9 Apr 82 p 4

[Text]

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GOOD FRIDAY CARTOON OF PUBLIC VIA CRUCIS
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PHILIPPINES

GOOD FRIDAY CARTOON OF PUBLIC VIA CRUCIS
Manila PHILIPPINES DAILY EXPRESS in English 9 Apr 82 p 4

[Text]
SEVERAL joint venture projects involving $200 million of Spanish investments are now being discussed by Spanish and Filipino businessmen.

An economic mission from Spain headed by Ambassador Manuel Prado y Colon de Carvajal said these joint ventures are now in various stages of negotiation. These projects are in the field of manufacturing and shipbuilding and other high-technology industries.

Mission members also said they are now negotiating with local banking authorities a government-to-government loan arrangement, which would make available Spanish funding to local projects at preferential interest rates.

A recent beneficiary of this type of financing is Marinduque Mining and Industrial Corp., which tapped Spanish funds for its project to shift to coal.

THE $370-million phosphate-fertilizer project in Isabel, Leyte also availed itself of a loan from a syndicate of banks which includes a Spanish bank.

Another Spanish company, Dragados y Construcciones, is also a member of the consortium which is constructing the fertilizer plant in Leyte.

Commercial counselor Jesus Murquosa said one of the joint ventures currently being negotiated is the Apo-Cement-Asland deal. Asland, a leading cement manufacturer, is taking 30 percent of $10 million equity in the local cement company.

This infusion will enable the cement firm to increase its capacity and be more competitive.

Murquosa said Spain is also interested in the tieups with local firms engaged in furniture and handicraft manufacturing.

The mission, he said, is here to further explore linkages with local companies which may be in the form of direct investment, loans or supply contracts.

The mission also aims to strengthen trade ties with the Philippines as the two countries in the past years have maintained a very low level of trade.
MORE JAPANESE INVESTMENTS SEEN

Manila BULLETIN TODAY in English 1 Apr 82 p 5

The inflow of Japanese investments into Philippine export processing zones appears brighter this year, according to Assemblyman Gerardo S. Espina, deputy minister of trade and industry and concurrently administrator of the export processing zone.

Espina arrived recently from Japan where he attended investment seminars in Osaka and Tokyo and met with various Japanese business groups.

Espina said that members of the Osaka Chamber of Commerce and the Kansai Employers association have expressed deep interest in the facilities and incentives offered by the Philippine EPZs. The groups are made up of small and medium industry owners.

A delegation composed of 16 company owners are visiting the Philippines in June, he said.

Espina said he had working meetings with three Japanese companies to clarify details of their proposals to set up businesses in the Philippine EPZs. These firms have already set their timetables for implementation this year, he said.

Espina also met with officials of the Tokyo Chamber of Commerce and Industry, the Japan Chamber of Commerce and Industry, Bank of Mitsubishi, Japan Overseas Enterprises association, and the Japan Overseas Development corporation.

Working relationships were established with these organizations in which assistance would be given in the investment promotion drive of EPZA in Japan, he said.

The Japan External Trade Organization (JETRO) also committed full support, particularly in disseminating information about the Philippine EPZs through its publications, Espina said.
HONG KONG — Philippine borrowers are crowding the Euro-dollar syndication market in this financial center at this time when at least four loans amounting to a total of $452 million are in various stages of negotiations.

Banking circles here confirmed that the following loans by various Philippine companies are now being finalized by different syndication groups:

- A $42 million commercial loan to United Coconut Chemicals, Inc. (Unichem), the company put up by the United Coconut Planters Bank to undertake the $126-million cocochemical project;
- A $110 million loan to the Philippine Long Distance and Telephone Co. (PLDT);
- A $150 million loan to the National Power Corporation for its coal-fed power-generating plant project; and
- A $150 million loan to the National Power and Development Corporation, which is raising foreign financing for its various major industrial projects now under implementation.

The $42-million loan being raised for Unichem is being syndicated with the PNB International Finance, Ltd., a merchant banking subsidiary of Philippine National Bank; Asia Pacific Capital Corp., a merchant banking affiliate of Citibank; and Fuji International Finance Ltd. as the lead managers.

Now being finalized, the loan is for 10 years, including a grace period of 42 months and an interest rate spread of 7/8 per cent over the London inter-bank offered rate (LIBOR).

Sources said that Unichem is also raising through Lurgi of West Germany, its partner in the cocochemical joint venture, DM 26 million (about $13 million) as a supplementary financing for the project.

The $110 million being raised by the PLDT is being worked out by European Asian Bank who was earlier given the mandate by the telephone firm to form a syndicate.

Banking sources in Hong Kong confirmed the PLDT loan is for a term of twelve-and-a-half years, including a five-year grace period, which makes it exempt from the ceiling imposed by the Central Bank on commercial loans.

Under this ceiling, all commercial borrowings with a maturity of up to 12 years shall form part of the overall $2.4 billion overall limit pegged by the monetary board on all foreign loans by the Philippines during the current year.

The PLDT loan has a spread of one per cent over LIBOR during the first seven years and 1.5 per cent over LIBOR, thereafter.
ALCOGAS, PULP PROJECTS DEFERRED

Manila BULLETIN TODAY in English 9 Apr 82 p 11

[Article by Ray Enano]

Two of the 11 major industrial projects have been deferred by the government for reasons of economic viability and resource deficiency.

They were the alcogas program and the integrated pulp and paper project.

Their implementation has now been reset or effectively deferred after recent developments overtook their economic considerations.

Trade and Industry Minister Roberto Ongpin said the alcogas program lost its economic viability in view of a gasoline surplus and the more attractive prices of sugar in the world markets which would have required subsidized purchases of sugar for distilleries.

On the other hand, the integrated pulp and paper project that was proposed as another expansion program for the Paper Industries Corporation of the Philippines was put off after PICOP reportedly suffered a big loss when the tropical storm "Akang" destroyed 32,000 hectares of tree plantation in Bialig, Surigao del Sur.

With PICOP's trees blown down by the typhoon which hit the Mindanao and Visayas regions recently, the timetable for the pulp and paper firm's expansion project has been delayed by two years.

Ongpin said that with the storm's destruction of PICOP's plantation, the government was reassessing and replanning the timing aspect of the project.

Reporting on the destruction of PICOP's plantation, Ongpin said that 16,000 hectares of the firm's plantation and another 16,000 hectares grown by contract workers were affected.

The trees destroyed, continued Ongpin, were part of PICOP's industrial tree plantation (ITP) program covering a total of 70,000 hectares.

PICOP's ITP program, started 12 years ago, is being designed by the company for utilization in its pulp and paper operations as well as for its coming expansion program.

The trees destroyed in the plantation, according to Ongpin, belong to the fast-growing Falcata species. The other two types of trees found in the plantation are classified as Carribean pines and Bagass.

To mitigate the loss, PICOP will be utilizing the blown down Falcata trees for its operations. The trees in the plantation, it was learned, have an average harvesting time of eight years. It was also noted that some of the trees presently being grown in the plantation are still young.

The alcogas program, meanwhile, has been deferred by the Cabinet headed by Prime Minister Cesar E. A. Virata in its last meeting on the automotive fuel policy.

The program, which involves establishment of some 14 distilleries throughout the country will only cover the Negros and Panay islands using annexed distilleries. The distilleries of La Carlota and Victorias Milling Company will be used in the program for the meantime.
A position paper prepared by the United Coconut Association of the Philippines (UCAP) projected further drops in the prices of coconut oil this year.

The same paper said that the slump in coconut oil prices was principally due to the continued recession in the major industrial markets, high interest rates, and excessive supply of fats and oils.

It pointed out that the outlook for coconut oil this year is dim, adding that any price increase appears to be "heavily dependent on the improvement of inventory-sales ratios."

It was observed that it is normal in recession situations to cut back on consumption of non-essentials and reduce intake of essential commodities.

To generate more consumption, companies often reduce price levels to make the final products affordable. Such a measure, in turn, causes decline in the prices of the raw materials that make up these products.

If the price of one material is high, it is replaced by another that is cheaper. The same situation holds true to coconut oil.

It was also observed that the high interest levels in the United States discouraged American buyers from buying and stocking up coconut oil because it was costly to hold on to stock inventories.

As a result, American and other foreign buyers resorted to "hand-to-mouth" buying or buying on an absolute need basis. The measure was adopted to save on interest costs and carrying charges.

The paper presented statistics which indicated that when prices were lower and the prime interest rate was moderate, consumption went up. On the other hand, when the prime rate went up, consumption conversely decreased.

It concluded that high price and high carrying cost invariably reduces consumption of vegetable oils in the US.

The result of the "hand-to-mouth" buying policy was a reduction in demand for coconut oil. Naturally, prices fell because there were more sellers than buyers.

It was reported that during the past two years, the supply of fats and oils was excessive, while the demand did not rise proportionately.

In 1981, coconut oil supplies from the Philippines increased by about 200,000 tons over the prior year's supply figures but demand could not absorb the increase.
AID FOR OVERSEAS CONSTRUCTION FIRMS

Manila BULLETIN TODAY in English 7 Apr 82 p 14

Twenty-six overseas construction and service contractors have availed themselves of financial support extended by the Philippine Export and Foreign Loan Guarantee Corp. (Philguarantee) to enable them to carry out various projects in the Middle East countries.

These firms won 63 contracts in the Middle East, of which 44 projects are located in various cities in Saudi Arabia. The aggregate cost of the Filipino contracts won amounted to P1.015 billion while those in Saudi Arabia alone amounted to P0.985 million.

The list of firms supported by Philguarantee includes Roblelnt Industrial Corp; Asian Water & Sewer System; Asian Construction and Development Corp; Construction & Development Corp. of the Philippines; Construction & Consortium, Inc.; Construction Services of Australia-Philippines; Erectors, Inc.; Far East Builders & Contractors; F. F. Cruz & Co., Inc.; Filipinas Contractors International Corp.; Gauimbar Industrial Development & Construction Corp.; International Representatives & Construction, Inc.; Landull Resources Corp.; Philippine Singapore Ports Corp.; V.P. Eusebio Construction, Inc.; Galaxy Services; John Clements Consultants, Inc.; Luzon Stevedoring; Ocean Terminal Services; Philippine Hospitals & Health Services; Razon International Stevedoring Corp.; Service Systems International, Inc.; Transphil Industrial Development Corp.; and University Physicians Services.

The guarantee coverage extended by Philguarantee to these firms is in the form of working capital, performance bond, advance payment, and suppliers credit or working capital.

Philguarantee's assistance program covers basically four types of export-oriented projects; namely, the non-manufacturing sector composed of overseas construction and service contractors; the heavy industries group, distinct in its large requirements of capital and the gestation need for a commercially viable operation; the small and medium-scale engaged in light manufacturing or in export trade.

Service exporters are supported through bid bonds, performance bonds, advance payment guarantees, as well as guarantees on construction loans. Assistance to the latter
Reports coming from the oil drilling operations in northwest Palawan indicated yesterday that Philippine Cities Service, Inc. hit a sandstone formation in the Linapacan structure which is located between the Galoc and Matinloc areas.

The reports triggered off speculations that another producing well with a big oil reserve may soon be discovered. The same reports said that usually an oil deposit trapped in sandstones is relatively bigger in volume than those found in reefal formations.

Immediately, the stock market reacted favorably. Share prices of Oriental Petroleum, Philippine Overseas, Basic and Landoil—all members of the consortium which own a drilling concession in the area—have been on the upswing since Monday.

Oriental posted the highest price increase at 36 per cent. Selling only .025 last Monday, Oriental share price spiralled to .034 yesterday. The three other oil companies chalked up share price increases ranging from 15 to 25 per cent.

The drilling bulletin issued yesterday by the bureau of energy development stated that Cities Service had already reached a depth of 1,783 feet. It cut "another conventional core to evaluate the geological and engineering properties of the rocks."
PHILIPPINES

BRIEFS

NPA ACTIVITIES--President Marcos today ordered the intensification of civic action activities by the armed forces and civilian agencies of the government, especially in remote areas of the country. The president ordered this in the wake of reports that armed propaganda threats by the New People's Army had succeeded in controlling some remote Barangays, terrorizing local officials and in the assassination of government functionaries at lower levels. The chief executive, in a meeting with defense and military officials, identified the regions affected by the NPA threats as 2, 3, 4, 5, 6, 7, 10 and 11. At the same time the president enjoined local authorities at all levels to play an active part in the counterinsurgency campaign, with priority given to Barangays gravely affected by threats of communist terrorism. [Excerpts] [HKO50448 Manila Domestic Service in English 0400 GMT 5 Apr 82]

DELEGATION TO MIDDLE EAST--A high-level government mission left for Iraq yesterday afternoon on the first leg of a 14-day visit to the Middle East. The mission is composed of 15 government officials and 16 senior officials of big private business companies. The group's members are to discuss with their counterparts increased Philippine trade with Arab countries. Aside from Iraq, the mission will also visit Kuwait, Saudi Arabia, the United Arab Emirates and Bahrain. The delegation is headed by Trade and Industry Minister Roberto Ongpin. [Text] [HK170033 Manila Far East Broadcasting Company in English 2330 GMT 16 Apr 82]

PLANS TO KILL MISUARI--There is a plot by disgruntled Moro National Liberation Front commanders to liquidate Nur Misuari. The plot was revealed by a Muslim businessman and lawyer who arrived the other day from Singapore. The lawyer, who refused to be identified, said the liquidation plot was masterminded by a group of MNLF commanders who plan to lure Misuari to Malaysia to carry out the plot. He said the MNLF commanders were with Misuari in Libya, but they left him when he failed to account for the $8 million donated by Muslim countries to the MNLF. They said the donation was intended as relief assistance to more than 50,000 Filipino Muslim refugees in Sabah, Malaysia. [Text] [HK220053 Manila Far East Broadcasting Service in English 2340 GMT 24 Apr 82]
LOG EXPORT BANNED—Log exports will be totally banned from 1 May. President Marcos imposed the total ban because of unchecked log smuggling and dollar-salting by some loggers. Reports say the government lost some P1 billion in revenue from untaxed logs last year. Government agencies were ordered to go after erring loggers and determine their tax and criminal [as printed] [HK230301 Manila Domestic Service in English 2300 GMT 22 Apr 82 HK]

TEXTILE INDUSTRY—The Philippines has started implementing a 600 million peso textile industry restructuring program. The Central Bank said the World Bank has granted a $157.4 million loan for the program. The program, which will cover 5 years, will help the textile industry lower production costs, improve efficiency and increase competitiveness. A major portion of the World Bank loan will be channeled to individual textile projects through the Development Bank of the Philippines. [Manila Far East Broadcasting Company in English 2330 GMT 22 Apr 82 HK]

BACANGAY ELECTION PEACE—The president will meet today with the General Military Council to assess the peace and order situation in the country, particularly the threats to peaceful and orderly holding of the Barangay elections on May 17. The president told newsmen the matter of Barangay elections is most urgent, although there is no serious threat to the elections. The president said he will receive reports from field commanders during the meeting on the plans of the dissidents to disrupt the polls. Concerning the alleged New People's Army plan to field candidates in the Barangay elections, the president said there is no cause for concern. He said the government has an emergent nationalist ideology to pit against the NPA's godless foreign ideology. [Text] [HK240017 Manila Far East Broadcasting Company in English 2330 GMT 23 Apr 82]

EXPORT CREDIT FINANCING—Several Austrian banks and a local group are working on an export credit financing and guarantee system for domestic companies and the creation of a secondary market for government securities in the international markets. Initial discussions on export credit financing were held recently between the Kontrollbank of Austria (OKB), the Credit Manila Inc. and Austro-Tilia Commerce Inc., two local companies, it was announced. In a related development, three leading Austrian Bank are reportedly involved in the creation of a secondary market for Philippine government securities in the international markets. The three Austrian banks are the Gironzentrall (G2), Creditanstalt Bankverein, and Internationale Bank Fur Assehoundel, the press statement said. It added that Kontrollbank has reportedly agreed to send a technical mission here to discuss specific steps in connection with the export financing scheme. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 7 Apr 82 p 9]

ASIAN FOOD BANK SUPPORT—The Philippines is prepared to help set up a food bank in Asia and the Pacific region, the agriculture ministry said. A ministry spokesman said the warehouse buildup undertaken these past years would enable the Philippines to implement the proposed food bank scheme which the Economic and Social Commission for Asia and the Pacific (ESCAP) suggested at its recently concluded meeting in Bangkok. The Philippine government has set up 253 warehouses throughout the country capable of storing 1.3 million tons of rice. Agriculture Minister Arturo Tanco Jr. told reporters over the weekend that the food bank might carry rice as its initial reserve since most Southeast Asian countries had a good harvest last year. He said implementation of a food bank might mean greater government participation in the cereal industry. [Text] [Manila PHILIPPINES DAILY EXPRESS in English 7 Apr 82 p 9]
CONCERN EXPRESSED OVER SINGAPORE NEWSPAPER RESTRUCTURING

BKJ61228 Hong Kong AFP in English 1033 GMT 26 Apr 82

[Text] Singapore, 26 Apr (AFP)--The Singapore National Union of Journalists today expressed concern over the impact of the government-announced restructuring of the newspaper industry and pledged to safeguard the rights and interests of its members.

A statement issued after an emergency meeting of the union's council urged members to remain "united and calm in the difficult weeks ahead" reflecting concern that several journalists in the English-language STRAITS TIMES group might be retrenched as a result of the restructuring.

The union noted that though the restructuring was about ownership and management of English and Chinese newspapers, "the interests and welfare of our members are affected."

The statement said the union, which has a membership of about 600 journalists working in the STRAITS TIMES group and the Chinese language newspapers SIN CHEW JIT POH and NANYANG SIANG PAI, will meet with managements of newspapers to discuss the changes which might affect its members.

The major features of the restructuring announced by the prime minister's office last week are the pooling of the resources of the two major Chinese dailies, NANYANG and SIN CHEW and the "transfer" of the titles of the afternooner NEW NATION and SUNDAY NATION now published by the STRAITS TIMES group to a new newspaper company, Singapore MONITOR.

The Singapore MONITOR was promoted as a competitor to the STRAITS TIMES, which had enjoyed a monopoly of the English press, but it will now confine itself to publishing the NEW NATION and SUNDAY NATION from its stable.

The transfer of NEW NATION is expected to create redundancies in the TIMES group which cannot be absorbed by the MONITOR which had recruited its own staff over the last two years in preparation for launching an English language newspaper in competition with the STRAITS TIMES group.

A senior journalist, who does not wish to be quoted said, "This restructuring is a signal for the management to get rid of the staff whom they don't like and it remains to be seen what the union can do about it."
KOREANS TO INVEST IN SRI LANKA

Colombo SUN in English 17 Apr 82 p 1

[Article by Jennifer Henricus]

[Text] An investment mission comprising several Korean industrialists will arrive in the country shortly to work out several joint projects with local entrepreneurs.

The areas in which such joint ventures are likely to be started are the cement industry, chemical fertiliser, farm machines and electrical equipment. The mission will arrive in the country at the request of Industries and Scientific Affairs Minister Cyril Mathew following discussions he held with the Korean Minister of Commerce and Industry Suh Suk-Joon in Korea last week.

Mr. Mathew also sought advice from his Korean counterpart in the building of ammonia and fertiliser plants in collaboration with a United states company, according to a report in a recent publication of the Korea Herald.

The Korean Minister is reported to have briefed Mr. Mathew over the "characteristics" of multi-national corporations and the "high quality" of Korean made chemical fertiliser.

According to the report, Mr. Mathew later visited the Namhae Fertiliser Plant in Yosu along the south coast, of Korea.

The two way trade between Korea and Sri Lanka increased from three million US dollars in 1976 to 74 million dollars last year an annual average growth rate of 118.4 percent.

Last year Korea exported a total of 83 million dollars worth of goods to Sri Lanka while importing 492,000 dollars worth.

Korea's exports to Sri Lanka consisted of sugar, textile projects, fertiliser, steel products and machinery. The items imported from Sri Lanka include natural rubber.
LSSP SPLIT EXPLAINED

Colombo THE ISLAND in English 19 Apr 82 p 1

[Text]

The leader of the old guard of the LSSP, Dr. Colvin R. de Silva, yesterday claimed that the breaking away of the Anil Moonesinghe rebel group from the party was the result of a right-wing conspiracy.

Dr. de Silva charged that the Moonesinghe faction had functioned as a clandestine group within the party for the last one year and had tried to drag the party to the right. "We are well rid of these conspirators," the LSSP boss said.

But in yet another of the curious developments which have characterised the recent LSSP-SLFP relations, both the LSSPs will attend the May Day rally talks to be held at Mrs. Bandaranaike's residence today.

Dr. de Silva said that he would be participating alongside Mr. Bernard Soyza. The Anil group has already been invited to attend the May Day celebrations by the SLFP.

The recent split in the LSSP is a clear reflection of the division within the SLFP itself, said the President of the Lanka Samasamaja Party, Mr. Vasantha Nanayakkara yesterday.

Mr. Nanayakkara commenting on the Anil Moonesinghe group's breakaway from the LSSP said that the split was one based on "opportunism" and not on "ideology.

When questioned about his own estrangement with the LSSP, Mr. Nanayakkara said that was due to a debate within the party over the continued participation of the LSSP in the SLFP-led coalition government. It was over a matter of policy.

Mr. Nanayakkara went on to say that the present split was over the issue of which capitalist faction of the SLFP, the LSSP should back.

"Ours was over the principle of alignment with the SLFP while this is over which SLFP is to be backed," he emphasised.

Mr. Nanayakkara said that Mr. Anil Moonesinghe had made a wise decision as he had been able to gauge the way in which the masses were moving. "The Colvin-Bernard" crowd is far removed from reality," said Mr. Nanayakkara.
COLVIN GROUP TO JOIN SLFP

Colombo THE ISLAND in English 18 Apr 82 p 1

[Article by Ajith Samaranayake]

The old guard of the divided Lanka Samaana Uma Party yesterday expelled party rebel Anil Moonee, who was the former Minister and CTB Chairman, to a press conference at his new party headquarters at Jayanthi Wijemaththe Mawatha that the LSSP after Dr. N. M. Perera's death had lacked a firm leadership.

The LSSP hierarchy also decided at yesterday's Central Committee meeting to take part in May Day celebrations and rally organized by the SLFP of Mrs. Renuka Bandaranaike.

At a meeting at Mrs. Bandaranaike's Rosmead Place residence on Friday it was decided to invite the Anil Moonee faction to take part in the SLFP (S) May Day. The LSSP leadership did not take part in this meeting.

Meanwhile, Mr. Moonee told the news conference that his party would begin negotiations with the SLFP (S) after May Day to formulate a programme of action for a United Front. This United Front might embrace the MEP as well, Mr. Moonee said.

Mr. Moonee said that the old guard of the LSSP had no perspective. They were for participating in the SLFP May Day celebrations but had no answer to the question as to what the party would do after that. They were still for supporting the Multiracial faction of the SLFP and that showed their isolation from the mainstream of politics, Mr. Moonee claimed.

He charged that the leadership of the LSSP was in the hands of those who split the party in the post-war years by forming the Bolshevik-Leninist Party of India.

Asked whether he was not reluctant to form an alliance with the SLFP in the light of the bitter experience of the past Mr. Moonee said, "It was an experience I won't say it was a bitter experience. We were expelled by Mrs. Bandaranaike in 1975 but there were reasons on both sides. We too contributed to the break..."
MP OUTLINES AIMS OF PRESIDENT, TULF TALKS

Colombo THE ISLAND in English 17 Apr 82 p 1

[Article by V. Varathasuntharam]

The TULF talks with President J.R. Jayewardene is not to get any favours or concessions but to clothe the District Development Councils with more powers MP for Trincomalee R. Sampathan said in his speech at the inauguration of supply of electricity to Sethumalayaparamon on New Year's Day.

Mr. Sampathan said that the concept of District Development Councils was initiated at the very first meeting the TULF had with the President. Therefore, the TULF supported the DDC bill in Parliament. They played an active part in the DDC elections. The TULF won in the North and East except Ampara. Naturally, the TULF was now keen to get more adequate powers for the DDCs. DDCs are the baby of the UNP. We want more powers for these councils to function effectively. That is the purpose with which negotiations between the President and the TULF are continuing, he said.

Referring to the accusation that the TULF talks with the President had weakened the struggle for an independent Tamil country, Mr. Sampathan said that as long as the Tamil-speaking people were committed to exercising their right of self-determination, no talks with anybody could weaken the struggle. The talks could never distract or detract the community.

It was ridiculous to think that our talks with the highest Executive in the land to win more powers for DDCs was detrimental to the Tamil people, he said.
All the signs that a General Election is round the corner are appearing on the political horizon. New alliances are being explored, new relationships forged and to cap it all the political courting season too has got off to a flying start. The blushing maiden whom all the brave knights are wooing is, of course, that perennial beauty from the Jaffna peninsula known by many exotic names down the years and now coyly named the TULF.

Yesterday 'The Island' reported that the major national political parties were all showing interest in coming to some kind of electoral understanding with the TULF even to the extent of coming together as an United Front. In this courting game the Tamil party was being eyed by the UNP, SLFP (S) and the left, our story said.

The history of the relationship between the major Sinhala political parties and the political parties of the Tamil people such as the Federal Party, Tamil Congress and now the TULF has been a chequered one. Repeatedly the Tamil parties came into coalition alliances with the UNP ranging from the time of G.G. Ponnambalam to that of S.J.V. Chelvanayakam and repeatedly these flirtations ended in disappointment.

The TULF, which believed that neither the SLFP or the UNP would be able to get an absolute majority in 1977, got a shock when the results were announced. Thus ended once Plans to be the decisive factor in the formation of a Government.

The next General Election, however, will be fought on the basis of Proportional Representation and this will mean that no party will receive an absolute majority. Thus the TULF might again come into the reckoning as part of the electoral calculation.
There is one factor which has, however, altered the picture today. Since the last General Election there have been two traumatic upsurges of communal violence which has made the leaderships on both sides of the communal barricades approach the whole question of communal harmony with a greater sense of urgency. The most concrete manifestation of this new realisation is the on-going dialogue between the TULF and the Government. It is in this same spirit of dialogue rather than confrontation that the TULF must approach the wider problem of political affiliations at the next General Elections.

There is another new factor in this situation. In the past Sinhala political parties were keen to beard the lion (or is it the Tiger now in the light of new nomenclatures?) in its own den and pit their own candidates against the TULF. But now the fact that they are keen to forge an alliance with the TULF perhaps demonstrates that they have realised the futility of such bravado. The fact is that in the absence of a viable alternative the TULF is the dominant political force in the north.

The fact that it commands the allegiance of most Tamil people in the North invests the TULF with grave responsibility. It cannot afford to surrender to extremism nor allow political adventurists and juvenile hot-heads to hold the party to ransom for that way the TULF will be jeopardising the entire future of the Tamil people. The fact that the party has come together round a table with the ruling UNP is itself an indication that the TULF has come to realise the new role in which it is cast today. In this context it would be unfortunate to say the least if the party decides to indulge in such futile gestures of bravado as boycotting the opening of the new Kotte Parliament as some party militants are urging.

While it is the TULF’s duty to adopt a more sober approach to the national question and try to evolve solutions through a process of dialogue it is also the duty of the Sinhala political leaderships of all parties to treat the problems of the Tamil people with respect and make a genuine effort to understand their aspirations.

Too long have the Tamils and their parties been treated as mere pawns in the political power game. With the approach of another election their there is the danger of a return to such attitudes. Needless to say this will not help at all in discovering solutions to the problem. It will only prolong the crisis and make the situation finally intractable.
EDITORIAL: INFLATION PROBLEM GROWS

[Editorial: "Inflation"]

Inflation is normally the product of mismanagement of fiscal and monetary policy. It is more a political problem than an economic one.

The Finance Minister who is preoccupied in curbing an inflationary trend that has gone awry sounded a grim warning to his colleagues and the people that by the end of this year it could reach an all time high of more than fifty per cent.

The rate of inflation which was less than ten per cent five years ago rose to close upon thirty per cent last year. But structural adjustments by decision makers following prudent advice from international organisations like the IMF brought the figure down to eighteen per cent.

Now the Minister is understandably concerned about the new upsurge that would turn out to be detrimental to the ruling party as the polls date closes in.

A fifty plus inflation rate would inevitably push a large section of the population beyond the economic purgatory known as the 'poverty line.' The high incidence of malnutrition among thousands of economically destitute young and the abject penury in rural households (over sixty per cent of Lankans live in the village) have earned the country a despicable reputation of being one of the world's poorest. This was disclosed at the recent ESCAP conference in Bangkok.

The Finance Minister himself is aware why inflation seems to persistently haunt Lanka. Public expenditure still seems to be the bugbear despite mandatory fiscal restriction. That is precisely why he continues to demand further cutbacks.

Two years ago the IMF suspended credit facilities because Lanka failed to curb its rate of inflation. It insisted that public expenditure be reduced forthwith. They wanted Lanka to bake the cake before putting the icing. They won the day and major adjustments were made through massive cut-backs despite a hue and cry from certain politicians.
All this apparently has not been adequate. The Minister is pessimistic about his next budget when the deficit may hit a gigantic 9000 million rupees.

It is imperative that his colleagues do not hesitate to heed his warning.

Unfortunately nothing much is done about curbing inflation by the people themselves. Reminds one of Mark Twain's complaint: "Everyone talks about the weather. But nobody does anything about it."

CSO: 4220/534
Sri Lanka's tea plantations which are still the country's top hard currency earner are continuing their downward slide. A survey conducted by "The Island" recently brought to light the malaises affecting the vast acres in the hill country that produce 'green gold' — uneven distribution of fertiliser, arbitrary amalgamation and fragmentation of estates and political influence.

Unpaid fuel and fertiliser bills and senior planters searching for other avenues of employment are the surest sign of the decay that has set in over the years. A survey conducted in the Nuwara Eliya district recently indicated that seven tea estates in the Nuwara Eliya District belonging to the State Plantations Corporation had outstanding bills amounting to Rs. 358,500, at the end of last year for the purchase of petroleum products. In particular instance, the Petroleum Corporation had written to a particular estate pointing out that a sum of Rs.232,214 had been outstanding since May 1981. The Corporation had made this notification on September last year.

Unpaid electricity bills in 17 estates amounted to as much as Rs.1,966,000. Other facts which came to light during the recent 'island' survey was that, while some estates were being starved of fertiliser, at Pedro Estate had an unpaid bill of Rs.412,000 for the supply of fertiliser. The 'island' was told that requests by Superintendents for fertiliser quite often fell on deaf ears.
STUDENTS BEING INCITED TO RIOT

Colombo SUN in English 5 Apr 82 p 1

[Article by Aruna Kulatunga]

A series of student protests in the province have become the subject of a top level probe by detectives of the Intelligence Service Division.

This follows information that certain militant political groups are masterminding these incidents in a bid to rouse the students.

According to reports reaching the Police more than 15 schools in various parts of the country, mainly in the Gampaha, Hambantota and Tissamaharama areas have been cut out on strike.

This would be a follow-up on the White Paper fiasco, which according to ISD reports had included some typical guerrilla type pre-conditioning, a top Defence Ministry source told "SUN".

ISD detectives, "SUN" learns, have been told by principals in these areas about the presence of "outsiders" within school premises before the student protests occurred on the White Paper.

The ISD has already informed Government about widespread attempts to discredit the state and the security forces by getting the students to self inflict cuts and scrapes to look as if they had been inflicted by security forces.

The ISD has said that "according to available information, the students have been asked to bring razor blades, broken bottles, pointed implements and other items which could inflict stab and scrape wounds on oneself."
PRICE SUPPORTS PLANNED FOR COCONUTS

Colombo DAILY NEWS in English 5 Apr 82 p 1

[Article by T. Sabaranam]

[Text] Coconut Industries Minister, Harold Herat yesterday announced a price support scheme to insulate coconut producers here from the effects of the current slump in international coconut oil markets.

He explained that this price support scheme was designed to ensure that the producer, particularly the smallholder, would get an economic price of Rs 800 to Rs 1,000 per thousand nuts.

Currently coconuts are selling in many areas at very low prices, ranging from Rs 650 to Rs 900 per thousand although urban consumers pay between Rs 1.25 to Rs 1.50 per nut.

'If we don't do something the coconut prices will fall to uneconomic levels,' the Minister said.

The price support scheme will be implemented by the Coconut Development Authority, which will pay Rs 9,500 per ton of coconut oil to over 60 millers and coconut oil shippers here.

If the local coconut oil trade so wishes, it may continue to export oil provided a minimum price of Rs 1,400 is paid per candy of copra purchased from millers.

Mr P.G. Punchiheva, the Secretary to the Coconut Industries Ministry told shippers and millers, last week, that the price support scheme would be implemented on trust and they should pass on the high price the Coconut Development Authority would pay them for their oil to copra dealers who in turn should pass it down to the producer.

With smallholders comprising 80 per cent of the coconut producers in the country, it was imperative that the Rs 1,400 price per candy of copra be affected.
With world coconut oil prices at a 5-year low of 467.50 to 510 US dollars, the price the CDA is offering to millers would mean a loss to the Government of between Rs 500 to Rs 1000 per ton.

"But we will have to take this blow or the industry will crash," Mr Herat said.

6.5 candies of copra are used to produce a ton of coconut oil. The CDA price leaves the miller a margin of Rs 400 a ton to cover his production cost if he pays Rs 1,400 per candy of copra.

The Coconut Industries Ministry said that a candy of copra may be produced from 1,250 average nuts. Thus the producer can get about Rs 1,000 for 1,000 coconuts under the price support scheme.
INCREASED MILK PRODUCTION TO BE IMPLEMENTED

Colombo THE ISLAND in English 21 Apr 82 p 2

[Article by L. B. Wijayasiri]

[Text]

An expeditious plan for the development of milk production and breeding cattle with high milk yields would be implemented in the near future. All the veterinary science graduates who have passed out from the universities would be employed in this project said Mr. S. Thondaman, Minister of Rural Industrial Development when he addressed a large number of milk producers at a meeting at Parakrama Bahu Central College organised by the Rikilagaskada-Hanguranketa Milk Producers' Co-operative Society.

Mr. Thondaman said that the initiative was taken at Rikilagaskada to organise the milk producers on a co-operative basis and that scheme had been a great success. Steps would be taken by the National Livestock Resources Development Board to establish Milk Producers' Co-operative Societies in rural areas and plantation districts throughout the country on the lines of the Rikilagaskada coop for the benefit of the milk producers, he said.

During the time of the previous regime, private milk collectors had cheated the milk producers, and the poor producers were put into a great difficulty. But today the producers were able to sell their milk without any difficulty. He had already taken steps to obtain the approval of the Cabinet for a proposal to reduce the prices of cattle food.

Mr. Thondaman said that a milk powder factory would be constructed at Kurunegala and he hoped to complete the work of that factory before May next year. Production could commence by May at this factory. During the past, steps had been taken to send officials to countries like New Zealand and India, where they were trained in modern dairy farming.

Mr. Rohan Abeygunasekara MP for Hanguranketa thanked the Minister for having taken steps to improve the country's milk production and particularly for the services rendered to the milk producers of his area.

Dr. A. D. A. Fonseka, chairman of the National Animal Resources Development Board, Mr. Nihal Nanda, Development Officer: National Milk Board, Mr. Siranambage Karunaratne, Livestock Development Officer, Mr. N. G. Ran Banda and Mr. Sinharavelu also spoke.
ADB LOAN FOR TEA INDUSTRY

Colombo DAILY NEWS in English 20 Apr 82 p 1

[Text]

The Asian Development Bank has agreed to grant a loan of 12.8 million US dollars for the third tea development project to increase production of made tea and improve quality in manufacture by rehabilitating and modernising high-potential tea estates and factories, the Finance Ministry said yesterday.

The loan is repayable over a period of 20 years with a 10 year grace period and will be subject to a service charge of 1 per cent per annum.

The JEDB and the Tea Small Holdings Development Authority will implement the project in the Badulla and Galle districts.

In Badulla 15 State owned estates will benefit. About 7,300 hectares will be rehabilitated.

The modernisation and expansion of 18 existing tea factories, the establishment of about 1,750 hectares of fuel-wood plantations, construction of new estate houses, provision of medical and social facilities are part of the project in Badulla.

In the Galle district 3 tea factories, for processing of 'smallholders' tea, will be constructed. Houses for factory staff, offices, dispensaries etc., will also be constructed. Office equipment and vehicles will be provided and a 3 months' on the job training for tea-factory staff.
BANDARANAIKE SEEKS TO UNITE LSSP FACTIONS

Colombo THE ISLAND in English 17 Apr 82 p 1

CSO: 4220/558

[Text]

Mrs Bandaranaike held a meeting of opposition parties at her Romasad Piano Residences yesterday morning in an attempt to get the two factions of the LSSP which split up last week on a common platform for May Day.

While the breakaway faction of Ani Moonesalingam of the LSSP and the SLFP (B) together with other parties supporting Mrs Bandaranaike attended the meeting, the other faction of the LSSP of Messrs Colvin R De Silva and Bernard Soysa were not present at the meeting. However, at a Politico-M军 meeting of the LSSP held this week it was decided that that the LSSP should join with the Ani Moonesalingam faction of the SLFP in its May Day demonstration and rally. The big question now is whether the Colvin-Bernard faction of the LSSP would be willing to participate in a May Day rally on a common platform with the breakaway faction of Ani Moonesalingam.

However, it is pointed out by Samuelanthi states that the Colvin-Bernard faction would find it hard to refuse a request for a common anti-UNP May Day rally as the LSSP had for the past few months been attempting to get the two warring factions of the SLFP together.
MAJOR SPLIT THREATENS OPPOSITION

Colombo THE ISLAND in English 17 Apr 82 p 1

[Article by Daya Lankapura]

[Text]

The Lanka Sama Samaja Party (LSSP) is now faced with another major split - this time among its trade unions following the Anil Moonesinghe Group breaking away from the party.

According to LSSP sources, Mr. Percy Wickremasinghe, Secretary of the United Corporation and Mercantile Union (UCMU), who broke away from the LSSP with Mr. Moonesinghe, has been able to get the UCMU on bloc on their side.

The UCMU office is also the headquarters of the Anil Moonesinghe group.

Among the other LSSP trade union leaders with the Anil group are: Wilson Wickremasinghe, Treasurer of All-Ceylon Commercial and Industrial Workers' Union, Michael Boyce, Vice-President of All-Ceylon Local Government Workers' Union; G.E.H. Perera, President of the Government Workers Trade Union Federation, K.O. Vithana, Secretary of the United Motor Workers Union and Tilak Perera, President of the All-Ceylon Local Government Trade Union Federation.

A spokesman for the Anil Moonesinghe group claimed that most of the LSSP trade unions were with their group.

It is likely that the split will spread to all the major trade unions of the LSSP. The same source said that a large number of members in the Ceylon Federation of Labour, too, would join the new group.

Mr. Anil Moonesinghe said “that many prominent members of the LSSP such as Mr. Chalamondraya Gunewardena of Kalutara, Mr. Lenin Fernando of Panduwa, Mr. P.B. Dissanayake of Badulla, Mr. B.P. Piyasena of Matara and Mr. Mansoor Marikkar of Galle had joined him leaving the main body of the LSSP.

CSO: 4220/558
FRENCH AID FOR NILWALA PROJECT--Finance and Planning Minister Ronnie de Mel, said yesterday that the French government had agreed to fund the proposed Nilwala Project up to Rs 350 million. The Minister had earlier held talks with a French delegation regarding the proposed French aid to Sri Lanka. The French aid will be in installments spread over three years. Mr de Mel said that French aid to Sri Lanka for 1982 amounted to Rs 455 million. The Nilwala Project is a multi-purpose irrigation and flood protection scheme where work begins next August. The Nilwala floods at least thrice a year and its lower reaches including the Matara town is inundated as a result, the Minister said. The scheme provides irrigation for 12,000 acres in Akurella, Kamburupitiya, Matara, Devinuwara, and Deniyaya. Mr de Mel said the taming of this river had been a crying need. The project had been the pet subject of the late Dr S.A. Wickramasinghe for 40 years. But it could not be undertaken due to lack of funds, he explained. [Text] [Colombo DAILY NEWS in English 6 Apr 82 p 1]

AUSTRIA NAMES JOINT VENTURES--Joint venture projects in four main areas--small hydro-power plants low-costs building materials including prefabricated housing, processing of molasses as a substitute for crude oil, and the development of the country's railway system, were identified as promising by a visiting Austrian trade delegation yesterday. The delegation led by Dr W.T. Ertl, Director of Vienna's Foreign Trade Organisation held discussions at the Federation of Chambers of Commerce and Industry, last morning. Later in the day Dr Ertl briefed the press, on the trade delegation's visit, along with Austrian Ambassador Dr G. Henning and Austrian Trade Commissioner for Sri Lanka, Dr B. Koch. The visit, Dr Ertl said, was initiated by Dr Koch with a view to improving bilateral trade. The twenty members of the trade delegation represent sixteen Austrian companies. Their Asian visit includes Singapore and Malaysia, where too they have interest in beginning joint ventures. Austrian Ambassador Dr Henning said the visit could improve trade both ways. Austrian imports from Sri Lanka top Rs 65 million. Tea and clothing imports alone bring in nearly Rs 50 million. [Text] [Colombo DAILY NEWS in English 6 Apr 82 p 1]

RICE PURCHASES FROM PAKISTAN--Islamabad, Monday--Sri Lanka will buy rice worth 7.5 million dollars from Pakistan during the current fiscal year ending on June 30 under an agreement finalised here today between the two sides, Pakistani officials said. The agreement will be formally signed tomorrow. (REUTER) [Text] [Colombo DAILY NEWS in English 6 Apr 82 p 1]
LOCAL POLITICIANS TO DEVELOP NATIONAL ROLE

Bangkok MATICHON in Thai 8 Mar 82 p 3

[Interview with Phot Wongsa-nga, president of the Provincial Assembly of Sakhon Nakhon, and Sermsak Karun, president of the Provincial Assembly of Rayong and secretary of the National Association of Provincial Assemblies]

[Text] [Question] Why are PAs [Provincial Assemblymen] planning to form a political party?

[Phot] As a member of a provincial assembly, one suffers squeezing from the Ministry of the Interior from the very start, and there's no salary at that.

[Sermsak] I'd really like to add that, to take care of people's problems, these days it's a matter of administering provincial affairs. The problem arises from forestry officials, police, and between individuals who do not trust people with the fairness they deserve. The power of the PA to control such matters is really nil. Their power is only to approve budgets to build roads and such. Because nowadays the government does more than this, we want broader power. We want power to control the administration of the provinces. Besides, the Constitution provides that that local government will be open to administration by the people. The governor of a province is very powerful and very busy. He administers provincial affairs as the representative of the government, which already is a handful and, besides that, he wears the hat of head of the Provincial Administration Committee.

We want to demand and press for laws to spread power among the people, to give power to supervise provincial affairs to the representatives of the people, which hasn't yet happened at all. We think this must be corrected. We must withdraw and bring together people who have ideas about spreading power to the people—not only PAs, but anyone may join in to correct the situation.

[Question] Will it conflict with your role or duties if you go out and set up a political party?

[Phot] Not at all. Those who form parties now are soldiers or bankers. The right to form a party is a basic right of the people. Provincial Assemblymen are just people who are now performing the duties of Provincial Assemblymen. But I think these duties are not yet enough to serve the people as fully as they desire, so we want to correct this and develop democracy from its base.
At present, all political parties are formed at the top and come looking for a base. A few rich people in Bangkok get together, buy one another up and form a party. We PAs think we are close to the people. If we can get together and form a party, start with the base and go looking for the top, that should be a new direction. But this idea may be right or wrong.

[Sermsak] The roles will not conflict. People who take this step will first have to resign from the PA.

[Phot] The important thing at this point is that we want to exert pressure to spread power. At present, if we look at political parties, the strongest party in the country isn't party A or party B but the "Bureaucracy Party." This "bureaucracy" is the people who cause the policies of the government to succeed or fail. The government may have good intentions, good purposes, but when it sets to work it gets blocked by the Bureaucracy.

We need power that can investigate the bureaucracy. If we look up at the top side from beneath—the top side is the government—we supervise it with the Parliament, which has the power of the people to supervise and investigate. But when we reach the edges, which are really in touch with the lives of the people, it's the PA that supervises. Yet it supervises very little, only the work of the Provincial Administration Committee. But police or foresters or whomever, the civil servants who make their living on the heads of the people cannot be supervised. There is no power of the people to investigate them. We want the power of the people to investigate in these areas too.

[Question] At this time, how much influence do the various Provincial Assemblies have?

[Phot] They say that the PA is the most influential group in a province. These are the words of representatives of the bureaucracy, who are trying to undermine the image of the people. Just as when a coup d'etat is coming, they say that the Parliament is no good. Then they seize power and rule as absolute dictators.

At any rate, when one is elected by the people, even a cabinet minister who comes from Parliament, he is likely not to meet the reception he should have, while, if he is an officer or a general, he will probably be accepted and respected. This is a mindset that results from the system of bureaucratism. We Thai admire people who have merit and humility, but the representatives of the people, of the common folk, are often looked down on. The bureaucrats seize on this psychology and try to smear everything with it—no matter what the people choose, it is all poor quality.

[Question] If the Provincial Assembly is not an effective influence group, then what can it do to be useful to the people?

[Phot] At present, PAs are trying to perform their duties under existing law. For example, one PA used to be a building contractor. When he became a PA, if there was a corrupt bid for a job, he would veto it at once. That cut out corruption completely. When one person refuses to go along, corruption can't occur and everything happens properly. A second kind of case is where administrators...
look for payoffs from contractors: a contractor delivers 600 cubic meters of stone when the plans called for 1500 cubic meters. This is proved against him and he has to make up the difference. That is the value of someone who used to be a contractor and, therefore, has knowledge in that area. He is able to investigate whether the contractor and the administrator are conspiring to cheat or not.

To say that the PAs are interest groups is wrong, though, because their interests are not all the same. We have [in my PA] two contractors, school teachers, former commune leaders and village headmen, businessmen, lawyers. The interests of each are different, except that, when they learn of cheating or inadequacy in the administration, they want to correct it. If correction is to be successful, it must be undertaken at the national level, because however much it is done by submitting requests for corrective action, a year passes and nothing happens.

[Question] Supposing that PAs manage to become Members of Parliament, won't the situation just return to normal?

[Sermsak] It's like this: if enough PAs become members of Parliament, we'll be able to increase the powers of the Provincial Assemblies in supervising administrative work at the province level. We need to come in and fix this directly because we've asked that it be done and it hasn't been done.

[Question] Why not have Parliament correct things, maybe through a party that has a policy on this matter?

[Phot] We've tried that for a year now. The policy of spreading power is in fact a policy of the government, just like its economic policy or its foreign policy. Every party has its own views on no matter what policy. None of the parties has a clear policy of distributing power, which we need. We think there should be one party with a clear policy on this topic.

[Sermsak] As far as I know, the Democratic [Prachatibad] Party has a clear policy on this matter of revising the laws to distribute power to the localities, but as far as we've heard all along, getting them to correct the situation is difficult. Because there are many parties in the government, as a single party, they can do nothing. So we think we must come together politically, must sacrifice by resigning our positions, must enter politics at a high level. We are not overstepping our duties.

[Question] How will you answer if people say to you, "Being crazy about politics isn't a good reason for forming a party?" If I put out a newspaper every day and feel I have no freedom and form a group of newspapers to run for Parliament, I think people will look at us and say we've gone completely crazy. How will you answer them about the Provincial Assemblymen?

[Phot] I think that, if it comes to the point where we want to come together and fight, no one will call us crazy. This is a privilege of freedom according to law. Soldiers enter politics. Everyone enters politics.
[Question] How many PAs are there throughout the country?

[Phot] One-thousand, nine-hundred, twenty-six; but some of them have died.

[Question] As you foresee it, if an Assemblyman is elected to Parliament, will the people have the same confidence in him as before?

[Sermsak] I've been a PA for a long time now. Those who have come together to struggle with me are also PAs. At present, almost 40 Members of Parliament from many provinces are former PAs. They fought together to distribute power to the localities; but, when they became members of Parliament, they went into many different parties and lost track of one another.

I think we've been working long enough. We have a platform. There's a group of us who think that if any one of us goes into politics we should go together, to solve this problem. I think that we PAs in our various provinces will have the confidence of the people.

[Phot] We are going to put our efforts once again into an election in Ralasin. We did so once before but that time there were too many conditions intervening. We will support Kalasin PA president Phuangphet Srithong. We will pool our strength this time and see whether united PAs can decide an election or not. We will see how much strength we have. We will see how much our closeness to the people will count for our candidates.

[Sermsak] Each of us has backers in his own district, has popularity there. We will bring this strength together.

[Phot] It's many sticks of kindling. We'll see if we can make a bundle or not.

[Question] Who will be the core of the party you are forming?

[Phot] The presidents of the PAs will have to consider this matter again. If we are really going to set up a party, we may not limit it to PAs, but enlarge it to include others who think as we do. If a party is born, there will be general elections, and we'll have to see who is elected. We have to try it and see.

[Sermsak] We are thinking that in each PA at least one man will have to sacrifice [his seat]. This is the goal we're aiming for. Yesterday, we heard from Nonthaburi by phone that two PAs there were with us. If all over the country we get one from each province, more or less, about 50 people, that will do.

[Question] Who will be the leader of the party?

[Phot] We can't yet say.

[Question] What are the weak points where your party will be attacked?

[Phot] They'll probably talk about contractors, about having influence and no qualifications. But if they hold each of us up for comparison, I say we can stand the test.
In my PA, there is a postgraduate, two lawyers, a nurse, three teachers, two Deputy District Chiefs, and five or six high school graduates.

It's like that in all the big assemblies.

In the last election for PA, about what percent of the voters do you think voted?

It depends on the district. In my province, there were as many voters for PA as for Parliament. Or in Roi-et, where I went and asked, the winners got almost 20,000 votes, and the same in Chachoengsao. It varies.

In Chiang-Mai, one person got almost as many votes as a member of Parliament.

On the whole, which occupations are most common among PAs?

I'd say that in one assembly there aren't more than two builders. Besides them there are former teachers, lawyers, postgraduates, many kinds of occupations. Some are pensioned civil servants, some are former teachers, some are businessmen. Contractors have no special privilege. On the contrary, they resist doing this work. They don't want to find themselves again in a provincial administration.

I think that contracting and bidding on contracts is honest work. If you go and do something wrong, 20 people in the PA will look at you strangely. If that happens, I'd say that this kind of situation is one the Ministry of the Interior wouldn't want to get mixed up in. But the District Chief, the Governor, how do they survive? Where do they get their money? Their salaries are fixed, they get money from contractors. So when the PAs come into the picture, the officials are stuck. They have to act according to regulations.

If a PA receives a contract, he must be responsible to the commune chief and the village headman. Ministry of the Interior regulations provide that up to 100,000 baht can be appropriated by commune chiefs and village headmen. They are authorized to make special hires or call for bids. Amounts up to 500,000 baht can be spent by a District Chief; over 500,000 baht, it's up to the Governor. The PAs have no right to interfere with them. But I say it would be good to clear up this matter completely. If we are going to pass a law forbidding Assemblmen from monopolizing government contracts, we should end that practice in all assemblies—municipal and national as well as provincial—so that not even a cabinet minister could be named [as a contractor].

Don't let them accept contracts. At present, there are contractors who are Members of Parliament.
INDONESIA, U.S. CRITICIZED OVER TIMOR

Bangkok KHAO CHATURAT in Thai 15 Mar 82 pp 28, 29

[Text] Although East Timor gained its independence from Portugal 7 years ago, it is still subject to invasion—by Indonesian troops. But what is most interesting is that the countries of Southeast Asia are giving little attention to this new attack.

Timor is an island in the Indian Ocean between the southernmost islands of Indonesia and the city of Darwin at the northern tip of Australia. About 1 in 3 of the 600,000 people who live on this island have died at the hands of forces of a country with a population about 200 times Timor's. Since Indonesia took over East Timor, it has tried to cut off the population from news of the outside world and, likewise, has tried not to let news of conditions in Timor spread outside. Moreover, it has not permitted people to travel outside the country, the few exceptions being mainly groups of pilgrims [making the Hajj to Mecca].

The people of East Timor have a heroic record of combat in World War II. They joined the Allies and sacrificed some 40,000 people who were members of the defense forces and scouts with the Australian commandos. But Australia broke off diplomatic relations with East Timor after three Australian reporters were shot dead by Indonesian soldiers.

The U.S. State Department concedes that 90 percent of the arms used by the Indonesian forces in the invasion of East Timor were supplied by the U.S.; and, since then, the U.S. has continuously increased its arms shipments to the government of Indonesia. Even if Indonesia is supported by the U.S. in the United Nations, a majority of U.N. members may still be reluctant to agree that Indonesia has sovereignty over East Timor.

From 1976 to 1978, the U.S. Congress held four sessions concerning "Charges That Indonesian Forces Have Committed Murders and Atrocities Against the People of East Timor." This had the effect of forcing the Indonesian government to yield and allow officials of international relief organizations to give assistance to the people of East Timor. During that period, the relief officials characterized the condition of the people thus: "They are worse off than Biafra [was] and, some say, as bad as in Kampuchea." But at that time, unfortunately, the world's attention was consumed by the Kampuchean problem and the almost contemporaneous Soviet invasion of Afghanistan. Therefore, East Timor was abandoned to its bitter fate.
Timor's agricultural lands are less than ideal and the people are poor. Therefore, most people think that Indonesia invaded Timor because of its geographical location and because the Portuguese had withdrawn. Indonesia claimed that "instability" in the area had caused it to go in and help.

At the end of 1980, Amnesty International reported accounts of massacres of East Timor Patriotic Forces who had surrendered to Indonesian troops. It was reported that most of these people had been imprisoned without lawful trial. Some were listed as having "disappeared." One U.S. Senator interested in the problem of East Timor is Senator Hayakawa of California. He and about 30 friends have written a letter to support direct relief work and supervision on the island by international organizations, but it has been announced that this suggestion is not adopted by the Reagan administration. U.S. officials protect the Indonesian government when it is criticized by Senators or the media because they feel that Indonesia, an oil-rich nation, is still useful to the United States and also in a location of strategic interest to the United States.

While the United States ignores the East Timor problem and tries to defend Indonesia's conduct, terrible news from East Timor continues to reach the outside world. The latest is a report that Indonesian soldiers have killed 500 Timorese, including pregnant women and children. These figures were included in a U.S. Congress report just last December. Religious news sources say that these latest atrocities provoked restoration of a program to send food to help the people of the island. It has been quite some time since the Indonesian government intervened and refused to let international organizations help with food for the people.

At a time when Americans are watching and following the upheavals and disturbances in Poland and the Middle East and Southeast Asia is preoccupied with demanding the withdrawal of Vietnamese troops from Kampuchea, we should keep firmly in mind that East Timor, a very small island in the Indian Ocean, is under occupation and suffering atrocities from troops of Indonesia, a member of ASEAN.
This April is the time when all Thais will join together in celebrating the 200th Rattanakosin anniversary, which will be a festive and lively occasion. This will create pride among Thais in general and build up their morale. But along with these festive celebrations, the news of a bomb being set off at the Surat Thani provincial civil administration headquarters building, the report of an attack on the Ao Luk District police station in Krabi Province and the news of an explosion on a bus in Bangkok have helped destroy our gaiety.

But one fact that we must accept is that, at present, our country is in a state of war, a war in which both weapons and political and psychological propaganda are being used. And the people in this war are not just the soldiers but people throughout the country.

The communists' loss of influence and war materials in some areas, such as the Camp 508 case at Khao Chong Chang in Surat Thani Province or at other points where such events may occur, has forced the CPT to have to quickly destroy the people's morale by carrying out violent acts of sabotage. The purpose of this is to have the demoralized condition of the people force the government to put less pressure on the CPT.

Thus, at present, whether the CPT stops its terrorism or steps up its acts of sabotage depends on how afraid the people are concerning this attempt to destroy their morale. If the people really understand that there will naturally be some losses in a war, if they stand side by side firmly and fearlessly in opposing this war without getting hysterical and blaming each other and if they realize that the cause of all the trouble is the terrorist group and help to condemn this group, the CPT, which must rely on the support of the masses, will not dare do anything that goes against the feelings of the people. Or if the CPT stubbornly continues to terrorize the people, it will be digging its own grave. Such strength in helping each other oppose terrorism will force the CPT to curtail its terrorism.
Conversely, if we are cowardly and become too afraid and blame ourselves instead of blaming the terrorists, this will embolden the CPT since the CPT will feel that its measures to counter the government are achieving results. And so the CPT will step up its terrorist activities and commit more and more acts of sabotage that are even more violent, and more people will be wounded and killed.

Thus, helping to oppose terrorism this time means that all Thais must rise up and fight by opposing and condemning the terrorists. And no fear should be shown, even if some people are wounded and killed.
THAILAND

AFTERMATH OF SURAT THANI SABOTAGE, CPT POTENTIAL ANALYZED

Bangkok PATINYA in Thai 5 Apr 82 pp 7-11

[Article: "Explosions In Surat Thani, the CPT Opens Up a New Battlefront"]

[Text] The February launching of a major military operation in the south in the Khao Chong Chang area, which is an important area of influence of the CPT in the south, which resulted in the Fourth Army Area announcing that it had seized Camp 508, has caused the CPT to lose a secure base and a great quantity of arms. In particular, 100,000 rounds of ammunition were seized from secondary Camp 511. However, it appears that some of this ammunition was produced by the army itself and this has generated much criticism in all circles. In retaliation against this major offensive by the government side, a bomb was set off at the Surat Thani provincial civil administration headquarters building on 19 March. This caused great damage. The headquarters building suffered great damage and will probably not be able to be repaired. Some people were killed and injured. And only 3 days after that, communist terrorists attacked the provincial police station in Ao Luk District, Krabi Province. Some policemen were killed, the police station was burned down and weapons, radios and various pieces of equipment were stolen. Concerning these violent actions of the CPT in the south during this period, government officials have stated that these actions are in response to the government's offensive in order to turn the government's interest elsewhere or in order to relieve the pressure on their secure bases. But the CPT itself has evaluated the effects of the suppression operation from another angle.

Evaluation of the Effects of the Attack On the Camps: Things Lost and Not Lost

After each battle, the CPT always summarizes the lessons of the battle. It was the same this time. The CPT has surely evaluated, or summarized, the lessons of the attack on Camp 508 at one level.

Concerning this problem, some elements of the CPT have taken action. For example, Mr Damri Roengsutham, a member of the CPT's Political Department who is presently under arrest, expressed his view on this problem. He said that he does not believe that officials can destroy Camp 508. This view is in line with the view of some newspapers, which do not believe that this
camp was destroyed. Besides this, during interviews, some high-ranking officers of the Fourth Army Area have said that the military has not yet attacked Camp 508.

As for CPT evaluations as to whether or not officials will be able to destroy one of their camps, the CPT bases its evaluations on several basic factors concerning the survival of the important camps, or "bases." For example, such factors include the camp's mass base, the mass support base, the camp's armed units, the economic factor, the camp's work coordination structure, the camp's location and so on.

From these factors that are important to the camp's survival, it can be seen that the factors that can be destroyed by government troops include the economic factor, the production system and the transportation of supplies from the masses in the plains. Concerning the location of the camp, it is probable that the military has seized important areas. As for their armed forces, reports from the mass media and statements issued by officials are not clear about whether the armed forces of Camp 508 have suffered such heavy losses that they can no longer put up a fight. This is because it is not yet clear how many communist terrorists from this camp were killed or wounded. Concerning this, some newspapers have tried to show that most of the CPT forces in this zone are still in existence since the Fourth Army Area announced far in advance that it would conduct sweep operations and it implemented things in stages. Thus, Camp 508 should have been aware of the fact that the Fourth Army Area would overrun the camp and so it should have moved the important forces to safe areas ahead of time. And if the Fourth Army Area did not attack these forces, they could then return to the camp. And even if they did attack, there would not be any losses. Thus, it is not likely that Camp 508 did not take precautions to prevent losses from an attack. As for the factor of the work coordination structure of higher echelons, or the leadership units, of the CPT, which is a factor that will allow the activities of this zone to continue, it is believed that this structure still exists. The most important factor is the mass base that supports this camp. The CPT established this base many years ago and so it will take many years to solve this problem. Highly efficient political activities must be used. However, the operation to destroy Camp 508 has been underway less than 1 month and so it is not likely that this base has been destroyed. In other areas where sweep operations have been conducted, the CPT has used an attitude of "white outside, red inside" in order to maintain their base support activities. For example, they have used the tactic of cooperating with the officials in order to make the officials think that they have had a change of heart. This has been done in order to preserve the structure of this formation.

Based on such considerations, many people believe that the Fourth Army Area has probably not been able to destroy the factors basic to the survival of Camp 508. However, the CPT definitely suffered heavy losses from this operation carried out by the Fourth Army Area. In particular, this was a severe blow to the morale and spirit of the members and the united front, especially the united front in the cities, which has become so weak that the CPT cannot afford to ignore it. This is similar to attacks in past military operations.
Retaliatory Measures: a National War to Cause Disturbances

Based on the CPT's evaluation that its forces will survive, the CPT is trying to find the weaknesses by retaliating politically in order to solve the military problems. Concerning this, there have been various coincidental events: 1. The situation along the Kampuchean border has become so tense that there have been frequent intrusions across the Thai border. 2. There are conflicts between high-ranking military officers. 3. A large quantity of ammunition was discovered at the CPT camp, ammunition that belonged to the army.

Based on these coincidences, the CPT has used its agents in various mass media circles to help spread more propaganda about the tenseness along the border. In the case of the Vietnamese aircraft violating Thai airspace and crashing in Thailand, they have tried to spread propaganda to the effect that this aircraft entered the country on a military mission. The discovery of a yellow substance near the border has been expanded into stories about chemical warfare. There is widespread talk about "yellow rain" and this has been reported in the American press. There have been stories that Vietnam will invade Thailand and the matter of the Northeast Thai National Liberation Party (concerning which there were once many rumors to the effect that this was a communist party in the Soviet-Vietnamese camp) has been brought up again in the name of the "New Party." This is an attempt to show that Vietnam intends to invade and carry out acts of terrorism in Thailand and it is an attempt to exert pressure of various types and in various ways to generate opposition to a Vietnamese invasion. In particular, they are trying to exert pressure on the extreme right-wing groups, groups that are foolish but energetic. All of this is a CPT plan aimed at bringing about a national war between Thailand and Vietnam. If they can succeed in this, the Thai army will have to cut back its suppression operations against the CPT.

Also, the CPT is spreading propaganda in the form of "both attacking and attracting" the government, saying that at a time when the threat from an outside invasion poses an immediate problem along the border, the government should not be throwing in forces and money to suppress the communist terrorists, who are Thais too. Rather, [they say,] the government should be preparing forces to fight Vietnam. At the same time, it is being emphasized that the CPT is trying to negotiate with the government using peaceful means and reduce the military fighting but that it is the government that is not interested. They are also pointing out to the people that the various acts of violence that have occurred were caused by the government since it "stirred up a hornet's nest." All such propaganda is misleading the people and causing the government to be concerned about the suppression of the CPT. In addition, [the CPT] is trying to spread propaganda to the effect that Camp 508 was not destroyed.

Because most of the forces of the CPT have escaped to other areas, with some elements having surrendered, the CPT is capable of using these forces to turn around and attack the government side. As a first step, the CPT plans to spread its forces throughout its area of influence and then concentrate them for an attack or carry out acts of sabotage widely in order to separate and destroy the forces of the fourth Army Area. And violent acts of sabotage
may be carried out from time to time in order to show that their capabilities are still as great as ever. The CPT feels that this will have a psychological effect on the people and improve the morale of the CPT.

The above activities may cause changes in the army and it may reach the point where Lieutenant General Han Lisanon, who is the one carrying on the suppression operations, is transferred because of the center's feeling that he is not achieving any results or because of the conflicts that are taking place in the army. Or this may occur because of conflicts with influential people whose interests are being harmed by the activities of the Fourth Army Area. All of these things will help reduce the pressure being put on the CPT.

The discovery of a large quantity of government ammunition at the CPT camp has given the CPT a chance to use the mass media [organs] that it has infiltrated as tools to destroy the army. This will be done by spreading stories about corruption in the army and about traitors. This will greatly damage the image of the army. But at the same time, [CPT] leaders have tried to make those under their command confident that the CPT has so many agents that it can get the army to produce ammunition for the CPT.

However, the destruction of Camp 508 will probably result in the CPT in this area being able to implement a new strategy, the "three zones strategy," to some degree. This is the idea of the Udom Sisuwan group, which is trying to exert pressure on the CPT to use the three zones strategy. This strategy calls for opening operations zones in the jungle, plains and cities and attaching equal importance to all three. But this idea was opposed by Mr Sin Toemlim and Mr Wirat Angkhanhotawan. The loss of camp 508 proves that the thinking of these opposition groups was wrong and so the tendency is for the CPT to make greater use of the three zones strategy. And sending people from the jungles and mountains to surrender or having their mass supporters use an attitude of "white outside, red inside" is one element in bolstering this strategic plan.

The Way to Solve the Problem: Prevent a National War and Reduce the Exaggerated Propaganda

Concerning the seizure of the CPT's secure base at Camp 508, even though we cannot yet eliminate the CPT entirely, the Fourth Army Area has been able to destroy a large quantity of the CPT's weapons and a large number of its forces at the base. And the army has generated confidence among the people that it can help some of the people in the area of influence of the CPT. Concerning this, the Fourth Army Area must quickly cooperate with the Ministry of Interior in developing the economy and administration in this area. It must also provide adequate protection and eliminate the evil influences in the area.

As for countering the propaganda that is confusing the people, in carrying on public relations activities, the government units should not exaggerate. We must accept the fact that the political struggle will take a long time and that it is a matter calling for great care and truthfulness. This will result in the people understanding and supporting the government in the long term.
Concerning the discovery of the army's ammunition at this CPT camp, the army must not remain silent or worry about the army's reputation by protecting those who are guilty, which would give the CPT an opportunity to attack this weak point even more strongly. The army must find and punish those who are guilty. And it must implement regulations to keep government weapons and ammunition from being taken and used outside the army, regardless of whether this is done for political or private reasons.

As for all those mass media [organs] that love justice, they must understand that, at present, our country is in an unconventional war, the goal of which is to destroy internal security using various stratagems. In presenting the news, the items must be considered and inspected carefully, and [we] must cling to the truth. Otherwise, [we] may become the tool of the CPT without even being aware of it. Besides this, criticisms must not be made in such a way that they aid the enemy or enable the enemy to quote them or exaggerate them in spreading propaganda.

As for the matter of trying to start a national war at this point in time, the reason that there is so much propaganda about this is that this is a period in which the CPT is being heavily suppressed everywhere. Thus, the CPT must turn the army's attention to the outside. Besides this, the strategy of the CPT is to have the Thai and Vietnamese armies destroy themselves by fighting a war against each other. In addition, in Kampuchea the Khmer Rouge forces are under heavy pressure. The Vietnamese forces have quickly mobilized forces to carry out a strong suppression drive during this dry season. At the same time, on the political front, there is a great chance that some countries may withdraw their support from the Khmer Rouge in the United Nations. This has made it necessary for the Chinese-faction communists to quickly cooperate with each other and to exert pressure to expand the Thai-Kampuchean border conflict into a national war through political propaganda and military activities that will cause Thailand and Vietnam to collide. If Thailand and Vietnam are drawn into such a war, this will give the CPT a chance to seize state power easily. And when Thailand is communist on the Chinese side, we will be pressured to start a war in Indochina in order to put Indochina, which is now in the Soviet communist [camp], in the Chinese camp. Following this, the Chinese-faction communists will then seize an internationally strategic point, that is, the Strait of Malacca.

Both Thai and Vietnamese leaders are well aware of this plan of the Chinese-faction communists. Thus, there has been a constant effort to avoid an armed clash. But because of the terrible image of the Soviet Union, [a country] that has invaded Afghanistan, supported Vietnam's invasion of Kampuchea and threatened Poland, the CPT, which is in the Chinese camp, and China have infiltrated and have great influence among various circles such as the mass media, government officials, scholars and students and so on. The CPT relies on these people to spread propaganda to the Thai people and make them so afraid of Vietnam and the Soviet Union that they will forget the danger from the Chinese-faction communists even though the CPT is killing Thais every day.
What has been said above does not mean that we feel that the Soviet-faction communists are not a threat to Thailand. But we feel that, at present, the Soviet-faction communists in Indochina do not yet have the capabilities to destroy Thailand. The Vietnamese forces, which would be the main forces in an invasion of Thailand, are spread about to protect things along the Chinese border and in Laos and Kampuchea, and they have been fighting for 3 years. There is the economic problem and the problem of whether China will start a war to teach them another lesson. These things will keep Vietnam tied down.

The propaganda to the effect that Vietnam is supporting a Vietnamese-faction communist party called the "New Party" resembles the 1979 stories about the formation of a Northeast Thai National Liberation Party. It was later proven that this was not true. Thus, spreading stories about the "New Party" amounts to bringing up the "Northeast Thai National Liberation Party" matter to fool the people again. The reasons for not believing that the "New Party" really exists are: 1. It is not easy to establish a new communist party since ideals, strategies and tactics must be stipulated, people must be made to accept the ideals and there must be similar discipline for all. Thus, it is very difficult to suddenly form such a major party. Or if the people involved are people who split away from the CPT, they will have problems concerning ideals, strategy, tactics and discipline in the organization and this would make it difficult to join together quickly. 2. The formation of the "New Party" with its base in Laos clearly shows that this party is supported by Vietnam. This would keep Thais, especially those in the northeast who do not like the Vietnamese, from accepting this party. Thus, this would cause the party to die almost before it was born. 3. If this party really exists, it must try to spread word of its existence in order to disseminate its ideals and find members. But there have not been any reports in the name of the "New Party"; all of the news has been propaganda from people outside the party who claim to be "news spokesmen." 4. Vietnam wants to reduce the tension with Asean. Thus, it is not in Vietnam's interest to help the "New Party" destroy Thailand. This would ruin the plan to reduce the tension. Thus, the stories about the "New Party" during this period are another trick of the CPT in its effort to make people afraid of Vietnam, with the hope being that this will eventually lead to a national war.

But we are not saying that there are no communist groups that support Vietnam and the Soviet Union since there are "jungle people who have returned to the cities," or people who were cooperating with the CPT, who do not agree with the CPT's policy of following China. These people have opposed the CPT in various forms and in various ways. They have not yet formed any party, even though these people are receiving support from the same source. But they are still far from forming a party or being able to seize state power in this period. It will take much more time for them to develop a new party. Or they will have to wait until the political situation in Indochina changes, forcing all communist parties, even the CPT, to support the Soviet Union. Such a party would then be able to grow.
PATINYA does not agree with Vietnam's using force to occupy Kampuchea. But neither does PATINYA agree with Thailand's being deceived by the tricks of the CPT, or Chinese-faction communists, tricks that would force Thailand into a war in place of the Chinese communists, who suffered defeat in their war to teach Vietnam a lesson. PATINYA is thinking about the threat of the CPT, which is using a national war strategy in order to relieve the pressure being applied by the government against their jungle bases. We are thinking about their sending out forces to create disturbances and carry out major acts of sabotage. Thus we have exposed their plans so that people do not become careless or overly worried.

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May 20, 1982